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European Social Citizenship

Reaching the European social targets: the need for better-balanced Power Resources

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Summary

Reaching the three targets of the European Pillar of Social Rights (EPSR) Action Plan — an employment rate of at least 78%, at least 60% of adults attending training courses every year and lifting 15 million people out at risk of poverty or social exclusion — is the litmus test for the success of the EPSR. To attain these goals all the principles and rights defined in the EPSR are involved. The EPSR puts forward a prima facie balance between employment, equal opportunities and social inclusion. The outset of these domains may lead one even to believe that the primary focus of the EPSR lays on the third chapter dealing with social inclusion and social protection, since this chapter alone contains half of the rights enshrined in the EPSR.

However, existing power resources and the actions undertaken since its adoption, particularly when put in the context of the already existing body of resources, put a greater emphasis on implementing some principles, such as those relating to gender equality, the work-life balance and employment. In the case of gender equality and employment, we find a complex and tiered picture composed by a variety of approaches that has over the years led to a rich pool of power resources for individuals to access. Although this framework is not absent from criticism, it depicts a rather comprehensive picture and, in some fields, such as equal treatment regarding employment conditions, provides a rather complete set of social rights from start to finish. By contrast, the power resource framework for social inclusion is less extensive and is formulated in a weaker fashion. We still find many normative instruments, but the vast majority takes a soft-law or declaratory approach, which has an impact on the potential instrumental resources and, mostly, on the enforcement resources.

This is problematic because, as past experience has shown, progress in the fields of employment and gender equality do not guarantee more social inclusion. The empirical evidence on poverty trends in the past decades points, on the contrary, to qualified successes in terms of employment and gender equality but not in terms of social inclusion: a significant employment growth and defeminization of poverty went along with a marked precarisation of low-skilled men and women. Particularly striking is the rise in the risk of poverty among jobless households linked with the weakening of the poverty-reducing capacity of social protection for these households.

It follows that without policies that duly focus on strengthening the resource framework for social inclusion and social protection, it may not be possible to meet the European social inclusion targets in the future. This implies, for instance, a Directive on Minimum Incomes, more intersectional approaches that explicitly link the social inclusion dimension of the EPSR with other domains such as employment and equal opportunity and the use of the ESF+ as a potentially important lever for social inclusion.

Reaching the European social targets: the need for better-balanced Power Resources

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Work package	<p>EuSocialCit is an interdisciplinary research project aiming to support the EU in strengthening social rights and European social citizenship. It evaluates the current state of social rights in Europe and their relationship to social inequalities, gender inequalities, poverty and precariousness, and diagnoses the shortcomings of current policies and institutions at the level of individual countries and the EU.</p> <p>The EuSocialCit project focuses on three domains in which social rights are important: the empowerment of citizens (e.g. education and activation), fair working conditions and social inclusion. Each of these domains are respectively studied as part of WP3, WP4 and WP5.</p> <p>This report is produced as part of WP5 which is entitled Inclusion through social policy. This WP analyses social rights in relation to the principles in the ‘social protection and inclusion’ cluster of the EPSR. Core diagnoses undergirding this WP5 are the long-lasting trend of poverty in many EU welfare states and for particular groups, and the increased disparities between member states and structural inadequacies of social protection for the most vulnerable. WP5’s central questions are (1) what the role of the EU has been in delivering social rights for social protection and inclusion to all EU citizens, and (2) what improvements can and should be made.</p>
Web address	For more information about the EuSocialCit project, please visit www.eusocialcit.eu . EuSocialCit’s output can also be found in its community on Zenodo: https://zenodo.org/communities/eusocialcit .

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1. Introduction

Reaching the three goals of the European Pillar of Social Rights (EPSR) Action Plan — to reach an employment rate of at least 78%, to have at least 60% of adults attending training courses every year and to lift 15 million people out at risk of poverty or social exclusion — is the litmus test for the success of the EPSR. To achieve these goals, the Action Plan takes the three domains covered by the EPSR — ‘Equal opportunities and access to the labour market’, ‘Fair working conditions’ and ‘Social protection and inclusion’ — to a next level and sets a series of chronologically laid out steps to be taken in the next few years. In so far as we may assume that, by spurring providers into carrying out their legal duties (Ferrera et al., 2023), by creating a Marshallian “superstructure of legitimate expectations” (Buckmaster and Thomas, 2009) and by empowering citizens, politicians and social organizations, individual power resources set at the EU-level have an impact on Member State’s policies, institutions and social fabrics, the question arises whether the principles and the attached power resources are sufficiently balanced across the different dimensions of the EPSR for effectively reaching the 2030 goals.

The paper departs from the power resources framework developed by Ferrera et al. (2023) which dissects social rights as bundles of power resources that enable individuals to assert and actually acquire material benefits in order to cope with a wide range of social risks and needs (see box 1). It is not the point of this paper to discuss the potential impact of individual power resources, let alone to identify causal chains between normative, instrumental and enforcement resources on the one hand and social outcomes such as poverty reduction, employment and gender equality on the other hand. After all, the successful transformation of individual power resources into actual social progress presupposes good social policies and strong welfare states that adequately interact with macro-economic and social change. Instead, we aim to study whether the current approach is, in principle, capable to deliver on the new headline poverty targets, that is: on the assumption that, through different channels, individual power resources ultimately contribute to adequate outputs (regulations, benefits and services) capable to deliver on the poverty reduction targets. More specifically, we address the question as to what extent the focus on employment and gender equality is instrumental for delivering on the 2030 poverty and social inclusion targets.

The paper attempts to seek answers to this question by studying the confluence of changes in employment rates, gender gaps and social inclusion among the active age populations in the decade between the financial crisis and the COVID-19 outbreak. The paper starts with a conceptual discussion on the relationship between the 20 principles of the EPSR and the AROPE 2030 targets. By focusing on the third goal on poverty reduction and social protection, it explores the extent to which the EPSR principles can potentially contribute to these goals, which principles are decisive in this respect and where the tensions between them lay. In section 3, we focus on empirical trends: how did AROPE evolve and how were these trends related to the evolution of employment and gender equality? In the fourth part we analyse to what extent disappointing poverty trends were related to the poverty reducing capacity of social protection. Section 5 concludes.

Box 1. The Power Resource Theory

The Power Resource Theory developed by Ferrera et al. (2023) dissects social rights as bundles of power resources which enable individuals to assert and actually acquire material benefits in order to cope with a wide range of social risks and needs. This theory rests on the premise that the essence of social rights lies in “the ability of individuals to obtain compliance from other individuals (horizontal power) and from public authorities (vertical power).” Three sets of individual power resources are identified, namely normative, instrumental and enforcement resources. Normative resources refer to principles, rights and obligations outlined in official texts such as national constitutions, EU Treaties, charters and legislative instruments. They bestow power insofar as they grant legitimacy to claims of compliance in general as well as to appeals to public authorities to adopt the principles via legislation. However, while legal resources are crucial, they may be rendered ineffective if right owners lack adequate channels and processes to assert their rights and hold providers accountable for non-compliance or non-delivery. Thus, instrumental and enforcement resources are essential too. The former, albeit more hybrid than normative resources, generally refers to channels as well as procedures that allow right holders to make and satisfy their claims and are often made available by civil society organisations and unions. The latter refers to judicial remedies such as courts which allow right holders to preserve their rights, resolve disputes and hold executive authority accountable.

2. Gender equality, employment and social inclusion: which European power resources?

2.1 Social Inclusion, the 20 principles of the EPSR and the three 2030 targets

Over the past two decades, we have seen a marked acceleration of the socialization process of European integration. Although the failures of previous rights-based approaches (most notably the European Social Charter) should exhort us to be cautious, in that socialization process, the proclamation of the EPSR marks a potentially important threefold paradigmatic shift, especially in relation to social inclusion: 1) by defining concrete principles and social rights it moves the social inclusion agenda from ‘outcome governance’ built around rather abstract social goals (such as the ‘eradication of poverty’) to a degree of ‘input governance’ through legislation and funding (Vandenbroucke et al., 2013) of which the Directive on Minimum wages is a strong example, 2) it broadens the traditional focus on employment and social investment by putting forward a *prima facie* balance between employment, social protection and equal opportunities and 3) by explicitly referring to ESF+ and Next Generation EU in its Action Plan, it offers financial incentives as lever of social convergence (Hermans et al., 2021).

Poverty reduction and social inclusion cannot be achieved with single measures (Aranguiz et al., 2022). Significant improvements are needed in the ‘social fabric’ of welfare states: employment, fair working conditions and social protection are key while the role of the third sector, social services and active labour market policies in enhancing people’s opportunities are equally important. All the principles and rights defined in the EPSR are therefore involved. So conceived, given the central place of adequate minimum wages, fair working conditions, adequate social protection and adequate minimum incomes, it is not an exaggeration to say that the EPSR has the potential to become a stronger tool to make progress in the field of social inclusion than previous EU social agendas and strategies. But not everything is equally important. There are, moreover, inherent tensions between various objectives, labour market participation, social protection and poverty being a point in case. It has been shown that the Lisbon and the subsequent Europe 2020 agendas could be regarded as a qualified success in the field of employment, at least if one assumes there to have been causal relationships between these strategies and growing employment rates across Europe. On the other hand, tough, these strategies largely failed to deliver on their promises concerning poverty reduction (Cantillon and Vandenbroucke, 2014; Fischer and Strauss, 2021).

The 20 principles of the EPSR are well distributed across the broader categories of ‘Equal opportunities and access to the labour market’, ‘Fair working conditions’ and ‘Social protection and inclusion’. The outset of these principles may lead one even to believe that the primary focus of the EPSR lays on the third chapter, since this chapter alone contains half of the rights enshrined in the EPSR. However, the actions undertaken since its adoption and the Action Plan put a greater emphasis on implementing principles enshrined in the first and second chapter. To explore this issue further, we will first briefly map the EPSR’s principles according to their references to the fields of gender equality, employment and social inclusion. Then, focusing on resources of gender equality and social inclusion, we will

explore the extent to which the above mentioned imbalance is reflected in the existing blocks of EU resources which the Pillar Principals build on in the EU social acquis. Employment resources will not be explored here for the plethora of initiatives in this area are too extensive and complicated to be done justice within the scope of this paper. It is, however, well-documented in the literature that there is a constitutional imbalance between economic and social rights within the EU, with the former being systematically given precedence over the latter (Garben, 2017; Barnard, 2017). Recognizing that there are differences in the EU legal framework regarding the areas of employment, gender equality and social inclusion, we contrast the case of gender equality and social inclusion as an example. More specifically, departing from the social targets of the EPSR, our focus is on the extent to which gender equality and social inclusion receive the same support within the EPSR and the further framework of EU resources which the Pillar principles build on and which implications this configuration might have, considering also the empirical trends of the last decade, for the successful achievement of the said targets.

Table 1. Gender Equality, Employment and Social Inclusion in the Pillar Principles

	Chapter 1 Equal opportunities and access to the labour market	Chapter 2 Fair working conditions	Chapter 3 Social Protection and inclusion
Reference to Gender Equality	2 "Gender Equality" 3 "Equal opportunities"	6 "Wages" 9 "Work-life balance"	15 "Old age income and pensions"
Reference to Employment	1 "Education, training and lifelong learning" 2 "Gender Equality" 3 "Equal opportunities" 4 "Active support to employment"	5 "Secure and adaptable employment" 6 "Wages" 7" Information about employment conditions and protection in case of dismissals"	17 "Inclusion of people with disabilities"
Reference to Social Inclusion	1 "Education, training and lifelong learning" 3 "Equal opportunities"	6 "Wages"	11 "Childcare and support to children" 14 "Minimum income" 17 "Inclusion of people with disabilities" 19 "Housing and assistance for the homeless"

In terms of gender equality, principle 2 EPSR enshrines the right to gender equality in the labour market, terms and conditions of employment and career progression. The right to equal pay for work of equal value for women and men is explicitly mentioned. Worth noting, Principle 2 promotes proactive equality through positive action and it also extends the ground of gender discrimination to all areas, thus going beyond existing EU provisions covering the labour market, conditions of employment, career progression and certain aspects of social protection. Principle 3 EPSR enshrines the right to equal opportunities and prohibits discrimination on various grounds including gender. It applies to employment, social protection, education, and access to goods and services. In this case too, the principle recognises a proactive dimension of the right by confirming the need to foster equal opportunities of underrepresented groups. More indirectly, other principles also address gender equality issues, including work-life balance (principle 9), minimum wages (principle 6) and old-age pensions (principle 15) which recognise respectively, the disproportionate burden of caring responsibilities that falls under women and the gender wage and pension gaps.

In terms of employment, principle 1 enshrines the right to quality and inclusive education, training, and life-long learning to maintain and acquire skills that enable individuals to participate fully in society and manage successfully transitions in the labour market. Principle 2, as mentioned above, also applies to employment and enshrines the right to equal opportunities and prohibits discrimination on various grounds. Principle 3 mentions that regardless of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, everyone has the right to equal treatment and opportunities regarding employment, among others. Principle 4 promotes active support to employment and emphasizes the right to timely and tailor-made assistance to improve employment or self-employment prospects. Directly related to employment are also all principles under the fair working chapter: the right to fair and equal treatment regarding working conditions, access to social protection and training (principle 5), the right to fair wages that provide for a decent standard of living (principle 6), the right to information about employment conditions and protection in case of dismissals (principle 7), the promotion of social dialogue between social partners and involvement of workers (principle 8), the right to suitable leave, flexible working arrangements and access to care services (principle 9), the right to healthy, safe and well-adapted work environment and data protection (principle 10). Under the social protection and inclusion chapter, principle 17 enshrines the right of people with disabilities to services that enable them to participate in the labour market and in society, and a work environment adapted to their needs.

Regarding social inclusion, traces of which rights are important for the combat of social exclusion can be found in different principles. The entire third chapter is devoted to social inclusion and protection, but only principle 19 on the right to housing and assistance for the homeless refers directly to social inclusion. It requires adequate shelter and access to services for the homeless as a necessary step to ensure their social inclusion. Principle 17 considers the participation of people with disabilities necessary for their inclusion, which requires, inter alia, their full and effective participation in society on equal basis with others, and equality of opportunity. It particularly recognises the right to income support. Other principles, refer to social inclusion more indirectly. This is the case of the right to a minimum income (principle 14), which recognise, for the first time the individual right to a minimum for 'everyone lacking sufficient resources [to ensure] a life in dignity at all stages of life, and effective access to enabling goods and services'. Likewise, the right to childcare and support for children (principle 11) aims at breaking the intergenerational cycle of disadvantage by protecting children from

poverty and providing them with quality education and care. Interestingly, a couple of rights outside the chapter on social inclusion also refer to either the combat of poverty or social exclusion. This is the case of the right to education (principle 1), the right to equal treatment (principle 3) and the right to wages (principle 6) which are seen as necessary to foster an inclusive society.

When it comes to the Action Plan, the Commission proposed an ambitious timeline (2021-2025), which is filled with wide-ranging initiatives that target virtually all principles of the EPSR. These are presented under five thematic areas: More and better jobs, skills and equality, social protection and inclusion, civil society involvement and the New Social Scoreboard. The first three are distinctively linked to the three headline targets whereas the latter two signify overarching initiatives necessary for ensuring a democratic change and a proper evaluation of the implementation of the EPSR. In the first and second thematic teams, we find wide-ranging actions such as directives,¹² recommendations,³ several legislative proposals,⁴ evaluations reviews and strategies.^{5/6} In the third strand regarding social inclusion and protection, initiatives refer to three recommendations on access to social protection, adequate minimum income schemes and the European Child Guarantee respectively,⁷ the EU strategy on the rights of the child, the European Platform on Combating Homelessness and an affordable housing initiative.⁸ In order to make social protection fit for modern times, the Commission also plans to propose a European Social Security Pass. However, although various initiatives have been adopted, or are on their way to being adopted, there is no single hard law instrument formulated for the second half (third chapter) of the EPSR.

Taken together, the Action plan sets an elaborate timeline with measurable targets and clearly scheduled initiatives. Probably its strongest asset lies in the sum of all these efforts combined and the hybrid format they are presented as, composed of initiatives that range from hard-law regulatory proposals to strategies and platforms or openly formulated initiatives. Together, these could

¹ Directive (EU) 2019/1158 on work–life balance for parents and carers.[2019] OJ L 188

² Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union PE/28/2022/REV/1

³ Commission, ‘Recommendation for Effective Support to Employment (EASE) following the Covid-19 crisis, C(2021) 1372 final

⁴ Commission, ‘Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on adequate minimum wages in the European Union’ COM/2020/682 final; Commission, Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on improving working conditions in platform work’ COM/2021/762 final; Commission, ‘Inception impact assessment’, Ares(2021)102652; Commission, ‘Artificial Intelligence Act’ COM(2021) 206 final; Commission, ‘First phase consultation of the social partners under Article 154 of the Treaty on the Functioning of the European Union, on the protection of workers from risks related to exposure to chemical agents at work and to asbestos at work’ C(2020) 8944 final

⁵ European Parliament resolution of 21 January 2021 with recommendations to the Commission on the right to disconnect (2019/2181(INL)); A report on the Working-Time Directive and a first evaluation of the European Labour Authority.

⁶ For example, we find an Initiative on Individual Learning Accounts or a legislative proposal combat gender-based violence: Commission, ‘Proposal for a Directive of the European Parliament and of the Council on combating violence against women and domestic violence’ COM/2022/105 final.

⁷ Commission, ‘Proposal for a Council Recommendation Establishing a European Child Guarantee’ COM (2021) 137

⁸ Particular attention is also drawn to health and long-term care for which the Commission plans to propose an initiative.

contribute to building the necessary social pillar in the EU that complements its economic and fiscal arms. However, although the Action Plan promises to ‘leave no one behind’, not all resources are distributed equally. This includes an imbalance between the EU actions in terms of the available power resources in the fields of employment, gender equality and social inclusion. To explore this further, in what follows we take a closer look at normative, instrumental and enforcement resources in the fields of gender equality and social inclusion in EU law in general.

2.2 Gender Equality in EU Law

Equality law has undergone a massive transformation over the years, growing from a tailored body of law concerned with equal pay between men and women, broadened now to various forms of discrimination on a range of different grounds. The bulk of the power resources still lies on gender equality, where we find a complex and differentiated approach composed by a significant sum of power resources.

Whereas the rationale for the inclusion of the principle of equal treatment for men and women (originally only on equal pay) in the Treaty of Rome was purely economic — preventing unfair competition and social dumping — it rapidly evolved to pursue — even primarily — a social aim (Krebber, 2006). This shift displays gender as one of the core elements of the social dimension of European integration. The Treaty of Amsterdam introduced the anti-discrimination legal basis, now Article 19 TEU, which allowed to adopt directives addressing other discrimination grounds and fields, for example, leading to the adoption of the Framework Employment Directive 2000/78/EC, which forbids discrimination on grounds of disability, sexual orientation, religion or belief and age in the workplace.

2.2.1 Normative resources

The concept of equality in EU law has several normative dimensions. It is a general principle of EU law, a foundational value (Article 2 TEU) and a general objective of the EU (Articles 3 TEU). Moreover, Articles 8 and 10 TFEU contain the two equality clauses designed to mainstream (gender) equality across all policy areas. Article 157 TFEU also contains the principle of equal pay and equal opportunities for men and women regarding employment conditions. In addition, the Charter of Fundamental Rights (CFR) recognises non-discrimination as a fundamental right of the Union. Whereas this provision is only applicable ‘when implementing EU law’ (Article 51 CFR), the CJEU has recently recognised its direct applicability, meaning that individuals may directly invoke it before national courts. Finally, equality is a substantive right of EU law recognised in several Directives.

This body of law is far too extensive to be covered in this contribution, but it is important to note that there are six major gender equality directives whose material scope prohibit discrimination and promote gender equality in employment and occupation, self-employment, access to and supply of

goods and services, and social security. They also set out rights related to maternity and parental leave.⁹

More recently, in the context of the EPSR and its Action Plan, the Commission has put forward the Work-life Balance Directive, the Women on Boards Directive; a proposal for a new Directive on pay transparency, and a proposal directive to combat gender violence.¹⁰ Thus, since the adoption of the EPSR a total of four new instruments have been adopted or proposed, with their own sets of rights and obligations, which build on already existing solid legal foundations of previous legislative advancements.

These enforceable legal resources are accompanied by abundant soft-law mechanisms and strategies, such as roadmaps, action programmes or annual reports that aim at targeting more specific issues, gathering information and triggering national responses.

2.2.2 Instrumental resources

The normative framework is accompanied by several instrumental resources, some of which find their origin precisely in the directives mentioned above.

Most remarkably, this is the case of dedicated institutions to promote (gender) equality and combat discrimination such as European Institute for Gender Equality (EIGE), the equality bodies or the expert group of governmental experts on discrimination. EIGE, for one, is an autonomous institution that operates within the framework of the EU, which collects important and reliable data and research, which is available to everyone (including citizens) but it also provides targeted expertise to relevant stakeholders.

Since 2000, the gender directives include an obligation for Member States to have a dedicated equality body to promote the effective enforcement of EU equality legislation, hence creating a channel for individuals to access their social rights. When the complaint is sufficiently grounded, equality bodies may — depending on their powers — assist individuals with legal and/or administrative support, or

⁹Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security, OJ L 6; Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC), OJ L 348; Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, OJ L 303; Council Directive 2004/113/EC of 13 December 2004 implementing the principle of equal treatment between men and women in the access to and supply of goods and services, OJ L 373; Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (recast); OJ L 204; Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC, OJ L 180.

¹⁰ Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU, OJ L 188; Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms COM/2021/93 final; Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on combating violence against women and domestic violence COM/2022/105 final.

even bring cases to court on their own name (Kádár, 2018). In some Member States, they are also competent to issue binding decisions, thus those equality bodies expand from instrumental to enforcement resources (Aranguiz and Corti, 2023).

In addition, some of the Directives — i.e. Articles 21-22 Directive 2006/54 — also aim at fostering the role of social partners and NGOs, by for example, monitoring of practices in the workplace. An interesting case is that of the proposal directive on pay transparency, which, if adopted, will disclose information on wage setting systems and require big companies to implement a ‘pay assessment’ should their gender gap be concerning (Articles 8 and 9).

In addition to this, the ESF also supports Member States in the funding of policies specifically geared to fighting gender discrimination.

2.2.3 Enforcement resources

Several of the Gender Equality Directives include provisions on remedies, sanctions and enforcement measures —i.e. Articles 23 and 25 Directive 2006/54. These are crucial to assure compliance as they allow individuals to invoke their normative rights before a national court. Since enforcement in the EU relies on a cooperation system, this is the main alley to judicially enforce individual rights.

Over the years, the CJEU has gathered an impressive body of case law on discrimination, most of which concerns gender and, in particular, the right to equal pay. The CJEU has in fact been considered a major driving force for gender equality regarding, inter alia, pregnancy and maternity rights, transgender rights or social security rights of primarily female-led sectors or contract types.

The reversed burden of proof required by the directives — see e.g. Article 19 Directive 2006/54 — certainly facilitates claimants bringing their cases before courts, which requires, in essence, the employer (and not the employee) to prove that there has not been unequal treatment.

2.3 Social inclusion in EU Law

In comparison, the involvement of the EU in social inclusion — while not new — is far less developed. Anti-poverty strategies have been a part of the EU since the 70s, when the EU conducted several pilot projects, but only the Treaty of Amsterdam enshrined the eradication of social exclusion as an objective of the Community. Later in 2000, the Social Protection Committee was established on the basis of current Article 160 TFEU to promote the cooperation between the EU and the Member States. The Lisbon Strategy was launched the same year, which introduced the first poverty target and established the Open Method of Coordination (OMC), which is a voluntary governance process for Member States — in collaboration with other stakeholders — to cooperate based on agreed-upon criteria on the fields of social inclusion, health and long-term care and pensions.

Because social exclusion is a rather complex term, often used broadly as an EU aspiration, it is difficult to map the precise contours of the EU initiatives in this domain. In what follows, we discuss the clearest power resources.

2.3.1 Normative resources

Social inclusion is well-embedded in the constitutional foundations of the EU. Much like equality, the combat of social exclusion is recognised as one of the general objectives of the EU (Article 3 TEU), which should be mainstreamed across all policy areas (Article 9 TFEU), although the infrastructure to implement the latter have so far proven unequipped (Cavaghan, 2017; Vielle, 2012). The objective is further implemented in Article 151 TFEU, which establishes the operational framework for the social competences of the EU. In this vein, Article 153(1)(i) TFEU recognises the competences of the EU in the field of combating social exclusion, although the second paragraph of the same provision excludes the possibility of harmonising laws in this field by adopting minimum standard directives. Also in primary law, Article 34 CFR conceives the right to social and housing assistance. Article 1 CFR, which enshrined the right to human dignity, is also linked to social inclusion (Aranguiz, 2022).

Whereas all the above should be understood as binding provisions of primary law, they are —arguably with the exception of Article 34 CFR (De Becker, 2016; Pennings, 2022) — not directly enforceable before national courts. To that extent, they may only empower individuals when there is either an implementing act or when a court is interpreting EU law.

There are several legislative instruments available, but these are composed almost exclusively by soft-law instruments, particularly Recommendations. In 1992, the Commission presented its Recommendation on common criteria concerning sufficient resources and social assistance in social protection systems — commonly known as the Minimum Income Recommendation —, which calls on Member States to recognise the right to social assistance and sets out principles and guidelines. Over a decade later, the Commission shifted its approach to active inclusion in the labour market with Recommendation 2008/867/EC,¹¹ which lays down that Member States should provide services that are essential for supporting social inclusion policies, such as housing support and social housing. In 2020, the Council adopted conclusions on strengthening minimum income protection in the EU with the aim to combat poverty and social exclusion (Council Conclusions, 2020). More recently, the Council has also adopted a recommendation on adequate minimum income¹².

There are, moreover, a couple of Recommendations with a focus on children aiming at breaking the cycle of disadvantage,¹³ childcare and early schooling.¹⁴ In 2016, the Council Conclusions on ‘Combating Poverty and Social Exclusion’ encouraged the Member States to address child poverty and promote children's wellbeing through multi-dimensional and integrated strategies. More recently, in the context of the EPSR, the Commission has adopted the child and the reinforced youth guarantee. This independent instruments aim, respectively, to prevent and combat social exclusion by guaranteeing the access of children in need to a set of key services¹⁵ and to ensuring that all young

¹¹ OJ L307, 18.11.2008, p.11. 165

¹² COM(2022)490

¹³ Commission Recommendation 2013/112/EU Investing in children: breaking the cycle of disadvantage [2013] OJ L 59

¹⁴ Presidency conclusions, Barcelona European Council, 15-16 March 2002, SN 100/1/02; see also Council conclusions of 12 May 2009 on a strategic framework for European cooperation in education and training (ET 2020)OJ C 119; COM(2011) 66 final

¹⁵ Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee [2021] OJ L 223

people under the age of 30 receive a good quality prospect (i.e. employment, education) within a period of four months of becoming unemployed or leaving education (European Commission, 2020).¹⁶

As soft-law instruments, the above are capable of triggering important changes at the national level, and possibly lead to national power resources for individuals, but without further (national) action, individuals cannot rely on them directly to gain access to a certain benefit.

Although not directly, there are also some binding hard-law instruments that implement the objective of combating social exclusion to which individuals may recourse. The directive on minimum wages would ensure access to minimum wages for an important number of people and may have an — indirect— impact on the living conditions of non-working households.

A couple of directives do include provisions that guarantee disadvantaged individuals a certain living standard. This is the case of unaccompanied children, asylum-seekers and refugees, or victims of crimes.¹⁷ There are, moreover, a couple of instruments for people with disabilities like the UN Convention on the Rights of Persons with Disabilities — to which the EU is party —, or Article 5 of the framework Directive 2000/78, which establishes a duty for reasonable accommodation for disabled persons.

2.3.2 Instrumental resources

Because most of the above require further action to equip individuals with rights, instrumental resources are few at the EU level. Most of these, refer to some general social resources, like awareness rising institutions or platforms like SOLVIT for those in a cross-border situation (Aranguiz, 2023). Otherwise, the child and youth guarantees are interesting examples of instrumental resources on social inclusion which require Member States to engage in outreach measures with a view to raising awareness and encouraging and facilitating the take-up of the services covered by the respective instruments.

Importantly, European Funding has proved instrumental in enabling national policies to provide basic needs (FEAD), finance temporary unemployment services during the Covid-19 pandemic (SURE) and requiring that at least 25% of the ESF+ funding is dedicated to the fight against poverty and social exclusion (Greiss et al., 2021; Hermans et al., 2021). While these and other available funds do not directly empower individuals, they may be instrumental in making their rights effectively available to them. European funds also finance important institutions like FEANTSA or EAPN, leading in the past to successful litigations before international bodies to defend their victims (ECSR, *Feantsa v. NL*).

2.3.3 Enforcement resources

¹⁶ Other strategies, such as the EU Framework for National Roma Integration Strategies also recognise housing as a key area of intervention for the inclusion of disadvantaged Roma people. COM/2011/0173 final

¹⁷ Directive 2012/29/EU establishing minimum standards on the rights, support and protection of victims of crime

In the absence of enforceable normative instruments, the contribution of the CJEU is rather limited on this front. Examples can be found on the use of the CFR (Pennings, 2022),¹⁸ some rather extreme cases of asylum seekers (Aranguiz, 2022)¹⁹ and many on social security coordination and free movement of workers (Guild et al., 2020; Pennings and Vonk, 2015; Thym, 2017; Verschueren, 2015). From the perspective of equality law there is also an increasing body of case law on disability,²⁰ and in some exceptional cases the CJEU has used the AROP threshold (see below) to frown upon excessive cuts on pensions.²¹ Most of these cases, however, are often concerned or dependant on other interests, such as international protection, equality or free movement and the primary objective is not the combat of social exclusion. In this vein, one can consider enforcement resources on social exclusion rather minimal.

The analysis above shows that there is a clear imbalance between different intervention strategies of the EU. This is not only the case for the EPSR but for EU Law in general. In terms of gender equality we observe a complicated, layered picture consisting of a range of approaches that, through time, have resulted in a large pool of accessible power resources. In certain domains, notably employment conditions, it offers entire sets of social rights from beginning to end: from more aspirational rights to enforceable normative resources, mechanisms to aid persons in gaining access to them, and a relatively proactive role for the court. Furthermore, there are important steps being taken to improve the conditions of particularly precarious employment situations and to extend existing working standards to newer forms of labour, which is most certainly worth celebrating. On the other hand, the actions taken in the realm of social protection and social inclusion seem to be fewer and of a weaker formulation. The vast majority of normative instruments in the realm of social inclusion follow a soft-law approach, which subsequently influences the possible instrumental resources and, most importantly the enforcement resources, thus making it challenging for individuals to assert their rights in that realm and claim compliance from the executive authority.

¹⁸ In few cases, and always accompanied by additional secondary legislation, the CJEU has used a broad interpretation to protect individuals: C-571/10 – Kamberaj, EU:C:2012:233; C-709/20 - The Department for Communities in Northern Ireland, EU:C:2021:602. The latter, however, has been criticised for not being consistent. Verschueren H (2022) Het recht op sociale bijstand voor economisch niet-actieve migrerende Unieburgers: het Hof zet het evenredigheidsbeginsel opzij en laat het Handvest de scherpe kanten afvlijen (noot onder HvJ 15 juli 2021, C-709/20, CG). *Tijdschrift voor Europees en economisch recht*. 219-227.

¹⁹ Recently: C-297/17 – Ibrahim, EU:C:2019:219

²⁰ See most recently: C-485/20 - HR Rail, EU:C:2022:85 Broderick A and Ferri D (2019) *International and European Disability Law and Policy*. Cambridge: Cambridge University Press.

²¹ C-168/18 - Pensions-Sicherungs-Verein, EU:C:2019:1128; C-674/18 - TMD Friction; EU:C:2020:682.

3. Social outcomes: employment, gender equality and social inclusion

Without suggesting direct causal links we now move from power resources to outcomes. Social rights can only be materialised through social and economic policies (outputs): through social protection, labour regulation, social investment, etc. It is not the point of this paper to discuss the potential impact of individual power resources on policies, let alone to identify causal chains between normative, instrumental and enforcement resources on the one hand and social outcomes such as poverty reduction, employment and gender equality on the other hand. Instead, we aim to study whether the current approach that focuses more on employment and gender equality than on social inclusion is, *in principle*, capable to deliver on the new headline poverty targets, that is: on the assumption that, through different channels, individual power resources ultimately contribute to adequate outputs (regulations, benefits and services) capable to deliver on the poverty reduction targets. More specifically, we address the question to what extent progression on employment and gender equality, while important goals in themselves, is instrumental for delivering on the 2030 poverty and social inclusion targets.

The work and poverty nexus has been a major research theme since the 1990s. Corluy and Vandebroucke (2014) and Cantillon et al. (2019) who analysed the relationship between employment and poverty trends in the Lisbon era and beyond, pointed to the unequal distribution of jobs among households and the reduction of the poverty alleviating capacity of social protection as main reasons for disappointing poverty trends despite employment growth. Gabos et al. (2022; 2019), extending this analysis to the post-crisis period up to 2017, found that while the negative relationship between employment and poverty trends holds also for the post-crisis period, the main difference underlying the dynamics between employment growth and disappointing poverty trends in the pre-and post-crisis years might be ascribed to the differential mechanisms by which jobless households were impacted during these periods. They argued that in the recovery period the main driver of the disappointing poverty trends despite job growth, contrary to the pre-crisis years, was mainly due the decrease of poverty reduction of social transfers. The question, however, is how this should be interpreted. After all, when pre-transfer poverty decreases, as in periods of recovery and rising employment, we expect the poverty reducing function of social protection to decrease, as an endogenous mechanism.

Focusing on the period between the financial crisis in 2008 and the health crisis in 2019 we further explore employment and poverty trends across Europe, add the gender dimension to our analysis and study the role of the decreasing poverty reducing capacity of social protection controlling for endogenous mechanisms.

3.1 Disappointing poverty trends among the active age population

We focus on the third target of the European Pillar of Social Rights Action Plan, i.e., the reduction of the number of people at risk of poverty and social exclusion by at least 15 million. The number of people at risk of poverty and social exclusion (AROPE) corresponds to the sum of persons who are either at risk of poverty (AROP), severely materially and socially deprived (SMSD) or living in a quasi-jobless household (QJH). AROP is defined as the share of people with an equivalised disposable income (after social transfer) below the at-risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income after social transfers. SMSD measures the proportion of the population experiencing an enforced lack of at least 7 out of 13 necessary and desirable items to lead an adequate life while the ‘low work intensity indicator’ refers to those persons living in a household where the members of working-age worked a working time equal or less than 20% of their total potential during the previous year. Member States were asked to define their own national sub-targets as a contribution to this common endeavour. The AROPE indicator is not new. It has been extensively used before within the context of the Europe 2020 strategy, where it was also a headline indicator. Throughout this paper, we will refer to people living in low work intensity households as ‘jobless’.

Figure 1 displays the percentual changes in the at-risk-of-poverty and social exclusion rate between 2009 and 2019 for the working-age population. During the decade preceding the pandemic, the European statistical system shows improvements in the composite AROPE-indicator in some countries (most notably in Hungary, Bulgaria and Poland). However, in many other countries the trends were disappointing. In Greece, Spain and Luxemburg the at-risk-of-poverty and social exclusion increased while the numbers remained stable in others (Belgium, Finland and France). Positive trends were mainly driven by decreases in the material deprivation indicator which is strongly correlated with economic growth and, albeit to a lesser extent, with diminishing numbers of jobless households²². As a general trend, relative income poverty rates among the active age population have risen almost everywhere. Trends were not unequivocal while levels of at-risk-of-poverty rates vary significantly across Europe. What stands out though, is the fact that in most countries, despite increasing incomes and employment, relative income poverty among the active age population did not decrease in the decade preceding the pandemic. As a general rule, in 2019 the at-risk-of-poverty rates were higher than in 2009.

²² Despite decreasing AROPE rates, the number of jobless households increased in Austria, Bulgaria, France, Latvia and Slovakia, between 2009 and 2019.

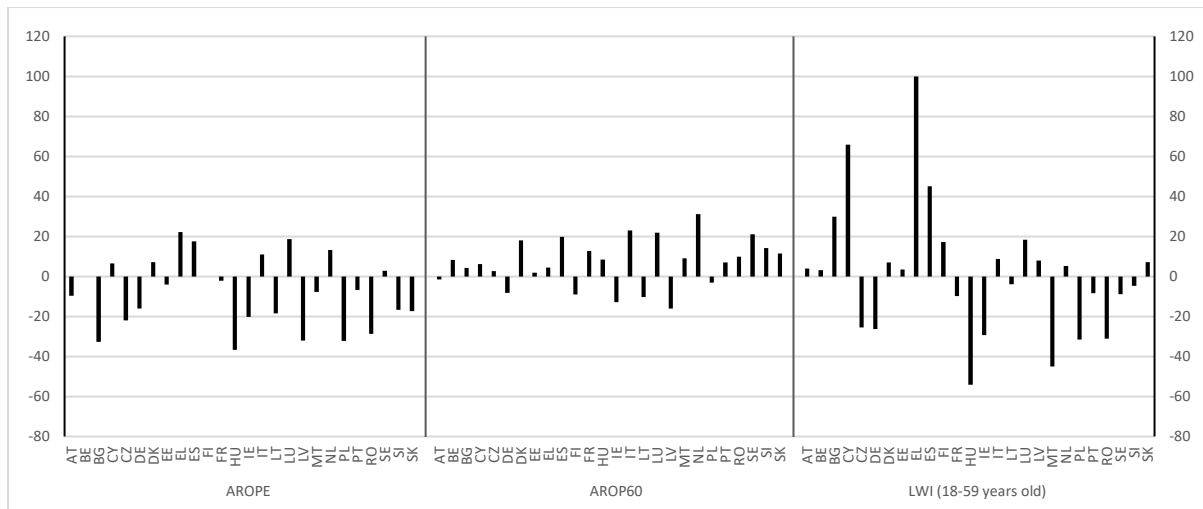


Figure 1. Percentage changes in the at-risk-of-poverty and social exclusion rate (ARPE, AROP60, Low-work intensity Indicator) of the total population, 2009-2019, 18-64 years old

Data: Eurostat

https://ec.europa.eu/eurostat/databrowser/view/ILC_PEPS01_custom_3980020/default/table?lang=en

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The relative poverty threshold (used in Figure 1) as a benchmark for poverty measurement is often questioned, not without reasons. Poverty is a relative concept: poverty thresholds must, therefore, be tied to purchasing power and living standards. But it can be argued that standards expressed in relation to the median incomes are too relative (and too sensitive to changes in the middle), arbitrary (determined as 40, 50 or 60% of that median income) and that they neither take into account the duration of low-income situations nor the size of the income deficits. This is why, (in Figure 2, 3 and 4), we present the evolution of poverty measured by some alternative measures, such as long-term poverty, the anchored poverty line, the 40% poverty line and the poverty gap.

Patterns were not unequivocal and there were exceptions but in many countries, at the eve of the pandemic, the number of people with persistent income deficits (the percentage of the population living in households where the equivalised disposable income was below the at-risk-of-poverty threshold for the current year and at least two out of the preceding three years) was higher than in 2009 meaning that the measured increase in relative income poverty at one point in time was accompanied by an increase in the duration of income deficits.

The poverty gap (the difference between the equivalent median net income of individuals below the poverty risk line and the poverty threshold) remained rather constant in almost all countries suggesting that in many European countries the growth of the number of income-poor individuals was not accompanied by a reduction of the income gap in this group.

A more diffuse picture appears when the stricter 40% poverty standard is considered: stability in some countries (Belgium, Germany, Austria, Cyprus, Lithuania, Slovenia), increases in others (Luxemburg, Denmark, the Netherlands, Sweden, Greece, Spain, Italy, Hungary, Slovakia), and slight decreases for a limited number of countries (Finland, Czech Republic and Latvia).

The course of the at-risk-of-poverty rates based on an anchored threshold (anchored to median incomes 2008) was rather stable in Continental and Nordic countries²³. It increased in most Southern countries and decreased in all Eastern countries suggesting that the overall increase in income was respectively stronger and weaker at the middle than at the bottom of the income distribution.

So, considering employment rates which in 2019 were almost for all European countries higher than in 2009, in many countries, among the working-age population, the (persistent) at-risk-of poverty rates, the poverty gap and the AROP40 did not decrease, at best.

²³ There was a sharp decrease in the anchored AROP in Germany (by 28.8%) and Ireland (by 35.6%). In Luxembourg the anchored AROP increased by 27.9%, from 14.7% to 18.8%.

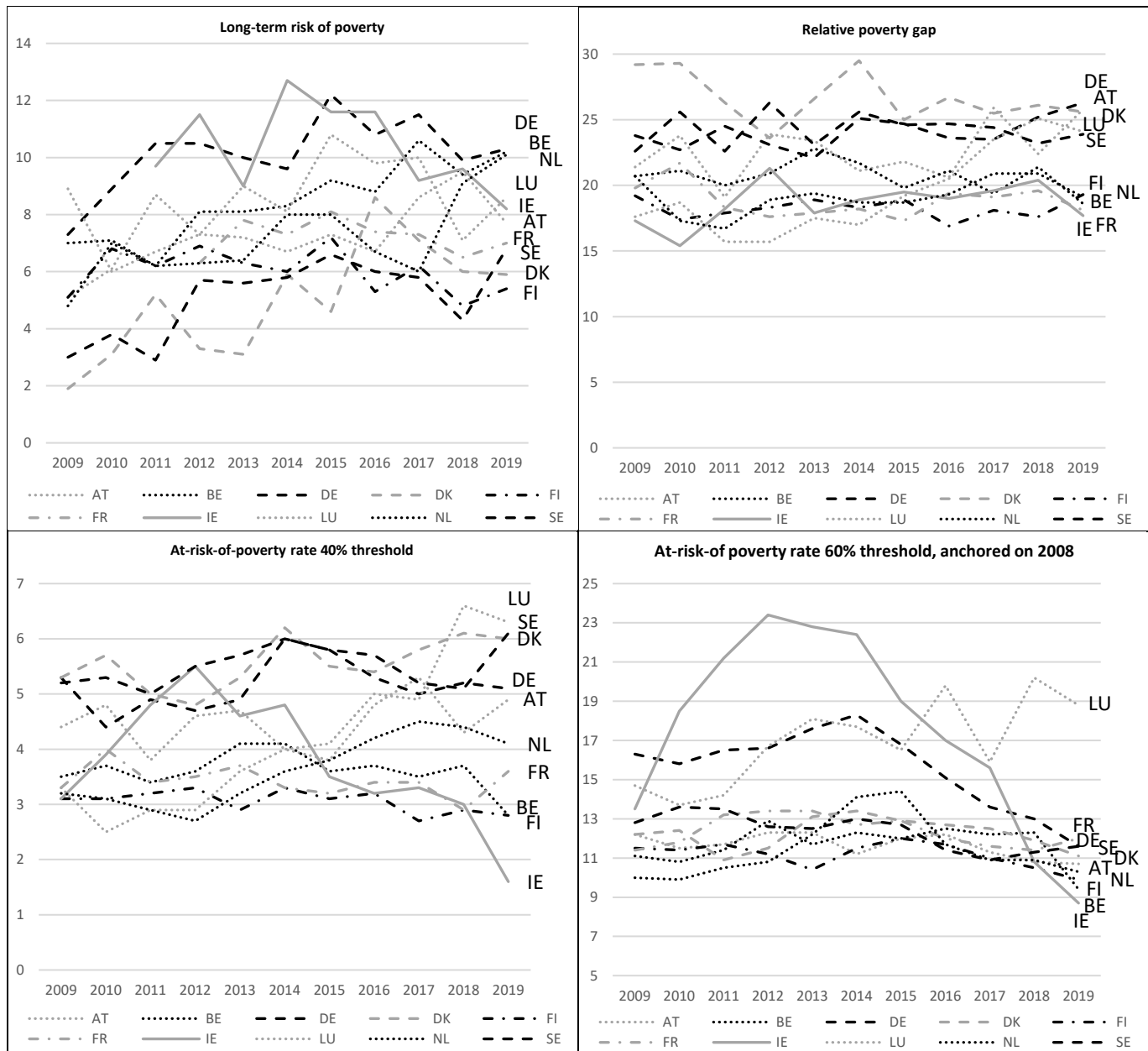


Figure 2. Evolution of a selection of European poverty indicators for the working-age population in the Continental and Nordic States (18-64y), 2009-2019

Note: Long-term at-risk-of-poverty rate: income below the at-risk-of-poverty threshold in the current year and in at least two of the three previous years; Relative poverty gap: the difference between the equivalent median net income of people below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold.

Data: Eurostat - EU-SILC & ECHP survey data



Figure 3. Evolution of a selection of European poverty indicators for the working-age population in the Southern States (18-64y), 2009-2019

Note: Long-term at-risk-of-poverty rate: income below the at-risk-of-poverty threshold in the current year and in at least two of the three previous years; Relative poverty gap: the difference between the equivalent median net income of people below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold.

Data: Eurostat - EU-SILC & ECHP survey data

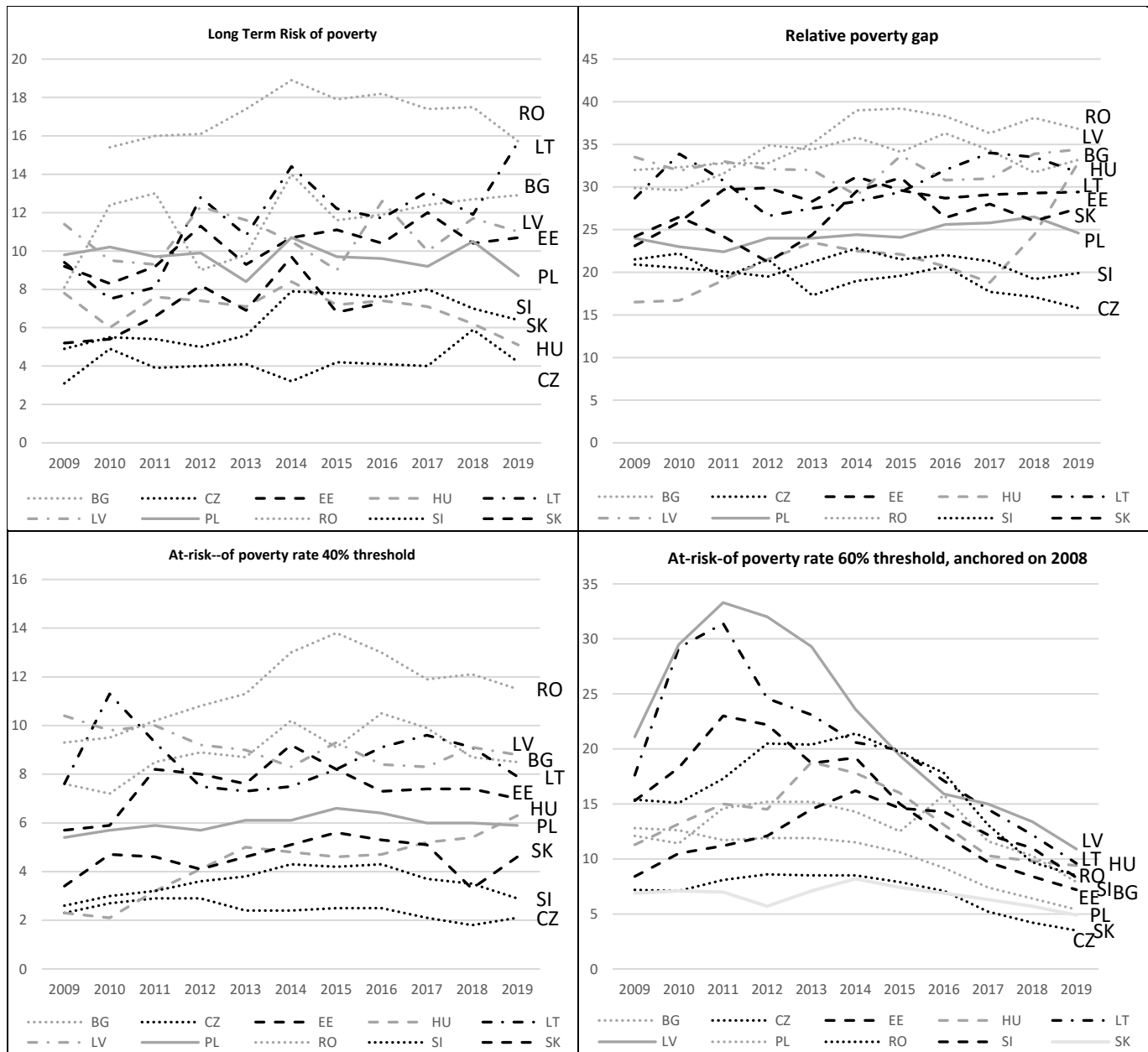


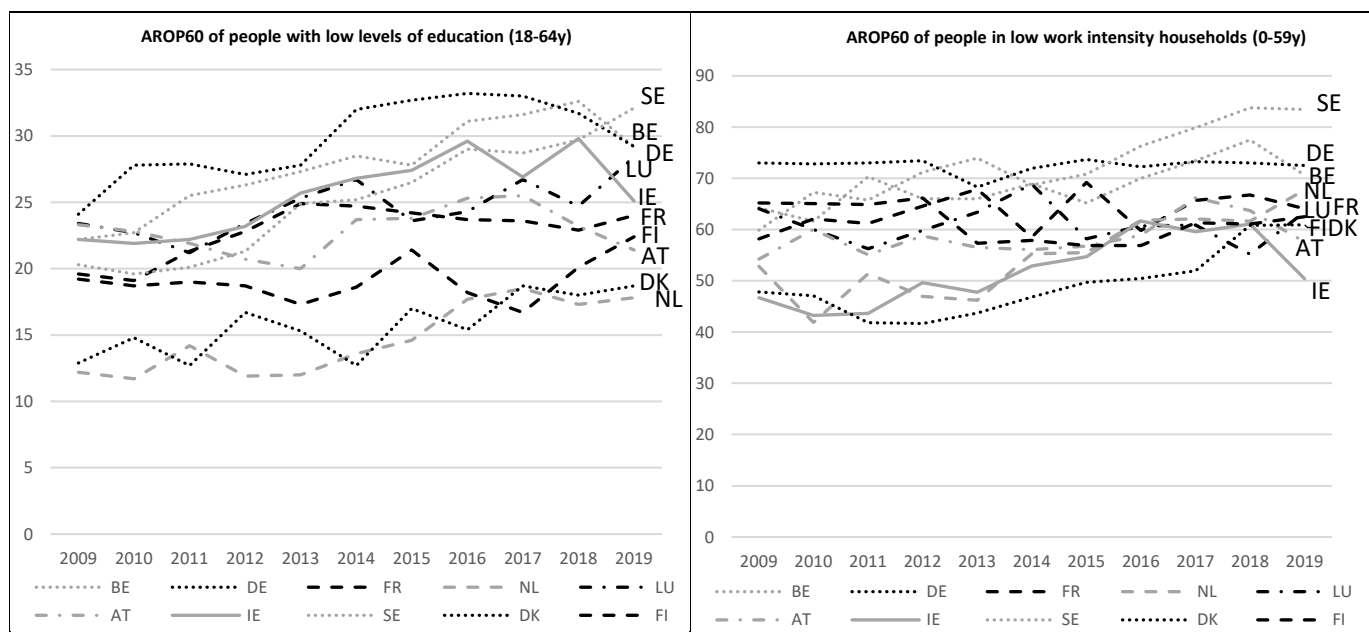
Figure 4. Evolution of a selection of European poverty indicators for the working-age population in the Eastern States (18-64y), 2009-2019

Note: Long-term at-risk-of-poverty rate: income below the at-risk-of-poverty threshold in the current year and in at least two of the three previous years; Relative poverty gap: the difference between the equivalent median net income of people below the at-risk-of-poverty threshold and the at-risk-of-poverty threshold, expressed as a percentage of the at-risk-of-poverty threshold.

Data: Eurostat - EU-SILC & ECHP survey data

3.2 The precarisation of jobless households

Figure 5, 6 and 7 show that the disappointing poverty trends mainly pertained to the low-skilled households with low work intensity and, to a lesser extent, single-parent households²⁴. Particularly striking is the rise in the at-risk-of-poverty rates among jobless households²⁵ (households where the adults work less than 20% of their potential): on the eve of the pandemic, European welfare states had become inadequate for 60-80% of these households (i.e. on average 65% in the Continental and Nordic, 70% in the Southern and 78% in the Eastern states). Research for Belgium has shown that the increased risk of poverty for jobless households is attributable to several factors, whereby both the more vulnerable profile of these households (more singles, more migrants, and more long-term sick people) and the inadequacy of social protection played a role (Hermans et.al. 2020). In Figure 5, 6 and 7, we also show the evolution of financial poverty among people with low levels of education. In many Continental, Nordic and Southern countries²⁶, this trend was also upwards, but with considerable differences: compare Sweden - where the increase was pronounced - with Ireland, where the increase was rather limited. It is also striking that, although the at-risk-of-poverty among non-EU migrants is high, trends in most countries have been stable. The AROP of non-EU migrants increased significantly in the Netherlands (by 31.2%), Sweden (by 23.1%), Portugal (by 40.6%), Hungary (by 45.7%) and Estonia (by 35.6%). Only in a few countries - mainly Continental and Nordic - did the AROP of non-EU migrants decrease: most significantly in Finland (by 43.9%), Germany (by 19.9%) and Ireland (by 14.3%). The numbers in the population have, of course, increased.



²⁴ In the Nordic states the AROP of single parents increased strongly in Sweden (by 20.1%) and Denmark (by 14.5%) and decreased in Finland by 11.9%.

²⁵ The increase in AROP for jobless households was especially high in the Netherlands (by 28.3%), Sweden (by 39.3%), Denmark (by 27.5%), Italy (by 29.8%) and Romania (by 68.6%). Only in a few European countries, there was a slight improvement of poverty in jobless households: Finland (by 4.2%), Germany (by 0.7%), Luxemburg (by 0.9%), Cyprus (by 8%), Estonia (by 5%) and Latvia (5.6%).

²⁶ The AROP of people with low levels of education increased in all Southern and almost all continental and Nordic countries except for Austria, where it decreased by 8.2%. In the Eastern states, there was a reduction in Hungary, Poland and the Baltic states.

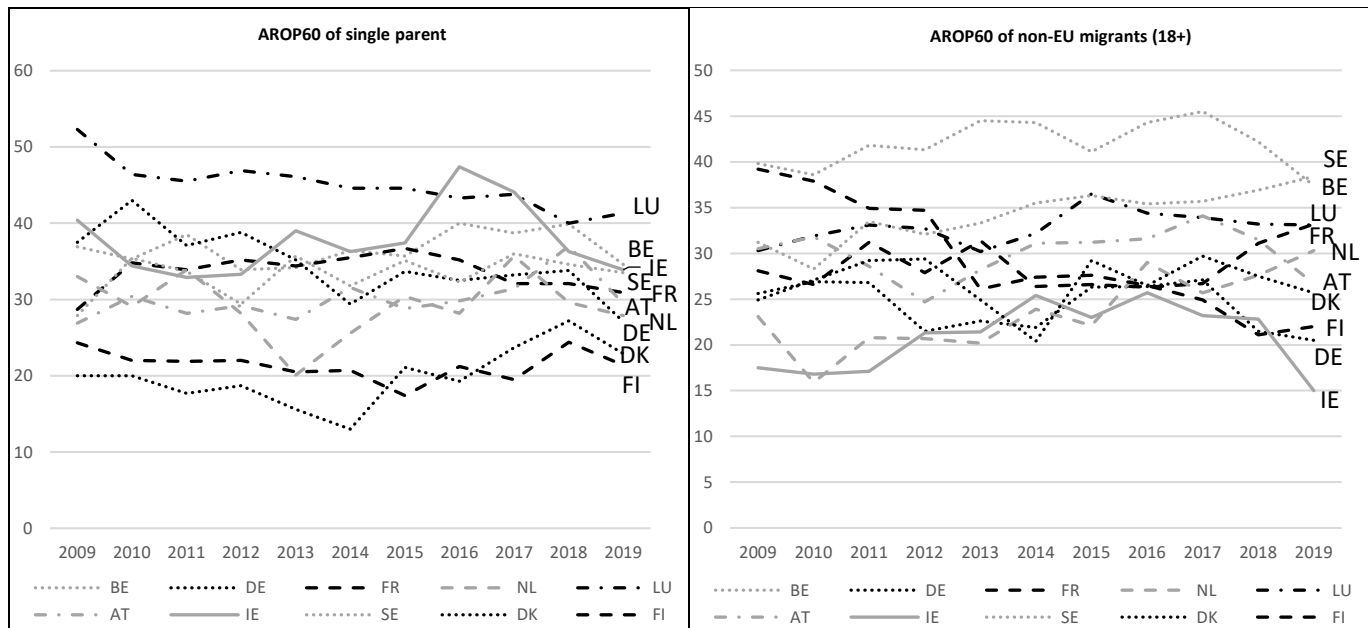
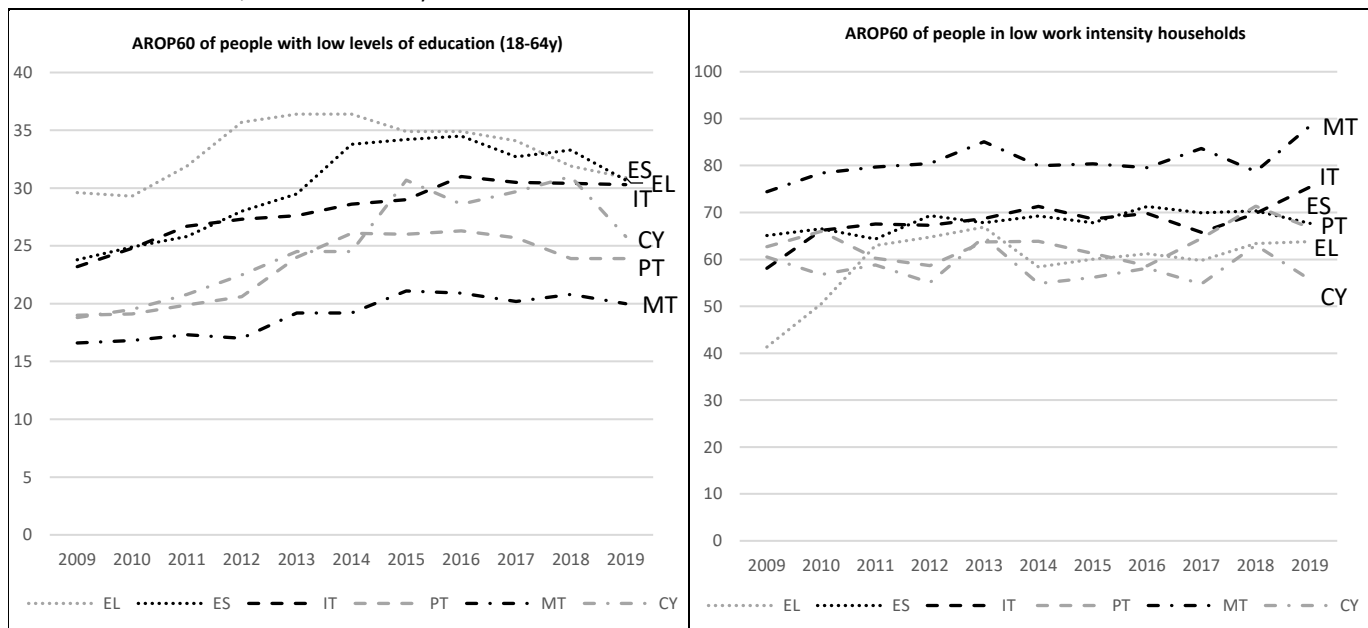


Figure 5. Evolution of at-risk-of-poverty rate (AROP60) in the continental and Nordic states, by socio-demographic groups (in %), 2009-2019

Note: Low-skilled: less than primary education, primary education and lower secondary education (level 0-2). Education levels of individuals are classified according to the International Standard Classification of Education 2011 version; Very low work intensity households are those aged 0-59 living in households where the adults have worked 20% or less of their total work potential during the last year.

Data: Eurostat - EU-SILC, ILC & ECHP survey data



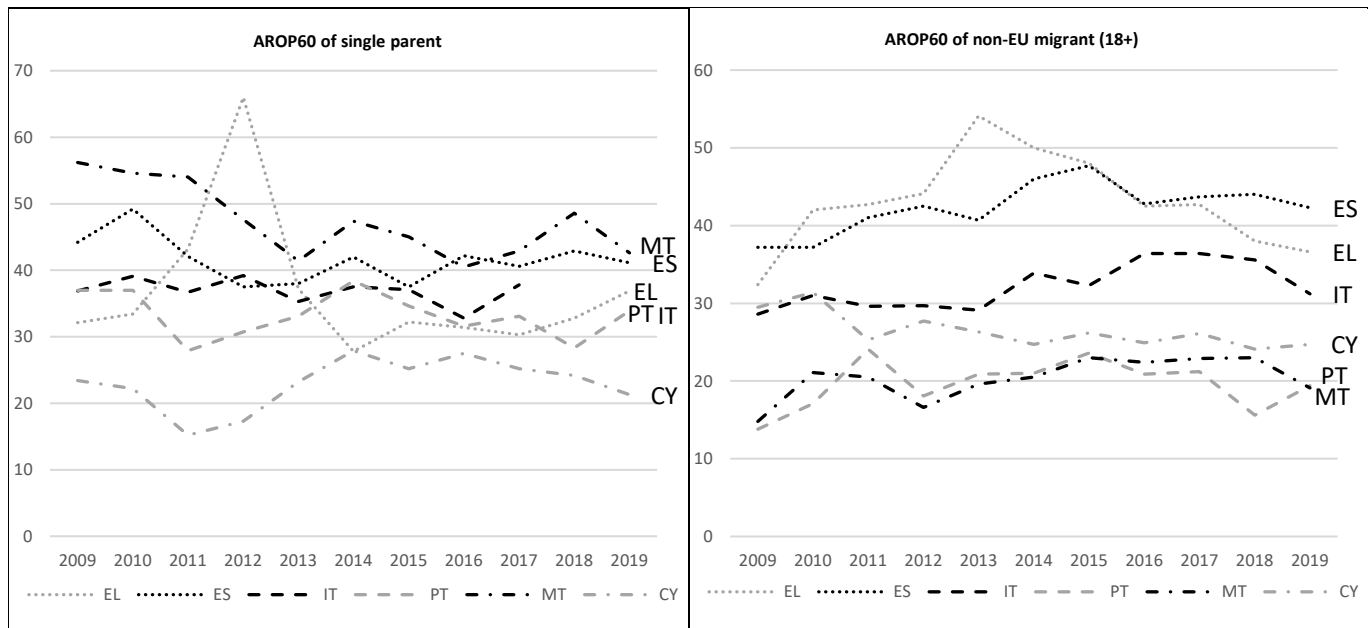
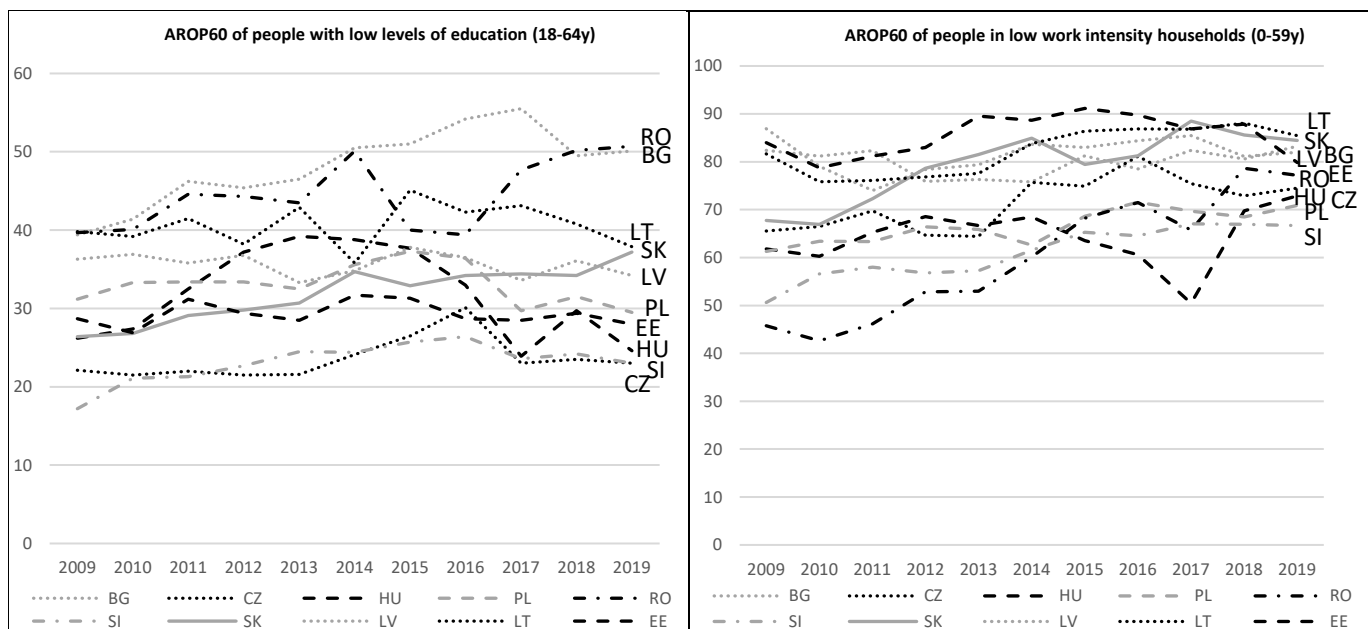


Figure 6. Evolution of at-risk-of-poverty rate (AROP60) in the Southern states, by socio-demographic groups (in %), 2009-2019

Note: Low-skilled: less than primary education, primary education and lower secondary education (level 0-2). Education levels of individuals are classified according to the International Standard Classification of Education 2011 version; Very low work intensity households are those aged 0-59 living in households where the adults have worked 20% or less of their total work potential during the last year.

Data: Eurostat - EU-SILC, ILC & ECHP survey data



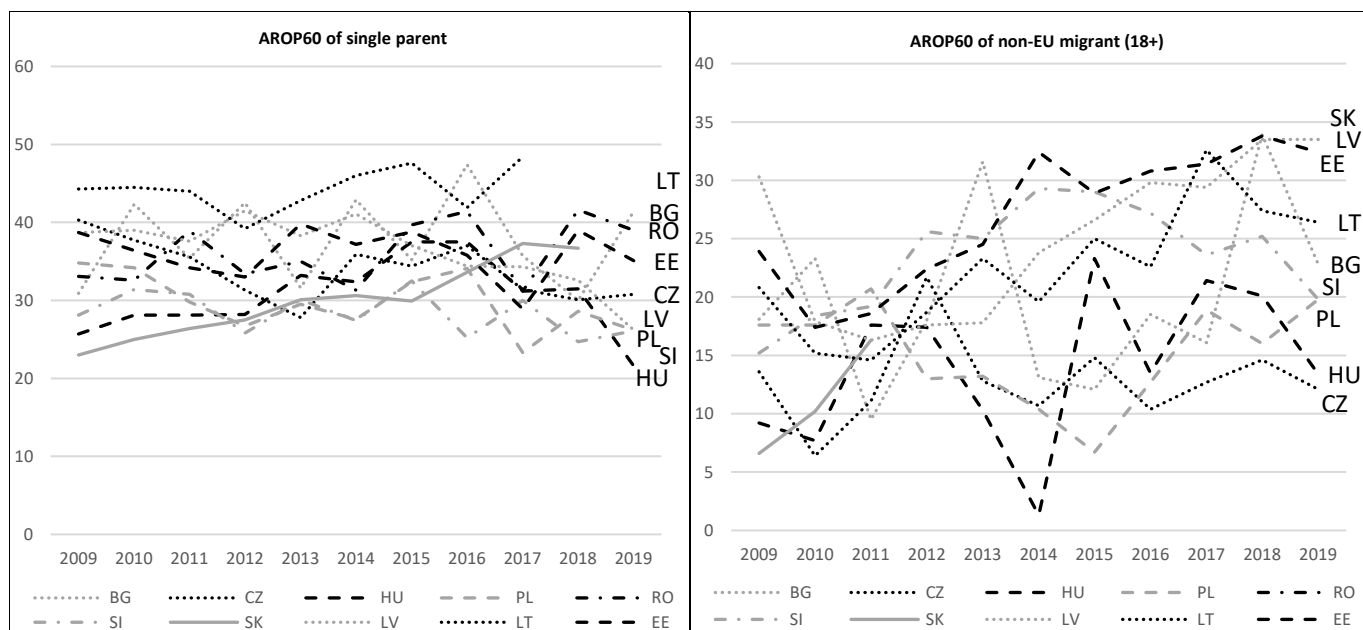


Figure 7. Evolution of at-risk-of-poverty rate (AROP60) in the Eastern states, by socio-demographic groups (in %), 2009-2019

Note: Low-skilled: less than primary education, primary education and lower secondary education (level 0-2). Education levels of individuals are classified according to the International Standard Classification of Education 2011 version; Very low work intensity households are those aged 0-59 living in households where the adults have worked 20% or less of their total work potential during the last year.

Data: Eurostat: EU-SILC, ILC & ECHP survey data

3.3 The gender dimension of poverty and social exclusion

Figure 8 compares the 2009 vs. 2019 active age male to female at risk of poverty and social exclusion ratios. It appears that in the majority of countries women are more at risk of poverty and social exclusion than men²⁷. However, the differences are usually not very large while there are some striking exceptions: in Finland, Poland, Denmark, Estonia, Latvia and Bulgaria men are more at risk than women. When we consider relative income poverty, taking the low poverty threshold set at 40% of national median equivalised disposable income as a benchmark, the right panel of Figure 8 shows that in the majority of countries, the share of men at-risk-of-poverty is actually higher than the share of women. In most European countries the traditional disadvantage of women thus appears to have faded away. The evolution of the at-risk-of-poverty gender ratios between 2009 and 2019 points indeed at a clear pattern of defeminization of poverty and social exclusion. Strikingly, in some

²⁷ An important caveat should be kept in mind here. The standard unit of measurement of at-risk-of-poverty is the household. This implies the assumption that resources are equally allocated within the household which constitutes a limitation when it comes to assessing women's poverty risks. After all, there is ample evidence that suggests differences in access to, control over and use of resources within households, especially along the lines of gender. E.g. see Bennett F (2013) Researching Within-Household Distribution: Overview, Developments, Debates, and Methodological Challenges. *Journal of Marriage and Family* 75(3): 582-597.

countries such as Sweden, the Netherlands, Poland and Denmark the relative disadvantage of men on the low AROP40 indicator has increased.

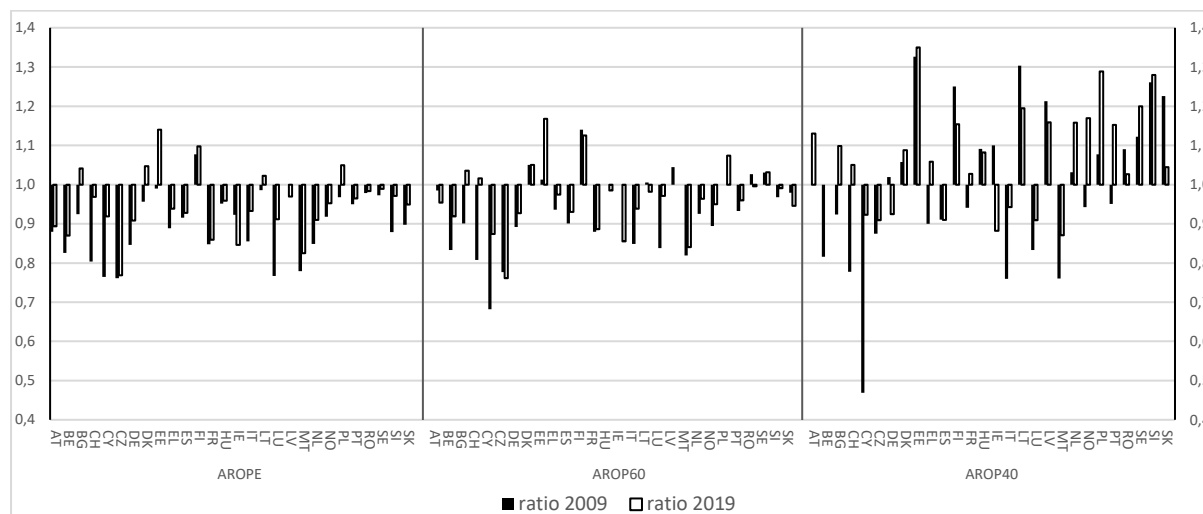


Figure 8. Male/female ratios of at-risk-of-poverty and social exclusion rate (AROPE, AROP60, AROP40), 18-64 years old, 2009 and 2019

Data: Eurostat

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Figure 9 shows the percentual changes between 2009 and 2019 in the AROPE and AROP of men and women. In the countries where the AROPE increased, we see a larger increase for men than for women. Conversely, we see that women are more at risk of poverty and social exclusion than men in the countries where the AROPE decreased over the years. The relative income indicators show that in most countries the at-risk-of-poverty rates for both men and women increased over the years.

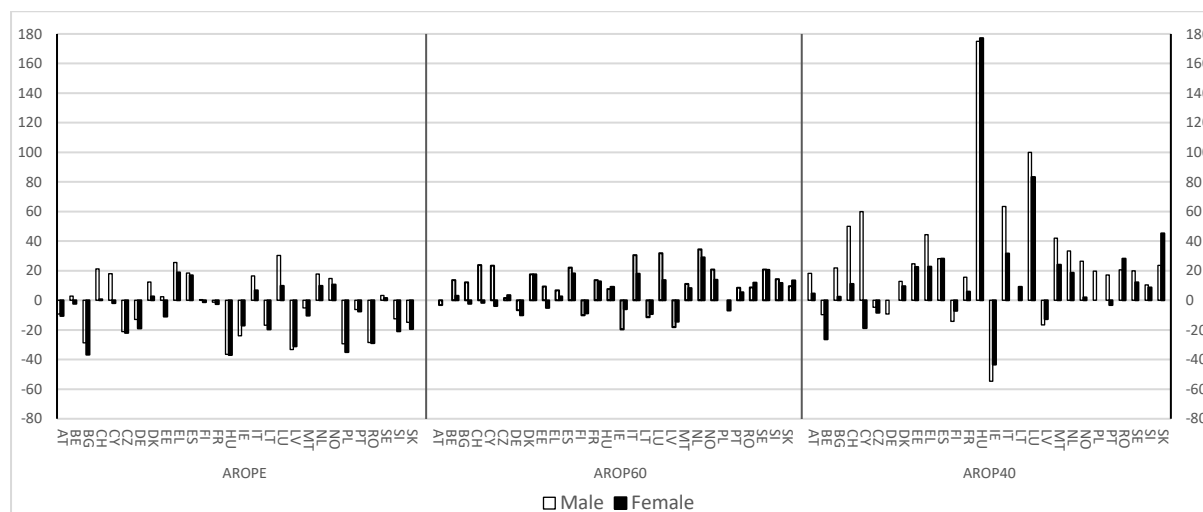


Figure 9. Percentage changes in male and female at-risk-of-poverty rates 2009-2019, 18-64 years old

Data: Eurostat

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The overall defeminization of poverty and social exclusion is accompanied by significant increases of poverty and social exclusion among low-skilled men and women, especially those living in jobless households. Figure 10 shows substantial increases of at-risk-of-poverty and social exclusion among low-skilled adults in a majority of countries. In some countries these increases have been stronger for men than for women. The low work intensity indicator displays the same trends: in the majority of countries displayed in Figure 11, among working poor households, the number of relative income poor women and men has increased substantially.

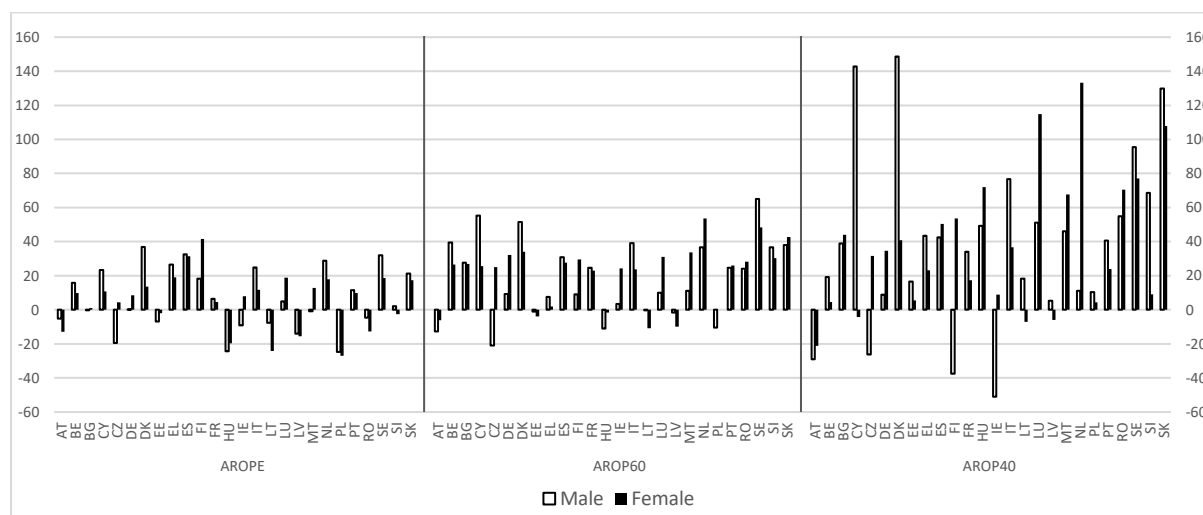


Figure 10. Percentage changes in at-risk-of-poverty and social exclusion rates (AROPE, AROP60, AROP40) among low-skilled men and women, 18-64 years old, 2009-2019

Data: Eurostat

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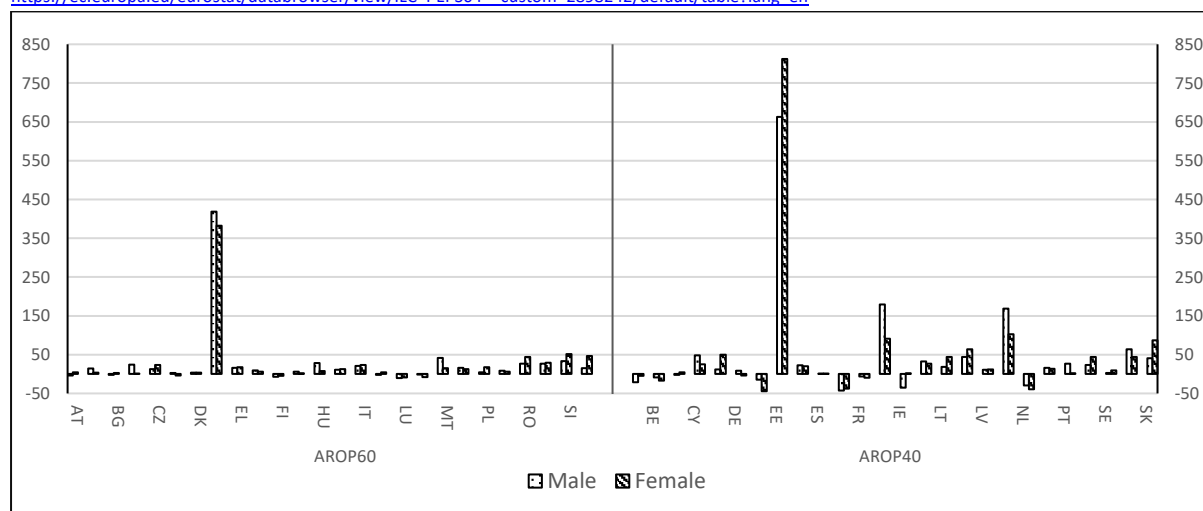


Figure 11. Percentage changes in at-risk-of-poverty among men and women living in low work intensity households (AROP60 and AROP40), 18-59 years old, 2009-2019

Data: EU-SILC - own calculations

All these indicators suggest that in many EU-countries the increase in employment and living standards that occurred between the financial crisis and the health crisis has not done anything for lower incomes. Among the working-age population, the share of people in relative and persistent income poverty has increased in many countries, especially among the less educated and jobless

households, while the magnitude of income deficits for these households has not declined. Moreover, the indicators attached to the social scoreboard show a significant defeminization of poverty and social exclusion among the active age population which went along with a marked precarisation of low-skilled men and women. The empirical evidence clearly points to qualified successes in terms of employment and gender equality but not in terms of social inclusion. To what extent was this linked to failures on the social protection dimension?

3.4 The declining poverty reducing capacity of social protection for jobless households

In *Growing Unequal*, the OECD (2008) concluded that, for most countries, the largest part of the increase in working-age poverty rates for the period 1995-2005 was attributed to the decrease of net public transfers to jobless households at the bottom of the income scale. Changes in the structure of the population dampened the rise of poverty rates in most countries, while the effect of changes in market-income poverty showed much variation across countries during that period. More recently, considering changes in inequality between 1995 and 2015, Causa and Hermansen (2017: 70) observed a continuation of these trends. More specifically, the study reported that income support provided by social transfers to jobless households declined substantially, largely driven by declining insurance transfers and only partially mitigated by increasing assistance transfers in a number of countries. Considering changes in EU-countries since the early 90's until the financial crisis we found that the decline in poverty reduction by social transfers was the main determinant of substantial increases in income poverty experienced in the Nordic and Continental European welfare states (Cantillon et al., 2014).

Figures 12, 13 and 14, display the evolution of employment rates and the poverty reducing capacity of social transfers for jobless and non-jobless households in the 2009-2019 decade. Across Europe, the trends are remarkably similar and entirely in line with the trends previously observed before the financial crisis. That in itself is not surprising: as unemployment falls, so does the need for social protection. Between 2009 and 2019, employment rates increased to end up at higher levels than before the outbreak of the financial crisis while the poverty reducing capacity of social transfers declined almost everywhere. More worrying, are the downward trends of the poverty reducing capacity of social transfers for jobless households that further declined to extremely low levels: among the population living in jobless households, the percentage of people lifted out of poverty through social benefits ranged between a very low 8,9% in Malta, 14,8% in Sweden and 46,3% in Ireland at the eve of the health crisis. Differences across countries are considerable while there are some exceptions on the general decreases. Within the group of continental and Scandinavian countries, Finland stands out: this country combined strong employment growth with a slight increase in the poverty reducing capacity of social transfers, including for jobless households. Within Southern European countries, Cyprus is the only exception to the general trend of rising employment rates and declining effectiveness of social protection for jobless households. Only in Greece did the poverty reduction capacity increase, but not for jobless households. Within the Eastern European countries, trends were more diversified although again the dominant trend was one of declining poverty reduction among jobless households. In the Czech Republic, Hungary and Romania the increase in employment was accompanied by a decrease in the poverty reduction by social protection; in Estonia and Bulgaria the

poverty reduction remained stable while in Lithuania, Poland, Slovenia and Slovakia the poverty reduction only weakened for jobless households.



Figure 12. Employment and poverty reducing capacity trends in the Continental and Nordic states (2009-2019, %)

Data: EU-SILC (own calculations)

— Employment rate
 — PRC total
 — PRC jobless hh
 — PRC non-jobless hh

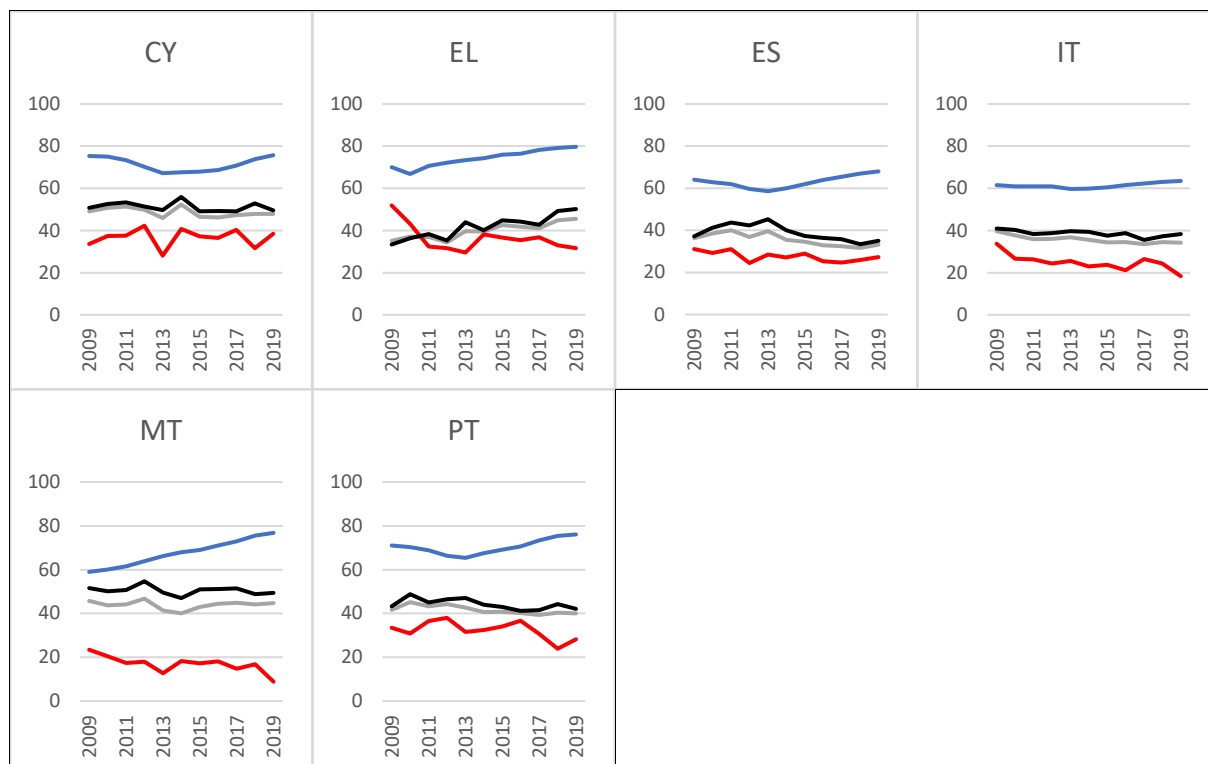


Figure 13. Employment and poverty reducing capacity trends in Southern member states (2009-2019, %)

Data: EU-SILC (own calculations)



Figure 14. Employment and poverty reducing capacity trends in Eastern member states (2009-2019, %)

Data: EU-SILC (own calculations)

The graphs above point towards an important trend: in many countries European households most dependent on the welfare state are increasingly at-risk-of-poverty and this seems, at least in part, related with the weakening of social protection. ‘Pre-post approaches’ on which the evidence on changes in the poverty reducing capacity of social transfers is based suffer, however, from several drawbacks which greatly complicate the interpretation of causal chains. In these analyses only taxes and cash transfers are taken into account while the impact of the increasing share of spending on services is not taken into consideration. There is, moreover, the problem of the counterfactual: properly functioning systems of social security automatically respond to changing needs related to economic and social change. Pre-post approaches run into the problem of endogeneity: policies may have an impact on pre-transfer poverty risks. Changes in the number of jobless and non-jobless households may, for instance, strongly impact the poverty reduction by social security systems, and

vice versa. Social protection absorbs social risks, at the level of both the individual and society in general. Poverty ‘before transfer’ is linked to social risks that are, in part, of cyclical nature or that may be the result of economic shocks, such as the risk of unemployment. When pre-transfer poverty increases, as in periods of rising unemployment, we expect increasing poverty reduction. We should therefore be careful to infer from a decrease in poverty reduction that social state’s capacity to reduce poverty has diminished.

To what extent is the overall decline in poverty reduction through social transfers explained by factors related to the distribution of jobs among households and to compositional changes? How might we discern structural changes in the poverty reducing capacity of social protection in European welfare states? The problem of endogeneity cannot be solved through sophisticated techniques. The only way to purge trends of endogenous effects related to changes in needs is to inspect the data from different angles and look for consistent trends. This is what we do in the remainder of the paper. To interpret the declining poverty reduction of social protection, we look at the impact of changes in the share of jobless households, at the evolution of pre-transfer poverty within this group and at the evolution of poverty reduction within the groups of jobless and non-jobless households. At least part of the poverty reduction among non-jobless households should be interpreted as the natural consequence of declining needs due to the increase in employment. Although part of this mechanism may also play out within the group of jobless households (e.g. through an increase in the number of hours worked within these households), the endogenous effect of a growing labour market on poverty reduction by social transfers is to a large extent swept away when the focus of analysis is on this group, as in Figure 12, 13 and 14.

To control for endogenous mechanisms Vandenbroucke & Corluy (2014) decomposed the evolution of the at-risk-of-poverty rates in changes in the share of jobless households and changes in poverty within the jobless and non-jobless segments of the population (see also Gabos et al, 2022). In *Table 2*, we take this analysis further by decomposing *poverty reduction* in changes in the share of jobless households and the absolute poverty reduction of social transfers among jobless and non-jobless households. We also show the changes in pre-transfer poverty among jobless households to contextualise the observed trends.

Poverty reducing capacity (prc) is defined as follows:

$$prc = \frac{pov_b - pov_a}{pov_b}$$

where:

pov_b = the total at-risk-of-poverty rate before social transfers

pov_a = the total at-risk-of-poverty rate after social transfers

The poverty reducing capacity can also be written as a weighted average of the prc of individuals in jobless (j) households and the prc of individuals in non-jobless (nj) households:

$$prc = j \cdot \frac{(pov(j)_b - pov(j)_a)}{pov_b} + nj \cdot \frac{(pov(nj)_b - pov(nj)_a)}{pov_b}$$

where:

$pov(j)_{b/a}$ = at-risk-of-poverty rate of individuals in jobless households (before/after social transfers)

$pov(nj)_{b/a}$ = at-risk-of-poverty rate of individuals in non-jobless households (before/after social transfers)

Changes in the poverty reducing capacity over time can be decomposed as:

$$\Delta prc = \bar{j} \cdot \Delta \left(\frac{pov(j)_b - pov(j)_a}{pov_b} \right) + \bar{nj} \cdot \Delta \left(\frac{pov(nj)_b - pov(nj)_a}{pov_b} \right) + \left(\frac{pov(j)_b - pov(j)_a}{pov_b} - \frac{pov(nj)_b - pov(nj)_a}{pov_b} \right) \cdot \Delta j$$

where, for a change from t = 0 to t = 1,

$$\begin{aligned} \Delta prc &= prc_1 - prc_0 \\ \bar{j} &= 0.5j_0 + 0.5j_1, \text{ etcetera} \end{aligned}$$

Consequently, the change in the overall poverty reducing capacity is decomposed into three contributory factors:

- i. a contribution by the change in the poverty reducing capacity of social benefits for the jobless
- ii. a contribution by the change in the poverty reducing capacity of social benefits for the non-jobless
- iii. a contribution by the change in the share of the population living in jobless households

The results of the decomposition shown in *Table 2* suggest consistent trends for a large number of countries indicating a weakening of the poverty-reducing potential of social transfers that is not (only) endogenous in nature. Thirteen countries show significant declines in poverty reduction by social transfers. These declines are partly explained by endogenous factors, namely the decrease in the share of jobless households and the decrease in poverty reduction among non-jobless households. Importantly, however, the declines are also related to the decrease in poverty reduction by social transfers among jobless households that is *not* associated with a reduction in pre-transfer poverty among this group. This configuration — suggesting a decline of the adequacy of social protection for households who did not benefit from job growth — is found in the Czech Republic, Denmark, France, Italy, Netherlands, Romania, Sweden and Slovenia. Five countries show a significant increase in poverty reduction through social transfers. In most cases, however, this is mainly explained by greater poverty reduction in non-jobless households rather than improvements for jobless households. Only in Ireland, Latvia and to a limited extent in Bulgaria, Finland and Luxembourg did the poverty reduction for jobless households increase.

Table 2. Decomposition of the change in the poverty reducing capacity between 2009 and 2019

	Δ POVERTY REDUCING CAPACITY	CONTRIBUTION BY THE CHANGE IN POVERTY REDUCING CAPACITY OF THE JOBLESS HOUSEHOLDS	CONTRIBUTION BY THE CHANGE IN POVERTY REDUCING CAPACITY OF THE NON-JOBLESS HOUSEHOLDS	CONTRIBUTION BY THE CHANGE IN THE SHARE OF THE POPULATION LIVING IN JOBLESS HOUSEHOLDS	CHANGES IN PRE-TRANSFER POVERTY AMONG JOBLESS HOUSEHOLDS
AT	4,5%	-0,9%	4,8%	0,6%	1,1%
BE	-4,5%*	-2,9%	-1,4%	-0,1%	-0,6%
BG	1,2%	0,1%	1,1%	0,0%	2,4%
CY	-1,2%	0,0%	-3,1%	1,9%	-0,5%
CZ	-6,6%**	-0,1%	-4,9%	-1,6%	2,3%
DE	2,0%	-0,1%	3,5%	-1,3%	-3,8%
DK	-8,1%**	-3,1%	-5,5%	0,5%	1,5%
EE	5,9%**	-0,1%	6,1%	0,0%	-4,2%
EL	10,4%***	-4,3%	9,7%	5,0%	7,4%
ES	-3,0%*	-1,5%	-3,2%	1,6%	-1,5%
FI	7,5%***	0,4%	6,2%	0,8%	0,6%
FR	-6,8%***	-1,0%	-5,9%	0,1%	0,0%
HU	-6,4%**	-0,4%	-4,6%	-1,4%	-1,6%
IE	0,2%	1,2%	3,8%	-4,9%	-1,8%
IT	-5,5%***	-3,0%	-3,0%	0,5%	4,7%
LT	5,3%	-0,9%	6,3%	0,0%	-1,4%
LU	-7,1%**	0,2%	-8,3%	0,9%	1,0%
LV	13,3%***	1,2%	12,1%	0,0%	0,0%
MT	-1,1%**	-2,1%	1,6%	-0,5%	-0,1%
NL	-5,7%**	-4,6%	-2,3%	1,2%	1,4%
PL	9,4%***	-1,1%	11,3%	-0,8%	1,1%
PT	-1,6%	-0,6%	-0,6%	-0,4%	-1,3%
RO	-12,6%***	-3,6%	-7,6%	-1,4%	0,7%
SE	-10,3%***	-6,0%	-4,3%	0,0%	2,2%
SI	-6,0%***	-1,6%	-3,9%	-0,4%	1,5%
SK	-1,1%	-3,7%	2,4%	0,2%	-0,5%

Changes in the poverty reducing capacity of social transfers significantly different from 0 at 99% (***), 95% (**), 90% (*).

Source: EU-SILC (own calculations)

4. The need for better-balanced power resources and intersectional approaches

The empirical results for the 2009-2019 period shown in this paper are in line with trends that have been documented since the 1990s (Cantillon, 2022). Ever since, as a general trend in many countries, the distribution upside of employment growth and gender equality has been affected by a distributive downside (more poverty among the jobless households) that has been *intrinsic* to underlying social and economic forces (Cantillon et al., 2019; Cantillon and Vandenbroucke, 2014). The literature distinguishes between various factors driving disappointing poverty trends. The first factor relates to the unequal distribution of jobs among individuals in a dual labour market in which full employment among the higher-skilled men and women co-exists with the structural underemployment of the low-skilled. Against the background of individualisation and increasing dual earnership, for reasons of social homogamy, this evolution was, secondly, reinforced at the household level (Cantillon, 2011; Corluy and Vandenbroucke, 2017). As a consequence, in many countries employment growth has disproportionately benefited work-rich households, leaving jobless households structurally behind. A third reason is the impact of dual earnership on median incomes and, hence, on poverty thresholds (Nolan, 2018). Fourth, the “great decoupling” between productivity and profit gains, on the one hand, and low wage growth, on the other hand, has put pressures on the poverty reducing capacity of social protection. When wage floors decline relative to median household incomes (and thus relative to poverty thresholds) increasing transfers to poor jobless households comes at the cost of either worsening financial work incentives or stronger redistributive effort, if in-work transfers are also to be increased so as to maintain work incentives and to avoid in-work poverty²⁸.

European welfare states were resilient and, at least to a certain extent and to variable degrees, able to weather the storm of the sweeping social and economic transitions of the time by taking a social investment turn characterised by a focus on investment on human capital, early childhood development, work-life balance and training (Hemerijck, 2017). Yet, because the intrinsic tensions between employment growth and poverty reduction were not (sufficiently) acknowledged, welfare states have been on the losing end of the battle against rising relative income poverty. Social protection for jobless households was under pressure while social investment is plagued by Matthew effects in the use of and access to capacitating services such as childcare, leave, and life-long learning. These benefits and services accrue structurally more to work-rich households making them subject of Matthew effects (Bleses and Seeleib-Kaiser, 2004; Obinger and Starke, 2015). As a consequence, an

²⁸ This points to Iversen and Wren’s social trilemma hypothesis Iversen T and Wren A (1998) Equality, Employment, and Budgetary Restraint: The Trilemma of the Service Economy. *World politics* 50(4): 507-546., the ‘iron triangle’ of welfare reform Adam S, Brewer M and Shephard A (2006) *The poverty trade-off. Work incentives and income redistribution in Britain*. Bristol: Policy Press, Blundell R (2003) Welfare-to-Work: Which Policies Work and Why? Keynes Lecture In Economics. *Proceedings of the British Academy* 117: 477-524. and the ‘glass ceiling on poverty reduction hypothesis’ Cantillon B, Parolin Z and Collado D (2020) A glass ceiling on poverty reduction? An empirical investigation into the structural constraints on minimum income protections. *Journal of European social policy* 30(2): 129-143, Cantillon B, Collado D and Van Mechelen N (2015) The end of decent social protection for the poor? The dynamics of low wages, minimum income packages and median household incomes. CSB Working Paper No. 15/01. Antwerp: Herman Deleeck Centre for Social Policy, University of Antwerp.

increasing share of social transfers accrued to work-rich households while social protection for jobless households became less generous as a consequence of the slow growth of low wages and the fight against unemployment traps. In a large majority of countries minimum incomes for jobless households are inadequate in providing income levels sufficient to raise households above the EU at-risk-of-poverty threshold. This is, at least in part, linked to the problem of employment and poverty traps which are related to the sluggish growth of minimum wages (Cantillon et al., 2020; Hick and Marx, 2022; Lohmann and Marx, 2018; Marchal, 2017). Also the tightened eligibility criteria and increased conditionalities, especially in unemployment benefit and social assistance schemes, contributed to shrinking social protection for jobless households (Eichhorst and Konle-Seidl, 2008; Knotz, 2018; Weishaupt, 2013). Additionally, more people work in non-standard jobs that do not always entitle social insurance protection (Bonoli and Natali, 2012; Clasen and Clegg, 2011; Immervoll, 2009; Immervoll and Scarpetta, 2012).

So conceived, successes on the employment and gender dimensions on the one hand and the weakening of the poverty reducing capacity of social protection for jobless households, on the other hand, were *intrinsically* linked to social and economic change and the ensuing social investment and employment strategies that defined social inclusion as a derivative rather than as a substantive goal in itself. It follows that without policies that duly focus on improving social protection, it may not be possible to meet the European social inclusion targets in the future.

Although, as we demonstrated in the first section of this paper, the EPSR proposes a *prima facie* balanced distribution of employment and equal opportunity rights on the one hand and social protection on the other, power resources continue to be developed more for the first set of rights than for the second. If Europe wants to help and guide national welfare states in their critical function to make progress on social inclusion, an equal commitment to employment, gender equality and social inclusion is needed. This implies the strengthening of the framework of power resources for social protection and social inclusion as well as more intersectional approaches that explicitly link the social inclusion dimension of the EPSR with the domains of employment and equal opportunity (see table 2). The Work Life Balance Directive (WLBD) is a point in case. To reap the benefits of this directive, formal leave rights for mothers and fathers, incentives for fathers to take leave, easily accessible and information about leave rights and accessible application procedures are important (de la Porte et al., 2022). But, of course, if this only benefits resourceful households then the WLBD could increase rather than decrease the disparities between skilled and non-skilled parents and their children. It is well-known that parental leave is not only taken up more by women — an issue that is rightly dealt with in the directive — but also that lower-skilled mothers and fathers are strongly underrepresented in leave systems. The latter aspect is, however, completely absent from the WLBD. Therefore, in order to prevent the increase of social inequalities and Matthew effects, the implementation of the WLBD should address the issues of the affordability for low-income households to take leave; non-take up of social benefits and the unequal distribution of work. To reach the European social inclusion targets such intersectional approaches of the implementation of the EPSR are much needed. While supporting national welfare states in the development of social policies that serve many goals is essential, Europe must also and above all become a holding environment for the most vulnerable citizens.

5. Conclusion

In this paper, we challenged the ability of the EPSR Action Plans to reach its poverty goal. To this end, we focused on two dimensions: gender equality and social protection. We found that there are abundant and balanced power resources available in the area of gender equality but this is much less the case for social protection and minimum incomes. While the objectives of promoting gender equality and employment are just as legitimate as the objective of reducing poverty, the existing imbalance of available power resources in these fields is detrimental for the achievement of the European social targets.

The empirical evidence clearly suggests that progress on employment and on the gender dimension does no longer entail progress on poverty and social inclusion. On the positive side of the assessment, assuming that individual power resources have a positive impact on Member States' social fabrics (outputs) and, ultimately on social outcomes, provisions related to employment and gender equality can be considered a major success of European social governance. At the same time, however, at the negative side of the assessment, in the past decades we observe in most European countries an increase of poverty and social exclusion among low-skilled men and women which was at least in part related to the weakening of social protection. So conceived, there is a large gap between the ambitious European targets on poverty and social inclusion, the translation of the EPSR into concrete actions and power resources, and the observed trends in poverty and social exclusion within the working-age populations.

Taken together, this suggests that we might not expect that progression in the domain of employment and gender equality will naturally translate to progression in terms of social inclusion. Without equally strong power resources in the field of social protection and truly intersectional approaches of the implementation of the EPSR, it will remain difficult to make significant progress in terms of social inclusion and substantive equality.

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Appendix

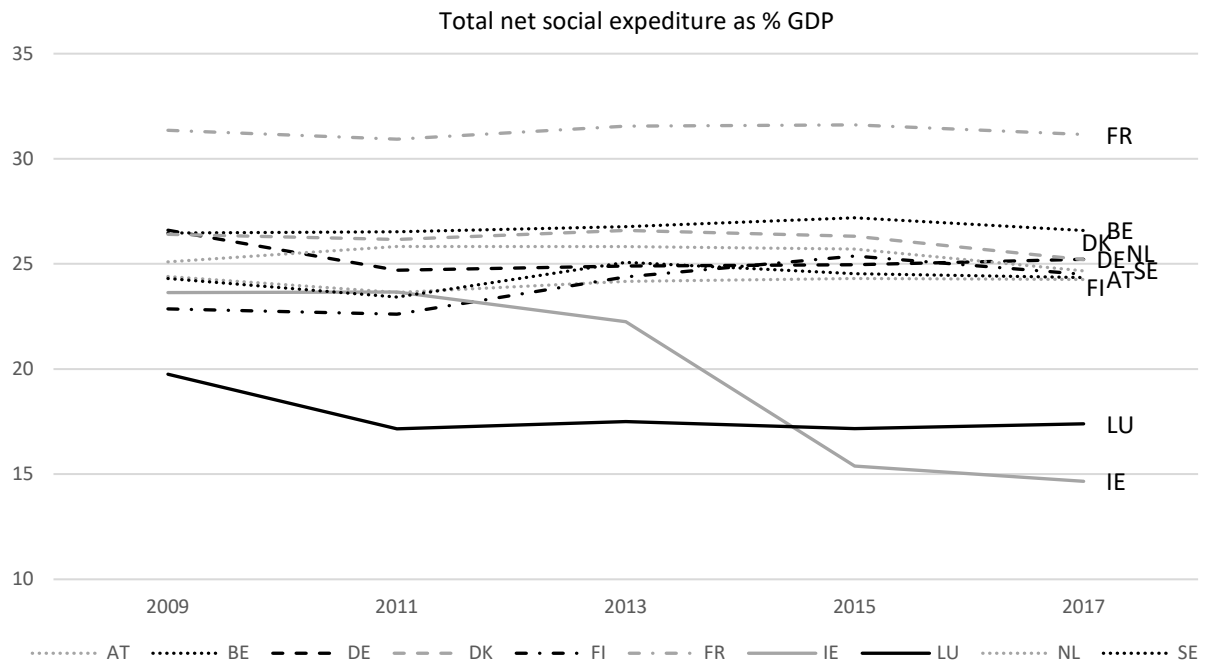


Figure A1. Changes in the total net social expenditure in the Continental and Nordic countries (% GDP), 2009-2017

Data: OECD Social Expenditure Database (SOCX)

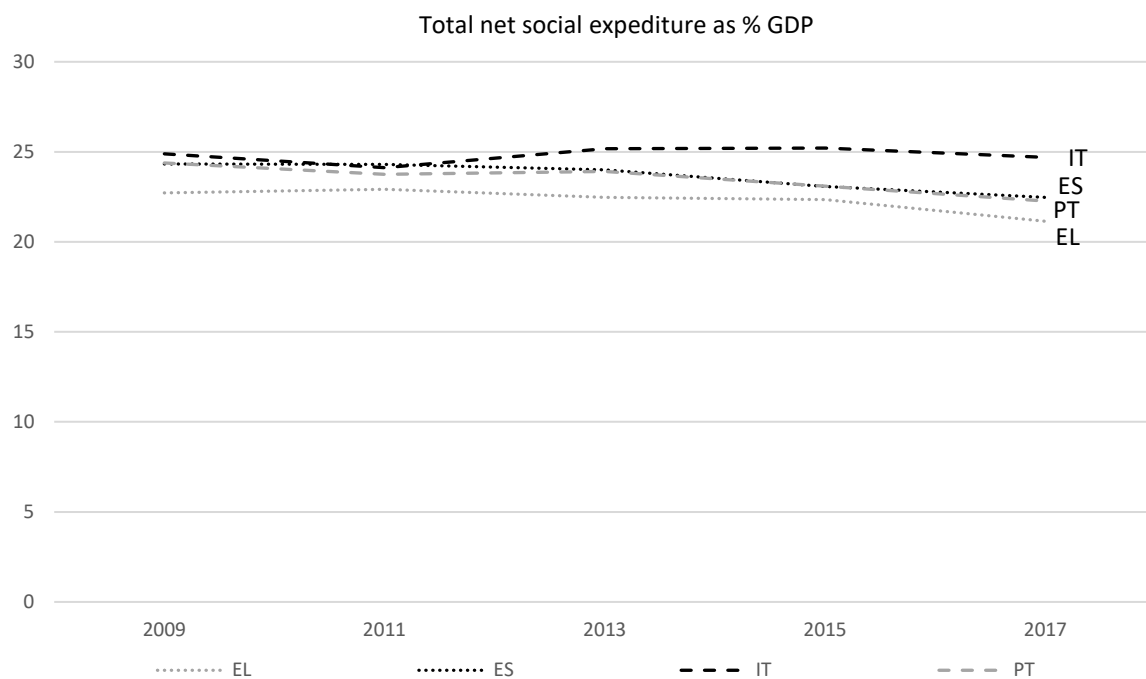


Figure A2. Changes in the total net social expenditure in the Southern countries (% GDP), 2009-2017
 Data: OECD Social Expenditure Database (SOCX)

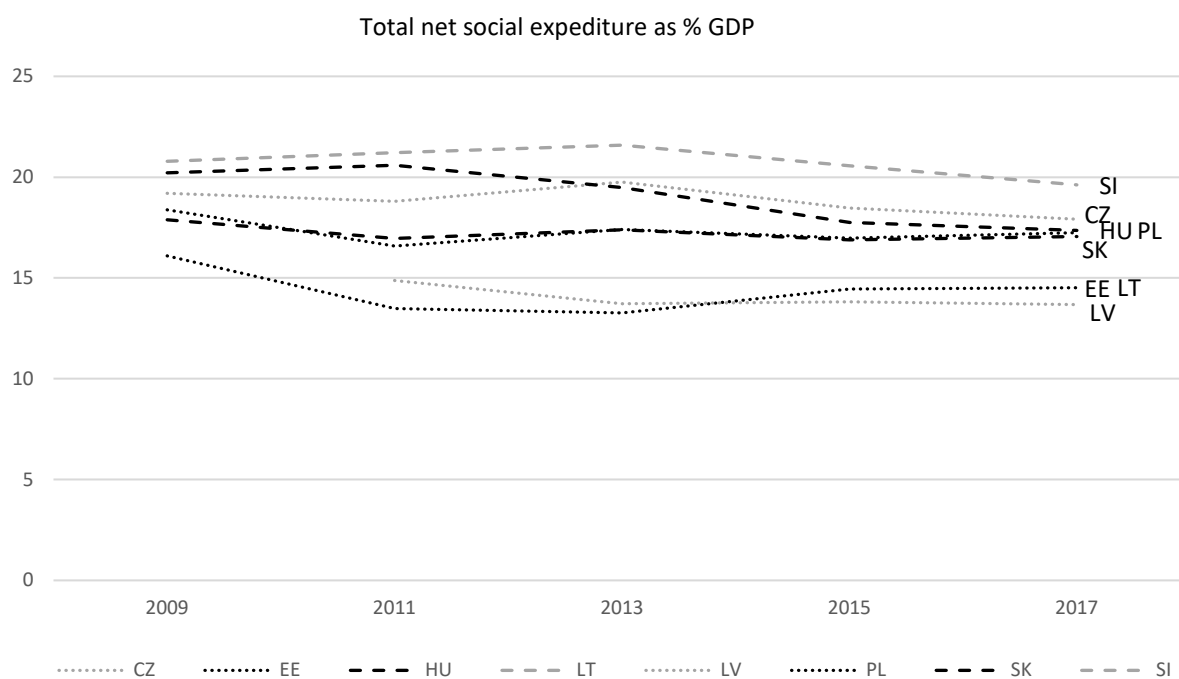


Figure A3. Changes in the total net social expenditure in the Eastern countries (% GDP), 2009-2017.
 Data: OECD Social Expenditure Database (SOCX)

Table A1. Definitions of variables

Variable	Definition
AROPE	At risk of poverty or social exclusion, abbreviated as AROPE, corresponds to the sum of persons who are either at risk of poverty, or severely materially and socially deprived or living in a household with a very low work intensity. People are included only once even if they are in more than one of the situations mentioned above. The AROPE rate is the share of the total population which is at risk of poverty or social exclusion. It is the main indicator to monitor the EU 2030 target on poverty and social exclusion and was the headline indicator to monitor the EU 2020 Strategy poverty target
At-risk-of-poverty rate (AROP)	The at-risk-of-poverty rate is the share of people with an equivalised disposable income (after social transfer) below the at-risk-of-poverty threshold, which is set at 60 % of the national median equivalised disposable income after social transfers.
Severe Material and Social Deprivation (SMSD)	The severe material and social deprivation rate (SMSD) is an EU-SILC indicator that shows an enforced lack of necessary and desirable items to lead an adequate life. The indicator, adopted by the Indicators' Sub-Group (ISG) of the Social Protection Committee (SPC), distinguishes between individuals who cannot afford a certain good, service or social activities. It is defined as the proportion of the population experiencing an enforced lack of at least 7 out of 13 deprivation items (6 related to the individual and 7 related to the household).
Household with very low work intensity/quasi-jobless household (QJH)	The indicator persons living in households with very low work intensity is defined as the number of persons living in a household where the members of working-age worked a working time equal or less than 20% of their total work-time potential during the previous year
At-risk-of-poverty rate before social transfers	The at-risk-of-poverty rate before social transfers is calculated as the share of people having an equivalised disposable income before social transfers that is below the at-risk-of-poverty threshold calculated after social transfers. Pensions, such as old-age and survivors' (widows' and widowers') benefits, are counted as income (before social transfers) and not as social transfers. This indicator examines the hypothetical non-existence of social transfers.
Persistent at-risk-of-poverty rate	The persistent at-risk-of-poverty rate shows the percentage of the population living in households where the equivalised disposable income was below the at-risk-of-poverty threshold for the current year and at least two out of the preceding three years. Its calculation requires a longitudinal instrument, through which the individuals are followed over four years