

The struggle against poverty after the pandemic: comparing the adequacy and effectiveness of social assistance in Europe

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In 1992 for the first time the EU (at that time, EEC) started to strengthen its social dimension, steering all State Members to establish minimum income schemes in the continent.

The Recommendation 92/441/EEC indeed established the principle that every European citizen must be guaranteed minimum income resources, so as to respect human dignity, and the access to social assistance so as to be included in the society and in the job market. The political goal was twofold: on the one side the aim was to eradicate extreme poverty in Europe and to contrast excessive inequalities between European citizens; on the other side, and more generally, the 92/441/EEC represented the first attempt to build up transnational social rights for all European citizens.

The final political goal behind this Recommendation was very ambitious: establishing a common basis for setting up a piece of the European identity and a first measure over which building up the European social model. The effectiveness of this measure was indeed very limited, and the last two countries that adopted MIS, Greece and Italy, did so only in the last decade, due to internal political decisions.

Nowadays, 40 years later, in September 2022 the European Commission re-launched the strategy to reinforce its Social Pillar after the pandemic through a system of safety nets. The new Recommendation, recently adopted by the EU Council, envisages the necessity of an “adequate minimum income ensuring active inclusion”, by modernizing the social assistance, lifting people out of poverty, promoting the labour market integration of those who can work and making the social transfer systems more effective and inclusive, improving their coverage and take-up.

Within this policy framework, in our paper we study the effectiveness of social assistance cash transfers in reaching the poor and in guaranteeing them an adequate income floor. Based on bivariate probit models applied to EU-SILC data, we distinguish different groups of poor individuals on the basis of a multidimensional approach, which thus aims to overcome the limitations of monetary-based ones (e.g. the at-risk-of poverty status). Then, we investigate whether and to what heterogeneous extent the various European welfare systems provide adequate coverage to these individuals with different characteristics and socio-economic issues. The core idea behind the use of bivariate probit models consists of assessing

whether the relationship between being poor (according to some status) and recipient of social transfers is significant and how this evidence changes across European countries.

We find that there are important differences in the extent to which the various welfare regimes manage to reach these groups, as well as in their adequacy levels. Some common features emerge in terms of probabilities of receiving low or high coverage, but important differences seem to remain across European countries. In particular, from both a cross-sectional and a longitudinal point of view, a common framework for social policies seems to be in place, which tends to exclude some categories of the poor (e.g. foreigners, self-employed, employed) from benefits receipt, while including others with much greater probability (e.g. disabled, minors). The Mediterranean welfare system is, by far, the one that excludes the greater share of the poor from cash transfers, followed by the East-European countries.