

Policy Stories

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Policy stories

- The three laws of thermodynamics
- The Little Red Hen
- The Never-ending Story
- Borgen

The laws of thermodynamics

- You can't win/ you can't even break-even/ you must lose
- Growing employment didn't reduce poverty and inequality – one quarter to one third of poor are in work – so 75% target won't help?
- Feasible minimum wage increases will not be sufficient to eliminate in-work poverty
- Paradox of redistribution no longer holds – less targeted no longer means more effective?
- Standardisation of school inputs does not mean more equality
- Tertiary education competition leads to more dispersion and less mobility
- Social investment does not let you off the hook – still need transfers

The Little Red Hen

- Your own efforts make a difference – policy matters (and not co-operating bad for you)
- No trade-off between high employment and in-work poverty
- Nearly all social spending on services inequality reducing
- Paradox of redistribution: strong targeting still doesn't help – but “progressive universalism” does
- Social protection matters – erosion had big effects
- In education: later tracking/ school autonomy/ expansion of compulsory education/ early years (for GDP)/ vocational
- Lower educational inequality leads to lower later earnings inequality

The Never-ending story

- GINI conclusion: “marked differences... which need to be better understood”
- Findings have big implications for crisis, austerity and what happens now
- Not just about transfers – services matter for distribution too
- In first phase safety nets worked and services were protected – reducing or moderating inequality growth
- But in second phase choice of deficit reduction via service cuts as opposed to taxes has big distributional consequences

Borgen

- Denmark envy: Something is not rotten in the state of Denmark...
- Reduced marginal tax rates without affecting progressivity of income tax
- Comprehensive system of means-tested benefits
- Best performance in quality of employment
- Low inequality and high level of adult literacy
- Equal access to education
- High levels of minimum wage protection
- And so on.....