

# Minimum income protection trends in the EU

Natascha Van Mechelen & Sarah Marchal \*

\* Herman Deleeck Centre for Social Policy, University of Antwerp

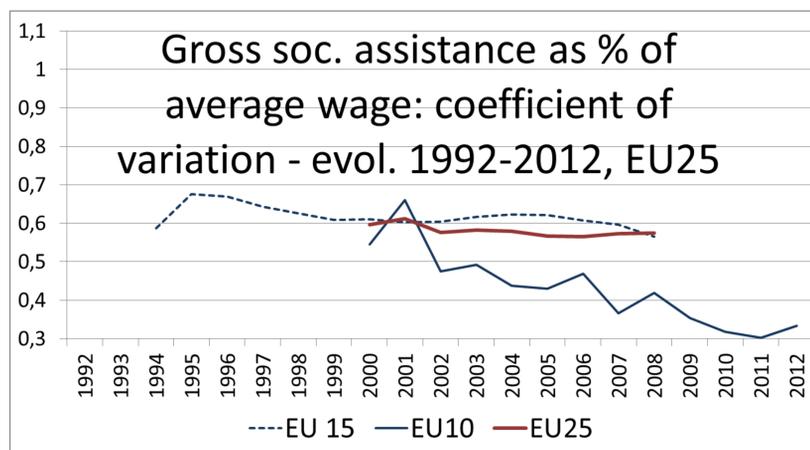
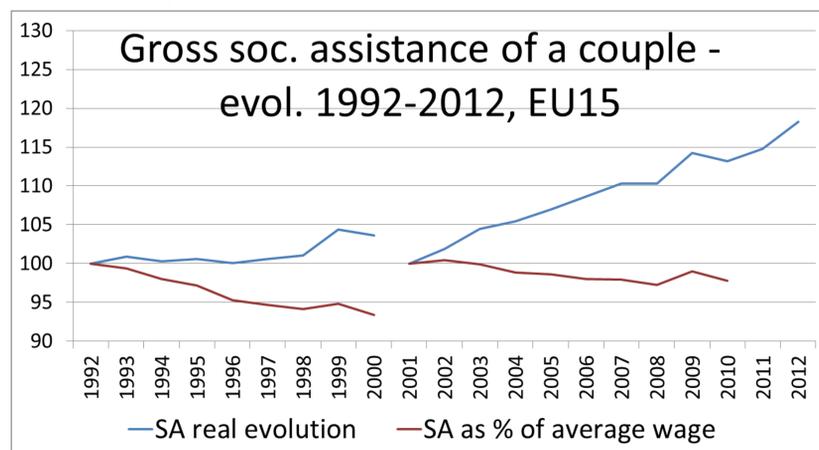
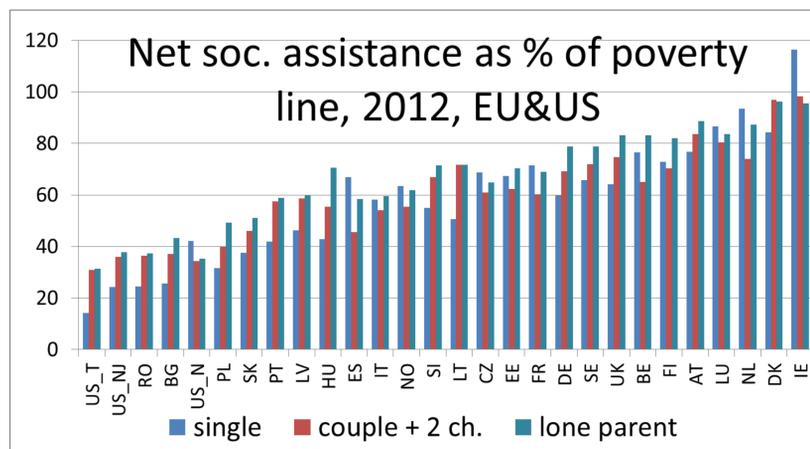
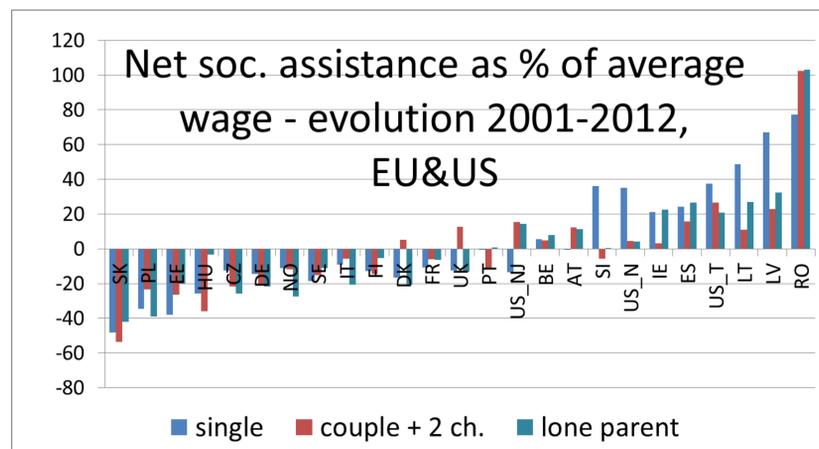
## Objective

Previous studies have revealed that net social assistance benefit levels have eroded significantly during the past two decades. Our study aims to update these findings by looking at the impact of the crisis. In addition, we ask whether the increased focus of EU social policy on adequate minimum income protection has resulted in a pattern of convergence.

## Data

CSB Minimum Income Protection Indicators (MIPI) database spanning 1992-2012 and covering 27 countries (EU 27 (except MT&CY), NO and 3 US states: Nebraska, New Jersey and Texas). This dataset contains model family simulations of net social assistance benefit packages, including taxes, SS contributions, housing and family allowances.

## Results



## Discussion and conclusions

In many countries assistance payments have not kept up with the development of average wages and median equivalent household income. However, net social assistance benefit levels have by and large eroded less over the last decade than during the preceding decade. In addition, following the onset of crisis we see no intensification of the erosion of benefit levels, rather the reverse is true. We see substantial real hikes in number of the countries. This is partially due to the lagged reaction of indexation mechanisms to in some cases quite substantial pre-crisis increases in consumer prices. Moreover, automatic increases were often reinforced by discretionary increases of gross benefits. Nevertheless, levels of minimum income protection remain inadequate almost everywhere, if measured by the standards of the European Parliament, i.e. 60 per cent of median equivalent income.

There is little evidence of convergence in social assistance benefit levels relative to average wage during the past decade. There was some catch-up growth in a number of Central and Eastern European countries (e.g. Romania). However, the convergence in benefit levels across CEE countries is just as much due to benefit cuts in countries where minimum income protection was rather generous in the early 2000s (e.g. the Czech Republic). We found no signs of convergence within Western Europe. In some of the countries where social assistance payments have traditionally been low there have been deliberate efforts to improve the adequacy of the system considerably (e.g. Ireland and Portugal) while in others such efforts seem to have been missing (e.g. Spain and the UK). Moreover, in Luxembourg benefits levels have continued to rise relatively fast, despite the fact that minimum income protection levels were already above-average in the early 1990s.