WORDS BEYOND THE PANDEMIC:
A HUNDRED-SIDED CRISIS

Coord.: José Reis
A collective work by CES

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INCOME INEQUALITIES IN HOUSEHOLDS AND LABOUR MARKET

Lina Coelho

Crises produce uneven effects for the various social and economic sectors, tending to intensify pre-existing inequalities. Portugal is an unequal country: in 2018 it ranked 7th in the eurozone in terms of income inequality, measured by both the Gini index and the income quintile share ratio S80/S20.

Household income strongly depends on labour market participation. By threatening especially jobs involving greater social interaction, the crisis resulting from the COVID-19 pandemic tends to disadvantage women and younger workers.* During the last decade, production specialisation and the labour market have evolved towards devaluation of skilled work, precarious employment and reduced labour rights for younger workers, who compose the most qualified generation ever in Portugal. The evolution of household net wealth speaks for itself: in 2017, households under 35 years of age had a net wealth 57 percent lower than the same group in 2010, while the net wealth of lower income groups also declined sharply. Households with children are especially vulnerable: In 2018, poverty rates of single parent households, couples with three or more children and other non-couple households with children (33.9 percent, 30.2 percent and 23.6 percent, respectively) were well above the average (17.2 percent). Young adults neither studying nor working or seeking employment are also highly vulnerable and have been increasing (in age 20-24 they went up from 13.5 percent in 2008 to 16.8 percent in 2018).

Reducing inequalities in times of crisis is a demanding process that requires a collective effort, founded on awareness of the advantages of equity. It is, in itself, a political project in which the economy is put in the right place: supporting higher living standards for all, meeting people's needs and allowing every person to lead a life of human dignity.

The alternative approach is, then, a care economy, based on solidarity, humanism, and feminism, ensuring a fair share of resources and a balanced distribution of income, namely between capital and labour. In such an economy the State should be committed to redistribution as a fundamental task, to ensure a decent livelihood and a basic income for all people.

Equal opportunities for all also entails acknowledging and giving due recognition to the crucial role of women's unpaid work in providing well-being. This requires socialising the costs of caring for dependent people (children, the elderly, people with disabilities and sick people). It is also imperative to have inclusive schools, i.e., schools that are able to embrace the students' different starting points and welcome social differences and the varied capacities and difficulties that make us human. In short, schools that are able to make a meaningful contribution to breaking the intergenerational reproduction of inequalities.

Such an alternative therefore entails a strong welfare state, capable of ensuring that all citizens are entitled to equal access to rights and basic public services.

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* On the vulnerability of women to the crisis, see the entry "(In)equality between women and men".