

SOCIAL AND POLITICAL INTEGRATION OF THE POOR IN THE WELFARE STATE: THE HARSH REALITY

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Abstract

From the United States of America to Europe and from there to the Far East, the rapid growth of poverty, the weakening of the middle classes, the crisis of values, as well as the global economic crisis are mentioned even more and more today. Such phenomena that otherwise should not exist in most of the above areas- let's not refer to all of them, because of the foundation of the so called "welfare state": "a system whereby the government undertakes the protection of the health and well-being of its citizens, especially those in financial or social need, by means of grants, pensions, and other benefits", or through the "due process of law", in which the term of "State" does not exist at all and it is this term, which does come much closer to the essential concept of the rule of law.

Significant position in this expression - "Rule of Law"- holds the term "Law", which seems to perform as a unifying element, the same mission that other countries have done with the concepts "state" or "nation." Thus, the protection of freedoms in those areas does not come from the state or from typical Constitution, but from the recognition through the jurisprudence of the courts of the natural and imprescriptible rights of human. This perception assumes that society logically precedes and dominates its relationship with the state, as the last does not exist simply in favor of, but also it is created by the society.

Especially in USA, the welfare state was introduced by the "New Deal program" of President Franklin D. Roosevelt. Using extensively the advices provided by the best scientists and intellectuals, as well as highly qualified specialists, he launched a framework of courageously measures and reforms, which intended beyond the recovery of the economy, to the constant improvement of the living conditions of the poorest. On the other hand, the current US president Barack Obama, in his first inaugural speech, on January 20, 2009, stated that: "The country cannot prosper for long, when it favors only those who prosper. The success of our economy always depends on something beyond the size of gross domestic product, and this is the extent of our prosperity, the ability we have to expand prosperity to every soul that desires".

From all the above, it can be easily concluded that the advantages of the rule of law to its citizens and how these can be achieved are known to the policy - makers. However, while so many years have passed since the presidency of Roosevelt, the social economy slows instead of developing; destroying structures and classes, rather than protecting them, uprooting rights and generates increasing liabilities rather than trying to protect its citizens, and does not assist to the optimization of living conditions to those, who lack the necessities. Quite the contrary...

Today, the US industrial sector is at the lowest level of two last years, while economic growth nearly stalled in the first quarter. The index of industrial activity¹ stood at 51.5 points in April and March, with pressure on the construction industry. Dollar hit exports and multinational companies' profits. The GDP growth rate on 2015 was only 0.2% after 2.2% in the fourth quarter of 2014. But the biggest concern comes from the 'strike' investment in the sector of production. The investment costs had the worst performance in the first quarter of 2015 (0.4% of GDP) from the low spots of the recession that erupted in 2007-8 by the end of the bubble of subprime loans -the so-called "poor loans" ...

Currently, 51% of Americans say they are middle class or upper-middle class, while 48% say they are lower class or working class. Also, according to Eurostat, approximately 24% of Europe's population deemed to be at risk of poverty and social exclusion in 2011, an increased percentage compared to previous year.

¹ Source: Institute for Supply Management

Unfortunately, today almost half the world live on less than \$2.50 a day, while at least 80% of humanity lives on less than \$10 a day.² Moreover, the poorest 40 percent of the world's population accounts for 5 percent of global income, while the richest 20 percent accounts for three-quarters of world income!

This fact adds to the harsh truth that even today the so-called "state's development assistance" fails to help the poor and hungry. While the poor may not be the chief beneficiaries of development assistance projects, one group that does benefit includes the corporations, consulting companies, and universities. Furthermore, funds for aid pass through many hands before reaching the supposed beneficiaries. So the question is how likely is it that resources provided generously through the powerful will help the powerless? To this question, an answer such as: "while welfare spending is not quite proportional to wealth measured in per-capita GDP, it is nevertheless highly correlated", should be suggested.

Thus, this study has as its aim to determine whether being materially disadvantaged increases the likelihood of social disintegration or whether poor people can count on receiving more support, related to the minimum guaranteed income policy. In addition, it will examine the conditions under which material and social disadvantages accumulate and when we really tend to talk for the "poor of the poorest".

Within this framework several reforms should be forwarded, and each of them could contribute to a greater activation of the welfare state in the face of weaker social groups, such as: the redistribution system. However, there are large regional and political differences of social systems around the world, which do not facilitate this system's absoluteness of success.

Specifically, the fight against poverty in the US is not directly linked with the financial support of the unemployed, but with their integration "in any way" into the labor market. On the other hand, in Europe the structure of the social protection system requires the financial support of the poor on the basis of the logic of an allowance for a decent standard of living. The perception in the US that the integration of the individual into the labor market by any salary is better than to live in poverty allowance led to the upsurge of a new phenomenon of poverty- the so-called "working poor», which is based on the creation of jobs that are largely underpaid.

However, scenarios that could be considered as a positive light for the poorest' support are:

- a) Welfare benefits) and / or b) benefits in kind (such as Medicare and Medicaid, food stamps, etc.), as well as the neoliberal policy of "Negative Tax³ applicable in the USA (as one of the four forms of the system of minimum guaranteed income⁴).*

Generally speaking reforms that shall be made in the US, as well as in the UK have as common base to reduce disincentives to work, while in France, Belgium and Scandinavian countries, the direct link of the welfare with the labor market.

But, regardless of the differences in social level, the potential of these social inequality countermeasures tend to be common, namely:

- The combat of unemployment and the social consequences of the crisis,*
- The reduction of early school leaving and the facilitation of the transition from school to work,*
- Targeted support for vulnerable young people such as care leavers or disabled people,*
- Widespread access to affordable and high quality health and social services,*
- Childcare, housing and energy while supporting income and labor markets, without exclusions,*
- The overall efficiency and effectiveness of spending at European and American level must be considered especially in the field of employment services, social protection and health systems (greater use of shared services and reform of public procurement).*

In conclusion, the efficiency and effectiveness of the measures should be considered in line with the reality of harsh austerity measures taken in some countries, which have a dramatic impact on public services, especially for those people at risk of poverty and social exclusion. Therefore, states leaders' conviction should be that the fiscal consolidation shall not affect in any way the performance of social protection, employment and health services. However, despite the good intentions, most of the above are proved just a wishful thinking, leaving states increasingly away from their major goal: that of lift billions of people from exclusion, poverty and social inequality within a not too distant future.

² Sources: Shaohua Chen and Martin Ravallion, The developing world is poorer than we thought, but no less successful in the fight against poverty, World Bank, August 2008

³ Milton Friedman

⁴ a) basic income, b) guaranteed minimum income, c) negative income tax, d) income on the basis of work