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Trends and convergence of Europe's minimum income schemes

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ABSTRACT

This paper aims to contribute to the debate on whether or not European welfare states converge by assessing trends and patterns of convergence and divergence of European minimum income schemes in the period 1992/2001-2012. We expand on previous studies on convergence of social assistance schemes in at least three ways. First, this paper provides a recent and detailed overview of social assistance benefit trends – detailed, that is, country-by-country. The focus is on cross-country variations rather than on the variation among groups of countries that are deemed to represent different welfare regimes. In addition, our analyses are based on original data drawn from a large network of country experts comprising all EU Member States except for Croatia, Cyprus and Malta. The country-focus as well as the involvement of national informants allows to contextualize our findings with regard to convergence and to clarify the underlying policy measures. Finally this paper covers a long time series, starting in the early 1990s up to 2012.

We find that despite a marked increase in the spread of minimum income schemes, cross-country variation in the level of minimum income benefits has remained markedly stable. This stability however hides starkly different country experiences, with some laggard countries showing marked increases, whereas others continue to fall short. Some of these pre-crisis gains have evaporated in recent years. In addition, a substantial number of countries have allowed a further erosion of their benefit levels, especially in the 1990s, but still evident in the 2000s.

Keywords: Minimum income schemes, EU, social policy, convergence, race to the bottom

1 INTRODUCTION

The current crisis has, if anything, perfectly illustrated how the European member states have become more and more intertwined. By choosing for an ever increasing integration, their economic and social fates have become more and more interlinked. European integration has been foremost concentrated on the economic dimension. The European Commission has played a very active role in harmonizing and adapting national legislation, in order to establish an integrated free market. Social policy has received less attention. The initial idea was that increased economic welfare following the economic integration would in the end lead to a further development of the welfare states (International Labour Organisation 1956). Additional initiatives such as the Open Method of Coordination, aimed for adopting each other's best practices. Yet the increased pressure on states to remain competitive may well lead social policy in the opposite direction (Chapon and Euzéby 2002, Cornelisse and Goudswaard 2002, Montanari, Nelson et al. 2007). The increased competitiveness does not solely follow from EU membership. Different authors have identified increased globalization and international competitiveness as likely drivers of a race to the bottom (Lazar and Stoyko 1998, Scharpf 1999, Sinn 2002).

Against this background, this paper will re-examine the development of social assistance schemes since the early 1990s in Europe for a broad set of countries. The central question is whether social assistance benefit trends have been characterized by convergence, and, if so, whether or not convergence has gone accompanied with a marked improvement in the levels of minimum income protection. The focus of this paper is on both the spread of general safety nets within the EU and the level of support provided to able-bodied persons.

This paper is structured as follows. In the following section we briefly discuss the main theories of welfare state convergence and summarize some earlier findings. Section 3 presents our data. Next, we describe the assistance schemes selected for this chapter. In section 5 we examine in detail the development of benefit levels between 1992-2012, looking at both gross assistance payment and net benefit packages and assessing real evolutions as well as trends relative to average wages and median household incomes. Section 6 deals with the key question of this paper: whether minimum income protection has converged across the European Union during the past two decades. A final section concludes.

2 PRESSURES FOR CONVERGENCE

2.1 EUROPEAN (SOCIAL) POLICY

An important reason why we might expect European minimum income protection levels to converge is EU social policy. The necessity of adequate minimum income protection has been recognized in the European policy agenda for at least the past twenty years (Cantillon and Van Mechelen 2012). Already in 1992 the European Council issued a recommendation that attempted to add a social dimension to the European integration process (Ferrera, Matsaganis et al. 2002). The Recommendation of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems calls on the Member States to recognize the basic right of citizens to sufficient resources to live in a manner compatible with human dignity and to adapt their social protection systems accordingly (Council 1992). In the late 1990s European social policy was relatively quiet on this matter but with its New Social Agenda 2005–2010, the European Commission put the issue of national minimum income schemes back on the table as part of the striving for

‘Active Inclusion’. The combined strategy of adequate income support, inclusive labour markets and access to quality services was also incorporated into the Lisbon Treaty of December 1, 2009. Adequate social protection can hence now be considered to be a touchstone of EU social policy. However, the political majority required for binding agreements on the necessity of minimum income protection has always been lacking. With a view to supporting the convergence process, an open policy approach was developed that was supposed to enable the Member States to learn from one another’s experiences. The Open Method of Coordination (OMC), which had already been applied previously in the field of employment policy, was extended to the domain of social inclusion at the Nice Summit of 2000. This model entails no obligations but offers a model of emulation, relying on the supposedly inspiring impact of ‘best practices’ and ‘peer pressures’ (Montanari, Nelson et al. 2008). Although it is still a matter of debate to what extent the OMC is capable of effectively influencing national policy making, many authors believe that this method is able to create an arena where policy approaches may converge through contextualized benchmarking, self-assessment, peer-review and exchange of good practices (Vanhercke 2010).

2.2 ECONOMIC INTEGRATION

The idea that in the long run the activities and procedures installed within the OMC may result in a marked improvement and convergence of social protection strategies is contested not only by critical OMC scholars but also by an extensive literature that has stressed and explained the processes of retrenchment in which welfare states today are being caught up. There are indeed sound reasons to believe that there has been convergence to the bottom rather than to the top. For one thing, international economic integration has been associated with a ‘race to the bottom’ and welfare state retrenchment (Lazar and Stoyko 1998, Scharpf and Schmidt 2000, Pierson 2001). The basic argument here is that governments are caught in a downward spiral, reducing expenditures, taxes and labour regulations that translate into higher wage costs and hence export costs or that may induce capital exit. As a consequence, the state is seen as having to some degrees lost its policy making autonomy and ability to intervene in the market (Castles 2004, Starke and Obinger 2009). Some authors further argue that the threat of welfare tourism may have intensified incentives for welfare cutbacks, especially in the wake of the Eastern enlargement of the EU. The potential massive move of people from new to old member states due to differences in social protection systems may have induced a further downward pressure in benefit accessibility and generosity (Kvist 2004). Other authors belief that the negative impact of domestic pressures like ageing population, eroding traditional family structures and de-industrialisation on the distributional capacities of traditional social protection systems have been more important than external pressures (Kleinman 2002, Cantillon 2013). The emergence of new challenges has compelled governments to keep social expenditure in check and to shift the emphasis from social protection and care to activation and social investment. Access to cash benefit payments has become conditional on participation in training and counseling programmes and income replacement policies have been curtailed in order to prevent problems of inactivity traps caused by tax benefit systems (Eichhorst and Konle-Seidl 2008, Kenworthy 2008, Kenworthy 2010, Bonoli 2011). It is therefore believed that the shift from passive income protection to social investment and activation has put pressure on the level of minimum income protection (Atkinson 2010, Vandenbroucke and Vleminckx 2011, Cantillon 2013).

But there is no general agreement in the literature that social policies across Europe are bound to converge, either upward or downward. The argument in a good deal of literature is that path-departing processes are almost impossible to initiate due to institutional rigidities caused by legal or bureaucratic obstacles or political preconditions and balances of power (Huber and Stephen 2001, Pierson 2001). These factors may explain why welfare states are often pretty resilient to external pressures like growing international economic competition or European social models and why countries sometimes follow divergent trajectories.

2.3 EARLIER RESEARCH

Studies looking at aggregate levels of social spending have often found evidence of upward welfare state convergence (see, for example, Castles 2004, Schmitt and Starke 2011). There is also evidence of convergence of policy outcomes. For example, Vandenbroucke and Diris (2013) find that between 2004 and 2007 national at-poverty risks across the EU converged. In addition, Van Rie and Marx (2012) provide evidence of strong (and EU specific) convergence of various employment outcomes in the years prior to the crisis. They moreover find indications that these improved outcomes could well be attributable to one of the EU's other soft governance tools, the European Employment Strategy. However studies that also pay attention to benefit levels provide a more mixed picture. For example, assessing replacement rate trends between 1980 and 2001 in 18 OECD countries Starke and Obinger (2009) find only evidence of convergence in unemployment insurance benefits, not in replacement rates offered by pensions or sickness cash benefit. The coincidence of a declining mean and shrinking variance suggest a sort of 'race to the bottom', as far as unemployment benefits are concerned. Starke and Obinger (2009) suggest that the increased expectation to work and convergence in the field of activation may have played a role in the observed cutback in unemployment benefits. However, Caminada et al. (2010) using similar data but for a different set of countries (14 EU countries) and a longer time period (1981-2005) find evidence of upward rather than downward convergence of unemployment benefit levels. Moreover, with regard to social assistance benefits they conclude that within the old EU Member States there is no significant degree of convergence to be observed between 1992 and 2001, although there is ample evidence of an erosion of benefit payments (see also Cantillon, Van Mechelen et al. 2004, Nelson 2008, Nelson 2013, Van Mechelen and Marchal 2013). Focusing on the years between 1990 and 2005, Nelson (2010) even suggests that within a broader set of 19 EU-countries divergence in social assistance levels can be observed, mainly due to lagging developments in eastern and southern Europe. There is thus no empirical evidence that supports the idea that convergence observed in social spending levels goes hand in hand with converging levels of minimum income protection.

In this paper we will expand on the previous studies on convergence of social assistance schemes in at least three ways. First, this paper provides a recent and detailed overview of social assistance benefit trends – detailed, that is, country-by-country. The focus is on cross-country variations rather than on the variation among groups of countries that are deemed to represent different welfare regimes (like, for example, in Nelson 2010). In addition, our analyses are based on original data drawn from a large network of country experts comprising all EU Member States except for Croatia, Cyprus and Malta. The country-focus as well as the involvement of national informants allows to contextualize our findings with regard to convergence and to clarify the underlying policy measures. Finally this paper covers a long time series, starting in the early 1990s up to 2012.

3 DATA AND METHODOLOGY

3.1 DATA

This paper mainly draws on data derived from a data collection conducted by the Centre for Social Policy (University of Antwerp) through a network of national experts: the CSB-MIPI dataset (for a detailed description of the dataset, the network of experts, methodology, assumptions and limitations, see Van Mechelen, Marchal et al. 2011, Van Mechelen and Marchal 2013). This dataset contains time series on benefit levels of various minimum income protection schemes for Norway, three US states and all EU-27 member states, except for Cyprus and Malta. Using the model family approach full account is taken of taxes, social security contributions, family benefits and housing allowances (on the condition that they are non-discretionary). Housing allowance estimates draw on the assumption of a rental cost of two thirds of the median rent paid by households in the respective country. In this paper we present benefit packages of four model families: a single person household, a couple without children, a couple with two children and a lone parent with two children (7 and 14 year).

The development of benefit levels is measured here by three indicators: real benefit trends, benefit trends relative to the development of average wages and benefit trends relative to changes in median equivalent income. Average wages are a standard benchmark to set social benefit levels against (Eardley, Bradshaw et al. 1996, Bradshaw and Finch 2002, Nelson 2008). The advantage of using median equivalent incomes as a benchmark is that we will be able to gauge the extent to which minimum incomes now provide more or less protection against poverty than a decade ago. The idea is indeed increasingly gaining ground that adequate minimum income schemes must be set at least at 60 per cent of median equivalent income (European Anti-Poverty Network (EAPN) 2010, European Parliament 2010, Nelson 2013, Vandenbroucke, Cantillon et al. 2013).

3.2 MEASURING CONVERGENCE

Convergence means that the variation across countries on particular policy domains, such as policy instruments, policy outcomes or policy ideas, has decreased. Van Gerven (2008) points in this regard to the difference between convergence and a similar trend. As convergence always means that differences on certain policy indicators diminish between countries, this is not necessarily so when policy variables show a similar trend. This may however point to convergence in policy ideas, as countries are pursuing similar strategies.

This paper focuses on changes in the domain of policy instruments, i.e. the direct policy output, rather than policy ideas or outcomes. Both the spread of similar policy measures as the levels of these policy measures becoming more alike points to convergence (Holzinger 2006). We assess both the presence and level of minimum income schemes (i.e. gross assistance payments as well overall net income packages, taking account of the interaction between various relevant policy measures).

The results on minimum income convergence patterns are presented by means of two measures, the so-called sigma and beta convergence test (see also Caminada, Goudswaard et al. 2010, Schmitt and Starke 2011). Sigma convergence denotes a reduction in the dispersion of protection levels, as measured by the coefficient of variation, i.e. the ratio between of standard deviation and the average social assistance benefit level. Diminishing coefficients of variation reflect trends of convergence while rising coefficients of variation can be taken as evidence of the existence of divergent paths.

Patterns of beta-convergence indicate that benefit levels have grown faster (or declined less strongly) in countries where minimum income guarantees were initially relatively low. Beta-convergence is identified by regressing the initial values with the average annual growth rates in social assistance benefit levels using an ordinary least square regression model. Negative correlations between starting values and growth rates signal beta-convergence. Positive correlations indicate a lack of catch-up growth. The convergence tests are based on benefit trends relative to the average wages.

4 Social assistance schemes for the able-bodied

The scope of the current paper is limited to social assistance schemes for the able-bodied of working age. These schemes usually come to the fore when adequate income support as part of the EU's striving to 'Active inclusion' is mentioned. In addition, the importance of these schemes is on the rise due to the economic crisis and the increasing shares of non-standard workers (Immervoll 2009, Bahle, Hubl et al. 2011). Table 1 provides an overview of the social assistance schemes at stake in this paper. For most countries, this is the general welfare scheme. However, in a number of countries, the population group we focus on in this paper, is catered for by a categorical scheme. More in particular, in Finland, Germany, Hungary, the United Kingdom and Ireland, able bodied persons of working age fall back on a functional equivalent to unemployment assistance.

Most of the schemes are determined at the national level. However, some important exceptions exist, mainly Italy, Spain, Austria (up until 2010) and Sweden (Kazepov 2010). In this paper, we look at social assistance benefit trends in, respectively, Milan, Catalonia, Vienna and Stockholm. It is important to note that the developments that we will show for Milan, Catalonia, Vienna and Stockholm do not necessarily reflect national tendencies. Especially in Italy and Spain cross-regional variance in benefit levels and trends is substantial (Arriba and Moreno 2005, Saraceno 2006, Rodríguez Cabrero 2009). But also in Austria, some regions still provide more generous benefits than prescribed by the national guidelines, even after the 2010 reforms.

In addition, there is large variation in the share of the working age population covered by these minimum income schemes. The most sizeable social assistance schemes for the able-bodied can be found in Ireland and Germany, and, since the economic crisis, in Estonia, Latvia and Lithuania. In 2009 social assistance in Estonia, Latvia and Lithuania still covered only a relatively small proportion of the working age population (Van Mechelen and Marchal 2013). The countries with the lowest numbers receiving assistance anno 2012 include Spain (Catalonia) and Bulgaria. In both countries social assistance comprises less than 1 per cent of the working age population. However, it should be emphasized that these data draw on national sources which differ considerably with regard to the recipient unit (households, versus beneficiaries), the age categories included and the underlying assumptions. Therefore the results in table 1 are merely tentative or illustrative.

TABLE.1. OVERVIEW OF EUROPEAN SOCIAL ASSISTANCE SCHEMES AND THEIR SIZE, 2012

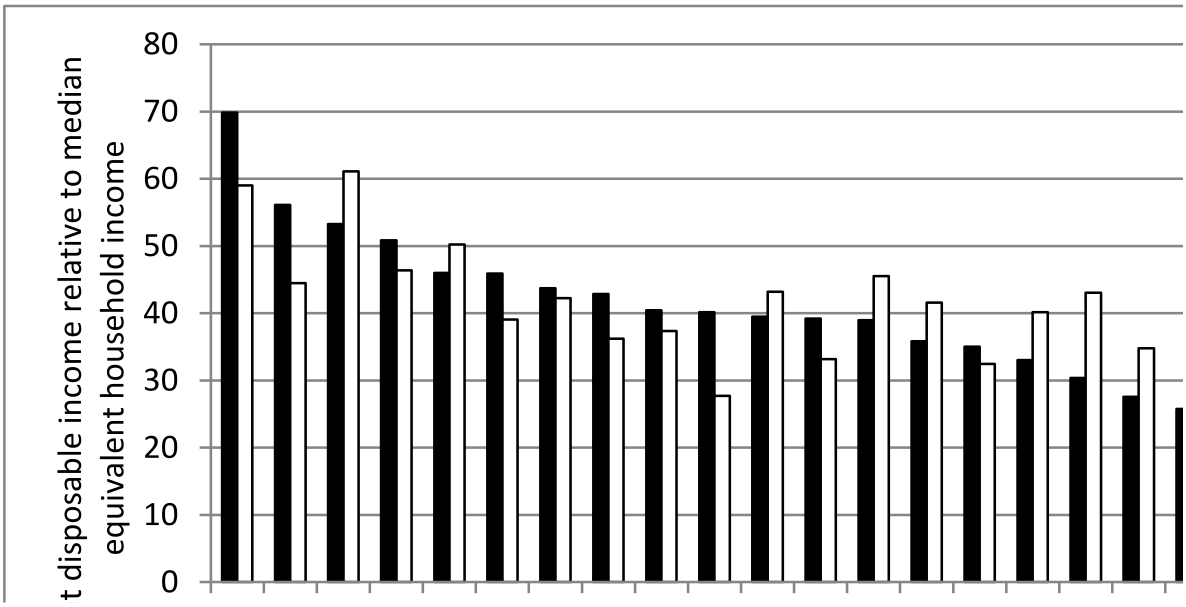
Country	Social assistance scheme	Share in working age population [a]
AT *Vienna*	Bedarfsorientierte Mindestsicherung	2.1% (for Austria, 2010; as % of total pop.)
B	Leefloon	1.3% (monthly average 2011)
BG	Месечни социални помощи	Less than 1% (montly average 2011)
CZ	Hmotná nouze	1.5% of households (June 2011)
DE	Arbeitlosengeld II	11.4% (Jan.2012; incl. children and working poor; only unemployed recipients: 7.3%)
DK	Kontanthjælp	3.3% of pop. aged over 18 years (2008)
EE	Toimetulekutoetus	6.1%
ES *Catalonia*	Renda minima de inserció (RMI)	0.6% of population; 1,6% of households (2010)
FI	Labour market subsidy	3.4% (31 December 2011)
FR	Revenu de solidarité active	4.83% (31 December 2011)
HU	Foglalkoztatast helyettesito tamogatas	2.7% (2011)
IE	Jobseeker's allowance	6.7% (2009)
IT *Milan*	Minimo Vitale	n/a
LT	socialinė pašalpa	10.9% (2011)
LU	Revenu Minimum Garanti	3% of population aged 18-59 years (June 2009)
LV	Pabalsts garantētā minimālā ienākumu līmeņa nodrošināšanai	7.2% of households (December 2011)
NL	Wet Werk en Bijstand	4.5% (monthly average 2011)
PL	Temporary social assistance benefit	1.7% (2010)
PT	Rendimento Social de Inserção	4.5% (1 January 2012)
RO	Legea Venitului Minim Garantat	Less than 2.7% of households (first trimester 2012)
SE	Ekonomiskt Bistånd	2.5% of population older than 18 (excl children) (Jan. 2012)
SI	Denarna socialna pomoč	3.6% (June 2011)
SK	Pomoc v hmotnej núdzi	n/a
UK	Job Seekers Allowance (Income based)	3.1% (February 2012)

a Figures are not fully comparable.

Source: CSB-MIPI (see Van Mechelen, Marchal et al. 2011).

The key objective of the schemes outlined above is to provide sufficient resources to those who have insufficient means of subsistence. However, benefit levels often fall short of the at-risk-of-poverty threshold (Immervoll 2009, Bahle, Hubl et al. 2011, Nelson 2013, Van Mechelen and Marchal 2013). Social assistance benefit packages are inadequate in protecting against poverty almost everywhere. As shown in Figure 1, benefit levels (including non-discretionary housing allowances and child benefits but excluding in-kind benefits and associated rights) are above the European poverty line only in Ireland (for single person households) and in Denmark (for couples). In the remainder of the EU Member States social assistance benefit packages today are insufficient to protect benefit recipients and their households against poverty, although there is large cross-country variation. In the Netherlands and Luxembourg benefit levels lie between 50 and 60 per cent of equalized median household income. In the majority of countries social assistance payments are below 40 per cent of median income, reaching levels below 20 per cent in Poland, Bulgaria and Romania.

Figure 1. The adequacy of net social assistance benefit packages, 2012, EU Member States



Note: In some countries, such as Italy and Bulgaria, time limits apply, either formal or discretionary. In order to avoid additional assumptions, the levels displayed do not take these time limits into account. Data on social assistance benefit packages refer to 2012, except for LU and DK (2009). Data on median incomes draw on most the latest available EU-SILC data, i.e. 2011 for most countries (incomes 2010).

Source: CSB-MIPI (see Van Mechelen, Marchal et al. 2011), (Eurostat 2011).

5 Social assistance benefit levels: trends

The central question in this paper is whether the cross-country differences observed in social assistance benefit packages across the EU have been reduced during the past decade i.e. whether there is evidence of diverging developments. Before we move on to address that question, this section will examine in detail the development of social assistance benefits. First, we will look at gross social assistance payments. Next, we will focus on net benefit packages (including housing allowances, child benefits, taxes and social contributions). This section will present developments in real terms – which usually show an upward trend – as well as trends relative to average wages and median incomes – which are commonly less positive.

5.1 Gross benefit levels

Table 2 shows trends in gross social assistance payments for couples in real terms since 2001. The table reveals a considerable increase in benefit levels - of above 25 per cent - in Austria, Ireland, Estonia, Latvia, Slovenia and Romania. In Austria, Slovenia and Romania the increase in benefit amounts is the result of profound policy reform. As far as *Austria* is concerned, table 2 presents benefit trends as they have prevailed in Vienna. Social assistance scale rates in Vienna increased substantially due to efforts of the central government to reduce regional variation in benefit levels. This centralization initiative has led to an increase in social assistance scale rates, at least in regions where benefits were traditionally below average, like Vienna. Both Slovenia and Romania reformed their social assistance schemes at the start of the decennium. The *Romanian* reform, framed in an anti-poverty strategy, tripled social assistance benefits (Vilnoiu and Abagiu 2003). However, since this reform, benefit levels constantly decreased in real terms. Statutory price adjustments were only introduced in 2006/2007. In addition, benefits have been uprated as an anti-crisis measure recently. The *Slovenian* reform took place in 2001. This reform aimed at restricting behavioral conditions as well as at increasing social assistance benefits. Between 2001 and 2003 gross benefits increased by 41% in real terms. Since then, benefits remained quite stable in real terms thanks to the legal price linkage.

Latvia, Estonia and Ireland too experienced a marked improvement in the level of the minimum income guarantee, although there have been no major reform moments regarding the minimum income guarantee. Social benefits in *Latvia* and *Estonia* are traditionally uprated every few years on the basis on ad-hoc government decisions and ad-hoc selections of indicators. During the past decade this approach caused assistance payments to increase substantially. The stark and continued increase in *Ireland* since the late 1990s is a consequence of the governments engagement to combat poverty (DFCFA 2002). Nonetheless the financial crisis brought a sudden halt to this catch-up process. Both in January 2010 and January 2011 benefit levels were reduced by 4 per cent.

Social assistance benefit amounts also increased substantially in Germany, Belgium, Finland and Texas, although growth rates were less spectacular as compared to the above countries (between 10 and 25 per cent). In *Germany*, the Hartz IV reforms of 2005 went accompanied with a substantial increase in assistance payments for the able-bodied. Nevertheless, it remains unclear whether this reform also improved the actual level of welfare enjoyed by benefit recipients. Since the Hartz IV reforms low income households that are work capable are no longer entitled to general social assistance (‘Sozialhilfe’), but they can claim a means-tested unemployment benefit (‘Arbeitlosengeld II’). The level of this unemployment benefit is substantially higher than the basic amounts formerly paid in social assistance. But the extra amount was introduced mainly to compensate for the abolishment of supplementary benefits (for specific expenses like schooling costs, medical costs, etc.) that were regulated and financed by the municipalities. Given that the level of supplementary benefits varied considerably according to municipality, the effect of the Hartz reforms on the level of the total benefit package also varied. The introduction of ‘Arbeitslosengeld II’ is likely to have caused an increase of the benefit package for able-bodied persons in the municipalities that belonged to the less generous category while it has caused welfare erosion in the more generous municipalities. In *Belgium*, attention has increasingly been focused on the welfare evolution of social benefits. Since the 2002 welfare reform benefits have regularly been uprated on top automatic adjustments to prices. Moreover, since 2009 the government sets an amount of resources that can be spend to adjust benefits to welfare evolution every two years. However there is no statutory mechanism that determines which social benefits will be adjusted and by how much. This is decided through collective agreement. Nevertheless, social assistance benefits have been increased several times between 2009 and 2012 (Goedemé, De Vil et al. 2012). In *Finland* assistance levels for those who are able to work have been increased significantly on 1 January 2012. In the *Netherlands* social assistance benefit amounts improved thanks to the statutory adjustment mechanism that links social benefits and minimum wages to the development of contractual wages.

Social assistance claimants saw their purchasing power decline in only a tiny minority of countries: the Czech Republic, Hungary, Portugal, and Italy. In the Czech and the Slovak Republic there have been intentional reforms that have cut back social assistance benefit levels. The *Slovak* Republic reformed its social assistance scheme in 2004. Social assistance has since consisted of one low basic allowance, that can however be supplemented by several categorical top-ups, that are generally conditional. For instance, the activation allowance that tops up the basic allowance is dependent on subscribing as an unemployed jobseeker and upon participation in activation programmes. Likewise, the allowance for parents with children is conditional on the children actually attending classes. For families that receive only the basic allowance plus health care supplement (i.e. the unconditional components of the social assistance benefit package) income support was severely cut down (see Table 2). The *Czech* Republic introduced a new scheme of housing allowances for low income families in 2007, which replaced the housing allowance formerly provided through the social assistance scheme. This reform resulted in a real decrease of benefit levels for several family types.

In Hungary and Portugal equivalence scales for couples have changed. In *Portugal* assistance payments for additional adults were reduced from 100 per cent to 70 per cent of the amount of the first adult in 2011. This policy measure canceled out the strong increase in benefit levels since the introduction of the minimum income guarantee in 1996. Incomes of couples on social assistance were even more drastically cut in *Hungary*: supplementary benefits for additional adults have been diminished from 100 per cent to 0 per cent of basic scale rates. In other words, couples on social assistance have to get by now on the same benefit amount as single persons. This reform has been motivated by a concern with the financial incentive for social assistance claimants to find a job.

In *Italy*, minimum income protection levels have come seriously under pressure as a consequence of the financial crisis. Table 2 shows the impact of the crisis on social assistance payments of couples in Milan, taking account of housing allowances (in contrast to the other countries the Italian data do not allow us to distinguish between social assistance and housing allowances). The benefit package decreased between 2009 and 2012 by more than 15 per cent, due to cuts in both social assistance benefit levels and housing allowances.

TABLE 2. TRENDS IN GROSS SOCIAL ASSISTANCE BENEFIT LEVELS, COUPLES, IN REAL TERMS, 2001-2012

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
AT	100	101	100	101	100	106	106	106	109	109	124	128
BE	100	104	106	105	106	105	107	108	113	112	111	115
CZ	100	99	99	96	107	107	77	72	72	71	69	76
DE	100	101	102	101	115	113	113	111	114	112	111	114
DK	100	100	102	104	104	104	105	104	106	108	n.a.	n.a.
EE	100	97	95	92	133	127	143	144	144	140	160	160
ES	100	99	99	99	99	99	105	105	109	107	107	0
FI	100	101	104	105	104	104	104	103	106	104	101	123
FR	100	100	99	99	98	98	99	97	98	98	97	99
HU	100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	147	n.a.	n.a.	54
IE	100	106	136	143	151	168	183	189	199	194	184	184
IT	100	101	101	101	101	100	100	98	101	96	94	85
LU	100	100	101	100	100	100	101	100	111	108	n.a.	n.a.
LV	100	98	95	135	147	158	161	140	185	203	195	195
NL	100	106	107	107	105	108	110	110	111	111	109	111
PT	100	102	103	106	112	114	114	114	119	119	97	97
RO	100	309	314	312	307	301	299	290	298	322	304	304
SE	100	103	104	106	104	103	103	102	104	103	105	105
SI	100	123	141	142	143	143	141	139	143	144	142	142
SK	n.a.	100	90	38	39	38	39	39	39	40	38	38
UK	100	100	100	101	100	100	100	99	103	102	100	105

Notes: No data available for BG, LT, PL. The data for FI and IE refer to benefit levels of single person households. The data for IT are estimates of the development of actual payments to social assistance recipients in Milan. The data for NL reflect trends of net social assistance benefit levels.

Sources: social assistance benefit levels: CSB-MIPI (see Van Mechelen, Marchal et al. 2011); HICP: Eurostat.

The large number of countries where social assistance benefit levels recently increased in real terms is quite surprising given the development of benefit levels during the 1990s. Between 1992 and 2000, social assistance benefits kept up with inflation in only four countries: Ireland, Italy (Milan), Luxembourg and Slovenia. This picture draws on data for only 14 European countries (see table 3). Only for this set of countries, the CSB-MIPI dataset provides time series starting in 1992. Table 3 also suggests a stark increase of benefit levels in Denmark. However, the rise in benefit levels is part of a compensatory measure for the fundamental tax reforms of 1994. Since then, benefits are taxed in roughly the same way as income from work (Cantillon, Maesschalck et al. 2003). In most countries benefit levels increased only just enough to ensure steady purchasing power (Austria, Belgium, France, Netherlands, and United Kingdom). A number of countries failed to keep benefit payments in line with the cost of living. Especially in Finland and Sweden, the guaranteed minima came under pressure as a result of rising social expenditure and growing debt occasioned by serious slump (Palme, Bergmark et al. 2002).

TABLE 3. TRENDS IN GROSS SOCIAL ASSISTANCE BENEFIT LEVELS, COUPLES, IN REAL TERMS, 1992-2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
AT	100	100	100	100	101	100	100	101	101
BE	100	100	100	101	99	100	101	100	99
DE	100	100	99	98	98	97	97	97	96
DK	100	102	190	224	224	220	221	222	222
ES	100	96	91	91	88	90	92	94	96
FI	100	98	97	98	97	96	96	96	93
FR	100	100	101	100	100	100	101	103	103
IE	100	n.a.	n.a.	n.a.	109	111	115	119	119
IT	100	97	95	93	93	94	93	110	112
LU	100	118	118	122	121	126	125	138	140
NL	100	100	98	98	97	98	98	100	100
SE	100	97	98	97	96	94	94	94	83
UK	100	102	103	102	102	102	101	101	100

Notes: The data for FI and IE refer to benefit levels of single person households. The data for IT are estimates of the development of actual payments to social assistance recipients in Milan. The data for NL reflect trends of net social assistance benefit levels. Data for the UK refer to 'income support' benefits.

Sources: social assistance benefit levels: CSB-MIPI (see Van Mechelen, Marchal et al. 2011); CPI: ILO Laborsta online dataset.

While the increases in social assistance amounts since 2001 have been largely enough to improve the purchasing power of benefit recipients, usually they were not sufficient to keep pace with the general standard of living. Table 4 shows the evolution of social assistance benefit levels relative to average wages. In most countries the level of minimum income protection dropped behind average wages. This holds true not only for countries where social assistance payments decreased in real terms (the Czech Republic, Hungary, Italy and the Slovak Republic), but also where they increased modestly (Denmark, Sweden, United Kingdom). Compared to the dominant trend in the 1990s, however, there is also a substantial number of countries where benefit levels did keep up with wages. In countries like Ireland, Latvia, Slovenia, Austria (Vienna), Belgium and Germany the relative living standard of benefit recipients even improved, as compared to average wages. In addition, in countries where welfare levels decreased, benefit erosion since 2001 tends to be less steep, at least if one disregards the Czech and Slovak Republic where the evolution of gross benefit levels are not very informative about what happened to overall benefit packages due to fundamental reforms (see above). For example, in Sweden the gross social assistance amount of a couple decreased from 34 per cent of the average wage in 1992 to 22 per cent in 2000; this is a reduction of 32 percent. Between 2001 and 2010 the ratio between social assistance payments and average wage deteriorated by 'only' 7 percent.

TABLE 4. TRENDS IN GROSS SOCIAL ASSISTANCE BENEFIT LEVELS, COUPLES, AS % OF GROSS AVERAGE WAGE, 2001-2012

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
AT	100	101	98	99	98	103	102	102	105	105	n.a.	n.a.
BE	100	103	104	103	104	103	103	106	109	110	109	n.a.
CZ	100	93	88	82	88	85	58	54	52	51	50	54
DE	n.a.	100	99	97	111	109	108	107	108	105	104	n.a.
DK	100	101	103	103	101	98	96	90	n.a.	n.a.	n.a.	n.a.
EE	100	90	82	76	102	88	87	85	90	89	101	96
ES	100	99	100	101	101	101	106	103	101	100	100	n.a.
FI	100	99	100	96	93	91	90	87	87	84	83	98
FR	100	99	98	97	96	95	94	95	95	95	94	n.a.
HU	100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	115	n.a.	n.a.	42
IE	100	104	130	134	139	154	166	n.a.	n.a.	n.a.	n.a.	n.a.
IT	100	101	101	100	98	97	97	95	98	91	91	82
LV	100	92	83	113	113	105	90	75	106	119	114	111
NL	100	106	104	103	101	101	101	101	100	99		
PT	100	100	100	102	107	109	109	107	n.a.	n.a.	n.a.	n.a.
RO	100	266	246	223	201	182	170	134	129	138	134	128
SE	100	101	101	101	97	95	93	91	90	92	93	93
SI	100	120	136	134	134	131	126	121	122	120	119	119
SK	n.a.	100	92	38	36	34	34	32	31	31	30	n.a.
UK	100	97	95	95	92	91	91	89	93	93	95	n.a.

Notes: No data available for BG, LT, PL. The data for FI and IE refer to benefit levels of single person households. The data for IT are estimates of the development of actual payments to social assistance recipients in Milan. The data for NL reflect trends of net social assistance benefit levels.

Source: CSB-MIPI (see Van Mechelen, Marchal et al. 2011).

TABLE 5. TRENDS IN GROSS SOCIAL ASSISTANCE BENEFIT LEVELS, COUPLES, AS % OF GROSS AVERAGE WAGE, 1992-2000.

	1992	1993	1994	1995	1996	1997	1998	1999	2000
AT	100	100	99	98	98	97	97	96	96
BE	100	96	95	96	95	94	95	89	89
DE	100	97	93	91	86	87	88	85	84
DK	100	100	178	202	195	186	179	175	172
ES	100	94	88	88	85	87	89	91	94
FI	100	99	97	94	90	88	86	85	82
FR	100	99	97	96	96	96	96	97	96
IE	100	n.a.	n.a.	n.a.	103	104	105	103	102
IT	100	97	96	95	94	94	92	108	109
LU	100	114	112	117	115	117	115	123	122
NL	100	99	98	94	93	93	92	92	91
SE	100	99	98	96	90	85	83	79	68
SI	100	198	167	165	153	146	140	135	128
UK	100	100	101	99	98	95	92	90	88

Notes: The data for FI and IE refer to benefit levels of single person households. The data for IT are estimates of the development of actual payments to social assistance recipients in Milan. The data for NL reflect trends of net social assistance benefit levels. Data for the UK refer to 'income support' benefits.

Source: CSB-MIPI (see Van Mechelen, Marchal et al. 2011).

5.2 NET BENEFIT LEVELS

Social assistance recipients are commonly entitled to a package of cash benefits, including child benefits, housing allowances, heating allowances, and supplementary payments for one-off expenses, e.g. to cover the cost of removals or a decease. In order to assess benefit trends, it is important to take account of the entire benefit package. Further, in some countries social assistance claimants do pay taxes. Therefore this section looks at net benefit packages, meaning social assistance payments plus child benefits, housing and heating allowances, minus income taxes, social security contributions and local taxes. Figure 2 shows the development of net income since 2001 of two hypothetical families: a single person household and a couple with two children, aged 7 and 14. Moreover, it presents the development of net benefit levels in real terms as well as in relative terms (as compared to the evolution of net incomes of one-earner families on average wage and as compared to trends in median equivalent household income).

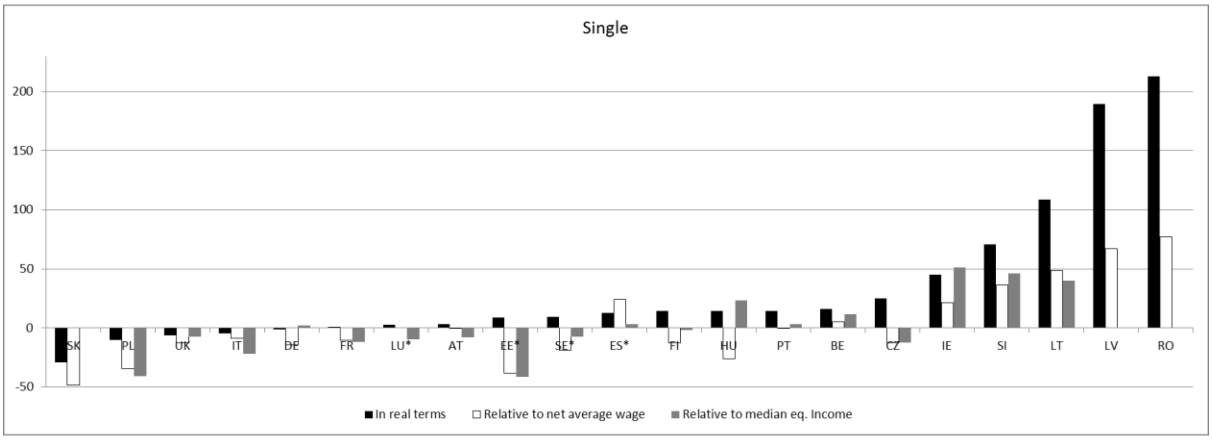
Figure 2 includes a broader set of countries than the above tables showing gross benefit levels; it includes data for Lithuania and Poland. Income support of social assistance recipients in Lithuania has considerably improved since 2001, in purchasing power terms as well as in relative terms. There exists no statutory adjustment mechanism but benefit levels have increased substantially due to ad hoc government decisions. This is very similar to what has happened in Estonia and Latvia during the past decade (see above). In Poland, the law requires the government to adjust benefits every three year and defines the parameters that should be taken into account when uprating benefits, but actual indexation is not enforced. The Polish government decided to skip the indexation that should have taken place in 2009 due to the crisis (Marchal, Marx et al. forthcoming). The purchasing power of families on social assistance therefore decreased during the previous decade, at least as far as childless families are concerned.

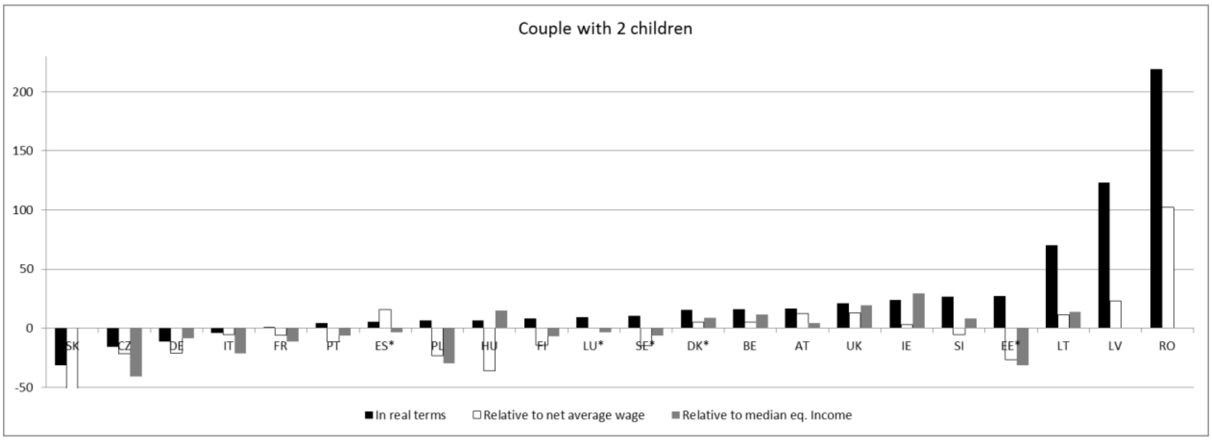
For most countries trends in net benefit levels are rather similar to the development of gross benefit amounts (see above). However, net benefit packages offer a more accurate account than gross benefit levels of what has actually happened to the income position of social assistance claimants in Germany, the Czech and the Slovak Republic. Earlier, we mentioned the fact that in Germany gross assistance payments for the able-bodied increased considerably in 2005 due to the Hartz-reforms. As already indicated, the rise in benefit scales went accompanied with the abolition of supplementary benefits. Figure 2 provides insight in the combined effect of both measures, drawing on the unweight average of supplementary benefits in the German Länder in 2001 (excluding housing benefits). The social assistance benefit package of an able-bodied single person has remained quite stable between 2001 and 2012, in real terms; the benefit level of a couple with two children however declined substantially. Figure 2 also shows that the aforementioned reforms in the Slovak and Czech Republic have not only negatively affected gross benefit levels but also the net incomes of social assistance recipients. In the Slovak Republic social assistance benefit packages are currently 20 to 30 percent below their 2001 values. In the Czech Republic couples with children saw their purchasing power decrease, while the social assistance benefit package of single person household increased, although not at the same pace as the net income of a single person on an average wage.

As the above discussion demonstrates, Figure 2 also provides insight in the differences between family types. In some countries social assistance benefit levels developed most favourable for families without children (the Czech Republic, Germany, Finland, Ireland, Slovenia, Lithuania, Latvia, Hungary and Portugal) while in others have given high priority to the minimum income protection of families with children (Austria (Vienna), Poland and the United Kingdom). The UK child tax credit, for example, has undergone some major changes during the past decade in order to improve the income situation of low income families with children. However, more recently, child tax credits as well as family allowances have come in the grip of austerity-oriented social reforms. Benefit amounts have temporarily been frozen to their 2010 values.

The comparison between benefit trends and the development of median equivalent income in Figure 2 is particularly instructive because it offers information on the evolution of the adequacy of benefit levels (as compared with the EU poverty line). As shown in Figure 2, the adequacy of social assistance benefit levels has worsened. In most EU Member States, benefit levels did not keep up with the development of median household income between 2001 and 2012. This was most notably the case in Poland, Estonia, Italy (Milan), France and Denmark. However, there is a substantial number of exceptions. The gap between income support levels and the poverty line remained relatively stable in Germany, Finland, Spain (Catalonia) and Portugal. In Hungary, Lithuania, Slovenia, Ireland and Belgium assistance payment increased faster than the poverty threshold. However, even in these countries, social assistance benefit levels still tend to be highly inadequate. As we already demonstrated, social assistance benefit packages are inadequate in protecting against poverty almost everywhere.

FIGURE 2. TRENDS IN NET SOCIAL ASSISTANCE BENEFIT PACKAGE IN REAL TERMS, RELATIVE TO NET AVERAGE WAGES AND RELATIVE TO THE MEDIAN EQUIVALENT DISPOSABLE HOUSEHOLD INCOME, 2001-2012





Note: Relative to net average wage: the evolution of the net benefit package of a household on social assistance as compared to the evolution of the net income of a similar household on average wage (single earner). Relative to median equivalent income: data are drawn from Eurostat (ECHP 2002 for most countries in 2001 (except for CEE countries: national sources); for 2012 the latest available EU-SILC data are used, i.e. 2011 for most countries (incomes 2010)). DK: no data available on single person households; DK, EE, LU, SE: data refer to 2001-2009 evolution. For Luxembourg, no data on net income at average wage is available.

Sources: CSB-MIPI (Van Mechelen, Marchal et al., 2011), Eurostat.

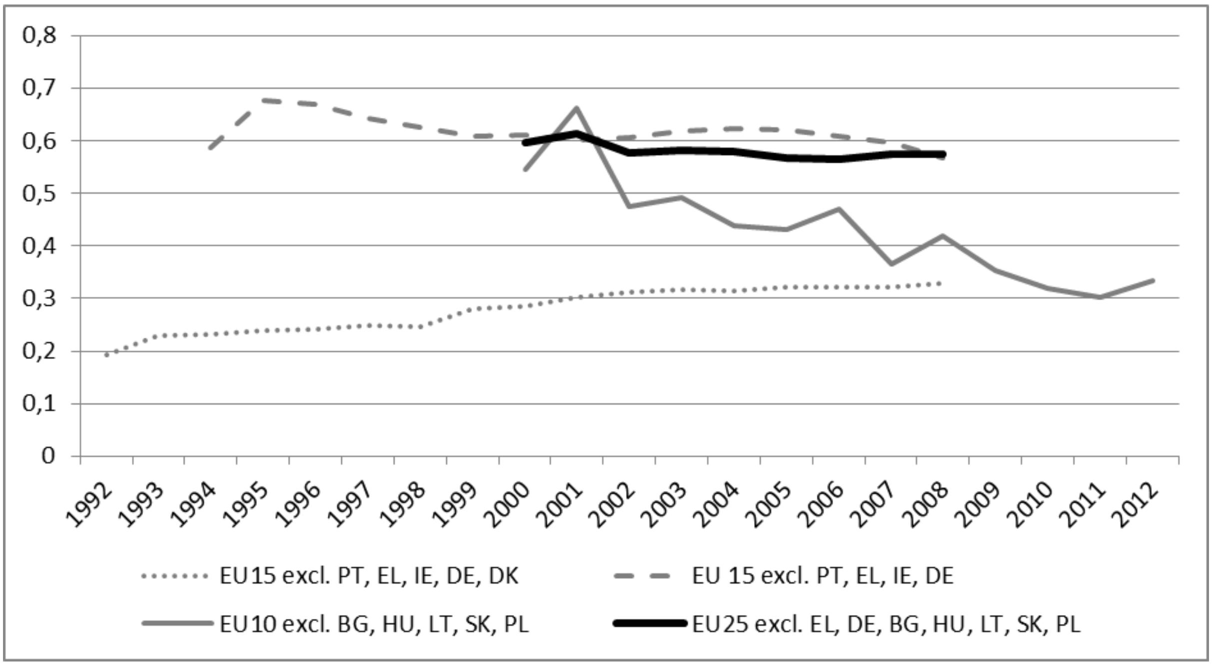
6 CONVERGENCE

To what extent were the above trends in social assistance benefit levels connected to patterns of convergence or divergence? Figure 3 and 4 show the development of the coefficient of variation. Figure 3 draws on gross assistance payments, while figure 4 is based on net social assistance packages of single person households and couples with two children. Both figures focus on relative benefit levels, i.e. benefit levels as percentage of average wage (figure 3) or as percentage of the net income package of a similar household on an average wage (single earner) (figure 4). Table 6 presents trends in average benefit levels and tests of beta-convergence, i.e. catch up growth.

The overall picture for the EU 25 (EU 27 excluding Malta and Cyprus) is one of decreasing levels of minimum income protection, without clear patterns of convergence. The coefficient of variation has remained quite stable between 2000 and 2012. However, this indicator is very sensitive to the set of countries included in the analysis. For example: The relative stability of variation among *the 'old' EU* Member States is a result of a strong decline in relative benefit levels among countries with relatively generous assistance payments like Denmark, Finland and Sweden as well as in countries where minimum income protection has traditionally been rather weak like Spain (Catalonia) in the 1990s and the United Kingdom since 2000 (at least for families without children). Although welfare payments in Denmark are today still far above the EU average, the gap has diminished considerably since 1995. However, if one disregards the Danish trend, the picture is very different. Cross-country variation is then found to have substantially increased, due to rising benefit levels in Luxembourg - where benefit amounts are traditionally relatively high – and because of catch-up growth during the boom years before the economic crisis in Italy (Milan), Portugal and Ireland. Trends in Italy, Portugal and Ireland were however not strong enough to speak of beta-convergence: initial values within the EU15 show no correlation whatsoever with subsequent annual growth rates.

In Central and Eastern Europe, too, conclusions with regard to convergence depend strongly on the set of countries studied. Figure 3 focuses on countries for which data are available from 2000 onwards: the Czech Republic, Estonia, Latvia, Romania and Slovenia. The pattern shown in Figure 3 and Table 6 suggest a process of both sigma and beta convergence. Cross-country differences diminish due to a combination of serious cutbacks in the Czech Republic where minimum income protection levels were relatively high in 2000 and upward movements of benefit levels in Romania where benefit levels where extremely poor. Nevertheless, Figure 4 – drawing on a broader range of countries and a more accurate estimate of the impact of the 2007 welfare reform in the Czech Republic (see above) – reinforces the picture of relative stability against the background of declining average benefit levels. Net benefit packages of couples with children may have diverged somewhat, partly as a result of drastic curtailments in the (already low) benefit amounts of couples in Hungary (see above).

FIGURE 3. THE DEVELOPMENT OF THE COEFFICIENT OF VARIATION, GROSS SOCIAL ASSISTANCE BENEFIT LEVELS AS PERCENTAGE OF GROSS AVERAGE WAGE, COUPLES, 1992-2012



Source: CSB-MIPI (Van Mechelen, Marchal et al., 2011).

TABLE 6. PATTERNS OF BETA-CONVERGENCE AND TRENDS IN AVERAGE GROSS SOCIAL ASSISTANCE BENEFIT LEVELS AS PERCENTAGE OF GROSS AVERAGE WAGE, COUPLES, 1992-2012

	EU average				Corr. between initial values and av. ann. growth rate		
	1992	2000	2008	2012	Period	R	R^2
EU15 excl Pt, EL, IE, DE, DK	29,5	27,7	26,9	n.a.	1992-2008	0,20	0,04
EU15 excl Pt, EL, IE, DE	n.a.	33,4	31,7	n.a.	1994-2008	-0,06	0,00
EU10 excl BG, HU, LT, SK, PL	n.a.	22,8	17,3	18,5	2000-2012	-0,89	0,79
EU25 excl EL, DE, BG, HU, LT, SK PL	n.a.	30,0	27,9	n.a.	2000-2008	-0,29	0,09

Source: CSB-MIPI (Van Mechelen, Marchal et al., 2011).

So we find little evidence of a convergence in minimum income protection levels. However, European social policy may have played a more crucial role in the *spread* of universal (i.e. non-categorical) general social safety nets, rather than in the development of benefit levels (Cantillon and Van Mechelen 2012). Historically speaking, general social assistance schemes are the most recent addition to the range of protection tools in welfare (Loedemel and Schulte 1992). While most other social security branches and categorical social assistance schemes, including those for the elderly and the disabled, already took shape before the Second World War, the first universal social assistance schemes date from the 1960s (Germany, Netherlands, United Kingdom) and 1970s (Belgium, Denmark and Ireland) (Cantillon, Van Mechelen et al. 2008). In Sweden, Finland, France and Luxembourg, non-categorical social assistance schemes were only introduced in the course of the 1980s. Likewise, Spain's regional social assistance schemes (Basque Country and Catalonia) date from the late 1980s. In this sense, the aforementioned 1992 recommendation by the European Council regarding common criteria for social assistance reflected an ongoing trend. This recommendation calls on the Member States to "progressively cover all exclusion situations as broadly as possible' and, to this end, to set a guaranteed minimum income (Council 1992). At the time, the majority of the fifteen Member States had already introduced a minimum income guarantee. With the exception of Italy, the countries where an ultimate safety net was still lacking were the youngest EU Member States: Spain, Portugal and Greece. The 1992 recommendation may therefore be seen as a call aimed primarily at those new Member States to implement an encompassing system of income protection.

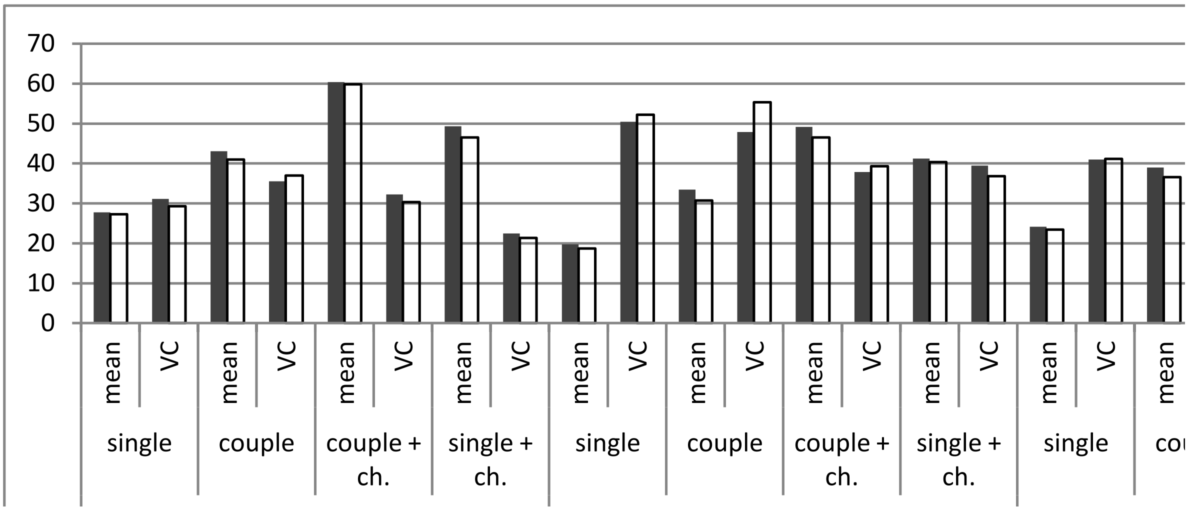
Some authors feel that the 1992 recommendation effectively contributed to the introduction of universal social assistance schemes in Southern Europe during the 1990s (Arriba and Ibáñez 2002, Matsaganis, Ferrera et al. 2003). Between 1990 and 1995, one Spanish region after another adopted general social assistance programmes. Nonetheless, in some of these regions, social assistance is still provided on an ad hoc basis and there is little evidence of a subjective right to assistance (Arriba and Moreno 2005, Rodríguez Cabrero 2009). In Portugal, the Rendimento Mínimo Garantido was introduced in 1997 during the country's presidency of the EU (Matsaganis, Ferrera et al. 2003). Italy, for its part, began experimenting with a universal safety net in 1998, but plans for a national social assistance programme were shelved in 2001 by the Berlusconi government (Saraceno 2006). To this day, Italy is an exception within the European Union because of the inadequacy of social assistance provisions in several of the country's regions. But the most notable exception of all is Greece, where a universal safety net is lacking at the national as well as the regional levels.

The countries of Central and Eastern Europe have also seen the emergence of universal social assistance systems since the 1990s. In the communist era, poverty was hardly an issue: full employment, strong subsidization of basic commodities and services, and adequate social security provisions for those unable or no longer able to work were assumed to prevent poverty effectively

(Standing, 1997). However, the situation changed fundamentally with the fall of communism. Exponential growth of unemployment and soaring inflation caused a steady increase in poverty (Ferge and Juhász 2004). In order to meet the new social and economic needs the entire social architecture was redesigned. Existing social provisions were adapted (e.g. pensions) and new schemes were introduced (Manning 2004). In many Central European countries, universal social assistance schemes were already implemented in the early 1990s, mostly under the impulse of the World Bank. Meanwhile all Central and Eastern European governments have installed a general safety net, except for Hungary. In Hungary there are several categorical schemes in place, including the above mentioned assistance programme for those who are able-bodied but needy.

Generally speaking, however, we may conclude that over the past two decades the minimum income guarantee has gained increasing acceptance across Europe. There remain however substantial cross-country differences in benefit levels. The variation in social assistance benefit packages has decreased only slightly during the past decade. There is no real convergence in social assistance payments.

Figure 4. The development of the coefficient of variation (x100), net social assistance benefit packages as percentage of net average wage, 2001-2009



Note: DK is not included in data on single person households.

Source: CSB-MIPI (Van Mechelen, Marchal et al., 2011).

7 Conclusions

The provision of minimum income protection is at the centre of the EU striving for 'Active Inclusion'. Substantial progress has been made over the past decades in the *spread* of general social safety nets. The number of countries with a universal minimum income guarantee has increased with each enlargement of the European Union. The accession of Spain and Portugal to the EU in the course of the 1980s is often believed to have triggered the introduction of their general social assistance schemes (Arriba and Ibáñez 2002, Matsaganis, Ferrera et al. 2003). Similarly, current assistance arrangements in Central and Eastern European countries commonly date back to the preparation period of the Eastern expansion of the EU.

Nevertheless, many EU Member States still fail to provide adequate protection against low income. First and foremost, not all EU countries have a safety net that provides cash benefits to all needy people. For example, Greece lacks any sort of general safety net or categorical scheme for the able-bodied of working age. The Hungarian protection system covers only part of the needy but healthy people of active age. Moreover, levels of minimum income protection are inadequate almost everywhere, if measured by the standards of the European Parliament, i.e. 60 per cent of median equivalent income.

Convergence in social assistance benefit *levels* across the EU is limited. The dispersion of values has remained quite stable between 2000 and 2012. We find evidence of some catch-up growth during the pre-crisis years in Romania, Ireland, Portugal and Italian regions like Milan. However, there is no overall pattern of beta-convergence, i.e. the laggards growing much faster than the countries with already relatively high benefit levels. Some of the 'old' EU Member States that provided very low assistance payments in the early 1990s succeeded in moving up the ranking of countries (e.g. Ireland and Portugal), while others are still at the bottom (e.g. Spain and the United Kingdom). This stands in quite some contrast to the indications for convergence in other schemes of the welfare states that some authors have found (for instance Caminada et al. (2010) for unemployment benefits, although not uncontested, see Montanari et al. (2007)), and more robustly the upward convergence of social spending (Schmitt and Starke 2011), employment trends (Van Rie and Marx 2012) and at-risk of poverty levels (Vandenbroucke and Diris 2013)

Finally, the relative stability of cross-country variation goes hand in hand with a decrease in average benefit levels, not with an improvement in minimum income protection. In many countries assistance payments have not kept up with the development of average wages and median equivalent household income. This paper did not look into the factors contributing to the observed erosion of social protection, but the literature points to both external pressures associated with globalization and domestic challenges like an ageing population, eroding traditional family structures and de-industrialisation and the shift of emphasis from social protection to activation and social investment (Kvist 2004, Montanari, Nelson et al. 2007, Atkinson 2010, Cantillon 2011). Our results suggest that the negative impact of these forces may have been stronger than the potential positive contribution of EU social policy. A redeeming feature however is that net social assistance benefit levels have by and large eroded less over the last decade than during the preceding decade. While the overall picture for the 1990s was one of almost uniform erosion of benefit levels relative to average wages, at least for the EU15 countries for which we have data spanning the entire period, the picture is less uniformly negative from 2001 onwards. Although benefit levels have not kept pace with wages in all EU member states, assistance payments seem to have gained ground in a substantial number of countries, including Romania, Ireland, Portugal, Lithuania, Slovenia, Finland and Belgium. It should however be noted that in a number of these countries, much of the gains made in providing more adequate net minimum income packages over the previous decades have been lost in the recent crisis, most prominently in Ireland, Portugal and, for families with children, also in Romania and Lithuania (Marchal, Marx et al. forthcoming).

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ImProvE: Poverty Reduction in Europe.
Social Policy and Innovation

Poverty Reduction in Europe: Social Policy and Innovation (ImPRovE) is an international research project that brings together ten outstanding research institutes and a broad network of researchers in a concerted effort to study poverty, social policy and social innovation in Europe. The ImPRovE project aims to improve the basis for evidence-based policy making in Europe, both in the short and in the long term. In the short term, this is done by carrying out research that is directly relevant for policymakers. At the same time however, ImPRovE invests in improving the long-term capacity for evidence-based policy making by upgrading the available research infrastructure, by combining both applied and fundamental research, and by optimising the information flow of research results to relevant policy makers and the civil society at large.

The two central questions driving the ImPRovE project are:

> How can social cohesion be achieved in Europe?
>
> How can social innovation complement, reinforce and modify macro-level policies and vice versa?

The project runs from March 2012 till February 2016 and receives EU research support to the amount of Euro 2.7 million under the 7th Framework Programme. The output of ImPRovE will include over 55 research papers, about 16 policy briefs and at least 3 scientific books. The ImPRovE Consortium will organise two international conferences (Spring 2014 and Winter 2015). In addition, ImPRovE will develop a new database of local projects of social innovation in Europe, cross-national comparable reference budgets for 6 countries (Belgium, Finland, Greece, Hungary, Italy and Spain) and will strongly expand the available policy scenarios in the European microsimulation model EUROMOD.

More detailed information is available on the website http://improve-research.eu.

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