Economic Disadvantage in Central and Eastern Europe.

What Difference Does Social Assistance Make?

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Abstract

The present study analyses the impact of social assistance programs on poverty, broadly construed as economic disadvantage, in eight Central and East European countries during the mid-2000s. It does that by examining cross-national & cross-temporal variation program features and specificities to identify patterns of association with outcomes of interest such as poverty levels, individual long-term income, earnings and assets. The main data source used throughout the study is the 2007 longitudinal component of the European Union-Survey of Income and Living Condition (EU-SILC).
Social assistance programs in CEE are a marginal component of the social protection system in all eight countries. They serve small populations, spend relatively little compared to needs and the benefits they award are largely a top-up for their clients. Both the ability of the programs to reach the poor and, the ability to provide them with sufficient resources to bring them above the relative poverty threshold are found lacking. However, the more extensive and liberal programs achieved higher effectiveness in reducing poverty, and directed a greater share of their resources to the very poor. Contrary to theoretical expectations, no link was found between generosity and efficiency. Discretion has been linked to very poor targeting performance, suggesting arbitrariness in entitlement and spending decisions.
No conclusive evidence of a work disincentive effect of social assistance programs could be discerned. Most importantly, any work disincentives that the programs might create could not be linked to the benefits they provide. Instead, lower future incomes appear to be related to program participation as such rather than disbursed benefits.
Finally, social assistance programs could not be shown to impede asset accumulation among low-income households. With the exception of debt management, there are no indications that the income floor implicit in the programs represents a disincentive to saving.

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Bio: Silvia Avram holds an MA degree in International Social Policy Analysis from K.U. Leuven, Belgium and an MRes in Political and Social Sciences from the European University Institute. During her PhD, she has been a Visiting Scholar at the Stanford Centre for Poverty and Inequality. She has also been involved as a Research Assistant in an FP7 project on Religious Education in a Multicultural society where she studied the impact of various types of schools on the cognitive and non-cognitive achievements of their students. During the last two years she has been a researcher at the Institute for Social and Economic Research at the University of Essex.

Her research interests centre on economic inequality including inequality of opportunity and the role played by public policies and institutions in shaping it. She is especially interested in the redistributive effects of tax-benefit systems, as well as in the individual and households behavioural responses triggered by fiscal and social policies.