

## MIDTERM REPORT

### Brief summary of the achievements of the project

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European societies have witnessed a series of profound changes over recent decades, including the emergence of new social risks in connection with globalization and labour market flexibilisation, and also considerable transformation of families, in large parts originating in the changing behaviour of women. The changes in two of the classic inequality-generating institutions – the labour market and the family – have been documented separately, the various actors involved have been identified, and consequences have been studied. What is lacking, though, is an integrated perspective systematically linking these developments to trends in social and economic inequality in European societies. This project fills this gap by investigating the changes in social and economic inequality associated with the new work-family equilibria in European countries, focusing on disparities between households, genders and individuals.

Too high levels of inequality are a menace to equity and social cohesion, not to mention its potential in fostering the current global crisis. However, even high levels of inequality are less problematic when market-generated economic inequality is not matched with social inequality, the latter generated by (new) family arrangements and welfare systems. Therefore, it is essential to systematically consider individual (micro), family (meso) and institutional (macro) mechanisms within a dynamic perspective. How can we foster the positive combination of employment and parenthood and contribute to more equal-and-efficient societies? Which combinations of market efficiency and welfare redistribution provide the better results regarding occupational integration, income redistribution, mothers' employment, the inclusion of outsiders...?

The project is organised in three work packages:

- (1) The detailed interconnections between work and family and the dynamics behind the emergence of new work-family equilibria: we study the consequences of labour market changes (deregulation, flexibilisation of the EU labour market, the growing insider-outsider cleavage) for families, fertility events, and conciliation of work and family;
- (2) Families' capacities to compensate for increasing market risks, or rather the accumulation of risk within families and the intergenerational transmission of risks;
- (3) The consequences for social and economic inequality of the developments in employment, family formation, and changing work-family equilibria in European societies.

Considering the (social) consequences of two decades of labour market deregulation reforms, we come to a rather critical assessment, especially when deregulation is implemented “at the margins” and in societies that are inflexible in many other respects (product market rigidity, low social fluidity, and strong stratification of opportunities). Then, deregulation increases inequality and social exclusion. In these contexts (e.g. in southern Europe) labour market deregulation came, at best, with a honeymoon effect, and flexible jobs work as entry ports only for some. In the long term, however, negative consequences seem to prevail, such as substitution rather than creation of new jobs, and increased employment as well as economic instability combined with negative demographic consequences in some countries. Overall, deregulation at the margins reduced the acquisition of social rights (like access to social benefits or the maturation of pension rights), in particular for the young, creating new cleavages and huge problems for the future. We find alarming trends for the young generations in southern Europe (while much less so in other countries), who are increasingly unable to set up their own family and instead remain with their parents. Further, we find a clear tendency towards the accumulation of problematic employment situations among couples instead of compensation of risks.



Obviously, when the accumulation of social risks prevails (“Matthew effect”), market generated inequalities are further amplified and thus increase the overall level of social inequality.

In sharp contrast with some scenarios proposed in the literature, we find that women’s inflow in the labour market is a great overall equalizer and helps families to avoid poverty (a risk that in some countries increases with the arrival of new members) especially where state support is scarce. Too often, though, female employment comes at the cost of fertility decisions. As is well known, family policy and labour market opportunities are important to successfully combine work and family. But cultural aspects are also relevant for fertility and employment choices of families. Understanding the mechanisms behind family behaviour obviously helps to target interventions and family policies. The assessment of cultural and structural aspects and their interaction will contribute to identifying the policies which will enable Mediterranean countries to overcome the low fertility/low female labour market participation equilibrium and foster the dual-earner model throughout Europe.

But setting up a family (having children) is difficult when individuals are increasingly exposed to market risks. We also find some hints of families’ decreasing capacity to face them, in some countries even to the extent that parenthood becomes a poverty risk for some families.

Our work on economic inequality confirms the importance of welfare states for reducing inequality, yet with peculiar differences in the efficiency between countries. Families, as well, still play a crucial role in stratifying opportunities and generating or reducing inequality. The second period of this project will concentrate more on the possible alterations of the capacities of families and consider the extent to which changed family arrangements are responsible for the accelerated inequality trends across countries. Highly problematic in this sense is the increase in single-headed households, while, as said, the increase in dual income households seems to contribute to more equity.

