

Poverty regimes and in-work poverty: a comparative analysis

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Poverty is a structural element of contemporary societies. The main consequence stemming from this statement is that poverty is neither a simple individual (or household) problem, nor a ‘malfunctioning’ of normal processes of social regulation. On the contrary, as discussed in Saraceno et al. (2020, chapter 1), diffusion, composition, characteristics, and subjective experience of poverty depend on the peculiar combination of social institutions regulating the labour market, the forms of organization of households, including the gender division of roles, the combination of welfare policies providing unequal protection to different social risks, and the prevalence of social norms and customs regarding deserving and undeserving poor.

Following the strong tradition of comparative political economy in clustering European countries (see for instance, Esping-Andersen 1990, Hall and Soskice 2001, Gallie and Paugam 2000), Saraceno et al. (2020) elaborated the concept of ‘poverty regimes’ to explain the different characteristics of poverty in European countries. They consider four institutional areas, namely family, labour market, welfare state and civil society, which generates five poverty regimes (Nordic-continental, Germanic, Mediterranean, Eastern, and Deprived eastern)

We assume that this analytical perspective is particularly useful for the study and understanding of in-work poverty in European countries, that in the last decades has grown. IWP is defined as the share of people employed for at least 7 months a year living in a household with a total equivalised disposable income below 60% of the national median after social transfers (Eurostat definition). The concept of IWP is different from that of working poor – i.e. workers receiving a low wage – to the extent that it catches the standard of living at the household level, combining the income of all members, and not at the individual level. Therefore, IWP can be the outcome of three different mechanisms (or, more often, a combination of them) that refer to the institutional areas: 1) instability of the labour market (seasonal, part-time, occasional), 2) lack welfare state compensatory role 3) structural inequalities , (Crettaz and Bonoli, 2011; Crettaz, 2011; Saraceno, 2015; Marx, 2020). The recent transformations of western capitalism (see for instance Andreotti, Benassi e Kazepov, 2018) are characterised by a growing inequality, or even polarization, in the labour market, with a more and more wider cleavage between good, protected and well paid jobs, on one side, and unstable, unprotected and poorly paid jobs on the other. For instance, in 2019 low wage earners were 15,2% of all employed in the EU 27, a figure that increased to 20,7% in Germany and 17% in the UK (Eurostat data). Of course, a very low wage may be a direct determinant of IWP, but even a stable and

low-middle wage may be insufficient to escape IWP when it is the only income in a (relatively) large households. Indeed, recent studies suggest that IWP and low-wage employment (LWE), albeit correlated, tend to portray two different phenomena (see in this regard Gallo et al., 2022). In countries where the male breadwinner family model is still predominant, i.e. where the female presence in the labour market is low, having a stable and protected job does not necessarily protect from IWP. This is typically the case of Southern countries, where the rate of low wage workers is low, but the rate of IWP is high. In other countries, like the Netherlands, Ireland and Belgium, the opposite is true, with many women having a job with part-time contract, but living in households with a second, full wage. Finally, the characteristics of welfare provisions related to the family have an impact on IWP, both in terms of income support and in terms of services provided.

In this regard, the proposed paper aims to analyse the relationship and the role of the three institutional dimensions of poverty regime (labour market, welfare state and inequality) with IWP in a wide range of countries (twenty) belonging to the five identified poverty regimes. Mainly, the empirical analysis's first aim is to understand the validity of the theoretical framework of poverty regime about a specific type/characteristic of poverty: the IWP. Notably, using a Principal Component Analysis (PCA), the analysis validates the theoretical assumption supporting the poverty regime dimensions. Then, utilizing the 2019 cross-sectional EU-Silc data, the analysis aims to test the internal coherency of poverty regimes by looking at the belonging countries. Notably, the results of probit regression models confirm the expected theoretical differences among poverty regimes and the internal coherence between countries. Furthermore, the findings suggest that including institutional indicators in the models reduces regimes' internal variance between countries, indicating the importance of institutional dimensions in analysing poverty and inequality and the centrality of the theoretical framework of the poverty regime.