

# **The cost-of-living crisis**

## **A crisis of distribution and social reproduction**

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# Introduction

## “Cost-of-living crisis”

- a “polycrisis” (systemic crisis)
  - & the latest in a chain of crises
  - ✓ financial, economic, sanitary, ecological, *etc.*
- a crisis of (re)distribution detrimental to workers
  - profit-led (+ war & energy) inflation
  - real wages & social benefits’ devaluation
  - low-income households incur the highest inflation rates on their consumption basket

## Revealing of global disorders

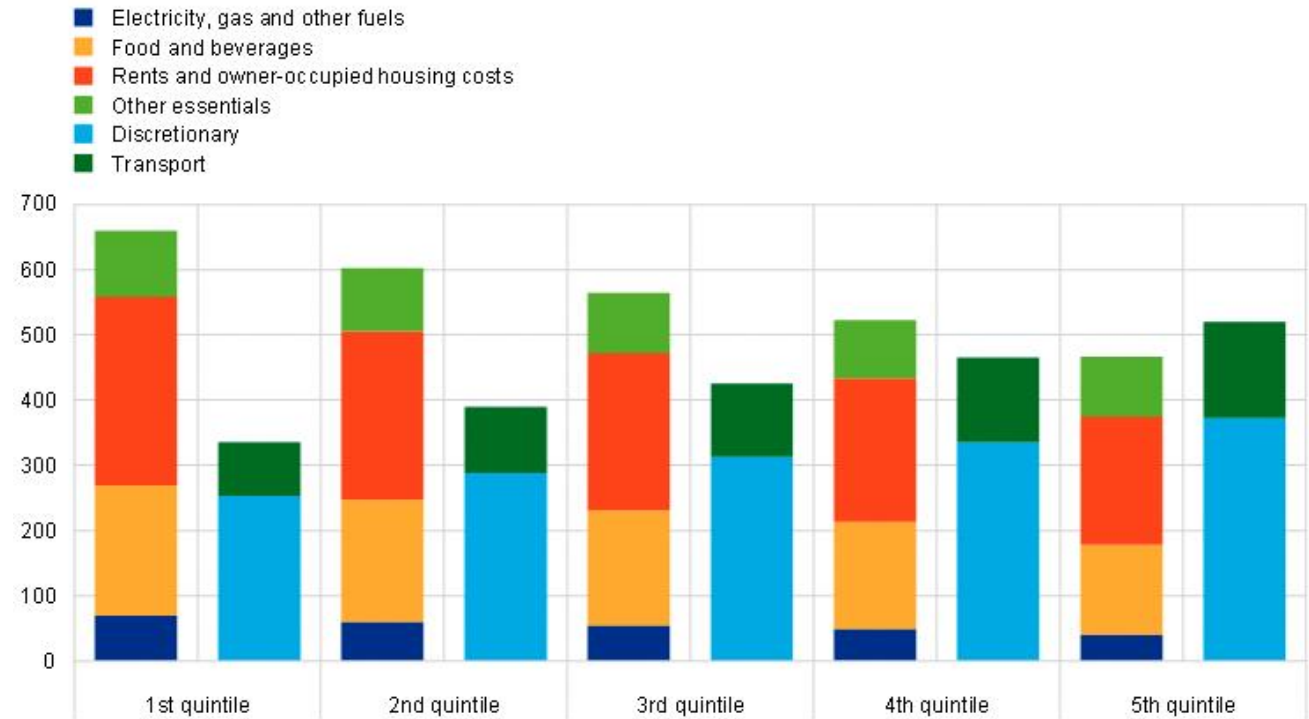
- global value chains aimed at cost reduction
- war in Ukraine
- A crisis of social reproduction & care (Fraser, 2016)
  - erosion of essential services after years of austerity (or privatization)
    - ✓ health & long-term care, childcare, *etc.*
    - ✓ gender dimension: women first concerned
- an environmental and climate crisis
  - neoliberal globalised and financialised capitalism is destructive
  - neoliberal “solutions” (incentives, taxes) fail

# I. The “cost-of-living” crisis

## Consumption baskets vary across income groups (Chart 1)

- low-income households dedicate a higher share of their consumption to essentials
- more vulnerable to shifts in food and energy prices (main drivers of inflation in 2022)
- and to the rise of rents and house prices since 2010 (Eurostat 2022)

Chart 1. Euro area consumption baskets for 2015 by income quintile (share of total expenditure, scaled to 1,000)



Sources: Charalampakis et al. 2022 / Eurostat Household Budget Survey, ISTAT and ECB calculations.

Notes: “Other essentials” includes expenditures on health, communications, education, water supply and services relating to housing. “Discretionary” includes clothing and footwear, furnishings, household equipment and routine household maintenance, recreation and culture, restaurants and hotels, miscellaneous goods and services, and the maintenance and repair of the dwelling. Bars are ordered by income quintile, with the lowest quintile on the left.

# The uneven burden of rising inflation

## Rising gaps in effective inflation rates between lowest & highest income households

- gap from 0.1 pp in September 2021 to 1.9 pp in September 2022 (Chart 2)
- low-income households have more liquidity constraints and less savings to buffer inflation increase
- & perceive government measures to ease the impact of energy price more inadequate than higher income households
- *“Inflation in energy and food prices has major distributional effects across low and high-income households”* (Charalampakis et al. 2022)

Chart 2. Inflation difference between the lowest and highest income quintile households in the euro area (percentages)



Sources: Charalampakis et al. 2022 / Eurostat Household Budget Survey, ISTAT and ECB calculations.

Notes: Difference between the effective inflation rates for low-income households (first quintile) and high-income households (fifth quintile). Quintile-specific inflation rates are calculated based on quintile-specific consumption baskets excluding spending on “rents and owner-occupied housing costs”. Weights based on the HBS are updated annually in line with updates to the official HICP weights.

## Social & gender inequalities

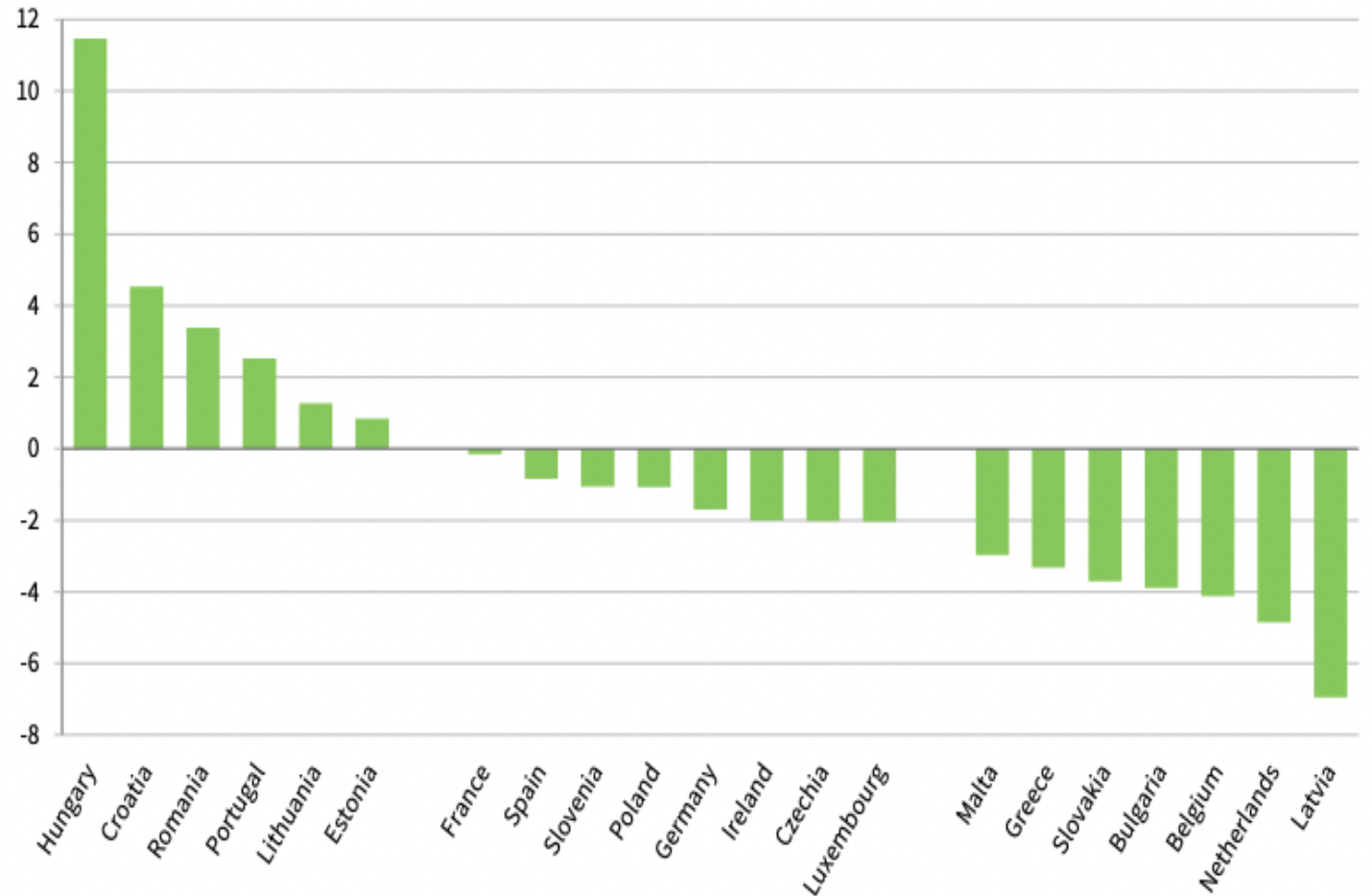
### Decrease in real statutory minimum wages in many EU countries (chart 3)

- low-wage workers first hit
- women are a majority of minimum-wage earners (Eurofound, 2022)
- overrepresented in job precariousness

### Dealing with poverty

- women are overrepresented in poverty and material deprivation
- represent a huge majority of single parents
  - ✓ nearly one on two are poor
- take the everyday responsibility of “managing” cost-of-living difficulties

Chart 3. Changes in minimum wages in real terms (%), 21 EU Member States, January 2021–January 2022

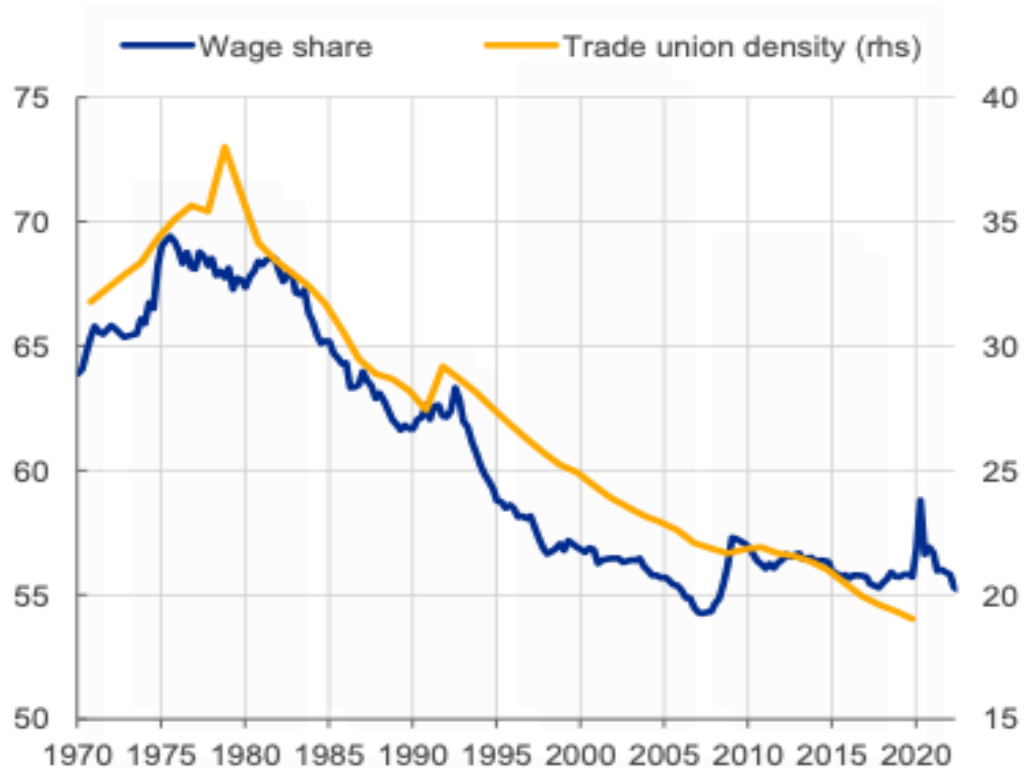


Note: Groups are based on the rate of change between January 2021 and January 2022 in all countries, with the following exceptions: February 2021 was used for Hungary; April 2022 was used for Bulgaria. Change is calculated based on monthly gross minimum wage figures and the Eurostat HICP monthly index (2015 = 100)

Source: Network of Eurofound Correspondents and Eurostat [prc\_hicp\_midx], Eurofound calculations

# A distributive conflict

Chart 4. Wage share (% of GDP, Q2 2022) and trade union density (% of waged workers 2019)



Sources: Eurostat, Euro zone, OECD, ECB computation.

Chart 5. Profit share (% of GDP, Q2 2022)



Sources: Eurostat, Euro zone, OECD, ECB computation.

# Carbon emission inequalities

Annual per capita emissions <sup>51</sup>	Tonnes CO <sub>2</sub> e
Bottom 50%	1.6
Top 10%	31.2
Top 1%	110
Top 0.1	467
Top 0.01%	2,531
Average personal consumption emissions from sample of 20 prominent billionaires <sup>52</sup>	8,190
Average billionaire investment emissions from sample	3,142,961

According to Oxfam France, *“the 63 French billionaires (...) emit as much carbon as Denmark, Finland and Sweden combined”*

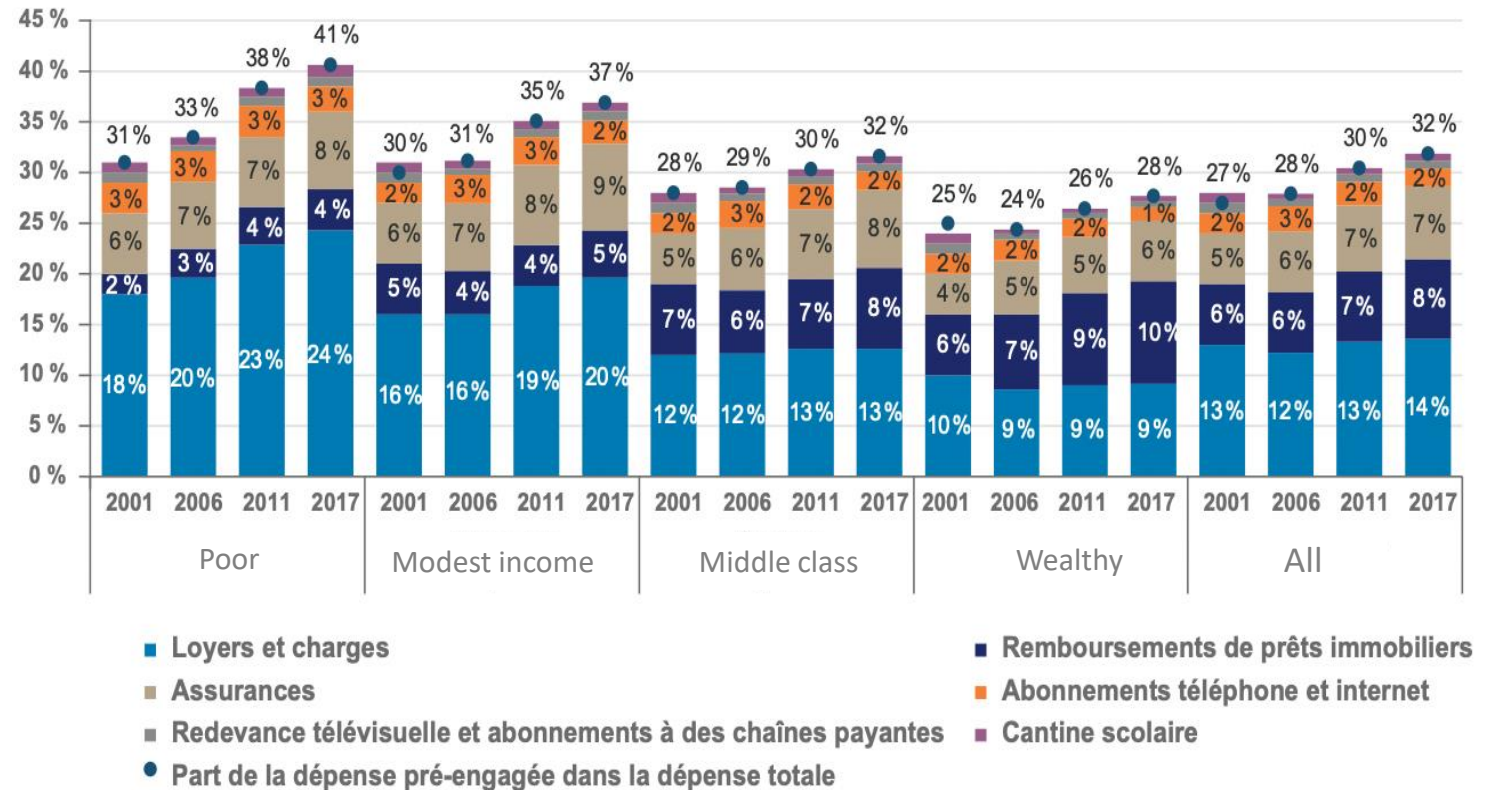
Source: Oxfam Italy, 2022, <https://www.oxfamitalia.org/wp-content/uploads/2022/11/bn-carbon-billionaires-071122-en> EMBARGOED-1.pdf

# Social movement: The French Yellow Jacket revolt

## Yellow Jackets (began Nov 2018)

- a “*constrained budgets revolt*” (Blavier, 2021)
- aroused after rising carbon tax on fuel (neoliberal measure)
- especially in rural and peri-urban areas
- demands for
  - ✓ social and fiscal justice
  - ✓ higher minimum wage
  - ✓ public services
  - ✓ democracy (citizen’s initiative referendum)

Chart 6. Rise in “pre-committed expenditures” in households’ total expenditures 2001-2017 (percentages)



Sources: Cusset et al. 2017 / INSEE, Household Budget Survey, DREES and France Stratégie calculations.

Notes: In 2017, on average, 32 % of households expenditures were pre-committed (constrained). Rents counted for 14 %. Mainland France, Households who declare an income above 0 and are not students.



# Yellow jackets roundabouts & demonstrations

## A (feminized) working-class movement

- many low-wage and low-pension earners
- several women leaders (for instance here Priscilla Ludowsky)
- women's march (January 2019)
- precarious single mothers
- women working in care jobs

They struggled for wages but only had a MIS premium revaluation

- *Prime d'activité*



## II. A crisis of social reproduction and care

### Current crisis of social reproduction

- ✓ related to the systemic crisis of global financial neoliberal capitalism
- Cost-of-living crisis
  - ✓ makes everyday life a struggle for the poor and working-class people
  - ✓ especially women
- Climate crisis, environmental crises
  - ✓ threatens the social reproduction, humanity, and life in general
  - ✓ pollution, temperature, air, water, biodiversity, etc.
- Care crisis (in a broad sense)
  - ✓ care for people, animals, nature

### The crisis of care (Nancy Fraser, 2016)

*“it refers to the pressures from several directions that are currently squeezing a key set of social capacities: those available for birthing and raising children, caring for friends and family members, maintaining households and broader communities, and sustaining connections more generally” (p. 99).*

### A contradiction between capital and care

- ✓ social reproduction is a condition for capital accumulation
- ✓ the overaccumulation of capital threatens the social reproduction on which it rests

### Financial capitalism

- ✓ fostered women’s enrolment in paid employment
- ✓ promoted austerity policies
- a care gap fuelling social, gender and racial inequalities

# Public service & care gaps

## Weakening public services and infrastructures

- after decades of fiscal austerity and 3 years of pandemic
  - ✓ hospitals lack beds and staffs, schools lack teachers, PES and social services lack resources
  - ✓ eroding public transportation services
  - ✓ collective infrastructures for renewable energy are lacking

## Labour shortages in “essential” female-dominated public services

- ✓ health, education, childcare, long-term care where may be particularly low
- ✓ deteriorating working conditions

## Fragmented care sector

- ✓ childcare
- ✓ healthcare
- ✓ long term care

## Fragmented care jobs

- social stratification in long-term care collective structures (EHPADs)
  - ✓ coordinating doctors
  - ✓ coordinating nurses
  - ✓ assistant nurses (caregivers)
- long-term care at home
  - ✓ formal home-help providers
  - ✓ certified social-life assistants

# Social movements in the care sector - France

November 2018, Forges-les-Eaux (Normandy)  
Home help providers with yellow jackets



France regions  
“Covid premium”

August 2022 Sarreguemines (Lorraine)  
Home-help providers



November 2020 Montceau-les-Mines (Burgundy)  
Home-help providers, social- life assistants,  
assistant nurses



# Successful chambermaids' (22-months) strike - May 2021 at Ibis Batignolles



June 2022 Leader Rachel Keke elected deputy (LFI) at the National Assembly



Anne Eydoux Euromemo 2023



# III. Addressing the polycrisis: a comprehensive set of policies

## Labour market policies

### Wage revaluation

- implementation of the minimum wage directive
- revaluations (& indexation) of low and medium wages, esp. in public services and the care sector

### Balancing power relations in the labour market

- employment re-regulation (Piasna, Rubery, 2016)
- employment guarantee
- fostering the role of social partners and social movement

### Examples of wage revaluation

- several EU countries upgraded minimum wages
  - ✓ with reference to median wages or to a fair standard of living
  - ✓ Ireland, Spain, Germany
- Spain, 2019
  - « *Women's wages increased much more than those of their male counterparts (twice as much)* » (Aumar-Pintar et al., Eurofound 2022)

### Working time

- “It is time to make working norms, especially those related to working time, compatible with a gender-equal society.”* (Piasna, 2021)
- to favour gender equal participation to productive and reproductive labour

## Public services, social and fiscal justice

### Public services and infrastructures

- investing in public services and infrastructures
  - ✓ access to essential services and goods could be part of a right-based approach
  - ✓ primary importance for gender equality as well as social justice
- investing in democracy within public services
  - ✓ commons in the sense of Elinor Ostrom
- tackling the cost-of-living crisis (short run) and fostering environmental transition (long run)

*“We must care about care”* (Pelling, Brollin, in Social Europe Dossier, 2021)

### Adequate minimum income schemes (MIS)

- a right-based approach to guarantee access to MIS to all those who need support
- adequacy defined in reference to national at-risk of poverty thresholds, to low-income households' budgets & inflation (indexation)
- esp. for families & single parent families

### Fair fiscal policies

- significant taxation of the richest individuals/households/firms
- raise the question of a maximum income

### Reduction of income inequalities

- ✓ good for social cohesion
- ✓ and for the planet

# Concluding remarks

The cost-of-living crisis raises issues of income (re)distribution and social reproduction

- ✓ between capital and labour
- ✓ high income and low income households
- ✓ men and women

Also issues of investment in public services and infrastructure

- ✓ planification, public investments
- ✓ fair taxation

And democracy

Gender inequalities related to finance-dominated capitalism

*“Yet this is essential to understand how the shift to a finance-dominated capitalism has created greater wealth inequalities, which tend to affect women more than men”*  
(Young, in Social Europe Dossier, 2021).

Fair taxation and social systems part of the solution

*“This pandemic must mark a turning point in the taxation of the richest individuals. It is also a unique opportunity really to address corporate-tax dodging and put an end to corporate-tax competition.”*  
(Sepulveda, Social Europe Dossier, 2021)



# THANK YOU!

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