



The Celtic Provider: Minimum Income Protection in Ireland and Europe

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Purpose of this talk

- ESRI's "Work and Welfare" study reveals remarkable improvement in the poverty alleviating effectiveness of transfers in Ireland in 2004-2010, particularly for low work-intensity households
- This presentation adds policy context; we will look at minimum income protection provisions for the active age population in and out of work, putting Ireland in a comparative perspective



Added value of policy indicators

- These are directly reflective of *policy intent*, whereas measured outcomes also depend on contextual and compositional changes
 - Labour market change (unemployment, hh employment patterns, wages)
 - Household dynamics (patterns of marriage, divorce, childbirth, ...)
 - Policies that influence these dynamics (e.g. ALMPs, child care,..)
- Focus here is on MIP and thus limited, but protection against (severe) poverty is arguably the prime duty of social protection
- MIP is also the foundation of the broader income protection edifice, serving as a benchmark



Data

- CSB **Minimum Income Protection Indicators (MIPI)** database
 - Minimum wages (including net incomes at minimum wage)
 - Social safety net provisions for able working aged
 - Old age minimum income provisions
 - Conditionality/sanctioning/support
- Standard family type simulations
- National experts in 25 EU Member States + 3 US States
- Period (1992)-2001-**2009**-2012

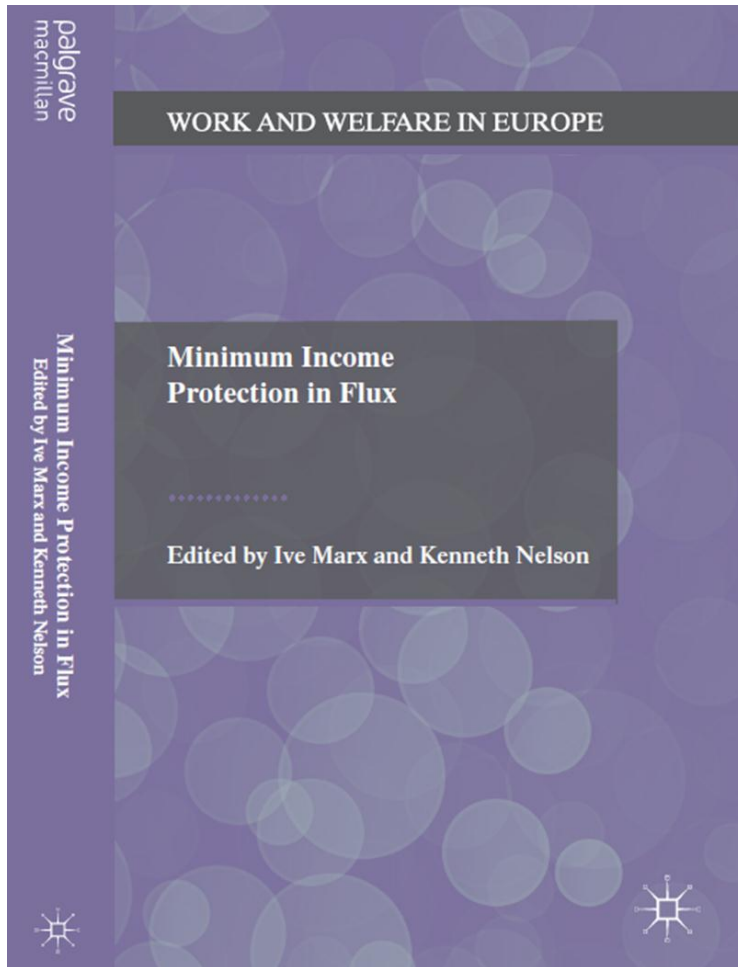


Methods issues and limitations

- Limited number of family types and situations
- Non-standard (part-time, temporary) workers
- Measurement of additional (discretionary) allowances/benefits
- Enforcement of minimum wages
- Take-up of benefits (stigma) and time lags (administrative efficiency)
- Impact of sanctions
- Full and fair sharing within the household



Drawing on...



Marx and Nelson eds. (2013),
Minimum Income Protection in Flux,
Palgrave MacMillan

- Social assistance: Van Mechelen and Marchal 'Struggle for Life'
- MIP for workers: Marx, Marchal and Nolan 'Net incomes for workers'
- Child benefits: 'Mechelen and Bradshaw'
- Vandenbroucke, Cantillon et al. 'Policy prospects'



Minimum income protection for those out of work at active age

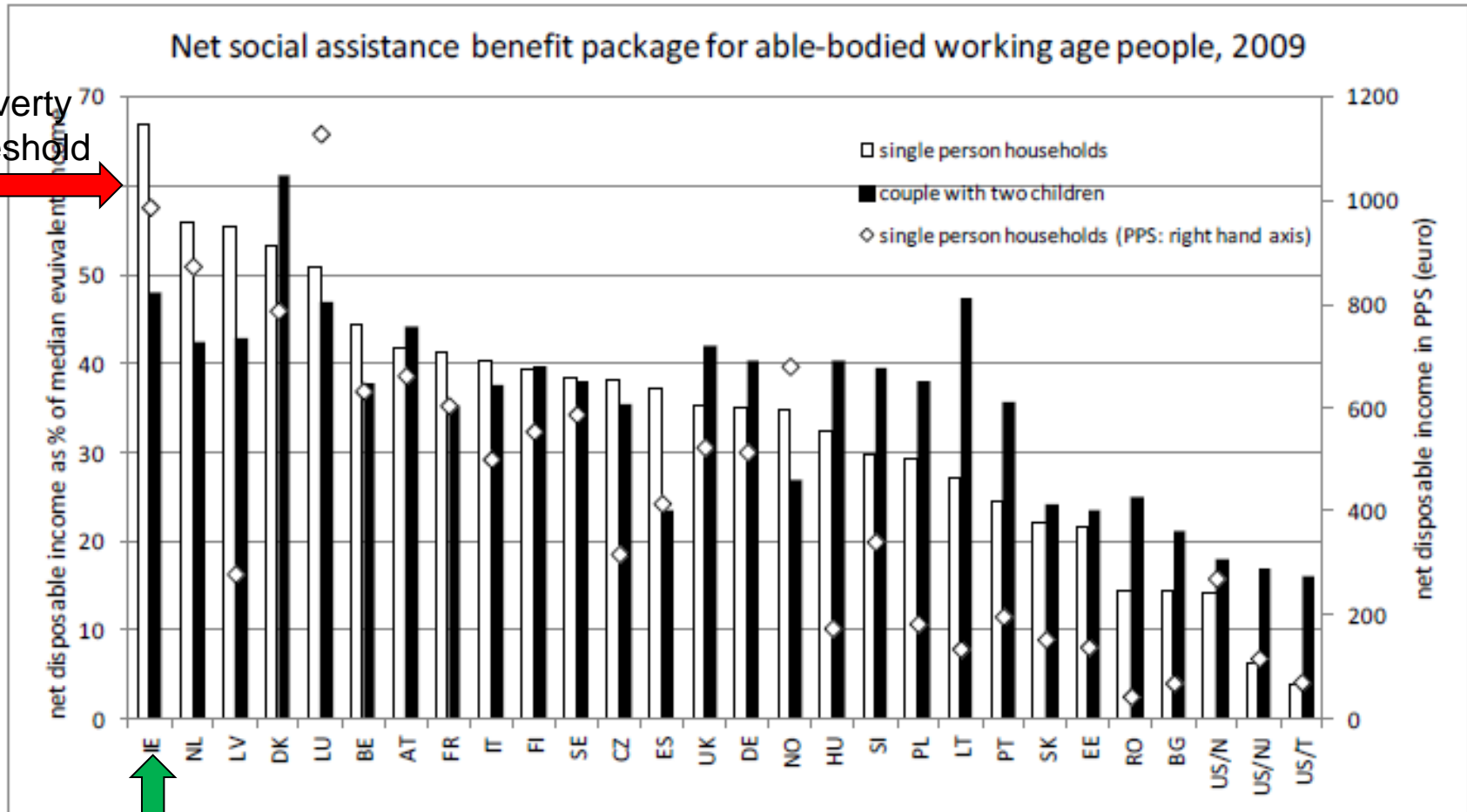


Net income package comprises

- Gross social assistance benefit
 - income and local taxes
- Plus:
 - child benefits
 - non-discr.housing allowances
 - non-discr. social assistance top-ups



Minimum income protection in the EU&US: active age, not in work, 2009



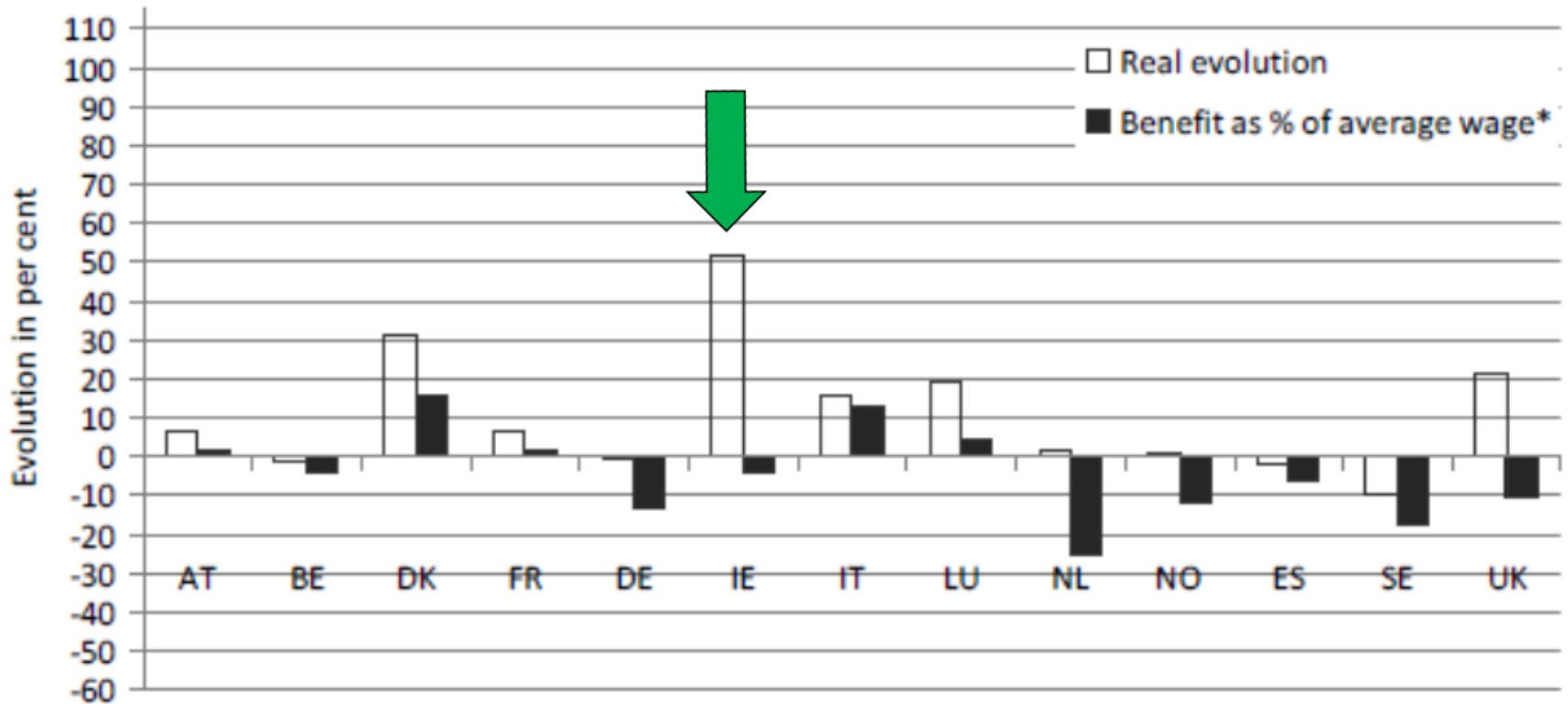
Poverty threshold





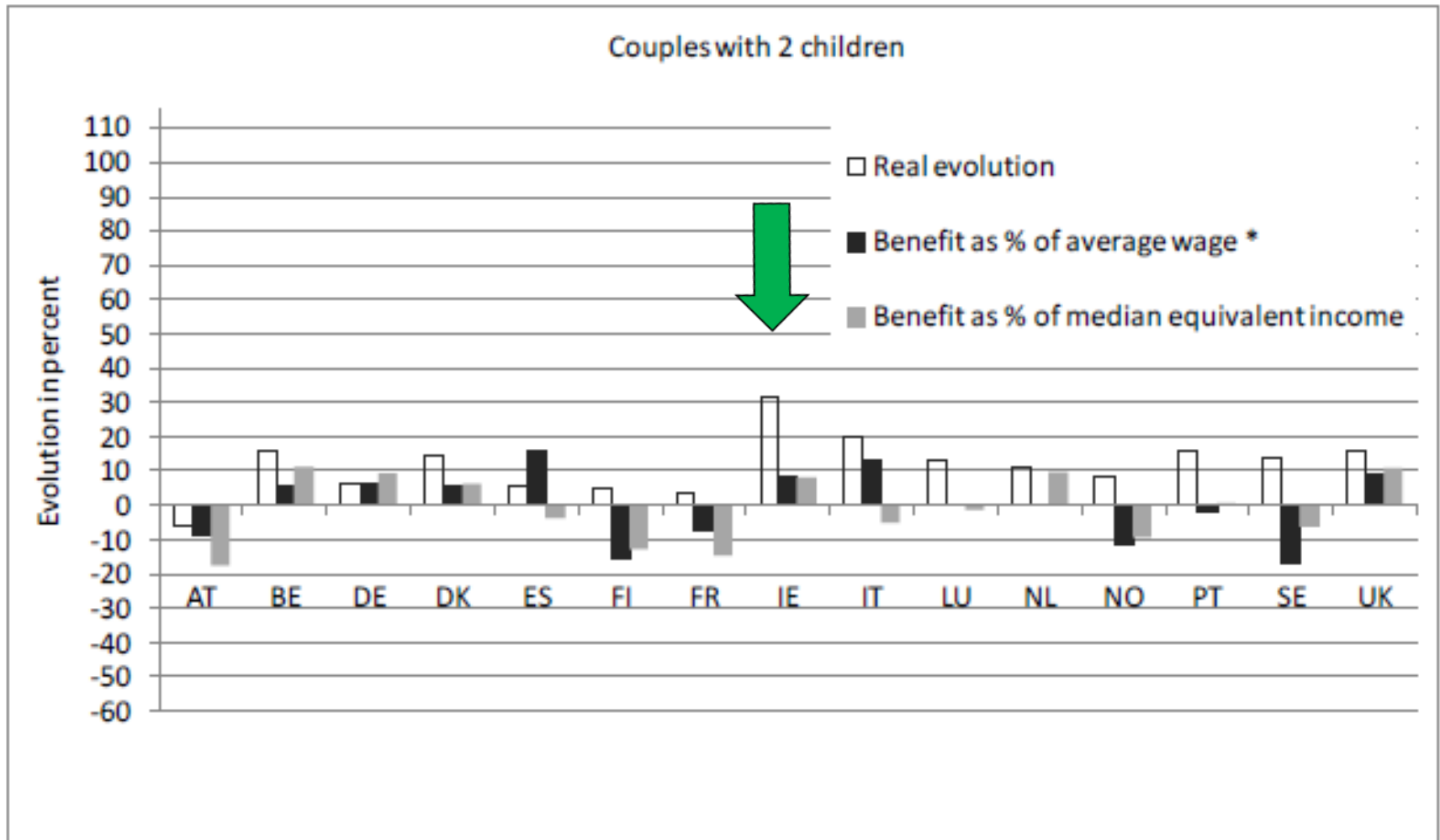
Trend 1992-2001

Couples with 2 children



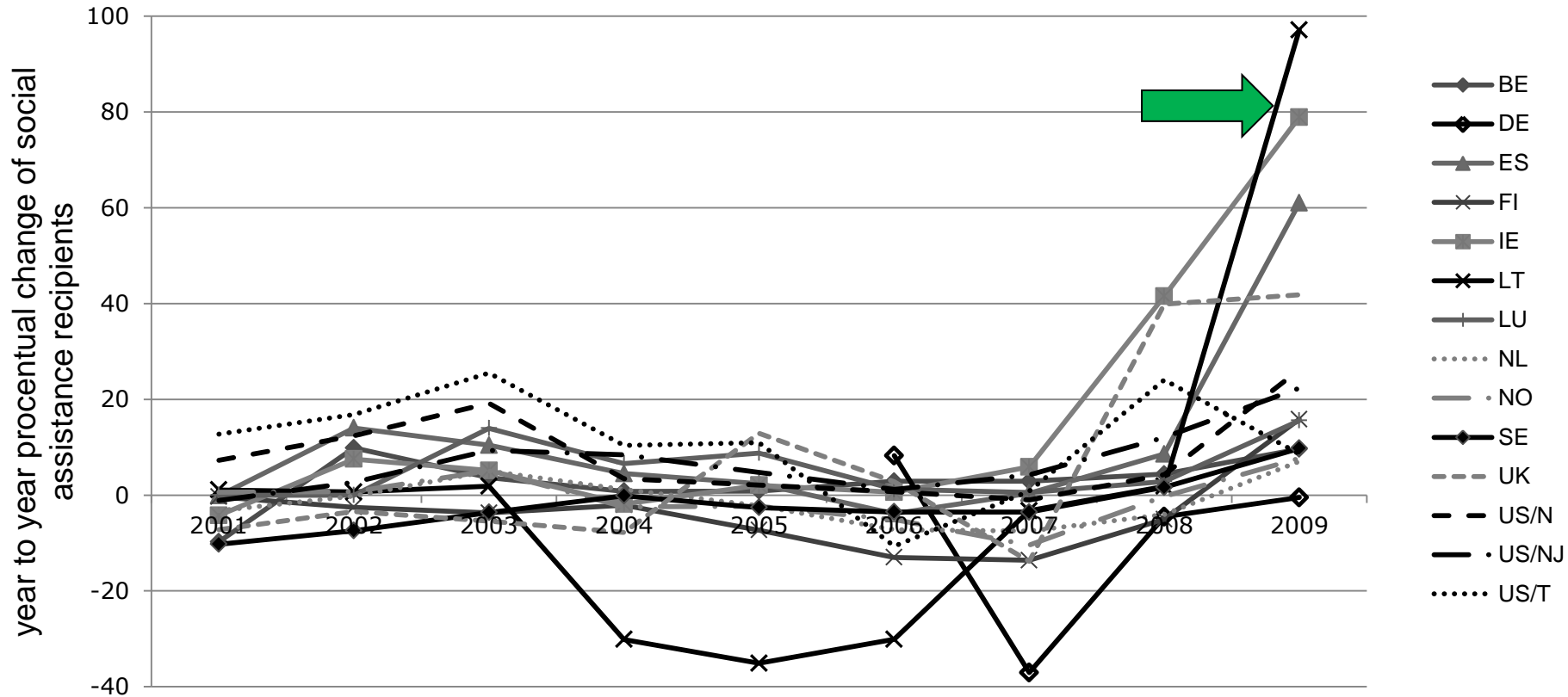


Trend 2001-2009



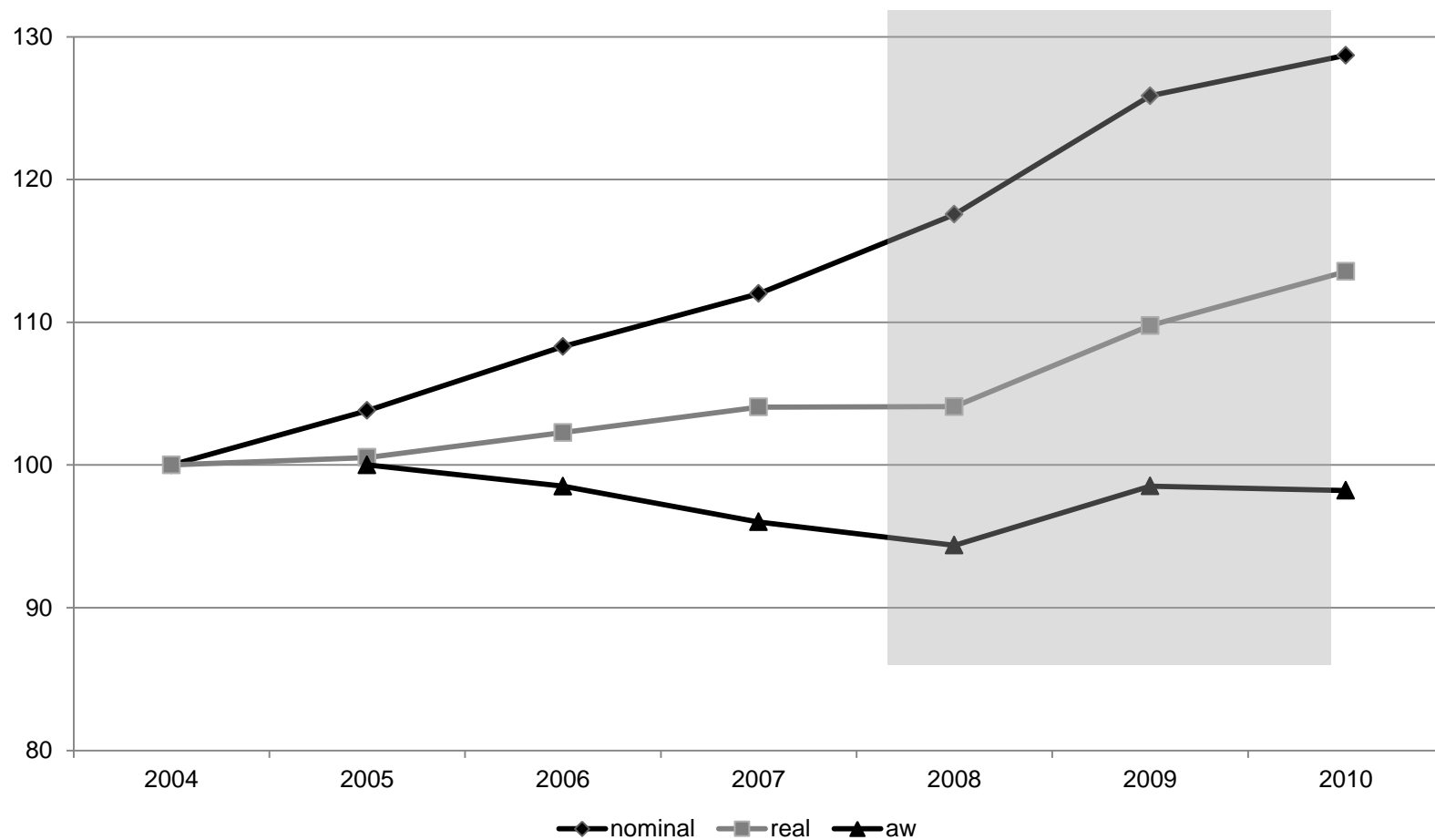


Year on year trend of social assistance case load





Trends in gross social assistance benefits for a couple, EU 27, 2004-2010 (2004=100)

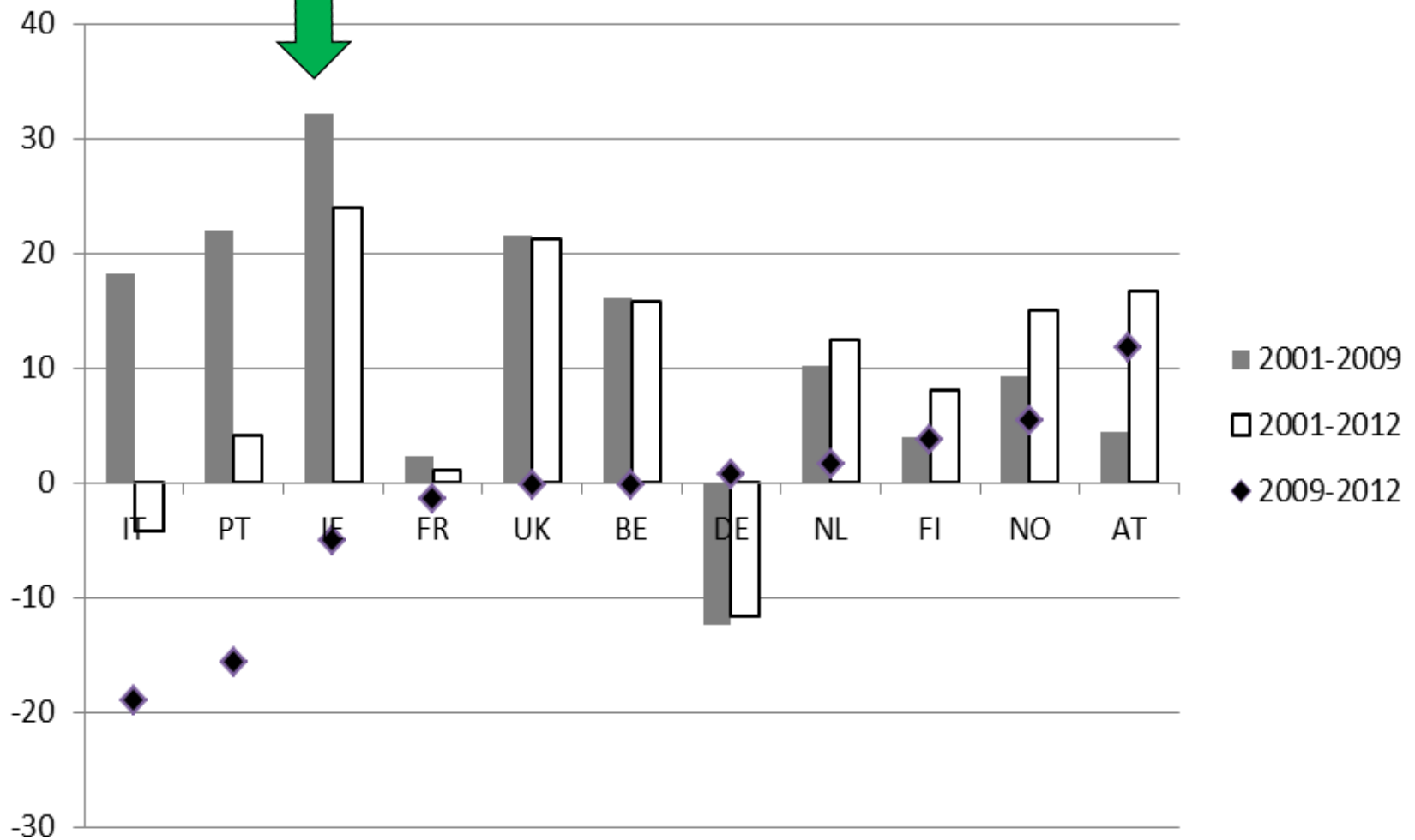




Crisis measures implemented in 2008-2010

		Generosity		Access	Behavioural conditionality
		Gross	Additional allowances		
Supportive measures	2008	AT BE BG DK ES FI FR IT LT LU LV PT RO SE SI SK UK	AT LT PT RO	LT	
	2009	DK LV RO SK	AT DE PT RO UK FR HU IT LU SI	BG LV SI (to housing allowance scheme)	RO
	2010	n.a.	AT FI LV	FI (activation allowance)	
Measures negatively impacting on net disposable income	2008	PL	EE	UK (lone parents)	UK (lone parents)
	2009	ES IE LT LU PL UK	LV	LT (to child benefit) LV RO (to heating support) UK (lone parents)	UK (lone parent)
	2010	n.a.	IE PT UK	HU AT (child care benefit) LT (child benefit) LV (child benefit) UK (lone parents)	UK (lone parents)

Real trends in ndi for a couple with 2 children, 2001-2009 and 2001-2012 and 2009-2012





Minimum income protection for workers



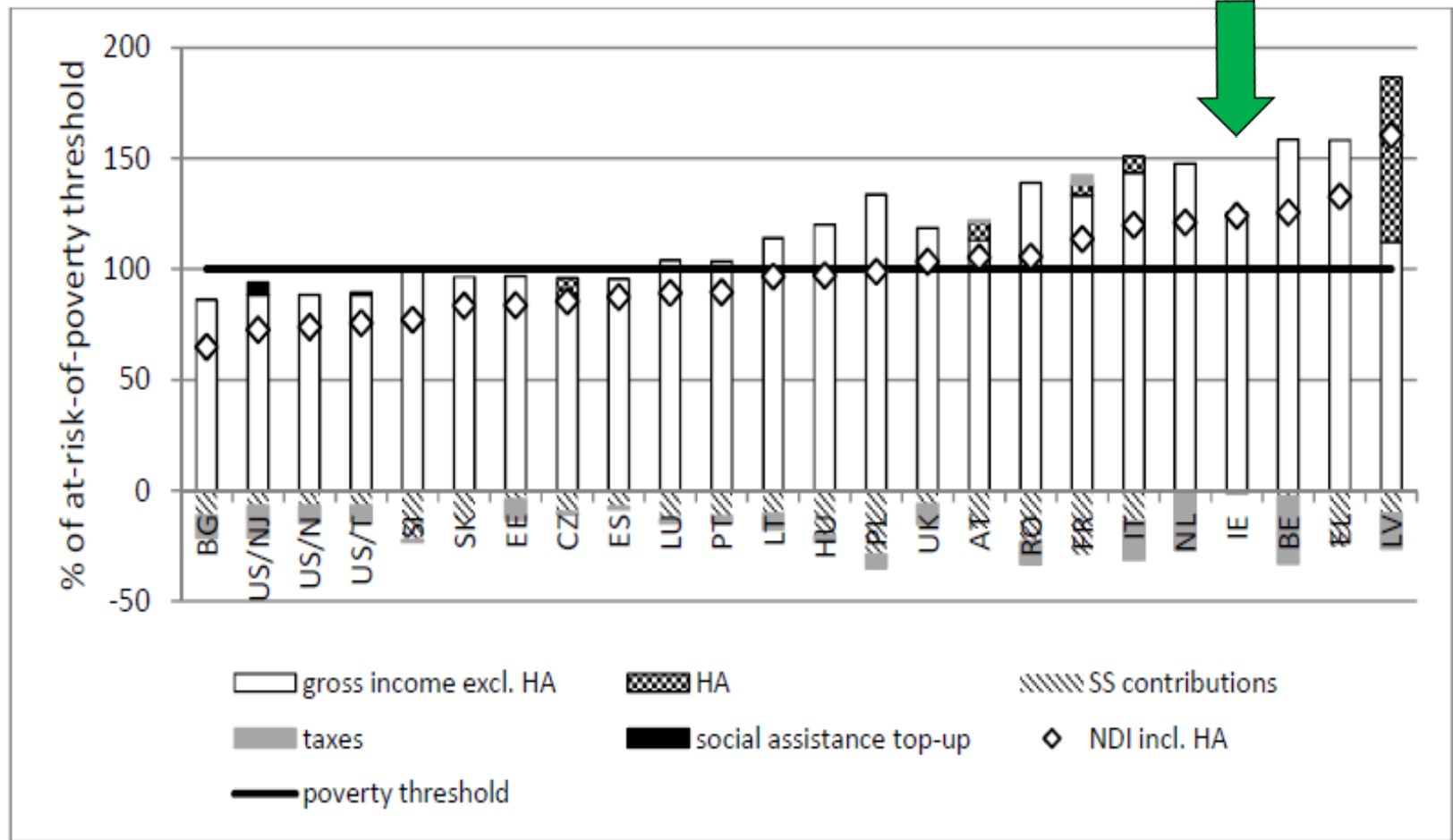
Net incomes at MW

- Gross Minimum Wage minus
 - employee social security contributions
 - income and local taxes
- Plus:
 - child benefits
 - non-discr.housing allowances
 - social assistance top-ups



Net incomes of minimum wages workers in the EU & US relative to the poverty line, 2009: single persons

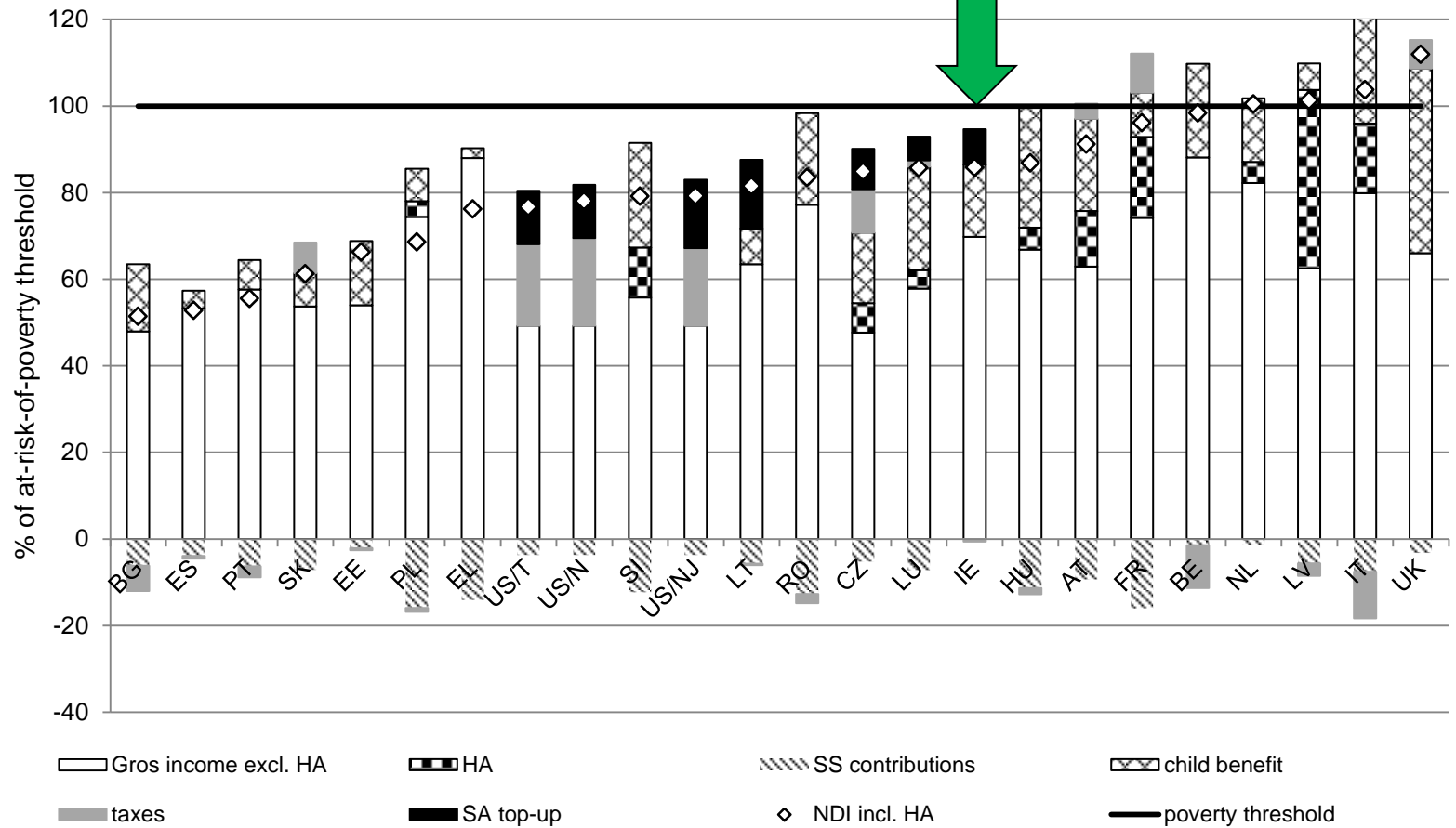
Poverty threshold





Lone parent, 2 children

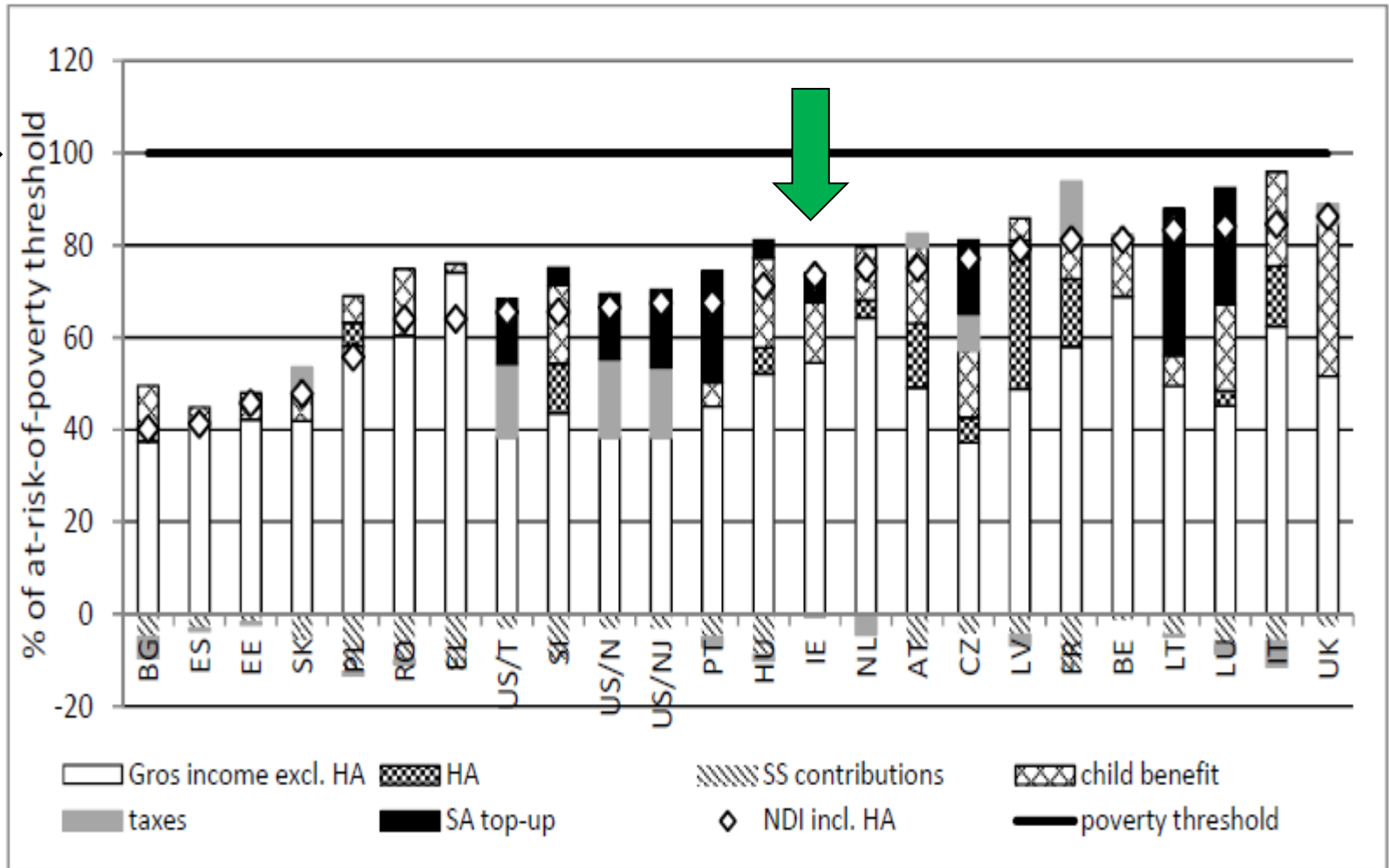
Poverty threshold
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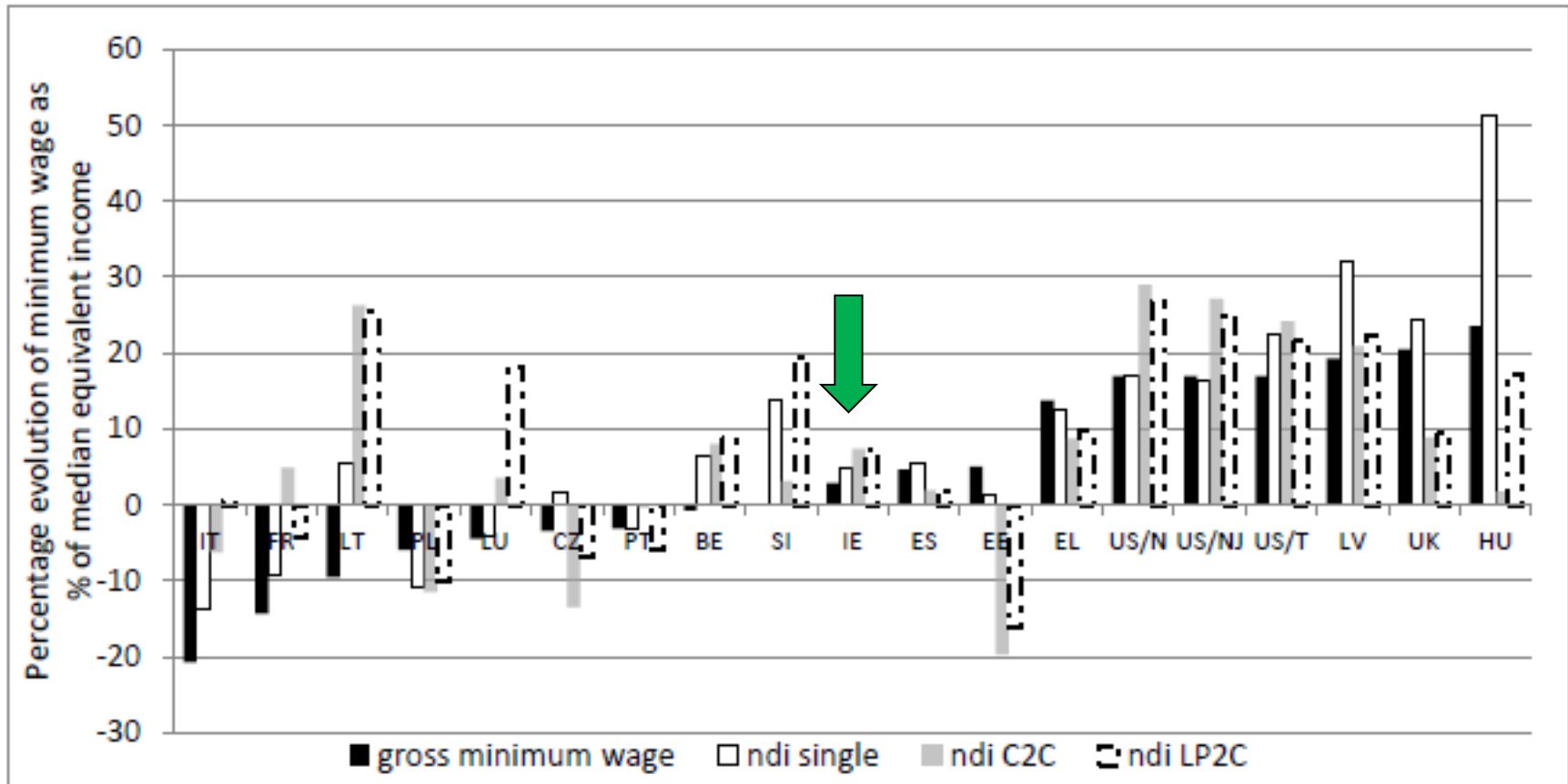
Net incomes of minimum wages workers in the EU & US relative to the poverty line: single earner couple, 2 children

Poverty threshold

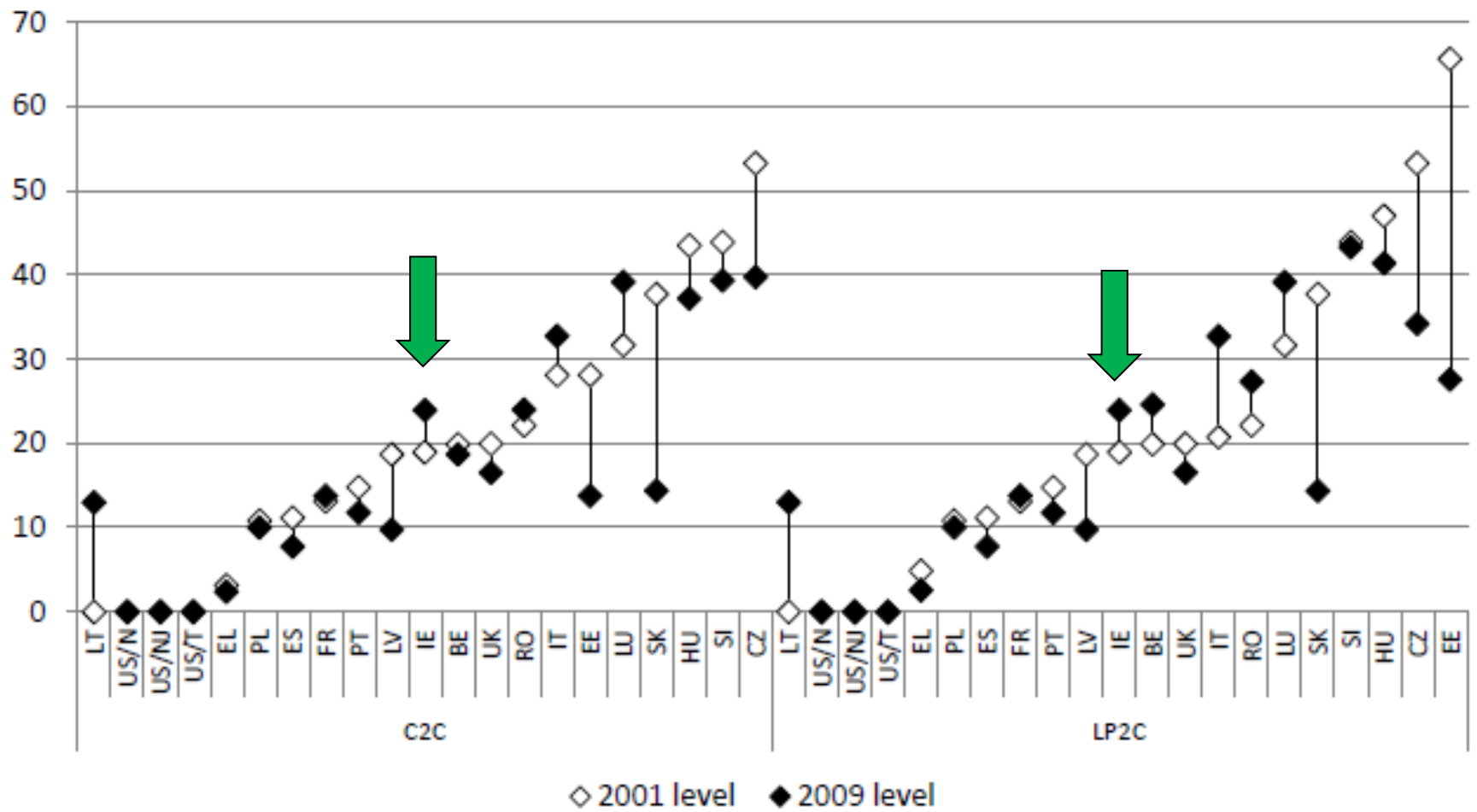




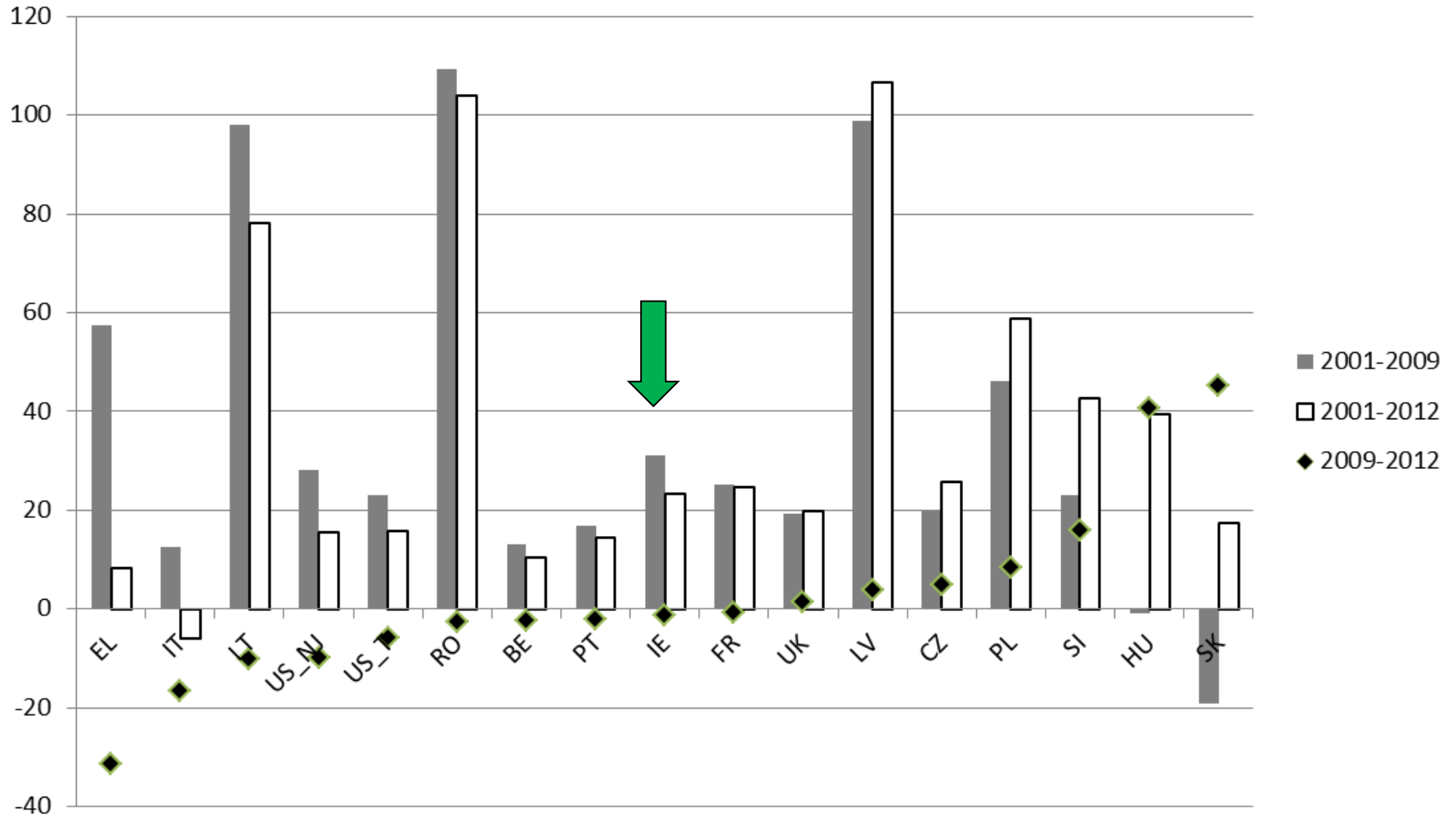
Trend 2001-2009



child benefits as % of gross minimum wage, couple and lone parent with 2 children, 2001-2009



Real trends 2001-2009 and 2001-2012 for a couple with 2 children





Summing up

- Ireland had (in 2009) among the more generous social safety nets in the EU for people out of work at active age, providing theoretically adequate protection against poverty for single person households yet not for households with children
- Generosity declined during the “great recession”, but it is not yet clear what this implies for adequacy
- MIP provisions for workers also among the more adequate in the EU and appears to be less affected by the crisis (except child ben.)
- Yet a full time job at MW does not guarantee a life free from financial poverty, except for single person households



The policy toolbox to address in-work poverty

	Incremental options	Innovative options
Direct income support	<ul style="list-style-type: none">- raising the minimum wage/ wage floors through regulation- personal tax relief- reductions of employee social security contributions- child benefits	<ul style="list-style-type: none">- Negative income taxes- In work benefits- Basic income
Indirect support	<ul style="list-style-type: none">- upskilling/training- demand policies (subsidized employment, wage cost subsidies)- active labour market policies- facilitating work/care- (deregulation of labour markets/wages)	<ul style="list-style-type: none">- Innovative demand oriented policies (e.g. service cheques)- Innovative supply focused policies (empowerment)

