

Persistent Risk of Poverty and Social Transfers in ES, IT & UK

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Abstract

Welfare regimes and social policies aiming at reducing poverty significantly differ across European countries. Although several attempts of classifying European countries in similar models of regimes have been done, relevant differences holds also among countries belonging to the same model, also in terms of social transfers' coverage, levels, and distributions, as well as recipients gains.

In this paper we compare social transfers policies adopted in countries with different welfare regimes, in terms of effectiveness in reducing poverty as a persistent experience, especially for most vulnerable households. We particularly focus on UK, representing the so-called Liberal Model, and on Italy and Spain, in as Southern European model examples, in order to show interesting similarities and differences in terms both of policies and effectiveness.

We use EUSILC longitudinal data for providing standardised and comparable information on household income before and after social transfers, as well as other detailed information at household and individual level. Persistent risk of poverty, defined according to EUROSTAT as the share of individuals living in household at risk of poverty in the current year and at least two of the three previous ones, is computed before and after social transfers.

By country, we estimate two logistic models to regress: (i) persistently poor individuals after social transfers vs. non- persistently poor; (ii) persistently poor individuals before social transfers vs. non- persistently poor. By comparing model estimates, we shed some light on country specific policies effectiveness in reducing the risk of being persistently poor, for specific household types and recipients. Household and main earner characteristics are controlled for.

Preliminary results show that in UK, social transfers, mostly based on means-tested programmes, are able to reduce the risk of being persistently poor for the most vulnerable households (e.g. single parents and couples with children), and recipients are well addressed, for showing a higher risk of being persistently poor before social transfers, but not after social transfers. In Italy and Spain, instead, social benefits system, mostly aiming at income maintenance, is not able to protect the most vulnerable households. However, gains from social transfers are more effective in Spain than in Italy, where recipients show a higher risk of being persistently poor even after social transfers.