Social Redistribution, Poverty and the Adequacy of Social Protection

Bea Cantillon
Natascha Van Mechelen
Olivier Pintelon
Aaron Van Den Heede

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Outline

1. Aim
2. Trends in pre- and post transfer poverty for population active age
3. Trends in pre- and post transfer poverty for work poor and work rich households
4. Trends in more direct policy indicators: average benefit levels and theoretical tax benefit packages
Aim:
investigate trends in poverty and poverty reduction in EU countries on the basis of ECHP/SILC

Underlying question:
How has the shifting balance between primary objectives of social security (social insurance – poverty reduction – prevention) affected the poverty reducing capacity of social transfers?
Post transfer poverty trends 2000s

Source: own calculations EU-SILC and SOEP (2005-2008)
Pre-transfer poverty trends 2000s

Source: own calculations EU-SILC and SOEP (2005-2008)
Trends in poverty reduction 2000s

Source: own calculations EU-SILC and SOEP (2005-2008)
The work poor: levels

Source: own calculations EU-SILC and SOEP (2005-2008)
The work poor: trends

Source: own calculations EU-SILC and SOEP (2005-2008)
The work rich: trends

Source: own calculations EU-SILC and SOEP (2005-2008)
Average benefits

Evol av eq cash benefit, 2005-2008 (standardized for evol in disp income)

Source: own calculations EU-SILC and SOEP (2005-2008)
Minimum income protection trends

Source: CSB Minimum income protection indicators (MIPI) dataset
1. Few countries are to be found where favourable pre-crisis employment conditions were translated in declining poverty rates
   -> redistributive impact of social transfers declined especially in the Nordic cluster

2. Decreases in poverty reduction through social transfers affected work-poor households in particular
   -> supported by more direct policy indicators such as average benefit levels and theoretical tax benefit packages
Future research agenda

Micro-simulation and in-depth study of country-specific trajectories to provide more insight in possibilities to
1. Reduce the proportion of work-poor households
2. Improve adequacy of minimum income protection