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

- **Welfare regimes**  
  (Esping-Andersen, 1990/1999)
  - **Liberal UK**
    - Social benefits are typically subject to a means-tested programmes but shifting towards work-conditionality
  - **Southern European ES & IT**
    - Social benefit system uneven and minimalist in nature
    - Aiming at income maintenance (job and income security for male workers)
    - Relying on family support systems
  - Although some literature suggests that ES can be considered middle-way between the conservative welfare framework and the familialistic/male breadwinner oriented model
Countries: ES, IT & UK

- **Degree of Centralisation** (Holsch and Kraus, 2004)
  - **Centralised UK** (higher effectiveness of social transfers)
    - Social assistance is an integrated, nationally funded scheme with common rules of eligibility and common levels of payments (Benefits Agency)
  - **Decentralised ES & IT** (lower effectiveness of social transfers)
    - **ES**: Categorical benefits for specific groups (unemployed, invalids) and a general minimum income scheme for people of working age but differently implemented by regions (levels and benefit rates vary substantially by region)
    - **IT**: Particular national programmes for unemployed and disabled people, coupled with local assistance schemes (different agencies provide ST but according to heterogeneous criteria)
Research Questions

- The effect of country-specific Social Transfers policies on the persistent experience of poverty by Household Types
  - Differences in terms of **coverage, levels and distributions** of the Social Transfers by Household Type
  - Differences in terms of **relative gains** from Social Transfers by Household Type
    - Which household types do benefit more from Social Transfer in these Countries? Are they the more vulnerable?
    - To what extent do social transfers make a difference in terms of persistent experience of poverty?
Some Definitions

- Total Household Disposable Income (HY020)
  - + all household members gross personal income components
  - + gross household income components
  - – taxes on wealth, income and social contributions
  - – inter-household cash transfer paid

- Household Disposable Income before Social Transfers (HY022=HY020-ST)
  - ST: unemployment, sickness, disability benefits, education-related and family, children-related or housing allowances (old-age and survival benefits not into account)
Some Definitions

- **Poverty Rate (PR)**
  - Individuals living in households whose equivalent disposable income (HY020) is lower than the 60% of the median income distribution (TH_EQHY020)

- **Poverty Rate before Social Transfers (PRbST)**
  - Individuals living in households whose equivalent disposable income before social transfers (HY022) is lower than the 60% of the median equivalent disposable income distribution (TH_EQHY020)
Some Definitions

- **Persistent Poverty Rate (PPR)**
  - Individuals at risk of poverty (i.e. equivalent disposable income lower than TH_EQHY020) at last wave and at least two of the three previous ones

- **Persistent Poverty Rate before Social Transfers (PPRbST)**
  - Individuals at risk of poverty (i.e. equivalent disposable income before social transfers lower than TH_EQHY020) at last wave and at least two of the three previous ones
Some Definitions

- Households Types (HT) - HX060
  - 1 person
  - 2 adults aged less than 65, without Dependent Children (DC)
  - 2 adults, at least 1 aged more than 65, without DC
  - Other households, without DC
  - Single parent, 1 or more DC
  - 2 adults, 1 DC
  - 2 adults, 2 DC
  - 2 adults, 3 or more DC
  - Other households with DC
Poverty and Persistent Poverty

At Risk of Poverty Rate (PR) by Country - 2010

- **ES**: 20.7
- **IT**: 18.2
- **UK**: 17.1

[Bar chart showing the At Risk of Poverty Rate (PR) for ES, IT, and UK in 2010]
Poverty and Persistent Poverty

PR and At Risk of Poverty Rate before Social Transfers (PRbST) by Country - 2010

- ES: PR = 20.7, PRbST = 28.1
- IT: PR = 18.2, PRbST = 23.3
- UK: PR = 17.1, PRbST = 31.0
Poverty and Persistent Poverty

PR, PRbST, and at Persistent Risk of Poverty Rate (PPR) by Country - 2010

![Bar chart showing poverty rates for different countries in 2010](chart.png)
Poverty and Persistent Poverty

PR, PRbST, PPR and at Persistent Risk of Poverty Rate before Social Transfers (PPRbST) by Country - 2010

![Bar chart showing poverty rates in different countries in 2010: PR, PRbST, PPR, PPRbST for ES, IT, and UK.](chart.png)
Social Transfers – Median Levels

Median Social Transfers by Household Type and Country - 2010

[Bar chart showing median social transfers by household type and country for ES, IT, and UK]
Social Transfers – Recipients

% Household Recipients and ST % contribution to HH
Total Income by Household Type and Country - 2010
Social Transfers – Recipients

% Household Recipients and % ST contribution to HH
Total Income by Household Type and Country - 2010

<table>
<thead>
<tr>
<th>Household Type</th>
<th>ES</th>
<th>IT</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>39</td>
<td>45</td>
<td>54</td>
</tr>
<tr>
<td>2 adults, &lt;65, no DC</td>
<td>56</td>
<td>78</td>
<td>76</td>
</tr>
<tr>
<td>2 adults, 1-65, no DC</td>
<td>40</td>
<td>40</td>
<td>31</td>
</tr>
<tr>
<td>Other HH, no DC</td>
<td>27</td>
<td>26</td>
<td>29</td>
</tr>
<tr>
<td>Single parent, 1+ DC</td>
<td>25</td>
<td>25</td>
<td>14</td>
</tr>
<tr>
<td>2 adults, 1 DC</td>
<td>24</td>
<td>15</td>
<td>10</td>
</tr>
<tr>
<td>2 adults, 3+ DC</td>
<td>44</td>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td>Other households with DC</td>
<td>50</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>355</td>
<td>46</td>
<td>81</td>
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</tbody>
</table>
Relative Risks (RS)

Persistent Poverty Relative Risk by HT and Country

Relative Risk = \( \text{HT PPR/ PPR} \times 100 \)
Relative Risks (RS)

Relative Risk = $HT \times \frac{PPR}{PPR} \times 100$

Persistent Poverty Relative Risk by HT and Country

ES

IT

UK

Relative Risk = $HT \times \frac{PPR}{PPR} \times 100$
Data and Methods

- Logistic Regressions for **Persistent Poverty Risk**
  - Individuals at PPR vs. NOT at PPR
  - Individuals at PPRbST vs. NOT at PPRbST
    - Household Types
    - Household Characteristics
      - Number of earners
      - Dwelling Tenure
      - ST recipients
    - Main Earner Characteristics
      - Sex
      - Age
      - Education
      - Employment Status
  - Covariates at last wave
  - Robust standard errors
## Data and Methods

- **EU-SILC longitudinal UDB 2009 and 2010**
- **Balanced panels**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>ES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample Size</td>
<td>6772</td>
<td>7361</td>
<td>14133</td>
</tr>
<tr>
<td>PPR</td>
<td>929</td>
<td>984</td>
<td>1913</td>
</tr>
<tr>
<td><strong>IT</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sample Size</td>
<td>9822</td>
<td>9903</td>
<td>19725</td>
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<tr>
<td>PPR</td>
<td>1216</td>
<td>1108</td>
<td>2324</td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sample Size</td>
<td>3213</td>
<td>3229</td>
<td>6442</td>
</tr>
<tr>
<td>PPR</td>
<td>255</td>
<td>224</td>
<td>479</td>
</tr>
</tbody>
</table>

- **Pooled samples 2009-2010**
Control variables: Main Earner sex, age, education, and status in employment; dwelling tenure, number of earners and household type
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Model Estimates: Household Type

Control variables: Main Earner sex, age, education, and status in employment; dwelling tenure, number of earners and household type
Model Estimates: ST Recipients

Control variables: Main Earner sex, age, education, and status in employment; dwelling tenure, number of earners and household type
Model Estimates: ST Recipients

Control variables: Main Earner sex, age, education, and status in employment; dwelling tenure, number of earners and household type
Conclusions

- ST policies are much more effective in UK
  - ST mostly represented by family/children and housing allowances
  - Disadvantage associated with non-owner and Women Main Earner become non significant after ST. Differences by Main earner age (relevant in this country only) reduces.
  - Most vulnerable Households (single parents and 2 adults with 3+ DC) are less likely to be at PPR after ST
  - ST recipients show a higher risk of being at PPR before ST, but no longer after ST
Conclusions

- **ST policies are effective in ES, but do not impact differently on Household Types**
  - ST spent mostly in unemployment and disability benefits
  - relative risks by household characteristics do not change much before and after ST
  - but ST recipients do not face any longer a higher risk of being at PPR after ST

- **ST policies are not much effective in IT**
  - As ES, IT spends mostly in unemployment and disability benefits and relative risks by household characteristics do not change much before and after ST
  - but ST recipients are still more likely to be at PPR after ST
Conclusions

- Anglo-saxon welfare system is the most effective in terms of protecting the most vulnerable household types from persistent poverty.

- The Italian social policies, male-breadwinner oriented, are the least generous and effective.

- Spain spends relatively more in ST, which appear effective in reducing the PPR, without making relevant distinctions among different household types.