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Child Poverty as a Government Priority: Child Benefit Packages for Working Families, 1992–2009

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Child Benefit Packages for Working Families,
1992–2009

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1. Introduction

In this paper the focus is on the child benefit package for working families and its contribution to tackling in-work child poverty. Tackling child poverty is high on the European Union's political agenda. It was a priority in the March 2006 European Council, a focus of many of the National Reports on Social Protection and Social Inclusion 2006-2008, and the main work of the EU experts on the National Action Plans in 2007. An influential report by the Social Protection Committee (2008) reflected much of this effort and contained detailed comparative analysis of child poverty using the new European Statistics on Income and Living Conditions (EU-SILC) 2005. The report drew attention to the fact that in the majority of the EU member states, children are at a higher risk of poverty than the population as a whole. More recent analyses of the EU-SILC (Tarki, 2010; Atkinson and Marlier, 2010; Tarki, 2011) confirmed this finding. As a part of its 10-year economic plan, the June 2010 European Council set the target to reduce poverty and social exclusion in the EU by 20 million (European Council, 2010). If this objective is to be achieved, parents and their children will need to be a key focus of anti-poverty policies.

However the achievements on child poverty in recent years have not been good. The latest 2010 EU SILC data¹ shows that between 2005 and 2010 the at-risk-of-child poverty rate increased in 17 out of 29 countries (EU27 plus Iceland and Norway). Child poverty rates rose in all the Nordic countries, Germany and France. In most countries where child poverty fell this was in part the result of a fall in the 60% of median income threshold due the recession (Czech Republic, Estonia, Ireland, Lithuania, Poland and Portugal). Poverty gaps (the gap between net income and the poverty threshold) for children have also risen between 2005 and 2010 in 15 out of the 29 countries. This deteriorating situation is of course the result of rising unemployment. However in 2010 the majority of countries in the European Union have more than 20% of poor children living in households with all working age members in employment (work intensity of 1) and all but Belgium, Bulgaria, Czech Republic, Finland, Hungary, Ireland and the UK have more than half of their poor children living in households with a work intensity of 0.5 or over.^{2 3}

There are a number of reasons why children are living in poverty when their parents are employed. One explanation is that their earnings are too low either because they are working part time and/or full-time but their wage is low. Public policy can intervene in the market to enhance earnings by enacting equal pay legislation or establishing a statutory minimum wage. The second explanation for the presence of in-work child poverty is that families may be taxed into poverty – the direct taxes taken in income tax and social insurance contributions

1 http://epp.eurostat.ec.europa.eu/portal/page/portal/income_social_inclusion_living_conditions/data/database

2 The sum of the number of months spent in employment divided by number of months spent in employment/studying/retired/unemployed/inactive, of all working age adults in the household.

3 Own analysis of EU SILC 2009.

reduces their gross incomes so much that they fall below the poverty threshold. The third explanation is that the cash benefits paid by the state to help parents with the costs of raising children are inadequate. Finally the reason why a child with a working parent may be poor is that after having paid for housing and other charges the resources available for consumption are too little.

Marx, Marchal and Nolan (forthcoming) has covered statutory minimum wages. This paper will review the other elements of the package. It will analyse the different types of cash and tax benefits for families with children, assess how adequate they are as anti-poverty devices and how the adequacy of the child benefit package is linked to the structure of the benefit package. In addition this paper aims to gauge how the contribution of child benefit packages in preventing poverty among low paid households has developed over the past two decades. Although income maintenance is evidently not the sole function of child benefit schemes, the principal focus in this paper is thus on the role of child benefit packages in making the income package of low income workers (more) adequate.

Many of these issues have already been dealt with in earlier studies. Various studies have looked in detail at the structure of the child benefit package (e.g. Bradshaw and Finch, 2002; Bradshaw, 2010). Corak et al. (2005), Matsaganis et al. (2005), Bäckman and Ferrarini (2011), Van Lancker et al. (2012) have documented the adequacy of child support arrangements in terms of poverty alleviation using empirical income surveys. Analyzing trends in family allowances between 1949 and 1997, Gauthier (1999) has found moderate increases during the 1950s-60s golden age of the welfare state, and no major decreases since (see also Kamerman and Kahn, 2001; Ferrarini, 2006). Our data make it possible to expand on previous studies in several ways. First, our data cover 27 countries, allowing to include Western European countries, Eastern European countries as well as the United States. Second, we are able to examine the most recent trends in child benefit packages (up to 2009). As was shown in Van Mechelen and Marchal (forthcoming), during the past two decades social assistance benefit levels have not kept pace with median equivalised income in many EU member states. The purpose of this paper is to establish whether and to what extent child benefit packages have been able to escape welfare erosion. Third, our focus is on the level of child benefit packages as compared to the poverty line (measured as 60% of median equivalised household income) whereas most studies using model families measure the child benefit package as a proportion of gross or net wages. For the sake of completeness we also present data on the value of the child benefit package in purchasing power standards and as a proportion of net disposable income. Unlike comparative studies using income surveys, we will thus focus on the capacity of benefit levels to lift families with children out of poverty, rather than on actual amount of poverty reduction achieved. This means that we are able to leave aside cross country differences in take-up or the proportion of low income families or single parents and to focus on the adequacy of child benefit

packages of families at low pay. Fourth, we will assess the relationship between the adequacy of the child benefit package and its structure. We will consider the question of whether or not child benefit packages that consist of mainly income related benefits provide better minimum income protection for low paid workers. In social policy literature there is considerable disagreement on the link between low-income targeting and the effectiveness of social protection (Beslin, 1990; Tullock, 1997; Korpi and Palme, 1998; Whiteford, 2008; Kenworthy, 2011; Slater, 2011). This paper will shed some light on the empirical relationship between the income gradient in child benefit packages and their adequacy as measured against the poverty line. Fourth, the data allow us to take into account the role of child care costs. In many countries governments have initiated national childcare strategies to expand the provision of affordable childcare facilities (Plantenga, 2005; Daly 2010 and 2011). We will investigate the impact of childcare costs on the child benefit package.

This paper is structured as follows. In the next section we present our data and raise some measurement issues. Section three touches upon the structure of child benefit packages and assesses the degree to which child benefit packages are targeted at low paid workers. In section four we look at the adequacy in terms of the poverty alleviation of child benefit levels for one earner couples who also often have exceptionally high poverty risks. This section also assesses the relationship between the adequacy of child benefit packages and the degree of low income targeting. Section five discusses trends in child benefit levels in the period 1992-2009. Section six concludes.





2. Data and measurement issues

In this paper we focus on the child benefits package including:

- tax benefits or allowances which reduce the direct tax liability in respect of children,
- child cash benefits whether income tested or universal,
- housing benefits or allowances that take account of the presence of a child,
- social assistance top-ups for low wage earning families that vary by the number and/or age of children
- any mitigation of local taxes in respect of children
- for a pre-school child we also take account of any direct support for the costs of full-time day care in the most prevalent form of full-time day care in each country.

We have classified tax credits as tax benefits to be consistent with Ferrarini et al. (forthcoming). There are arguments to justify this – it is called a tax credit and administered (assessed and paid) by the tax authorities. However it has the characteristics of an income tested cash benefit (see below) and in countries like the UK it is treated as social not tax expenditure in the public accounts.

In some previous comparisons using the model family method account has also been taken of charges for a standard package of health care and charges (or benefits) associated with education (see, for example, Bradshaw and Finch, 2002). However these have not been included in this comparison, in part because of the evidence that they are not a very big element in the child benefit package in the EU.

The value and structure of the child benefit package is assessed by deducting the net income of a hypothetical childless couple from the net income of a couple with children at the same earnings level. In the case of a single parent the comparison is the extra over a single person without children. The net incomes are drawn from the CSB-MIPI data.

The CSB-MIPI dataset derives from data collection through a network of national experts and contains model family simulations for both workers and people at working age not in work (see also Marx and Nelson, forthcoming; Van Mechelen and Marchal, forthcoming; Marx et al., forthcoming and Goedemé, forthcoming).⁴ For workers, the focus is on the net income packages of double earner families (both adults working full time, national average male earnings plus national average female earnings), single earner families on average wage (one adult working full time, national average male earnings) and single earner families on minimum wage (or, for countries without a national minimum wage, 50% of the average male earnings). The CSB-MIPI dataset includes 3 family types with children: a married couple with children aged 7 and 14, a lone parent with children of the same age, and a lone par-

⁴ For detailed description: see Van Mechelen et al., 2011: <http://www.centrumvoorsociaalbeleid.be/index.php?q=node/2579>.

ent with a pre-school child. Note that the assumption regarding the age of the children is quite relevant given that some countries' tax and cash benefits for children tend to vary substantially by age (see Bradshaw and Finch 2002).

It is also important to note that part of the benefit package that we observe consists of benefits for additional household members in general, not specifically children. In addition, the level of housing allowance in the CSB-MIPI data tends to be higher for families with children compared to families without children. This is partly because of the benefits specifically targeted to families with children in the housing allowance system but partly due to the underlying assumption in the CSB-MIPI dataset that families with children live in bigger and therefore more expensive accommodation than families without children.

Finally, in the literature various indexes have been used to consider cross-country differences in the child benefit package. Purchasing power standards (PPSs) have been used to compare the purchasing power of benefit amounts across countries. A more relative approach is to set the benefit package against average wage (see, for example Bradshaw and Mayhew, 2006) or against the model family's net disposable income (see, for example, Wennemo, 1992). In this paper we use primarily 60% of national median equivalised household income as a benchmark. By comparing benefit packages to the poverty line, we aim to provide insight in the relevance of child benefit packages in poverty alleviation (see also Ferrarini et al., forthcoming). However, child benefit packages are also presented in purchasing power parities in order to provide an absolute comparison. Moreover, the annex contains information on benefit levels as a proportion of net disposable income. There appears to be a strong relationship between benefit packages as a proportion of median equivalised income and benefit levels as a percentage of net disposable income. Therefore, our conclusions scarcely vary with the indicator used.



3. The structure of the child benefit package

Before we start assessing the level and adequacy of child benefit packages, it is important to discuss the cross-country variation in the composition of the child benefit package. Countries use different mixes of tax benefits and cash benefits for delivering help to families with children. Figure 1 distinguishes between income related and universal – i.e. non-income related – cash benefits. Income related benefits aim to target direct cash transfers to low income families. Governments may decide to target benefits to other specific groups, for example lone parents or disabled children. These specific child benefits are not included in Table 1. The child benefit package for lone parents is discussed in section 4. Table 1 does include income tax components that aim to redistribute income from childless families to families with dependent children – either tax allowances or tax credits specifically aimed at families with children. Tax allowances are deducted from taxable income whereas tax credits are subtracted from the amount of tax due. Tax credits may be wasteable or non-wasteable. Non-wasteable or refundable tax credits are tax benefits that can be paid as cash transfer to the taxpayer whenever the benefit exceeds tax liability. Wasteable tax credits can only be used if tax liability is positive. Both cash and tax benefits tend to vary by the age and the number of children (Bradshaw and Finch, 2002; Van Lancker et al 2012). We assume a couple with two children, aged 7 and 14.

Table 1 shows that eleven out of fifteen old EU member states have *universal child cash benefits*. The main exceptions are Italy, Portugal, Spain and Germany: these countries have no universal cash benefits for families with children. Belgium, Greece and France are exceptions to some extent. In Belgium and Greece working families are entitled to employment based rather than universal non-income related benefits (while non-working families usually receive income related benefits). In France only families with 2 or more children can receive non-income related cash benefits. Universal cash benefits for families with children are also prominent in parts of Central and Eastern Europe, as evidenced by the non-income related child benefits in Bulgaria, Estonia, Hungary, Latvia, Slovakia and Romania.

The majority of new EU countries also provide *income related child cash benefits*: Bulgaria, the Czech Republic, Lithuania, Poland, Slovenia and Romania. Southern European countries like Italy, Portugal and Spain too have *income related cash benefits for families with children*. Income related cash benefit schemes also exist in the Netherlands, Ireland and France. However, in these countries means-tested benefit schemes provide supplements to the universal benefits for low-income families. In Ireland the ‘Family Income Supplement’ is an employment

based scheme that gives extra financial support to people on low pay. The ‘Allocation de rentrée scolaire’ in France is a means tested annual benefit for families with children between 6 and 18.

The majority of both EU15 and EU10 combine cash benefits with tax benefits for families with children. Tax benefits include tax allowances and tax credits. In two countries the child benefit package of working families consists mainly of tax benefits: Germany and the United States. Germany replaced its universal cash benefit scheme with an option model of tax credits and tax allowances in 1996. Families with children are taxed in the most favourable way, which in most cases is by making use of the tax credit. This model is functionally very similar to universal cash child benefit. The United States has two tax credits for families with children: the Child Tax Credit – which is wasteable and tapers away with rising income – and the Additional Child Tax Credit – which is refundable and can be claimed by taxpayers who are ineligible to claim the non-refundable child tax credit, because it exceeds their total tax liability. Evidence for the OECD countries shows that tax credits for families with children have grown in importance, especially during the nineties (Bradshaw and Finch, 2002; Immervoll and Pierson 2009; see also Nelson in this volume).

As shown by Table 1, in most countries the child benefit package is made up of a mixture of different types of cash benefits and tax benefits. Countries like France and Romania, for example, combine a universal cash benefit with both income related cash benefits and tax reliefs. Many of these elements are targeted so that the package as a whole is larger for low wage earner families. The degree to which the child benefit package is targeted at low paid workers depends on the variation by earnings of each benefit included and on how various benefit types are combined into one package. This section first focuses on the degree of targeting of each component separately. Next we turn to the benefit package as a whole. The degree of targeting of the benefit package as a whole is measured by an index that compares the child benefit package of a single earner family on minimum wage with that of a similar family on average wage (see Table 2).⁵

5 The degree of targeting is measured by setting the child benefit package of a one earner family on minimum wage against that of a similar family on average wage. One could argue that the child benefit package of a double earner family on average wage may be an even more appropriate benchmark to measure the degree of targeting. However, as the package of double earner families is close to zero in some countries, this benchmark would yield trivial results. Moreover, the ranking of countries varies scarcely with the benchmark used.

Table 2 shows the structure of child benefit package of two one earner families – one on average wage and one on minimum wage (Table A1 in annex contains the child benefit package of a double earner family on two times average wage). Universal cash benefits are evidently badly targeted as they provide the same amount to all families regardless of earnings. The selectivity of income related cash benefits and tax benefits hinges on the design of the scheme. A crucial factor as far as income related cash benefits are concerned, is the strictness of the means-test involved. In the Czech Republic, Poland, Ireland and Spain one earner families on the minimum wage tend to receive income related cash benefits whereas one earner families on average wage do not. By contrast, in countries like Italy, Portugal, Bulgaria, Lithuania and Slovenia even double earner families on average earnings receive income related benefits. Similarly, the income gradient of child tax benefits depends largely on the type and design of the scheme. An important distinction here is between wasteable and non-wasteable tax credits. Low income families often fail to benefit from tax allowances or wasteable tax credits, simply because they pay no taxes. This is the reason why in a number of Southern, Central and Eastern European countries tax benefits are less targeted to working families on low pay than in the ‘old’ EU member states and the US. By contrast, refundable tax credits – if non-income related like in Austria and Germany - are functionally very similar to universal cash benefits: high income families are entitled to universal benefits, though as a percentage of their net income they are not so important. Finally, income related refundable tax credits like in the United Kingdom and the United States bear a strong resemblance to income related cash benefits: they are an important element of the child benefit package of one earner families, in particular of minimum wage earners, but not of double earner families.

Table 2 also demonstrates that in a number of countries, the degree of targeting is strengthened through means-tested benefits such as housing allowances or social assistance top-ups that take account of the presence of a child. This is most notably the case in the US, Portugal, Luxembourg and Lithuania. In the US a considerable part of the child benefit package of minimum wage earners consists of food stamps provided under the SNAP-programme (see Van Mechelen and Marchal, forthcoming).

The selectivity of income-related cash and tax benefits is only one important factor in explaining the extent to which child benefit packages are targeted at low paid workers. The interaction of benefit types included in the benefit package also plays a role. For example, although income-related cash benefits aimed at the very needy are an important tool to assist families with children in Spain, the child benefit system as a whole is fairly badly targeted at low income parents because it also includes child tax benefits which mainly favour the better-off. As shown in the final column in Table 2, the low income targeting index for Spain amounts to 0.6, meaning that the child benefit package of a single earner couple on minimum wage is 40% below the package of a similar family on average

wage. Moreover, the targeting index shows that there is considerable variation in the degree of targeting among countries with universal cash benefits. Ireland and the Netherlands have quite well targeted child benefit systems as non-income related cash benefits are combined with income-related cash benefits. In Finland and France, housing allowances and social assistance top-ups for low income families increase the selectivity of child benefit packages. By contrast, Nordic countries (except for Finland) have no elements of targeting in favour of poorer families.

Nevertheless, targeting at low-income households is especially strong in countries where the main part of the child benefit package consists of income-related cash benefits (like the Czech Republic), refundable income-related tax credits (like in the United Kingdom and the United States) or social assistance top-ups (like Lithuania, Portugal and the United States). In these countries, the child benefit package is often three times higher for one earner families on low pay as compared with families on average wage. By contrast, the low income targeting index is particularly below average in countries where child tax benefits favour average earners and disadvantage low-paid workers, including Latvia, Estonia, Slovakia and Spain.



4. The value of the child benefit package

How, then, is the degree of low income targeting linked to the generosity of the child benefit package of low paid workers? Before we start answering this question, let us look at the cross-country variation in the value and adequacy of the child benefit package. In this section we look at the level of the child benefit package of one earner families but also of other vulnerable persons. We compare the level of the package for a lone parent and a couple. In addition, we examine how child care costs affect the child benefit package of a lone parent.

4.1. Single earners

Figure 1 demonstrates how vulnerable single earner families with children are. In all countries incomes of single earner couples on the minimum wage is below the poverty line. Single earner families with children often face severe disadvantage, even if earning an average wage. Income remains below the poverty line even after the child benefit package in Norway, Portugal, Bulgaria, Hungary and Slovenia. In Austria, France, Latvia, Italy, Finland, Czech Republic, Denmark and Greece the living standard of single earners on the average wage is above the poverty line, only thanks to the child benefit package. It is important to stress that there are of course enormous differences across countries in the prevalence of single earnership in couple families. If one looks at female employment rates produced by Eurostat, single earners are more likely to constitute a sizeable part of the work force in countries like Hungary, Italy, and Greece as compared to, for example, Denmark or Norway.

Although obviously child benefits may have been quite insufficient to protect minimum wage earners and their households against poverty, child benefit packages play an important role in narrowing the gap between net income and 60% of median equivalent income. In the majority of countries the child benefit package of minimum wage earners amounts to 15% or more of the poverty line. But there is considerable cross-country variation. The child benefit package varies from more than 25% of the poverty line in Luxembourg, Portugal, the Czech Republic, the United Kingdom and Lithuania to 6% or less in Spain, Estonia, Norway and Latvia. Due to targeting, child benefit packages of single earners on average wage tend to be smaller as compared with families on minimum wage. They also make a smaller contribution to cross-country differences, varying from 6% or even less in Spain, Portugal and Norway to 15 to 20% in Germany, Belgium, Austria, Hungary and Slovenia.

The child benefit package is presented in figure 1 both as a proportion of median equivalised income and in purchasing power parities.⁶ It is noteworthy that the ranking varies considerably with the indicator used. Bulgaria, Romania, and Hungary have substantial child benefit packages if a percentage of median equivalent income is

⁶ See table 4-A1 in annex for benefit levels expressed as a proportion of net disposable income.

used. This means that child benefits are an important element in reducing the gap between net average wage and the poverty line. However, in terms of purchasing power parities benefit levels they are fairly low. By contrast, Norway and Sweden move up the ranking if purchasing power parities are used instead of a percentage of net disposable income.

4.2. How the package treats couples compared with lone parents

During the past decades many countries have seen a state-led expansion of policies aimed at reconciling the work/family conflict, as part of the rise of what Lewis has described as the ‘adult-worker’ model (Lewis, 2001; Guillari and Lewis, 2011). This model assumes and encourages employment on the part of both men and women. The new focus on women’s labour market participation underlies many of the policy reforms aimed at creating disincentives for single-earnership, increasing child care facilities and cutting lone mothers’ eligibility for stay-at-home support (Daly 2011). Bäckman and Ferrarini (2011) have shown that in general these kind of dual-earner transfers are rather effective in alleviating poverty among single mothers, because of their impact on the ability of single parents to work and to raise market income. Nevertheless, the income position of lone parents working at low pay remains weak, as shown in Figure 2.

In most countries the child benefit package is more generous to lone parents than couples. Especially the Nordic countries but also Belgium are all much more generous to lone parents in their child benefit package.⁷ This means that governments have made some effort via a premium within the package to recognise the extra costs or hardships of parents raising children alone. The Nordic countries also have generally more effective child maintenance regimes (Skinner et al, 2007). As shown in Figure 2, the child benefit package varies from about 5% of the poverty line in Spain, Portugal and Greece to more than 30% in Sweden⁸, Finland, Austria, France, the Netherlands, Hungary, Luxembourg, Slovenia, Italy, the Czech Republic and the United Kingdom. In a number

7 The finding that in the Nordic countries and Belgium benefits are well targeted at lone parent families is based on a close inspection of the model family simulations. A simple comparison of the amount of the child benefit package of a lone parent vis-à-vis a couple with children is fraught with difficulties because the child benefit package of a couple is measured as the extra income of a couple with children over a couple without children whereas in the case of a single parent the comparison is the extra over a single person without children.

8 For Sweden, the estimates in tables 4-2 and 4-3 include the guaranteed income maintenance.



of countries the total income package of a lone parent exceeds the poverty line (Latvia, Finland, the Netherlands, Italy and the United Kingdom).

However there are a number of countries that make no concession to lone parents but treat them nearly identically (Spain, Bulgaria, the Czech Republic, Ireland, Poland, Romania, Slovak Republic). Moreover, in the majority of countries the income package of a lone parent working at a low wage is still below the poverty line, even if the household has reached its full work intensity (i.e. the lone parent works full time full year).

1.1 The cost of childcare

In the context of the ‘adult-worker’ model (Lewis, 2001; Guillari and Lewis, 2011), many governments have initiated and delivered national childcare strategies to expand the provision of affordable childcare facilities for children under the age of three. This section evaluates the impact of the costs of childcare on the value of the child benefit package of a single parent. Figure 3 shows how a lone parent with a preschool child would be supported if they worked full-time on low earnings but had to pay for fulltime childcare of the most prevalent kind in each country. What this figure ignores is that there are of course wide cross-national variation in the availability of childcare services. Saraceno (2011) has demonstrated that the coverage of childcare for children under three varies from less than 10% in Poland, Hungary, Romania, Greece, the Czech Republic and Austria to more than 50% in Sweden, Denmark and Belgium.

As shown in Figure 3, the child benefit package is now negative in many countries (Ireland, Latvia, Poland, Portugal, Bulgaria, Romania and the Czech Republic). In fact only in countries with childcare that is heavily subsidised does the child benefit package remain positive (see Table A2 in annex).

Notwithstanding this, if we use 60% of median equivalent income as a benchmark, it seems that child benefit packages contribute to preventing poverty among lone parents in many countries. In Belgium, Finland, Sweden, the Netherlands, France, Italy, the United Kingdom and Austria, the net income of a lone parent working full time on low earnings is below the poverty line before the child benefit package and above the poverty line after the child benefit package.

But, again, in most countries lone parents at low pay are not adequately protected. The income package falls below the poverty line by more than 20 per cent in Ireland, Portugal, Poland, Bulgaria, the Czech and the Slovak Republic, Slovenia and Spain. Moreover, the comparison with median equivalent income confirms the serious impact of child care costs on net income in a number of countries. For example, in Latvia the net income of a

lone parent on minimum wage is above the poverty line before child care costs are taken into account, while it is inadequate after child care costs.

4.3. Targeting versus adequacy

Let us now turn to the relationship between low income targeting and the adequacy or generosity of child benefit packages for minimum wage earners. As Figure 1 has shown, there is substantial variation across countries in the level of the child benefit package although nowhere is it sufficiently large to protect single earner couples on low pay against income poverty. Figure 1 also suggests that there is a positive relation between child benefit levels and the income gradient in child benefit packages. On the one hand, the top four performers in terms of the level of the child benefit package relative to the poverty line (Portugal, the Czech Republic, the United Kingdom and Lithuania) consist entirely of the countries where financial help for families with children is extremely well-targeted at low-income households. On the other hand, exceptionally low packages for low paid workers are to be found in countries where single earners on low pay are entitled to even a smaller amount of benefits than average earners (Spain, Estonia and Latvia).

There is also a clear effect of low income targeting on the child benefit package of minimum wage earners in countries with universal cash benefits. Countries where universal cash benefits are combined with income-related cash benefits (like in Ireland and France), housing allowances (like Austria) or supplementary benefits from social assistance (like in Finland), benefit levels for low-income families are often quite generous, whereas in countries where the child benefit package of a couple consists solely of universal cash benefits (like in Denmark), or where universal benefits are combined with tax benefits that favour the better-off (like in the Slovak Republic) benefit levels are below average. The modest size of the child benefit package of low wage earners in countries like in Denmark and Norway is really remarkable given the size of the welfare state in these countries. Tables A1 and A2 in annex show, moreover, that this finding also holds true for double earner families or if child benefit packages are expressed as a proportion of net disposable income rather than the poverty line. However, Nordic countries do move up the ranking when the child benefit package is compared in purchasing power standards instead of in relative terms, and if we focus on lone parents rather than on couples on low earnings. So Nordic countries do show some degree of targeting of benefits, at least according to household composition, but little reliance on income tests.

However, the overlap between low income targeting and generosity does not mean that selective benefit systems are very effective in poverty alleviation. In social policy literature targeting is often associated with high, administrative costs, low take up rates and labour market disincentives (Atkinson, 1998; Deacon and Bradshaw, 1983; Notten and Gassman, 2008). These phenomena may impose considerable constraints on the poverty reduction capacity of selective benefit systems. In addition, Corak et al (2005) have shown that child poverty rates are not only dependent on the size of child-contingent spending of welfare states but also on the amount of public resources not specifically addressed to children. This helps explain the comparatively low child poverty rates in Nordic countries like Sweden, Denmark and Finland. But although the relationship between the generosity and poverty reducing capacity of child benefit packages is not straightforward, empirical evidence shows that there is some degree of overlap (Ferrarini, 2006). Moreover, various studies suggest that it is possible to mitigate the adverse effects of targeting by embedding selectivity within universalism (Skocpol 1991; Whiteford 2008; Kenworthy, 2011; Van Lancker et al 2012). Kenworthy (2011, p61.) points out that: ‘what matters is that a nation have universalistic social insurance programs that convey a sense that the country’s welfare state mainly serves to provide insurance against risk - old age, sickness, disability, and so on - rather than to redistribute money from the rich to the poor. In these conditions a country’s policy makers will be able, if they wish to make extensive use of targeting in other programs, because those programs will be seen by the middle class as subsidiary’. Analysing the impact of child benefits on poverty outcomes of single mothers, Van Lancker et al (2012) find that ‘the best results are actually found in countries combining a universal system of child benefits with generous benefits specifically targeted towards single mothers’. If this also holds true for low income targeting, one might expect that families on low pay are best protected in countries that have universal cash benefit systems with supplementary allowances targeted at low income families.

Targeting may thus be not so bad after all, if embedded in a universal social insurance context. Of course, the question remains what, as Titmuss (1968, p. 135) has stated, ‘particular infrastructure of universalist services is needed in order to provide a framework of values and opportunity bases within and around which can be developed socially acceptable selective services aiming to discriminate positively, with the minimum risk of stigma, in favour of those whose needs are greatest?’. Indeed, further research is required on take up rates, labour market incentives and the political legitimacy of universal systems with a high degree of selectivity. An in-depth exploration of the poverty reduction effectiveness of child benefit packages that are mixtures of universal and targeted benefits is a desirable further step in empirical research.





5. Trends in the value of the child benefit package

In the previous sections we have demonstrated that in most countries the child benefit package is substantial, though not sufficient to lift low earner families out of poverty. This section examines how child benefit packages have developed over the past two decades. Have child benefit packages for low income families in work become more or less adequate in preventing of child poverty? This section also asks whether the development of child benefit packages for low paid workers has been part of a general trend in family policy. In most welfare states there is a tendency towards more targeting on the most needy (Gilbert, 2002). Selective targeting is often advanced as a means to improve efficiency and contain costs. This section examines whether within child benefit packages the major trend has been also towards more targeting at low income families.

5.1. 1990s

Figure 4 shows the trend in the level of child benefit packages for the countries for which this information is available, mainly EU15-countries. Trend data for the 1990s draw on child benefit packages as % of net disposable income, due to a lack of comparable data on poverty lines for this time period. These data confirm to a large extent the findings of Anne Gauthier (1999): while many components of the welfare state experienced major decreases during the 1990s, state support for families did not decline sharply. In fact, in most countries many family types saw their child benefit package increase, not only in real terms, but also as a proportion of the net disposable income. Relative increases indicate that the income components specifically aimed at families with children grew more slowly than the non-children-related income elements.

However this general trend hides major cross-country differences. Child benefit packages have increased most strongly in Ireland and in Southern Europe. In Greece, Italy and Spain the trend has been particularly favourable for families earning an average wage, but less so for minimum wage earners. In Portugal the reverse is the case. In Norway, the Netherlands and Belgium the child benefit package decreased relative to net disposable income, both for average wage earners and minimum wage earners. In Luxembourg and Sweden child benefit packages eroded mainly for low-paid workers.



5.2. 2000s

The picture of the 2000s is less favourable as compared to the previous decade. Table 3 shows the trend in the child benefit package in the 24 EU member states and three US states (Nebraska, New Jersey and Texas). In most countries the child benefit package decreased as a proportion of net disposable income. Child benefit packages have also declined relative to the poverty line set at 60% of median equivalent income, indicating that state support for families with children has become less adequate as an anti-poverty device.

There are exceptions to the general welfare decline in child benefit packages. In France, Germany, Ireland, the Netherlands and Lithuania tax-benefit packages for families with children have increased for at least two of three cases shown in Table 3. In the United States too the benefit package has grown. In Nebraska, New Jersey and Texas the value of the tax allowance for families with children has risen for all family types under consideration, except for double earner families in Texas.

In general there are substantial differences in the developments between child benefit packages of double earner and single earner families, however the direction and the extent of the differences varies. In countries like Estonia, Latvia, Greece, Spain, Hungary, Slovakia, Italy, and Germany the erosion of child benefit between 2001 and 2009 is on average the strongest for one earner families on a low wage. The first four countries have introduced or expanded tax allowances which are targeted at families earning average wages, rather than minimum wages. In Hungary and the Slovak Republic double earner families saw their child benefit package increase substantially due the increase in universal cash child benefits which were expanded to compensate for the abolition of the tax allowances and/or means-tested cash benefits targeted at families with children. The latter measures have scarcely affected the net income of double earner families. These families have mainly benefited from the increase in universal cash benefits between 2001 and 2009. In Italy those earning an average wage have taken disproportionate advantage of changes in income-related cash child benefits. In Germany, the net income of couples with children on low wage have particularly suffered from the abolition of social assistance top ups.

By contrast, low-wage families have been substantially less affected by decreasing child benefit packages as compared to average wage earners in Portugal, Sweden, Poland, Slovenia and France. In Portugal and Sweden this is due to the increase in social assistance top ups for low wage earners with children between 2001 and 2009. In Poland and Slovenia, the main reasons behind observed trends are changes in income related cash benefits. In France, families on a low wage profited more strongly from changes in the child tax allowance system than families on average earnings.

It is noteworthy that in most English-speaking countries (with the exception of Ireland), the relative increase of child benefit package is most strong for one earner families on the average wage. The introduction of the Child Tax Credit in the United Kingdom has caused child benefit packages for one earner families on average earnings to increase, while the child benefit package for minimum wage earners in one earner families decreased in real terms.

In sum, we have found indications that the adequacy of child benefit packages for minimum wage earners as an instrument to prevent poverty has been declining during the past decade. This shift seems to be part of a general trend of decreasing child benefits relative to the poverty line that has affected both low paid families and the better off. However, the consequence of the erosion of state support for low-income families will clearly be much more serious than those for average wage earners. Moreover, in a substantial number of countries the low paid have been affected much more severely by declining benefit levels than the better off. In a number of countries changes in child benefits have even contributed to the improvement of the living standards of the better off. However, the general tendency is not towards less targeting. While in a couple of countries we observe a drop in the child benefit package as a percentage of the poverty line, particularly for low paid households, in other countries the low paid have been relatively spared from benefit reductions.





6. Conclusions

In all the countries in the European Union the state contributes towards the costs of children even for double earning families. In most countries that contribution is in the form of a universal child benefit. Indeed this is a peculiarly EU model – as will be seen in Bradshaw et al. (forthcoming) few countries in the CEE/CIS region have a genuine universal child benefit and only Canada, Japan and Argentina in the rest of the world have such a benefit. However for many countries in the EU universal child benefits are not the only or most important element of the package. The child benefit package is made up of a mixture of different types of cash benefits and tax benefits.

Child benefit packages as a whole play an important role in narrowing the gap between net income and 60% of median equivalent income. Nevertheless, in many countries child benefit packages fail to protect low wage earners against poverty. In all countries the incomes of single earner couples on minimum wages is below the poverty line. The child benefit package for a lone parent is more generous in most countries. However, how and whether child care costs are subsidised makes a big difference to the package especially for lone parents. The costs of childcare can undermine the value of the package in some countries.

The cross-country variation in the level of child benefit packages for single earner families on low pay largely overlaps with the degree of low income targeting. Comparatively generous packages for low paid workers are to be found in countries where financial help for families with children is well-targeted at low-income households by means of income-related cash benefits, refundable income-related tax credits or social assistance top-ups (Portugal, the Czech Republic, United Kingdom and Lithuania). From an anti-poverty perspective, this finding may be not so relevant. Despite their generosity towards low income families, selective benefit systems may be quite ineffective with regard to poverty alleviation due to take-up problems and labour market disincentives (Atkinson, 1998; Deacon and Bradshaw, 1983; Notten and Gassman, 2008). What is possibly more important is that child benefit packages are also often above average in countries with universal cash benefits, but combined with income-related cash benefits, housing allowances or supplementary benefits from social assistance (Ireland, France, Austria, Finland). This finding may confirm and reinforce the assertion in empirical literature that that targeting may be not so bad, if embedded in a universal social insurance context (Skocpol 1991; Whiteford 2008; Kenworthy, 2011; Van Lancker et al 2012).

Finally, we traced changes in the level and structure of the packages over the period 1992 to 2009. Whereas during the 1990s child benefit package have been able to escape welfare erosion, over the past decade the value of the package relative to median equivalised income has fallen in more countries than it has increased. This trend of

decreasing child benefits has affected both low paid families and the better off. However, the consequences of the erosion of state support for low-income families will clearly be much more serious than those for average wage earners as child benefit packages have become less and less adequate as an anti-poverty device.



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Annex

Table A1: The level of the child benefit package for 3 model families (couples), June 2009⁹. Per month.

	DOUBLE EARNER — AVERAGE WAGE			SINGLE EARNER — AVERAGE WAGE			SINGLE EARNER — MINIMUM WAGE		
	PPP (EURO)	IN % NET INCOME	IN % OF POV. LINE	PPP (EURO)	IN % NET INCOME	IN % OF POV. LINE	PPP (EURO)	IN % NET INCOME	IN % OF POV. LINE
AT	366	11	17	389	17	18	522	32	24
BE	325	9	17	325	14	17	336	21	17
BG	80	8	12	80	14	12	101	35	15
CZ	95	4	8	95	7	8	338	38	29
DK	164	5	8	164	8	8	164	14	8
EE	89	5	10	89	8	10	49	12	6
FI	167	5	9	167	8	9	357	25	18
FR	242	7	12	269	12	13	451	27	22
DE	324	8	16	318	12	16	312	19	15
GR ¹⁰	152	6	11	113	8	8	109	10	8
HU	145	13	19	145	21	19	162	30	22
IE	266	7	13	266	10	13	395	26	19
IT	126	4	7	179	10	10	401	27	23
LV	88	6	13	88	12	13	45	8	6
LT	64	4	9	64	8	9	284	49	41
LU	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	765	30	25
NL	281	6	13	164	6	8	288	18	13
NO	162	4	6	162	7	6	162	11	6
PL	-1	0	0	72	7	8	104	21	12
PT	41	3	4	69	7	6	326	43	29
RO	42	4	10	63	10	15	69	26	17
SI	137	6	9	314	21	20	440	37	24
SK	110	6	12	110	10	12	95	24	12
ES	93	4	6	80	5	5	50	8	3
SE	194	5	9	194	7	9	376	11	9
UK	175	4	9	230	9	11	682	39	34
NEB	195	6	n.a.	373	17	n.a.	838	48	n.a.
NEW	167	4	n.a.	179	7	n.a.	880	49	n.a.
TEX	181	6	n.a.	292	14	n.a.	794	46	n.a.

Source: CSB-MIPI Version 2/11 (Van Mechelen et al, 2011).

9 Based on the composition of child benefit packages of three model families with 2 children (aged 7 and 14): a double earner couple – two times average wage, a single earner couple – average wage, a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

10 Average earners in Greece were assumed to be civil servants, and therefore receive civil servants' family allowance. Minimum wage earners were assumed to receive OAED child benefit.

Table A2. The level of the child benefit package for 2 model families on minimum/low wage (lone parents) June 2009¹¹.
Per month.

	2 CHILDREN (7AND14y.)			1 CHILD (<3y.)			
	PPP (EURO)	IN % NET INCOME	IN % OF POVERTY LINE	PPP (EURO)		IN % NET INCOME	IN % OF POVERTY LINE
				TOTAL	OF WHICH CHILD CARE COSTS		
AT	559	36	33	651	-53	39	31
BE	439	29	29	107	-103	9	6
BG	101	35	20	-5	-39	-3	-1
CZ	336	44	37	-3	-134	-1	0
DK	386	29	24	490	n.a.	n.a.	n.a.
EE	134	30	20	78	-23	20	9
FI	490	32	32	164	-60	14	9
FR	519	34	33	333	-40	25	18
DE	340	22	21	16	-207	1	1
GR	77	8	7	34	0	4	3
HU	198	39	34	59	-44	16	8
IE	395	26	24	-505	-724	-85	-26
IT	498	36	37	309	0	26	19
LV	66	12	12	-110	-209	-29	-17
LT	149	34	28	48	0	14	21
LU	864	42	36	377	-69	24	18
NL	557	33	33	314	-127	22	15
NO	490	29	23	200	-174	14	8
PL	92	20	14	-33	-99	-10	-4
PT	50	10	6	-48	-69	-12	-5
RO	79	30	25	-3	-53	-1	-1
SI	518	46	36	107	-61	15	6
SK	95	24	15	47	0	14	6
ES	50	8	4	97	-41	14	7
SE	518	32	31	264	0	20	13
UK	870	49	55	423	-151	31	22
NEB	762	47	n.a.	232	-343	21	n.a.
NEW	800	49	n.a.	-39	-556	-5	n.a.
TEX	713	45	n.a.	169	-374	16	n.a.

Source: CSB-MIPI Version 2/11 (Van Mechelen et al, 2011)

11 Based on the composition of child benefit packages of lone parents on minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)



Tables and Figures

Table 1. Main components of the child benefit packages of working families¹², 27 countries, 2009.

	EU 15 (+NO)	EU 10	US3
UNIVERSAL CASH BENEFIT	AT BE ¹³ DK FI FR GR ¹⁴ IE LU NL NO SE UK	BG EE HU LV SK RO	
INCOME RELATED CASH BENEFIT	IT PT ES NL IE FR	CZ BG LT PL SI RO	
TAX BENEFITS	AT BE FR DE ¹⁵ ES GR IT UK	CZ EE LV LT PL RO SI SK	Nebraska, New Jersey, Texas

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

- 12 Based on the composition of child benefit packages of three model families (couples) with 2 children (aged 7 and 14): a double earner couple – two times average wage, a single earner couple – average wage, a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)
- 13 In Belgium there exists no universal child cash benefit as such. However, the employment based benefit scheme and the income related cash benefits are so closely aligned that they are often perceived as forming one universal scheme (Bradshaw and Finch, 2002).
- 14 In Greece the child cash benefit system is employment-based. However, persons who receive unemployment benefits for at least two months and persons who are unable to work for 2 months continually can also receive child cash benefits (http://ec.europa.eu/employment_social/spsi/missoc_en.htm).
- 15 4 Relatively rich families tend to be entitled to tax allowances rather than tax credits. However, here we only include tax credits as the three model families on which this table is based, receive tax credits but no tax allowances.

Table 2. The structure of the child benefit package for a couple plus two¹⁶, in purchasing power standards, June 2009. Euros per month.

	Single earner — average (A)				Single earner — minimum (B)						Ratio (B/A)
	UCB ¹⁷	IRCB ¹⁷	CTB ¹⁷	Other ¹⁷	UCB ¹⁷	IRCB ¹⁷	CTB ¹⁷	HA ¹⁷	SA ¹⁷	Other ¹⁷	
AT	258	0	131	0	258	0	160	104	0	0	1.3
BE	254	0	72	0	254	0	82	0	0	1	1.0
BG	12	68	0	0	12	68	0	0	23	-1	1.3
CZ	0	0	95	0	0	170	95	9	63	0	3.5
DK	164	0	0	0	164	0	0	0	0	0	1.0
EE	51	0	40	-2	51	0	0	0	0	-2	0.5
FI	167	0	0	0	167	0	0	68	123	0	2.1
FR	108	53	108	0	108	53	122	167	0	0	1.7
DE	0	0	308	9	0	0	308	0	0	4	1.0
GR ¹⁸	73	0	40	0	25	0	32	51	0	0	1.0
HU	145	0	0	0	145	0	0	17	0	0	1.1
IE	266	0	0	0	266	130	0	0	0	0	1.5
IT	0	196	0	-17	0	352	0	65	0	-17	2.2
LV	33	0	55	0	33	0	12	0	0	0	0.5
LT	0	44	19	0	0	44	19	0	220	0	4.5
LU	n.a.	n.a.	n.a.	n.a.	573	0	-22	0	234	-19	n.a.
NL	146	18	0	0	146	102	0	41	0	0	1.8
NO	162	0	0	0	162	0	0	0	0	0	1.0
PL	0	0	73	-1	0	50	18	36	0	-1	1.4
PT	0	51	22	-4	0	60	0	0	270	-4	4.7
RO	34	25	4	0	34	25	10	0	0	0	1.1
SI	0	233	81	0	0	315	0	57	69	0	1.4
SK	58	0	52	0	58	0	37	0	0	0	0.9
ES	0	0	80	0	0	50	0	0	0	0	0.6
SE	194	0	0	0	194	0	0	183	0	0	1.9
UK	175	0	55	0	175	0	507	0	0	0	3.0
NEB	0	0	402	-29	0	0	494	0	372	-29	2.2
NEW	0	0	227	-48	0	0	548	0	381	-48	4.9
TEX	0	0	319	-27	0	0	460	0	361	-27	2.7

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

16 Based on the composition of child benefit packages of two model families with 2 children (aged 7 and 14): a single earner couple – average wage and a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

17 UCB: Universal cash benefits; IRCB: Income related cash benefits; CTB: Child tax benefit; HA: Housing allowance; SA: Social assistance; Other: Local property and other non-income taxes + social security contributions.

18 Average earners in Greece were assumed to be civil servants, and therefore receive civil servants' family allowance. Minimum wage earners were assumed to receive OAED child benefit.

Table 3. The child benefit package as % of net disposable income / the poverty line (60% of median equivalent income), for a couple plus two. Change 2001–2009 in %.

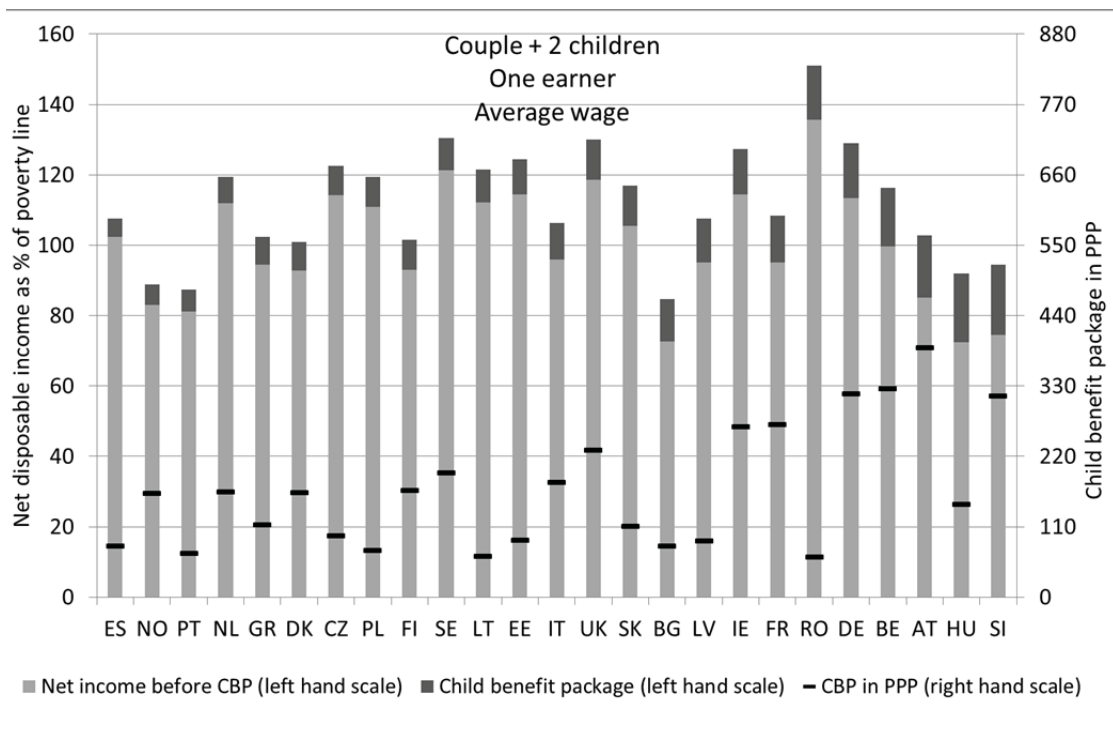
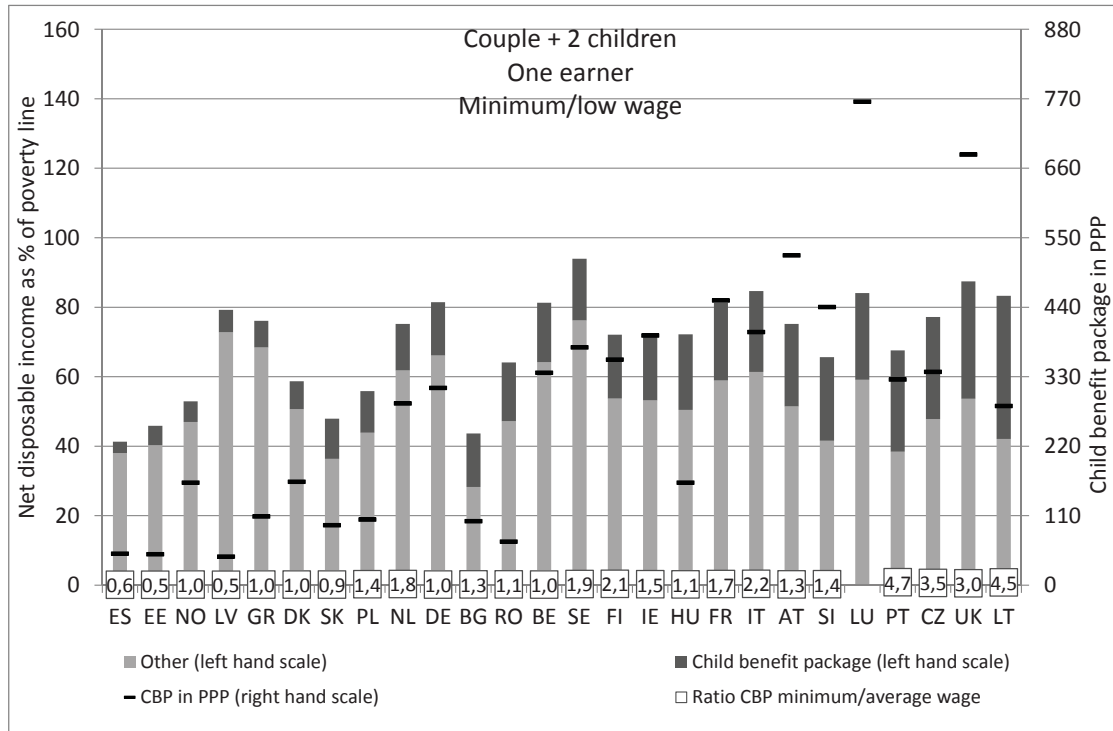
	As % of NET DISPOSABLE INCOME			As % of POVERTY LINE		
	DOUBLE EARNER – AVERAGE	SINGLE EARNER – AVERAGE	SINGLE EARNER – MINIMUM	DOUBLE EARNER – AVERAGE	SINGLE EARNER – AVERAGE	SINGLE EARNER – MINIMUM
AT	-3	3	n.a.	-12	-6	-42
BE	-10	-9	-9	-6	-6	-3
CZ	-23	-63	-6	-16	-60	-20
DK	-11	-3	2	-34	-34	-34
EE	2	1	-60	-13	-13	-71
FI	-26	-25	-23	-21	-21	-26
FR	-23	14	20	-27	7	28
DE	7	8	-46	12	10	-53
GR	12	-15	-20	11	-18	-13
HU	59	-25	-22	95	-28	-19
IE	25	-5	21	140	-12	20
IT	43	-11	-6	18	-26	-12
LV	4	1	-49	-16	-16	-51
LT ¹⁹	-	-	25	-	-	31.
LU	n.a.	n.a.	61	n.a.	n.a.	n.a.
NL	11	-20	19	41	-14	39
NO	-30	-29	-29	-27	-27	-27
PL	-102	39	3	-100	28	-8
PT	-45	-13	4	-43	-16	4
RO	-54	-29	18	n.a.	n.a.	n.a.
SI	-35	-10	-28	-29	-2	-19
SK	241	-5	-31	n.a.	n.a.	n.a.
ES	26	25	-29	1	2	-29
SE	-25	-25	-7	-13	-13	11
UK	-19	8	-26	-19	7	-21
NEB	15	40	15	n.a.	n.a.	n.a.
NEW	32	55	19	n.a.	n.a.	n.a.
TEX	-6	13	10	n.a.	n.a.	n.a.

Source: CSB-MIPI Version 2/11 (Van Mechelen et al, 2011)

¹⁹ In Lithuania, the income of all families with children have increased through the introduction of child tax allowances and cash benefits for families with children in the course of the past decade. However, it is not possible to calculate the relative increase between 2001 and 2009 given that the child benefit package was initially zero.



Figure 1. The level of the child benefit package (CBP) for 2 model families (couples)²⁰, as % of poverty line (60% of median equivalent income) (left hand axis) and in ppps € per month (right hand axis), June 2009.

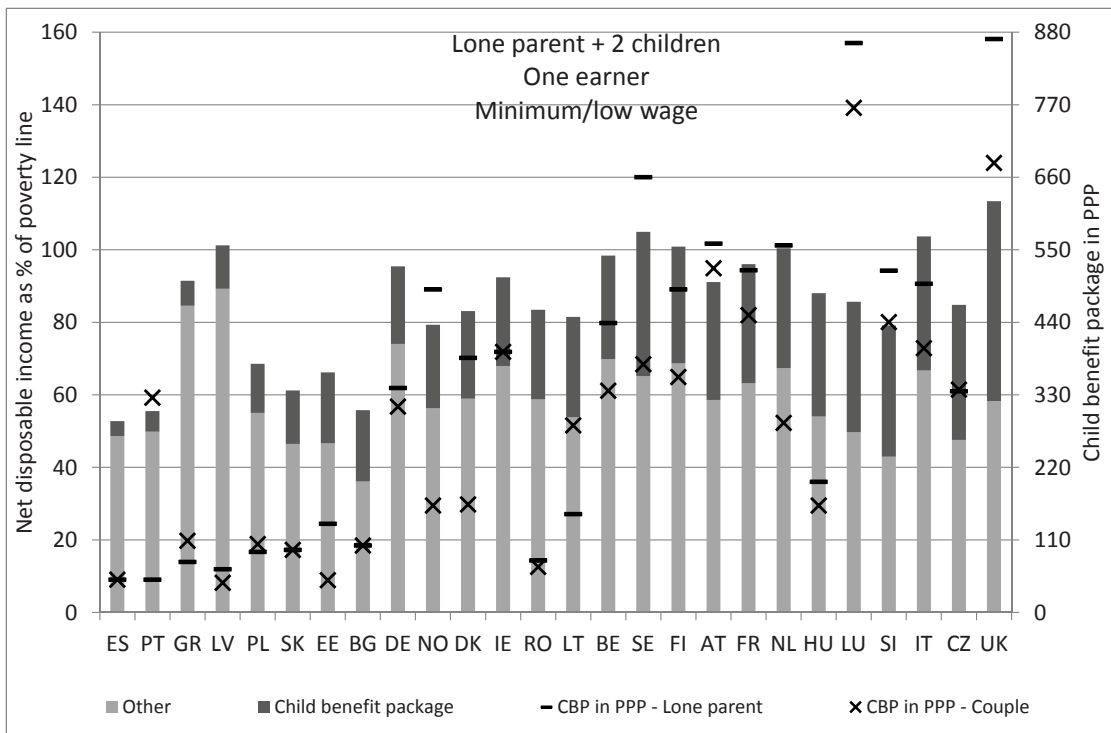


Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011).

20 Based on the composition of child benefit packages of two model families with 2 children (aged 7 and 14): a single earner couple – average wage and a single earner couple-minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

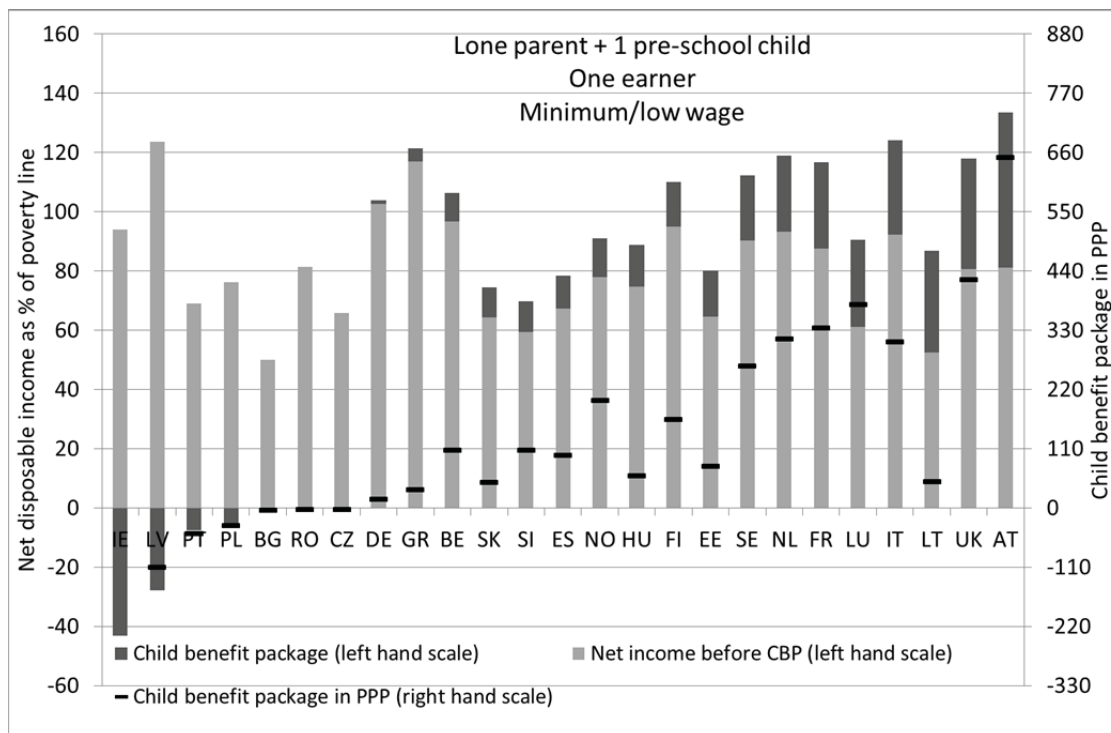


Figure 2. The level of the child benefit package (CBP) for lone parents with two children²¹, as % of poverty line (60% of median equivalent income) and in ppps € per month (right hand axis), June 2009.



Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

Figure 3. The value of the child benefit package (CBP) for a lone parent with one pre-school child, on minimum/low earnings, as % of poverty line (60% of median equivalent income), June 2009.

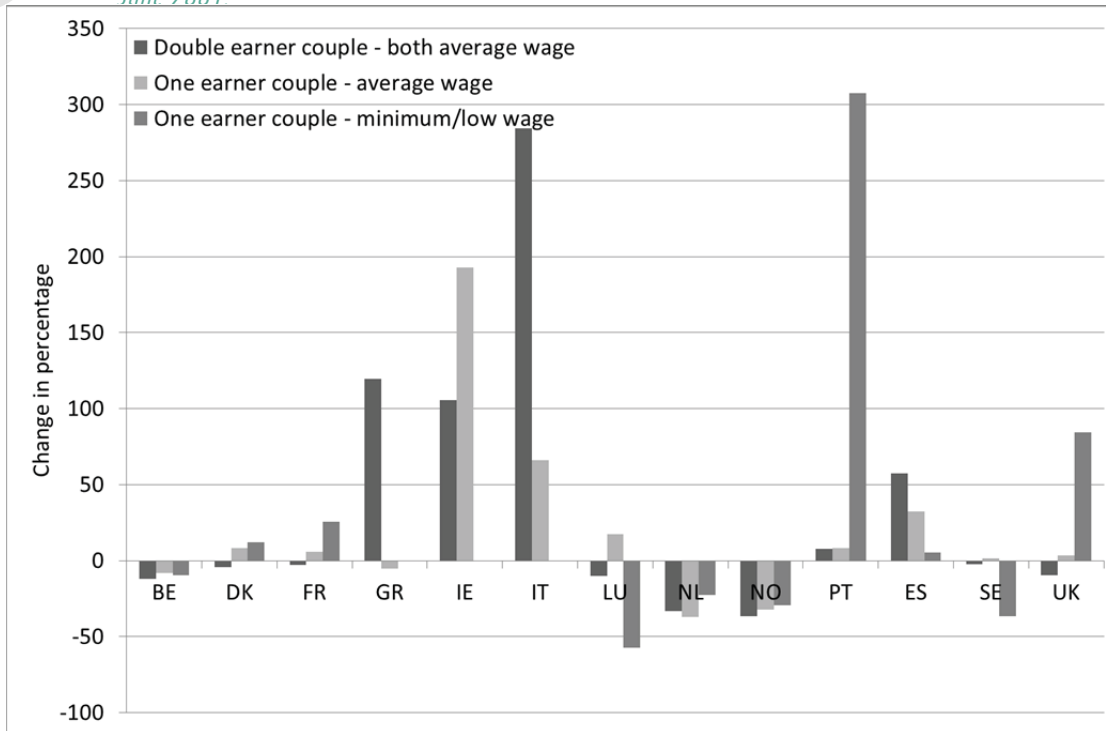


Based on the composition of child benefit packages of a single parent with 2 children (aged 7 and 14) on minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

Source: CSB-MIPI Version 2/2011 (Van Mechelen et al 2011)

21 Based on the composition of child benefit packages of a single parent with 2 children (aged 7 and 14) on minimum wage (or half average wage for countries without a statutory minimum wage: DE, DK, FI, IT, SE)

Figure 4. The trend in the child benefit package as % of net disposable income, for a couple plus two. June 1992 and June 2001



Source: CSB-MIPI Version 2/11 (Van Mechelen et al, 2011)



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Information on the GINI project

Aims

The core objective of GINI is to deliver important new answers to questions of great interest to European societies: What are the social, cultural and political impacts that increasing inequalities in income, wealth and education may have? For the answers, GINI combines an interdisciplinary analysis that draws on economics, sociology, political science and health studies, with improved methodologies, uniform measurement, wide country coverage, a clear policy dimension and broad dissemination.

Methodologically, GINI aims to:

- exploit differences between and within 29 countries in inequality levels and trends for understanding the impacts and teasing out implications for policy and institutions,
- elaborate on the effects of both individual distributional positions and aggregate inequalities, and
- allow for feedback from impacts to inequality in a two-way causality approach.

The project operates in a framework of policy-oriented debate and international comparisons across all EU countries (except Cyprus and Malta), the USA, Japan, Canada and Australia.

Inequality Impacts and Analysis

Social impacts of inequality include educational access and achievement, individual employment opportunities and labour market behaviour, household joblessness, living standards and deprivation, family and household formation/breakdown, housing and intergenerational social mobility, individual health and life expectancy, and social cohesion versus polarisation. Underlying long-term trends, the economic cycle and the current financial and economic crisis will be incorporated. Politico-cultural impacts investigated are: Do increasing income/educational inequalities widen cultural and political 'distances', alienating people from politics, globalisation and European integration? Do they affect individuals' participation and general social trust? Is acceptance of inequality and policies of redistribution affected by inequality itself? What effects do political systems (coalitions/winner-takes-all) have? Finally, it focuses on costs and benefits of policies limiting income inequality and its efficiency for mitigating other inequalities (health, housing, education and opportunity), and addresses the question what contributions policy making itself may have made to the growth of inequalities.

Support and Activities

The project receives EU research support to the amount of Euro 2.7 million. The work will result in four main reports and a final report, some 70 discussion papers and 29 country reports. The start of the project is 1 February 2010 for a three-year period. Detailed information can be found on the website.

www.gini-research.org





GINI GROWING INEQUALITIES' IMPACTS

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