

## **IARIW-OECD Conference on Economic Insecurity: Causes, Measurement and Implications**

### **Panel : Economic & Political implications of Economic Insecurity**

Economic insecurity is a great threat to the most vulnerable individuals in society, but also to economies as a whole, as high economic insecurity means low and discontinuous participation in the labour market, high risks of social exclusion and considerable costs for public finances. Economic insecurity also poses a serious challenge to political and social stability. Recently, many countries have witnessed social movements, crystallized by the financial crisis but reflective of longer-term trends in our societies. One sentiment that has surfaced strongly is that over the past decades globalization and economic expansion have led to increased job and economic insecurity. The economic and financial crisis has reinforced the sentiment that income and wealth are increasingly concentrated in the hands of a very small group in the population. In the current climate of economic unease economic insecurity and anxiety are spreading beyond the low-income people into the middle-class.<sup>1</sup> These trends pose important challenges for social cohesion. At a time when governments in many countries are putting in place policies to restore their public finances, it is important to tackle inequalities and to protect the most vulnerable.

The panellists are asked to discuss the following issues:

1. What are the main causes of economic insecurity? Which groups in the population are most exposed to economic insecurity?
2. What are the economic and political risks of increased economic insecurity?
3. In the current environment of fiscal consolidation, how can government interventions mitigate the risk that economic insecurity may spread to larger groups in the population and reduce social cohesion?

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<sup>1</sup> “We are the 99%, a page after page of testimonials from members of the middle class who took out loans to pay for education, took out mortgages to buy their houses and a piece of the American dream, worked hard at the jobs they could find, and ended up unemployed or radically underemployed and on the precipice of financial and social ruin.” Reported from NYT.

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### **Panel : Policy implications – What does “Social Protection” now mean? What should it mean?**

Time: 23 November, 4:45 pm

Chair: Romina Boarini (OECD)

Participants: Aart de Geus (Board Member of the Bertelsmann Foundation)

Monika Queisser (Head of the Social Policy Division, OECD Directorate of Employment, Labour and Social Affairs)

Jérôme Vignon (President of the French National Observatory on Poverty and Social Exclusion)

The past decades have seen major changes in world economies as a result of globalisation and rapid technological progress. While globalisation and technical progress are major engines for growth, they are conducive to intense labour reallocation across jobs and workers. Securing workers employability and income, rather than jobs themselves while protecting the most vulnerable has been one of the guiding principles of labour market and social protection reforms over the last two decades in most OECD countries. These strategies have been rather successful. However, a severe recession, such as that currently underway is putting such reforms under test. Not only should social protection act as a traditional safety-net of last-resort for the most vulnerable groups in the population but it should also prevent risks of long-term economic and social exclusion. There is scope for strengthening social protection systems in many countries for those most affected by the crisis, for example by extending the duration of unemployment benefits. However, governments should ensure that enhanced social protection preserve work incentives once the recovery takes place. In the current context of fiscal consolidation, governments should invest in labour market and training policies and in social interventions that lower the risks of economic insecurity in the future.

The panellists are asked to discuss the following issues:

1. Which policies work best to reduce economic insecurity? Are there barriers to their implementation, and if so how to overcome such barriers?
2. What are the aspects of the welfare reforms introduced over the past decade that the current recession is putting to greater test, and where adjustments may be needed?
3. Which areas of social protection should be regarded as priority in the current context of fiscal adjustments?