

## **Invitation**

### **Michael Förster**

Senior policy analyst, Social Policy Division, OECD

## **Inequality in the OECD: trends, drivers and policy responses**

**Thursday, 20 October 2016, 6:30 p.m.**

**wiiw, Vienna 6, Rahlgasse 3, lecture hall**  
(entrance from ground floor)

### **Abstract**

The presentation draws on recent and ongoing OECD work on inequalities. In most OECD countries, the gap between rich and poor is at its highest level since the 1980s. Growth, if any, benefited disproportionately higher income groups while lower-income households were left behind. Household wealth is even much more concentrated at the top than income, half of total wealth being owned by the 10% wealthiest households while the 40% least wealthy own just 3%. Two important drivers of increased inequality stand out. First, labour markets have been undergoing profound transformations due to globalisation, technological change and policy reforms. Job polarization took place where standard jobs have disappeared in the middle of the distribution in terms of wages and skills while non-standard jobs have contributed to an increase at both ends of the distribution. Second, reforms of tax and benefit systems prior to the crisis reduced redistribution as benefit levels were cut, access to benefits tightened and transfers failed to keep pace with earnings growth. During the initial years of the crisis, automatic stabilisers and fiscal stimulus measures still cushioned the fall in household income and prevented inequality going from bad to worse. However, as the crisis continued, the effect diminished as entitlements to social benefits expired and many governments implemented fiscal consolidation programmes. The weak economic recovery since 2010/2011 did not succeed in lowering overall income inequality. The presentation will also discuss policy approaches and tools in OECD countries to counter the trend of growing inequality, focusing on: i) promoting employment promotion and good-quality jobs; ii) fostering women's participation in economic life; iii) strengthening investment in skills and education; iv) improving the design of tax and benefit systems for a more efficient redistribution.

*Michael F. Förster is a senior policy analyst at the OECD Social Policy Division. He has been working in different departments at the OECD Directorate for Employment,*

*Labour and Social Affairs since 1986 and, particularly, has been involved in successive OECD work on inequality, income distribution and poverty. He is co-author of "Growing Unequal? Income Distribution and Poverty Trends in the OECD Area" (OECD, 2008) and lead author of the follow-up studies, "Divided we Stand: Why Inequality keeps rising" (OECD, 2011) and "In It Together – Why Less Inequality Benefits All" (OECD, 2015). This latter publication analyses the impact of the Great Recession and consolidation policies on inequalities in OECD countries; the distributive effects of employment structure changes; recent poverty and inequality trends in OECD and emerging economies; and the impact of increasing inequality on growth. He is currently directing several follow-up projects, including work on social mobility, intra-generational income mobility and economic strains on the middle-income classes. In the past, Mr. Förster has been working with international research institutes, such as the Luxembourg Income Study (1994-1996) and the European Centre for Social Policy, Vienna (2000-2004). He studied economics at the Universities of Vienna, Austria (M.A.) and Saarbrücken, Germany and holds a Ph.D. from University of Liège, Belgium. He is member of several scientific advisory boards of international research projects and national research institutes in the area of inequality, and a member of the French national observatory of poverty and social exclusion (ONPES). He is author of various journal articles, research papers and book contributions, most recently to the Elsevier Handbook of Income Distribution (2015).*

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