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benefits: Benefit levels, replacement
rates and policies across 33 countries,
1990-2009**

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Social assistance and minimum income benefits

Benefit levels, replacement rates and policies across 33 countries, 1990-2009^{*}

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Abstract

Until recently, social assistance has received relatively little attention in the comparative welfare state literature, which is remarkable given its central function in combating poverty and pursuing social inclusion. This paper explores the developments of social assistance and minimum income benefits across 14 Western European countries, 12 Central and Eastern European countries and 7 non-European countries over the period 1990-2009. First, an institutional analysis shows that eligibility conditions, work requirements and benefit sanctions vary considerably across countries. Second, relying on new indicators, our analysis shows that real benefit levels increased in most countries, whilst the net income replacement rates declined on average. This development seems to fit with a ‘making work pay’ agenda. A subsequent qualitative analysis of the policies underlying the quantitative measures indicates that the declining replacement rates do not result from benefit cuts but from relatively larger wage increases. In addition, our policy analysis indicates that work requirements and benefit sanctions have become more activating in many countries. Third, the data indicate that social assistance benefits diverged across EU and other OECD countries between 1990 and 2009. Finally, this paper seeks to make a methodological contribution to the ongoing debate on the ‘dependent variable problem’ in the welfare state literature by analysing to what extent changes in quantitative indicators reflect actual policy changes.

Keywords: social assistance benefit replacement rates, welfare state reform, social inclusion, convergence, dependent variable problem

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1. Introduction

For many people, social assistance benefit schemes are important welfare state programmes. Social assistance benefits function as a last-resort safety net, or as the principal instrument for delivering social protection (Immervoll, 2009). Furthermore, social assistance benefits are closely connected to other welfare state programmes, as the exhaustion of eligibility for other transfers, such as unemployment benefits, may lead to the beginning of eligibility for social assistance (Holsch and Kraus, 2006). Especially with the return of mass unemployment in Europe and other OECD countries and with the cutbacks in the first-tire social insurance, minimum income protection has become more important as a safeguard against low income and poverty (Marx and Nelson, 2012).

However, several developments may affect the adequacy of minimum income protection. Most recently, it has been argued by several welfare state scholars that the increased focus on activation and social investment policies has put pressure on the adequacy of minimum income protection in many European countries (Cantillon, 2011; Vandenbroucke and Vleminckx, 2011; Paetzold and Van Vliet, 2014). Stricter eligibility conditions would make minimum income benefits less accessible. Moreover, the increased focus on activation could lead to crowding-out effects, as higher expenditures on activation programmes would put pressure on the budgets for social assistance benefits and other redistributive welfare state programmes. Crowding-out effects might also be caused by ageing populations, as increased spending on pensions and healthcare might result in smaller budgets for other welfare state programmes, such as social assistance benefits. Furthermore, the generosity of social assistance benefits might be affected by the pressure stemming from globalisation. Increased international trade and capital mobility trigger competition between governments on tax rates and social contributions, leading to smaller budgets for welfare state programmes (Swank, 2002; Rodrik, 2011). Given the fact that EU and other OECD countries are exposed to comparable developments, converging patterns of social assistance might be expected. Another reason why convergence might be expected, at least across EU countries, is the impact of EU-level initiatives. Most notably, in 2000 the European Council adopted the Lisbon Strategy. As reducing poverty and enhancing social inclusion was an important objective of this strategy, it might be expected that the Lisbon Strategy has contributed to an upward converging trend of social assistance benefits. However, the Lisbon Strategy is based on the open method of co-ordination and earlier studies have shown that its impact on national social inclusion policies has been rather limited (Heidenreich and Zeitlin, 2009).

Despite the importance of social assistance benefits for large groups of people in many countries, little is known about the actual developments in social assistance benefits, as only a few studies have analysed these developments empirically. Especially in comparison to studies on other welfare state programmes such as labour market policies and pension schemes, the welfare state literature pays little attention to social assistance. A first comprehensive international comparison of social assistance benefits was employed by Eardley et al (1996). These authors provide an extensive qualitative and quantitative analysis of the developments in social assistance benefits across 22 OECD countries between 1980 and 1992. During the heydays of the comparative welfare state literature, the second half of the 1990s and the early 2000s, not much attention was paid to social assistance. One explanation for this lack of attention might be that data on other welfare state programmes, most notably social expenditure data provided by the OECD, were relatively easily available, whereas data on social assistance were not. This period came to an end in 2006, when Nelson published the first version of the Social Assistance and Minimum Income Protection Dataset. More recently, Van Mechelen et al (2011) published the CSB-Minimum Income Protection Indicators Dataset.

In this paper, we provide empirical insights into the variation in social assistance and minimum income benefit schemes across countries and over time. The study includes 14 Western European countries, 12 Central and Eastern European countries and 7 non-European OECD countries.² The inclusion of EU and non-EU countries and of Western European and Central and Eastern European countries enables us to compare trends across different country groups. Furthermore, the study is focused on the period 1990-2009, as this is the period for which most data are available. First, we provide a descriptive analysis of the institutional characteristics of social assistance schemes, such as benefit levels, eligibility conditions, work requirements and benefit sanctions. These characteristics are highly relevant, but often neglected in comparative research (Korpi and Palme, 2003; Starke, 2006).

Second, we focus on the benefit levels. Generally, benefits can be adjusted with three mechanisms (Veit-Wilson, 1998). The first mechanism is rebasing. In countries where benefit levels are explicitly linked to a basket of goods and services, this basket may be re-assessed every few years. With updating, the second mechanism, benefit levels are kept in line with a previously specified index, such as price or wage indices.

² In total, the study includes 26 EU countries (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Slovakia, Slovenia, the United Kingdom) and 7 other OECD countries (Australia, Canada, Japan, New Zealand, Norway, Switzerland, and the United States). Greece is not included because it does not have a nation-wide safety net (OECD, 2009; Nelson, 2013).

Third, governments can deliberately decide to change benefit levels, which is called uprating. Relying on data from the Social Assistance and Minimum Income Protection Dataset (Nelson, 2013), we construct two indicators, namely real benefit levels and replacement rates. These data have been analysed in earlier studies (Nelson, 2008, 2010), but not with these two indicators. The advantage of using the real benefit level is that it is relatively easy to interpret, as it is just the annual amount of cash benefits. The advantage of the replacement rate is that it is a state-of-the-art welfare state indicator. Hence, with replacement rates, social assistance benefits can be compared with other welfare state programmes such as unemployment benefits. With respect to Van Mechelen and Marchal's (2012) study, based on the CSB-Minimum Income Protection Indicators Dataset, we extend the analysis to 33 countries and to annual data for the period 1990-2009.

Third, we seek to make a methodological contribution to the 'dependent variable problem' debate in the comparative welfare state literature on how to conceptualise, operationalise and measure welfare state programmes (Clasen and Seigel, 2007; Van Oorschot, 2013). We analyse to what extent changes in quantitative indicators reflect changes in social assistance policies. Since measures that are constructed for international comparisons are the result of a number of transformations, changes in these measures do not necessarily indicate changes in the policy of interest. For instance, a change in the German benefit level expressed in dollars may reflect a change in the exchange rate rather than a policy change in Germany.

The remainder of this paper is organised as follows. In section 2 we introduce the institutional characteristics of social assistance. Based on these institutional characteristics, we describe the social assistance benefit schemes for 33 countries. Section 3 is focused on the benefit levels. Here, we discuss the two indicators to compare social assistance benefits across countries and over time. Using these two indicators, the developments in social assistance benefits between 1990 and 2009 are presented in section 4. Subsequently, in section 5 we examine to what extent changes in internationally comparable measures of benefit levels reflect policy changes. Section 6 concludes the paper.

2. Institutional characteristics of social assistance

In addition to the benefit level, other characteristics of social assistance benefit schemes such as eligibility conditions and benefit sanctions are important as well. Furthermore, taxes and contributions are needed for calculating the net income from social assistance benefits and indexation mechanisms are

relevant for the development of benefit levels over time.³ In this section, we describe the variation in these institutional characteristics across the 33 countries, based on documentation provided by OECD Benefits and Wages (OECD, various years), MISSOC Comparative Tables Dataset (European Commission, various years), and the Social Assistance and Minimum Income Protection Dataset (Nelson, 2013). An overview of the institutional characteristics of the social assistance benefits for the 33 countries is presented in Appendix 1.

Eligibility conditions

First of all, eligibility conditions determine who and when people have access to welfare state programmes. As such, eligibility conditions determine the structure of the welfare state (Korpi and Palme, 2003). People are eligible for social assistance benefit when they are in need. That is, people can apply for the benefits when their income falls below a certain threshold determined by a means-test. An additional requirement in most countries is that all other social security programmes have to be exhausted. However, there are some countries where social assistance benefits can be paid to supplement other benefits or other income sources, e.g. wage and salary, including Cyprus, Finland, Hungary, Italy and Japan. In most countries, the provision of the benefits is not subject to a time limit, as long as the conditions are satisfied. In some countries, such as Australia or Bulgaria, benefits are initially granted for a period of a number of weeks or months. Once the period has expired, claimants can re-apply for the benefits and the duration of the benefits is de facto unlimited. Second, qualifying conditions for social assistance are usually related to nationality, residence and age (Pellizzari, 2006). In most countries, nationality requirements are applicable to social assistance benefits, albeit with exceptions for refugees or those who have legally lived in the country for a number of years. In addition, residence is a requirement in all countries. Furthermore, according to EU directives, EU-citizens are eligible for social assistance in all EU countries after three months of residence. However, in many countries this is only a theoretical right, as the right of residence is often ended when non-permanent residents cannot support themselves financially. With respect to age, working-age people are eligible for social assistance, whereas children are generally not. The eligibility age varies across countries between 18 and 25 years.

³ Another important aspect of social assistance benefit programmes is the coverage rate or take-up rate, since it measures the extent to which individuals manage to receive social benefits for which they are actually eligible. However, administrative databases may record benefit receipt accurately, but they contain no information on non-recipients (Matsaganis et al, 2010). Moreover, internationally comparable information on coverage rates of means-tested benefits is rather scarce. Therefore, it is not included in our analysis.

Benefit levels, indexation, taxes and contributions

The benefit level is usually a function of the household composition and these levels vary considerably across countries, as will be shown in the next sections. For the development of the benefit levels over time, it is important whether, and if so, when and how indexation is applied (Veit-Wilson, 1998). As presented in Appendix 1, in most countries a form of indexation is applied to social assistance benefits. However, in countries like Bulgaria, Estonia, Latvia, Malta, Slovakia, and Spain, no automatic indexation exists and benefits are adjusted by discrete government decision (European Commission, 2009). In the countries where benefits are adjusted automatically, benefit levels are mainly linked to consumer prices. This is the case in Australia, Belgium, Cyprus, Czech Republic, France, Lithuania, Luxembourg, Norway, Poland, Romania, Slovenia and the United Kingdom. In other countries such as Austria, Finland, Germany, Hungary, Italy and Portugal, benefit levels are linked to the developments in pension benefits. In some countries, such as Austria, pension benefits are adjusted to prices, whilst in other countries such as Denmark and Germany, the pension benefits, and so the social assistance benefits, are indexed in line with wage developments. In Hungary, pension benefits are index to the economic performance (GDP growth). In Italy, pensions are partly adjusted in line with the consumer price index and partly in line with salary increases. Finally, in Portugal pensions are adjusted according to the developments in GDP and the consumer price index. In most countries, adjustments are made once a year, but there are some exceptions. In the Netherlands, benefits are adjusted on 1 January and 1 July in accordance with the average development of contract-wages. In Lithuania, on the other hand, benefits are adjusted at irregular intervals according to governmental decisions based on the consumer price index. In Czech Republic, benefits can be indexed sooner in case of extraordinary circumstances.

Furthermore, the income from social assistance benefits is also determined by the extent to which beneficiaries are liable to pay income tax and social contributions (Caminada and Goudswaard, 2001; Pallage et al, 2013). Most countries do not impose taxes on social assistance benefits. Only in Australia, Denmark, Luxembourg, and the Netherlands taxes and contributions are levied on social assistance benefits. In the Netherlands, however, the income taxes on the social assistance benefits are not paid by the recipient, but they are transferred to the tax inspector by the municipality that is administering the benefits (OECD, 2009).

Work and activation requirements and benefit sanctions

In most countries beneficiaries of social assistance who are able bodied are required to prove willingness to work, actively seek for work or register at the public employment service. Interestingly, the United

Kingdom does not take the work requirements as a prerequisite when granting the benefits Income Support (European Commission, 2009).⁴ In addition, beneficiaries have to participate in training and activation programmes as a prerequisite for receiving benefits.

Work and activation requirements can be enforced through benefit sanctions, which are becoming a more and more important instrument in the toolkit of activation measures (Venn, 2012; Eleveld and Van Vliet, 2013). In Bulgaria, Canada, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Latvia, Lithuania, Luxembourg, Malta, Norway, the Netherlands, Norway, Portugal, Romania, Slovenia, and Switzerland, there are specific rules stipulating that if a benefit recipient refuses to accept a work offer or does not participate in training or other activating programmes, the benefits might be reduced partly or entirely. In Denmark, the Netherlands, Portugal and Sweden the obligations of job-search and work-availability requirements are even extended to the spouse or other family members. The benefits might be reduced when the family members do not comply with the obligations (European Commission, 2009; OECD, 2009).

3. Benefit levels and replacement rates

The 'dependent variable problem'

For the comparison of social assistance benefit levels across countries and over time, we use quantitative indicators. The question which indicators should be used for international comparative research is an important methodological issue in the macro-quantitative welfare state literature (Esping-Andersen, 1990; Clasen and Siegel, 2007). The key issue of this so-called 'dependent variable problem' is how to conceptualise, operationalise, and measure changes within welfare states. Many empirical studies have relied on total social expenditures, total transfer payments, or programmatic expenditures as a share of GDP. The most important problem of this type of indicators is that changes in social expenditures do not only reflect policy changes, but also changes in the number of beneficiaries. Subsequently, comparative studies of welfare state programmes have increasingly turned to the use of social right indicators, such as income replacement rates. These studies are mainly focused on international comparative analyses of unemployment benefits, sick pay benefits and pension benefits (e.g. Korpi and Palme, 2003; Allan and Scruggs, 2004; Hicks and Freeman, 2009; Van Vliet et al, 2012). Much less attention has been paid to the

⁴ This might be surprising, given the many years of discussion on adopting elements of workfare in the UK (e.g. Dolowitz and Marsh, 2000). Such elements have been adopted in the Employment and Support Allowance.

international comparative analysis of the generosity of social assistance benefits (Nelson, 2008; Marchal et al, 2011). In this study, we use two types of quantitative indicators. First, we utilise the level of minimum income benefits. Second, we construct net minimum income benefit replacement rates.

Real net minimum income benefit levels

The benefit level is a relatively straightforward measure of the generosity of minimum income benefits (Olaskoaga et al, 2013). For the benefit level, our study relies on data from the Social Assistance and Minimum Income Protection Dataset (Nelson, 2013). This dataset contains annual data on benefit levels for a fairly large number of industrialised countries. Following Nelson, we define net minimum income benefits as the net income from a benefit package consisting of basic social assistance, child supplements, refundable tax credits, and other benefits. One-time social assistance payments to cover unexpected and urgent needs or regular supplements to cover exceptional needs are not included in this benefit package.

Another component that could be included in the calculation of the net minimum income benefit package is housing benefits. In many countries, housing benefits depend on actual housing costs. As the actual housing costs vary strongly across regions within countries, the inclusion of housing benefits in the calculated benefit package requires demanding assumptions on the housing costs. Regarding these housing costs, three approaches can be found in the literature (Van Mechelen et al, 2011). First, country experts can specify a representative rent level. Second, it can be assumed that housing costs equal a certain percentage of average earnings. Third, housing costs can be estimated on the basis of the average or median rents according to international survey data. These different approaches result in different housing costs. For instance, in the CBS-MIPI dataset it is assumed that the rental costs for social assistance recipients amount two thirds of the median rental costs paid by households in the respective country. For Belgium, this results in a rent of 237 euro (PPP) for 2009. In contrast, in OECD-data housing costs are assumed to amount 20 percent of the average wage, resulting in a rent of 596 euro (PPP) for Belgium in 2008 (Van Mechelen et al, 2011).

Consequently, the assumptions regarding the housing costs strongly determine the calculated housing benefits and so the calculated net minimum income benefit levels (Eardley et al, 1996). Since we are primarily interested in the evolution of social assistance benefits in this study, we do not include housing benefits in the benefit package. The consequence of this choice is that our indicators underestimate the minimum income, but the advantage is that our indicators give a clearer indication of the developments

of social assistance benefits, as they are not affected by developments in housing costs and housing benefits.⁵ An additional advantage of not including housing benefits in the minimum income benefit package is that this benefit package is comparable to the benefit package used in studies on unemployment benefits. Hence, our minimum income benefit replacement rates, discussed below, are comparable to unemployment benefit replacement rates (Scruggs, 2005; Van Vliet and Caminada, 2012).

In order to compare benefit levels across countries and over time, all benefit levels are expressed in U.S. dollars, adjusted for Purchasing Power Parity (PPP) and inflation (CPI 2005 = 100). Data on PPPs are taken from the Penn World Table (Heston et al, 2012) and for the CPI we rely on data from the World Bank (2012). An additional step is required for the Eurozone countries, as the PPPs in the years before the introduction of the euro are also expressed in euros, whereas the benefit levels are expressed in the national currencies. To convert the national currencies into euros, the study relies on exchange rate data from the European Commission (2014).

Net minimum income benefit replacement rates

As second indicator, we introduce minimum income replacement rates. This measure expresses the benefit levels relative to the income from work. As such, replacement rates give an impression of the level of social assistance benefits compared to the wages in a country. It should be noted that in most cases, minimum income 'replacement rates' do not indicate the fraction of the income from work that is actually 'replaced' by income transfer programmes, as is for instance the case for unemployment benefit replacement rates. The reason for this difference is that unemployed workers often receive unemployment benefits first before they are entitled to social assistance benefits. Hence, minimum income benefit replacement rates and unemployment benefit replacement rates are the same type of ratio's as they share the same denominator, but the meaning of the term 'replacement rate' is slightly different.

The net minimum income benefit replacement rate is defined as the ratio of net minimum income benefits to the net average production wage. For the net minimum income benefits, we use the benefit

⁵ To examine the sensitivity of the developments in minimum income benefit package for the inclusion of housing benefits, we present net benefit levels including housing benefits in Appendix 2. Here, we use the housing benefits provided by the Social Assistance and Minimum Income Protection Dataset (Nelson, 2013). For the calculation of these housing benefits, national informants were asked to indicate a gross rent level for a specific type of housing in a particular place in their country. The benefit levels that include housing benefits are higher than the benefit levels without housing benefits. For all countries but Sweden, the developments between 1990 and 2009 are comparable for both types of indicators.

levels as described above. The net average production worker wage refers to the in-work wage after deducting taxes. For the average production worker wage, we use data from the OECD and Van Vliet and Caminada (2012).⁶

Although replacement rates can be seen as useful measures to compare social rights across countries and over time, they have a number of limitations too, as has been discussed in the welfare state literature (Whiteford, 1995; Danforth and Stephens, 2013). Interestingly, some of these limitations do not seem to apply to minimum income benefit replacement rates as much as they apply to other social security programmes. A first limitation is that it is often difficult to capture the duration of benefit programmes with replacement rates. Arguably, this issue is less relevant for social assistance benefits than for unemployment benefits, as there is often no maximum duration for social assistance benefits, whereas in many countries the duration of unemployment benefits is maximised. Similarly, social assistance benefit levels are – in absence of policy reforms - usually constant over time, whereas for instance unemployment benefit levels can vary over the unemployment spell of an individual. Furthermore, social assistance benefit levels are usually the same for all beneficiaries as they are not related to previous earned income, whereas unemployment or disability benefits vary across individuals.

Household types

Benefit levels and replacement rates can be calculated for different household types. For each country, indicators are calculated for three household types: single persons, lone parents with two children and households with two parents and two children.

Regional variation within countries

In most countries, the basic benefit rates are set at the national level. However, in a few countries social assistance standards vary slightly across regions. For these countries, the Social Assistance and Minimum Income Protection Dataset (Nelson, 2013) deals with this regional variation as follows. For Germany, the average of the social assistance benefit levels guaranteed by the provinces is taken. For Sweden (until

⁶ The OECD has made a fundamental change in the approach of the average wages. The classical approach of calculating the average wage was based on the average wage of a production worker (APW), which refers to the wage level in the manufacturing industry. The new concept for the average wage refers to the average worker wage (AW), which includes much more sectors. The differences in the levels of the APW and the AW can be significant for individual countries. The transition from APW to AW started in 2005 and the AW is available from 2000 onwards. The APW data is available for all years up to 2005 and for the year 2007. Hence, there is no consistent time series for the period 1990-2009. In order to have a consistent replacement rate time series, Van Vliet and Caminada (2012) estimated the APW for the years 2006, 2008 and 2009 based on the growth rate of the AW.

1998) and Switzerland, benefit rates are based on national guidelines. For Austria, Canada and Italy, the benefit rates refer to the benefit rates of Vienna, Ontario and Milano respectively. The benefit rates in Michigan are used for the benefit rates of the United States. For Finland and Japan, the benefit rates refer to the benefit rates of the regions with the highest benefit rates. For the countries where social assistance standards vary across regions, the indicators presented below give only a limited indication of the benefit level.

4. Development of minimum income benefits and minimum income replacement rates

Minimum income benefits

Table 1 presents the developments of the levels of the annual net minimum income benefits over the period 1990-2009. The data presented are averages of the benefit levels for the three household types: single persons, lone parents with two children and two parents with two children. The data show that the minimum income benefit levels vary substantially across countries. The benefit levels in the non-EU OECD countries and the Western EU countries are substantially higher than in the Central and Eastern European countries (CEE). Interestingly, between 1990 and 2005 the benefits – expressed in real U.S. dollars (CPI 2005 = 100), PPP – are on average higher in the non-EU OECD countries than in the Western EU countries. In 2009, the highest benefit levels can be observed in Luxembourg, Japan and Denmark. In the group of countries that became EU member states in 2004 and 2007, the highest benefit levels can be found in Cyprus and Malta. Among the Central and Eastern European Countries, Slovenia had the highest benefit levels. The countries with the lowest benefit levels are Romania and Latvia. Among the Western countries, Portugal and the United States have the lowest benefit levels.

Furthermore, the data show that there is considerable variation over time. In most countries, real benefit levels have been increased between 1990 and 2009. That implies that the benefit levels increased more than the consumer prices. The countries with the largest increases are Luxembourg and Japan. In contrast, there are also several countries which reduced their benefit levels between 1990 and 2009. In particular, many Central and Eastern European countries had relatively high benefit levels during the 1990s and they reduced the benefit levels thereafter. The sharpest decrease took place in Hungary between 1990 and 2000, although the benefit levels started to increase in the new millennium again. Such a U-turn can be observed in more countries, such as Italy and Sweden.

Finally, the standard deviation and the coefficient of variation presented in Table 1 give an indication of the dispersion of the benefit levels within the country groups. These statistical yardsticks indicate that the dispersion of the benefit levels has been increased in both the OECD-7 and the EU-14 between 1990 and 2009. Interestingly, this suggests that minimum income benefit levels are diverged rather than converged over time.

Table 1. Real annual minimum income benefit levels (average of three household types), 1990-2009

	1990	1995	2000	2005	2009	change 1990-2009
Australia	12,231	13,524	13,870	16,163	16,874	4,643
Canada	16,311	16,323	13,072	12,851	13,924	-2,387
Japan	11,174	12,403	13,671	16,659	18,643	7,469
New Zealand	10,096	9,709	9,736	10,854	11,417	1,321
Norway	9,250	11,821	13,938	13,507	12,819	3,570
Switzerland	11,145	11,219	12,654	11,497	11,637	492
United States	9,623	8,920	7,956	7,805	7,497	-2,126
Mean OECD-7	11,404	11,989	12,128	12,762	13,259	1,855
Standard deviation	2,395	2,468	2,345	3,086	3,695	1,300
Coefficient of variation	0.21	0.21	0.19	0.24	0.28	0.07
Austria	10,545	11,484	11,311	11,601	12,398	1,853
Belgium	12,452	13,696	12,811	13,261	14,861	2,408
Denmark	10,806	15,777	16,594	17,955	18,247	7,441
Finland	13,158	10,698	9,548	10,192	10,263	-2,895
France	7,195	7,796	8,474	8,721	9,090	1,895
Germany	9,239	9,767	9,640	11,724	11,998	2,760
Ireland	11,434	10,889	10,680	12,986	17,680	6,246
Italy	19,735	11,223	13,096	14,882	17,092	-2,643
Luxembourg	13,877	20,275	19,422	21,977	27,923	14,047
Netherlands	14,723	16,572	14,998	14,841	17,179	2,456
Portugal	.	5,226	5,542	6,071	6,787	.
Spain	16,153	8,870	7,643	7,786	8,134	-8,019
Sweden	11,081	10,068	8,756	9,468	9,775	-1,306
United Kingdom	9,006	9,032	10,341	11,413	13,001	3,994
Mean EU-14	.	11,527	11,347	12,349	13,888	.
Standard deviation	.	3,903	3,734	4,171	5,516	.
Coefficient of variation	.	0.34	0.33	0.34	0.40	.
Bulgaria	.	.	.	.	3,205	.
Cyprus	.	.	.	10,270	12,161	.
Czech Republic	9,160	8,120	6,310	6,967	4,234	-4,925
Estonia	.	3,160	2,145	2,555	2,604	.
Hungary	15,898	9,188	3,220	2,889	4,399	-11,499
Latvia	.	.	.	2,036	2,012	.
Lithuania	.	.	.	2,525	4,639	.
Malta	.	.	.	10,318	10,264	.
Poland	.	7,650	4,976	4,875	4,818	.
Romania	.	.	.	.	1,353	.
Slovakia	7,917	5,250	4,285	2,742	3,971	-3,947
Slovenia	.	.	8,673	9,142	9,354	.
Mean EU-12	.	.	.	.	5,251	.
Standard deviation	.	.	.	.	3,445	.
Coefficient of variation	.	.	.	.	0.66	.

Note: Net benefits per year in US dollars, corrected for inflation (2005=100) and PPP; simple average of minimum income benefits of three household types: single person, lone parents with two children and two parents with two children. Data years are around 1990 (Germany, 1991; Hungary, 1992; Czech Republic, Slovakia, 1993), and around 1995 (Portugal, 1996).

Source: Social Assistance and Minimum Income Protection Interim Dataset (Nelson, 2013) and own calculations.

Benefit levels across different household types

Turning to Table 2, the net minimum income benefit levels for the three household types show similar patterns as the average benefit levels. A first observation is that in all countries single persons receive the lowest benefits while two-parents households receive the highest benefits. On this point, Japan is an exception, as lone-parent households receive slightly higher benefits than two-parent households. This is due to the fact that an extra lone-parent benefit is included when calculating minimum income benefits (Nelson, 2013). Another exception is Belgium, where in 2009 the benefits for lone-parents are slightly higher than for two-parents households. Second, benefit levels increased on average within the OECD-7 and the EU-14 for all three household types. Third, in countries where the average benefit levels increased (Table 1), the benefit levels increased for all three household types. Similarly, in countries where the average benefit levels decreased, the benefit levels decreased for all three household types. One exception to this observation is Switzerland, where the benefit levels for single persons and lone parents were increased, whereas the benefit levels for two-parents households were slightly decreased.

Table 2. Real annual minimum income benefit levels, three household types, 1990-2009

	Minimum income benefits for single persons				Minimum income benefits for lone parents				Minimum income benefits for two parents			
	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009
Australia	7,101	7,528	8,179	1,078	12,477	14,323	18,265	5,789	17,116	19,761	24,176	7,061
Canada	8,099	6,379	6,099	-2,000	19,136	15,814	17,016	-2,120	21,698	17,023	18,656	-3,042
Japan	5,344	6,661	8,968	3,625	14,199	17,264	23,726	9,527	13,979	17,089	23,235	9,256
New Zealand	5,731	5,429	6,078	347	11,545	11,333	13,375	1,830	13,012	12,446	14,799	1,787
Norway	7,715	10,403	9,936	2,221	8,316	11,509	11,889	3,573	11,718	19,902	16,634	4,915
Switzerland	6,748	7,589	6,982	235	11,712	14,135	12,990	1,278	14,975	16,240	14,939	-36
United States	1,776	432	451	-1,324	12,232	10,602	9,754	-2,479	14,861	12,833	12,285	-2,576
Mean OECD-7	6,073	6,346	6,670	597	12,802	13,568	15,288	2,485	15,337	16,471	17,818	2,481
Standard deviation	2,138	3,036	3,100	962	3,301	2,504	4,729	1,428	3,274	2,966	4,470	1,196
Coefficient of variation	0.35	0.48	0.46	0.11	0.26	0.18	0.31	0.05	0.21	0.18	0.25	0.04
Austria	5,095	5,701	6,255	1,160	11,993	12,767	13,802	1,809	14,546	15,466	17,137	2,590
Belgium	7,742	8,168	9,391	1,649	14,808	15,133	18,049	3,241	14,808	15,133	17,141	2,334
Denmark	5,059	8,712	9,762	4,703	11,802	14,694	16,245	4,443	15,556	26,375	28,734	13,177
Finland	6,149	4,576	4,918	-1,230	14,512	10,433	11,214	-3,298	18,814	13,636	14,657	-4,156
France	4,481	5,188	5,565	1,084	7,767	9,339	10,018	2,251	9,338	10,895	11,687	2,350
Germany	4,424	4,532	5,616	1,192	10,498	11,490	13,813	3,315	12,794	12,897	16,566	3,772
Ireland	6,983	6,702	10,771	3,788	11,355	10,597	17,562	6,208	15,964	14,742	24,707	8,743
Italy	10,307	6,850	8,909	-1,398	22,213	14,740	19,269	-2,945	26,685	17,697	23,098	-3,587
Luxembourg	8,617	11,850	16,701	8,084	14,291	20,162	31,447	17,155	18,721	26,254	35,622	16,901
Netherlands	10,263	10,425	11,719	1,456	16,220	16,539	19,072	2,852	17,687	18,031	20,747	3,060
Portugal	.	2,464	2,944	.	.	5,850	7,250	.	.	8,314	10,168	.
Spain	11,390	5,304	5,487	-5,902	17,681	8,414	8,922	-8,759	19,390	9,210	9,994	-9,395
Sweden	5,461	4,415	4,783	-678	12,110	9,476	10,723	-1,387	15,673	12,376	13,820	-1,854
United Kingdom	4,803	5,055	5,334	531	10,053	11,691	15,396	5,343	12,164	14,275	18,272	6,108
Mean EU-14	.	6,424	7,725	.	.	12,237	15,199	.	.	15,379	18,739	.
Standard deviation	.	2,570	3,674	.	.	3,726	6,074	.	.	5,403	7,307	.
Coefficient of variation	.	0.40	0.48	.	.	0.30	0.40	.	.	0.35	0.39	.

Table 2. Continued

	Minimum income benefits for single persons				Minimum income benefits for lone parents				Minimum income benefits for two parents			
	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009
Bulgaria	.	.	1,196	.	.	.	3,852	.	.	.	4,567	.
Cyprus	.	.	7,021	.	.	.	12,945	.	.	.	16,518	.
Czech Republic	4,268	3,006	1,855	-2,413	10,125	7,028	4,592	-5,533	13,086	8,895	6,257	-6,829
Estonia	.	919	1,085	.	.	2,390	3,038	.	.	3,125	3,689	.
Hungary	6,996	1,690	1,743	-5,253	17,402	3,240	5,829	-11,573	23,296	4,730	5,625	-17,671
Latvia	.	.	754	.	.	.	2,263	.	.	.	3,017	.
Lithuania	.	.	1,740	.	.	.	5,219	.	.	.	6,958	.
Malta	.	.	6,879	.	.	.	11,637	.	.	.	12,276	.
Poland	.	2,828	2,658	.	.	5,147	5,867	.	.	6,952	5,929	.
Romania	.	.	522	.	.	.	1,606	.	.	.	1,930	.
Slovakia	4,095	2,334	2,123	-1,973	7,371	4,444	3,990	-3,381	12,286	6,076	5,800	-6,486
Slovenia	.	3,106	3,820	.	.	11,071	11,552	.	.	11,843	12,690	.
Mean EU-12	.	.	2,616	.	.	.	6,032	.	.	.	7,105	.
Standard deviation	.	.	2,207	.	.	.	3,863	.	.	.	4,412	.
Coefficient of variation	.	.	0.84	.	.	.	0.64	.	.	.	0.62	.

Note: Net benefits per year in US dollars, corrected for inflation (2005=100) and PPP; three types of households are presented: single persons, lone parents with two children and two parents with two children.

Data years are around 1990 (Germany, 1991; Hungary, 1992; Czech Republic, Slovakia, 1993).

Source: Social Assistance and Minimum Income Protection Interim Dataset (Nelson, 2013) and own calculations.

Minimum income replacement rates

Table 3 presents the developments of the net minimum income replacement rates between 1990 and 2009. We present averages of the replacement rates for the three household types: single persons, lone parents with two children and two parents with two children. As is the case for benefit levels, there is considerable variation in replacement rates across countries. The countries with the highest replacement rates are Luxembourg, Italy and Denmark. The lowest replacement rates can be found in the United States and Estonia. This picture is largely in line with the picture of the benefit levels. However, the ranking of the replacement rates does not completely correspond to the ranking of the benefit levels. For instance, Portugal and Bulgaria have below-average benefit levels, whilst they have above-level replacement rates.

Between 1990 and 1990, replacement rates decreased in most of the countries. The countries with the largest decreases are Czech Republic, Slovakia and Sweden. Compared to these decreases, the increases in the countries where the replacement rates increased are small. Only the replacement rate of Luxembourg shows a relatively large increase. For a number of countries, the real benefit levels and the replacement rates show parallel developments. For example, in Canada, Finland and Spain, both indicators declined and in Denmark, Germany and the United Kingdom both indicators increased. In other countries indicators show opposite developments. In Australia, France and the Netherlands for instance, real benefit levels increased, whereas replacement rates decreased. Interestingly, this is also the case for the average trends of the OECD-7 and the EU-14. Between 1990 and 2009, the real benefit levels increased on average, whilst the replacement rates decreased on average. Thus, the minimum income benefit levels increased in real terms, but wages increased even more. However, this was not the case in the EU-14 between 2005 and 2009, when the replacement rates increased on average. In the OECD-7, in contrast, the replacement rate declined on average during these years.

Finally, the standard deviation and the coefficient of variation increased within as well as outside the EU. In line with the trends of the benefit levels, these trends indicate that the dispersion of minimum income replacement rates has not narrowed over time and that the replacement rates are diverging. This finding is in line with the results by Caminada et al (2010), who showed that social assistance benefit replacement rates diverged across European countries between 1992 and 2001. However, the diverging trend is a remarkable finding, as convergence studies have found converging social protection levels for many other welfare state programmes.⁷

⁷ It should be noted that patterns of convergence have been found for social expenditures and for replacement rates. Less convergence has been found for institutional characteristics of welfare state programmes (Van Vliet, 2010; Van Vliet, 2011).

Table 3. Net minimum income replacement rates (average of three household types), 1990-2009

	1990	1995	2000	2005	2009	change 1990-2009
Australia	47.8	47.5	45.7	45.3	40.9	-6.9
Canada	61.1	60.7	47.7	41.7	42.7	-18.3
Japan	54.0	55.9	56.4	57.5	59.6	5.6
New Zealand	50.8	47.4	42.5	43.1	38.0	-12.9
Norway	39.7	44.5	51.7	45.1	41.9	2.2
Switzerland	38.7	38.1	41.4	32.9	30.8	-8.0
United States	35.0	32.4	26.8	24.6	22.5	-12.5
Mean OECD-7	46.7	46.6	44.6	41.5	39.5	-7.2
Standard deviation	9.4	9.7	9.4	10.4	11.5	2.1
Coefficient of variation	0.2	0.2	0.2	0.3	0.3	0.1
Austria	43.4	45.1	43.5	43.7	44.4	1.0
Belgium	47.7	48.6	47.8	46.3	47.3	-0.4
Denmark	53.2	67.4	67.2	64.6	61.7	8.5
Finland	58.6	53.4	46.0	41.2	39.0	-19.6
France	40.6	40.4	40.6	39.1	38.0	-2.5
Germany	36.6	37.6	33.6	38.3	36.9	0.3
Ireland	48.4	46.9	39.9	44.4	50.9	2.5
Italy	57.7	53.8	56.1	62.4	67.1	9.3
Luxembourg	46.7	60.2	56.9	59.7	72.3	25.5
Netherlands	59.3	60.8	55.3	48.9	51.7	-7.6
Portugal	.	45.3	49.0	49.9	49.7	.
Spain	50.9	39.5	34.0	35.0	34.0	-16.9
Sweden	60.9	58.9	44.4	43.1	38.7	-22.2
United Kingdom	38.0	39.9	38.5	37.5	41.8	3.8
Mean EU-14	.	49.8	46.6	46.7	48.1	.
Standard deviation	.	9.4	9.6	9.4	11.8	.
Coefficient of variation	.	0.2	0.2	0.2	0.2	.
Bulgaria	.	.	.	.	60.7	.
Cyprus	.	.	.	43.2	39.8	.
Czech Republic	74.8	70.5	57.1	52.9	25.3	-49.6
Estonia	.	34.8	28.5	25.7	23.9	.
Hungary	48.1	61.1	34.2	31.8	49.4	1.3
Latvia	.	.	.	33.7	28.3	.
Lithuania	.	.	.	33.5	50.9	.
Malta	.	.	.	52.1	50.1	.
Poland	.	59.6	51.2	47.8	38.1	.
Romania	.	.	.	.	31.7	.
Slovakia	62.3	53.2	56.8	32.0	31.9	-30.4
Slovenia	.	.	50.8	59.9	57.1	.
Mean EU-12	.	.	.	.	40.6	.
Standard deviation	.	.	.	.	12.7	.
Coefficient of variation	.	.	.	.	0.3	.

Note: Simple average of minimum income replacement rates of three household types: single persons, lone parents with two children and two parents with two children.

Data years are around 1990 (Hungary, 1992; Czech Republic, Slovakia, 1993), around 1995 (Portugal, 1996), and around 2009 (Cyprus, 2007).

Source: Social Assistance and Minimum Income Protection Interim Dataset (Nelson, 2013) and own calculations.

Replacement rates across different household types

In Table 4, the developments of the minimum income replacement rates are shown for the three household types. In general, the developments for the three household types are comparable to the developments presented in the previous tables. Replacement rates are the highest in the two parents households and the lowest for the single persons. Furthermore, in most countries, the three household types follow similar developments over time. However, in a number of countries there are interesting differences between the household types. In Belgium for instance, the replacement rate for lone parents increased, whilst the replacement rates for the other two household types decreased. The Danish replacement rates show exactly the opposite pattern. In Norway and the United Kingdom, the replacement rates for lone parents and two parents households increased, whilst the replacement rate for single persons decreased. Germany shows exactly the opposite pattern.

Table 4. Net minimum income replacement rates for the three household types, 1990-2009

	Minimum income replacement rates for single persons				Minimum income replacement rates for lone parents				Minimum income replacement rates for two parents			
	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990- 2009
Australia	30.1	27.2	22.5	-7.6	47.8	46.2	43.2	-4.6	65.5	63.7	57.1	-8.4
Canada	34.1	26.2	21.1	-12.9	69.9	56.3	51.1	-18.8	79.2	60.6	56.0	-23.2
Japan	27.4	28.6	30.4	3.1	67.8	70.7	75.0	7.2	66.7	69.9	73.4	6.7
New Zealand	30.1	24.7	23.6	-6.4	57.6	48.9	42.9	-14.7	64.9	53.7	47.4	-17.5
Norway	38.9	43.2	35.4	-3.5	33.3	41.0	37.6	4.3	47.0	71.0	52.6	5.7
Switzerland	26.0	28.0	20.4	-5.6	39.6	44.7	33.4	-6.2	50.6	51.4	38.4	-12.2
United States	7.0	1.7	1.6	-5.4	44.2	35.7	29.2	-15.0	53.7	43.2	36.8	-16.9
Mean OECD-7	27.6	25.6	22.2	-5.5	51.4	49.1	44.6	-6.8	61.1	59.1	51.7	-9.4
Standard deviation	10.1	12.2	10.6	0.5	14.0	11.5	15.2	1.1	11.2	10.2	12.5	1.3
Coefficient of variation	0.4	0.5	0.5	0.1	0.3	0.2	0.3	0.1	0.2	0.2	0.2	0.1
Austria	25.0	26.8	26.6	1.6	47.6	46.9	47.6	0.0	57.7	56.8	59.1	1.4
Belgium	37.6	38.4	36.6	-1.0	52.8	52.4	54.0	1.2	52.8	52.4	51.3	-1.5
Denmark	30.2	41.9	37.6	7.4	55.9	57.1	53.3	-2.6	73.6	102.5	94.3	20.7
Finland	32.0	24.6	20.3	-11.8	62.6	49.1	42.0	-20.6	81.2	64.2	54.9	-26.3
France	28.9	27.9	26.0	-2.8	42.1	43.3	40.6	-1.5	50.7	50.5	47.4	-3.3
Germany	20.4	20.7	22.7	2.3	40.6	37.8	40.0	-0.7	48.6	42.4	47.9	-0.7
Ireland	33.5	28.6	36.5	3.0	46.5	38.1	48.3	1.8	65.3	53.0	68.0	2.7
Italy	33.3	33.9	39.9	6.5	63.6	61.1	73.4	9.8	76.4	73.4	87.9	11.6
Luxembourg	36.4	44.3	53.4	17.0	45.0	54.9	76.6	31.6	58.9	71.5	86.8	27.9
Netherlands	46.4	43.5	39.4	-7.0	62.9	58.6	55.4	-7.5	68.6	63.9	60.3	-8.3
Portugal	.	23.8	23.9	.	.	50.9	52.1	.	.	72.4	73.1	.
Spain	37.6	25.6	24.7	-13.0	54.9	36.4	36.5	-18.3	60.2	39.9	40.9	-19.2
Sweden	33.7	24.8	20.8	-12.9	65.0	47.0	41.7	-23.3	84.1	61.4	53.7	-30.4
United Kingdom	22.4	20.8	19.9	-2.5	41.4	42.7	48.3	6.9	50.1	52.1	57.3	7.2
Mean EU-14	.	30.4	30.6	.	.	48.3	50.7	.	.	61.2	63.1	.
Standard deviation	.	8.4	10.0	.	.	8.0	11.8	.	.	15.9	16.6	.
Coefficient of variation	.	0.3	0.3	.	.	0.2	0.2	.	.	0.3	0.3	.

Table 4. Continued

	Minimum income replacement rates for single persons				Minimum income replacement rates for lone parents				Minimum income replacement rates for two parents			
	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009
Bulgaria	.	.	26.1	.	.	.	71.4	.	.	.	84.7	.
Cyprus	.	.	24.3	.	.	.	41.3	.	.	.	52.4	.
Czech Republic	39.8	32.4	13.8	-25.9	80.6	61.3	26.2	-54.3	104.2	77.6	35.8	-68.4
Estonia	.	13.8	10.9	.	.	31.0	27.4	.	.	40.6	33.3	.
Hungary	27.8	22.0	23.6	-4.3	49.7	32.7	63.4	13.6	66.6	47.8	61.1	-5.4
Latvia	.	.	12.4	.	.	.	31.1	.	.	.	41.5	.
Lithuania	.	.	21.1	.	.	.	56.4	.	.	.	75.2	.
Malta	.	.	37.0	.	.	.	55.2	.	.	.	58.2	.
Poland	.	31.0	23.0	.	.	52.1	45.4	.	.	70.4	45.9	.
Romania	.	.	13.3	.	.	.	37.1	.	.	.	44.6	.
Slovakia	37.3	32.2	20.3	-17.1	56.1	58.3	30.8	-25.3	93.5	79.8	44.8	-48.8
Slovenia	.	21.2	26.9	.	.	63.4	68.7	.	.	67.8	75.5	.
Mean EU-12	.	.	21.1	.	.	.	46.2	.	.	.	54.4	.
Standard deviation	.	.	7.5	.	.	.	16.4	.	.	.	16.7	.
Coefficient of variation	.	.	0.4	.	.	.	0.4	.	.	.	0.3	.

Note: Three types of households are presented: single persons, lone parents with two children and two parents with two children.

Data years are around 1990 (Hungary, 1992; Czech Republic, Slovakia, 1993), around 1995 (Portugal, 1996), and around 2009 (Cyprus, 2007).

Source: Social Assistance and Minimum Income Protection Interim Dataset (Nelson, 2013) and own calculations.

5. Decomposing the changes in real minimum income benefit levels

The data presented above show that between 1990 and 2009 minimum income benefits changed in all countries included in this study. In this section, we decompose these benefit changes to find the major components of these changes. To compare social assistance benefits across countries and over time, real net benefit levels are constructed by applying a number of transformations to national social assistance benefit levels. More specifically, there are two major types of transformations. First, in addition to social assistance benefits, other benefit programmes are included, namely child supplements, refundable tax credits, and a category of other benefits. Second, benefit levels are adjusted for a number of financial factors, being exchange rates, purchasing power parity (PPP) and inflation (CPI). As a result of these transformations, the evolution of the real net benefit levels does not only reflect policy changes in national social assistance benefit programmes. Changes in the real benefit levels may also reflect policy changes in other components of the national benefit package and they may reflect trends in financial factors.

In the qualitative decomposition analyses, annual changes in the real minimum income benefit levels are decomposed into the different steps that are taken to transform the nominal social assistance benefit level to the final real minimum income benefit level expressed in U.S. dollars. Subsequently, we have studied policy documents to analyse whether changes in the components of the minimum income benefit indicator can be related to policy changes. For the qualitative decomposition analysis, we select the relatively large annual changes in real minimum income benefit levels, that is, changes larger than 5 percent.⁸ The results of this analysis are presented in three parts. The first part is focused on the changes in the social assistance benefits (Table 5), the second part is focused on the changes in the child benefits (Table 6) and the third part is focused on the developments in the financial factors (Table 7). The grey columns of the tables highlight on which component the table is focused on.

⁸ We also include a number of cases for which the annual change was slightly smaller than 5 percent and for which extensive documentation on the policy changes is available: Australia (1991), Austria (1993, 2006), Denmark (1998), Portugal (2006) and the United Kingdom (2003, 2004).

Increases in social assistance benefits

Table 5A presents the decomposition of the increases in the real minimum income benefits.⁹ Each increase in the minimum income benefit is the result of changes in a number of factors, but the increases presented in this table are mainly the result of increases in the social assistance benefit level. For instance, the increase in the minimum income benefit level in Cyprus in 2008 mainly reflects a substantial increase in the social assistance benefit level. In addition to that, child supplements were also increased and the PPP and CPI changed as well. As shown in the table, many increases in the net minimum income benefit levels reflect policy changes that increased the social assistance benefit levels and these policy changes take different forms. In Austria for instance, the monthly social assistance benefit rate was simply increased substantially in 2006. In Belgium, social assistance benefits were linked to the standards of living since 2009. In Hungary, social assistance was set at the net level of the minimum wage in 2007, which led to a substantial increase of the benefit level.

Decreases in social assistance benefits

In Table 5B, the major decreases in the minimum income benefits stemming from decreases in the social assistance benefits are presented. In Poland for instance, a change in the system in 2001 resulted in lower benefit levels and the Czech Republic introduced lower social assistance benefit levels for long-term inactive citizens in 2007. Clearly, the list of benefit reductions is shorter than the list of benefit increases, as the benefit levels increased on average between 1990 and 2009. Interestingly, reductions of social assistance benefit levels were usually combined with institutional changes such as more stringent eligibility criteria or more incentives to participate in active labour market programmes. For example, in Canada more stringent eligibility criteria and administrative controls like fraud prevention and detection have become the norm from 1996 onwards. In 2005, the Swiss Conference of Social Action Institution (CSIAS) introduced new guidelines to promote better integration into society and the labour market. In addition, CSIAS recommended harsher penalties for the abuse of social assistance benefits. Finally, although social assistance benefits are usually not bound to a maximum duration, there can be a maximum duration of complementary programmes. In the United States for instance, able bodied single person households are only eligible for Food Stamps for a three months period.

⁹ Two components of the benefit package, refundable tax credits and other benefits, are not included in the tables of the decomposition analyses, because they only apply to Canada and the United Kingdom. Moreover, these components do not explain much of the changes in minimum income benefit schemes for these countries.

Table 5. Changes in real minimum income benefits stemming from changes in social assistance benefits, 1990-2009

Table 5A. Real minimum income benefit increases

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro /LCU	PPP	CPI	Policy change: social assistance	Source
Australia	1991	+	+	+	/	-	+	In July 1991, two new forms of support were introduced: Job Search Allowance and Newstart Allowance. Payment rates of social assistance (Special Benefit) were at the discretion of the Secretary of the Department of Family and Community Services but could not exceed the maximum Newstart Allowance.	Saunders, 1995; OECD, 2001.
Austria	1992	+	+	0	-	+	+	n.a.	n.a.
	1993	+	+	+	-	+	+	The burden on social assistance paid by the provinces was eased with the introduction of the Federal Nursing Benefits Act.	Eardley et al, 1996.
	2006	+	+	0	0	-	+	Eligibility conditions and benefit rates vary across provinces; rules are not executed uniformly; it depends heavily on the discretion of social welfare agencies. In Austria benefit rates reflect those in Vienna. In 2006, the monthly social assistance benefit rate in Vienna increased substantially, especially for couples.	OECD, 2006; Nelson, 2013.
Belgium	2009	+	+	+	0	-	-	Since 2009 every two years the government sets an amount of resources that can be spend to adjust benefits to welfare evolution. However there is no statutory mechanism that determines which social benefits will be increased and by how much. This is decided through collective agreement.	Van Mechelen and Marchal, 2012.
Bulgaria	2009	+	+	coded as zero	/	0	+	The amount of the guaranteed minimum income (GMI) is determined by an Act of the Council of Ministers. The GMI was increased from 55 to 65 BGN in 2009.	OECD, 2009.
Canada	2006	+(lone- and two-parents)	+	+	/	-	+	For Canada, Ontario social assistance rates are used. Ontario sets its own rules and benefit rates. As of July 2006, a new Universal Child Care Benefit (UCCB) provides families CAD 100 per month for each child younger than 6 years of age. The Canada Child Tax Benefit supplement for children age 0 to 6 years is eliminated. However, a grandfather clause ensures that the CCTB supplement remains in place until 30 June 2007 for parents with a child who turns age 6 before that date.	OECD, 2005; 2006.
Cyprus	2008	+	+	+	0	+	+	On 1 July 2008, public assistance for basic needs was increased by 12% and on 1 July 2009 it was further increased by 6.34%.	European Commission, 2014.
	2009	+	+	+	0	0	+		
Czech Republic	2001	+	+	coded as zero	/	+	+	In 2001, Czech Republic set a new and freezing nominal level of the basic cash-welfare benefit (minimum living standard, MLS). This level was frozen.	European Commission, 2014.
Denmark	1994	+	+	+	/	-	+	From January 1994, benefits became taxable and benefit recipients had to pay insurance contributions, but the benefit levels were increased substantially. In addition, social assistance recipients got access to the normal rent subsidies and child care subsidies.	Eardley et al, 1996.
	1998	+(two parents)	+	+	/	+	+	In the spring of 1998, personal income taxes were lowered, but mainly for low-income groups.	Green-Pedersen et al, 2001.

Table 5A. Continued

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro /LCU	PPP	CPI	Policy change: social assistance	Source
Estonia	2005	+	+	coded as zero	/	+	+	There is no automatic indexation. The guaranteed minimum income benefit amounts were increased in 2005.	OECD, 2005.
	2007	+	+	coded as zero	/	+	+	The basic benefit amount for single persons was increased from EEK 750 to EEK 900 per month. Equivalence scales are used for following household members.	OECD, 2007
	2009	+	+	coded as zero	/	-	-	n.a.	n.a.
Germany	2005	+	+	0	0	-	+	As a result of the Hartz IV reforms, unemployment assistance and social assistance for persons who are able to work were combined into one benefit, the basic jobseekers allowance, since 2005. In an effort to provide the recipients of the jobseekers allowance with additional incentives to work, on 3 June 2005 (effective on 1 October 2005), the Bundestag adopted a Law Reforming Free Amounts (Freibetragsneuregelungsgesetz), which seeks to further improve their possibilities to earn an extra income. It stipulates that recipients of jobseekers allowance may keep a larger part of their above subsistence level income.	OECD, 2005.
Hungary	2006	+	+	+	/	+	+	After 1 July 2006, the system of regular social assistance benefits was transformed into a so-called family-centered benefit, which is calculated with the help of 'consumption unit', reflecting the structure of the family. Instead of a fixed amount, the benefit will depend on the income of the family. The income of the family will be supplemented to 90 % of the minimum old-age pension per consumption unit.	OECD, 2006.
	2007	+	+	+	/	+	+	Since 1 January 2007, the maximum amount of social assistance is set at the minimum wage. Universal family benefits were raised differentially, strengthening the focus on child poverty reduction. The benefit was raised in every family-type by 4.5%, but in the case of the family types with the highest poverty risk (families with three or more children, and single parent families) the raise was 6.1-7.9%.	European Commission, 2014.
Ireland	1997	+	+	+	-	+	+	The National Anti-Poverty Strategy (NAPS) was initiated in 1997. It involves a wide-ranging set of measures which are combined into one programme in order to combat poverty and to promote social inclusion.	Daly and Yeates, 2003.
	2003	+	+	+	0	+	+	n.a.	n.a.
	2005	+	+	+	0	-	+	Since 2005, a direct payment of EUR 1000 per year is available for all parents regardless of their labour status, for each child under 6.	OECD, 2004.
	2006	+	+	+	0	-	+	Benefit reform on family-related benefits: The upper income limit for the One-parent family was increased by 28% to EUR 375 a week. Earnings (gross) of less than EUR 146.5 (from June 2006) are excluded from assessment of means, with claimants entitled to full rate of payment. 50% of earnings between EUR 146.5 and EUR 375 per week are assessed as means and a reduced rate of One-Parent Family Payment is payable.	European Commission, 2014.
	2007, 2008	+	+	+	0	-	+	Increasing the upper income limit for the One-Parent Family Payment by 6.7% to EUR 400 per week. Earnings (gross) of less than EUR 146.5 per week are excluded from assessments of means, entitling claimants to the full benefits. From May 2007, earnings between EUR 146.5 and EUR 400 per week are counted for 50% in means assessments.	European Commission, 2014.
Italy	1999	+	+	coded as zero	-	0	+	n.a.	n.a.

Table 5A. Continued

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro/LCU	PPP	CPI	Policy change: social assistance	Source
Latvia	2009	+	+	coded as zero	/	-	+	1. From 1 October 2009 Guaranteed Minimum Income (GMI) level is increased. (The GMI level is set LVL 40 per month for adult and LVL 45 per month for children under 18); The local municipalities are eligible to determine the level of GMI for persons, receiving old-age pension or disability pension, but not below LVL 40 and not above LVL 90 per month. There is no maximum amount of GMI benefits per household since 1 October 2009. 2. From 1 December 2009, the set of state social benefits which are not considered as income when measuring resources of clients for granting municipal GMI benefits is reduced.	OECD, 2009.
Lithuania	2006	+	+	coded as zero	/	+	+	There was a policy reform that included a number of aspects of the social assistance benefit scheme (o.a. access for more people); benefit levels were increased.	European Commission, 2014.
	2007, 2008	+	+	coded as zero	/	+	+	n.a.	n.a.
	2009	+	+	coded as zero	/	-	+	People with incomes lower than the State Supported Income are entitled to social assistance. Since 2009, child benefits are no longer included in the income. As a result, social assistance benefits may be higher.	OECD, 2009.
Luxembourg	1993	+	+	+	-	+	+	In February 1993, social assistance benefit rates for single adults were increased by 3.8% and the rate for the second adult in the household was also increased.	Eardley et al, 1996.
	1995	+	+	+	-	0	+	n.a.	n.a.
	2009	+	+	0	0	+	+	The heating supplement was abolished and replaced by a new social assistance benefit that was tax free.	Nelson, 2013.
Malta	2005	+	+	0	+	0	+	In an effort to encourage more women to enter the labour market, the government introduced a tax rebate scheme for women returners. Those who returned to work benefited from a tax rebate of a maximum of LM 700. The amount could be availed of over a period of two years.	OECD, 2005.
Netherlands	1995	+	+	+	-	0	+	In 1995, the New Public Assistance Act allowed municipalities to exercise more discretion in setting benefit levels. Municipal officials can supplement the basic allowance by as much as twenty percent, or reduced it by as much as fifteen percent to encourage beneficiaries to seek work.	Cox, 1998.
Norway	1994	+	+	coded as zero	/	-	+	n.a.	n.a.
	1995-1997, 1999	+	+	coded as zero	/	+	+	n.a.	n.a.
Poland	1998	+(lone- and two-parents)	+	coded as zero	/	+	+	n.a.	n.a.

Table 5A. Continued

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro/LCU	PPP	CPI	Policy change: social assistance	Source
Portugal	2004	+	+	+	0	-	+	In 2003, the Minimum Guaranteed Income was replaced by the Social Insertion Income. The basic characteristics remained the same, but the benefits were increased for larger households. Moreover, activation measures became stricter.	European Commission, 2014.
	2005	+	+	+	0	0	+	n.a.	n.a.
	2006	+	+	+	0	0		Regulations concerning the income for Social Inclusion: Eligibility criteria take into account household income of the last month (or three months average if variable), instead of 12 month.	European Commission, 2014.
Slovakia	2007	+	+	0	-	-	+	Benefits were increased by SKK 350 per month (SKK 370 per month since 1 September 2007), when the person, jointly assessed with the citizen in material need, is a pregnant woman. The benefit for persons in material need with a child under 1 year old was increased by SKK 350 per month (SKK 370 per month since 1 September 2007).	OECD, 2007.
	2009	+	+	0	0	-	+	The benefit amount for pregnant women was increased by EUR 13.50 per month.	OECD, 2009.
Slovenia	2002	+	+	+	+	+	+	With the amendments of the Social assistance and Services Act introduced in 2001, social assistance was substantially increased and provisions were enhanced in a way that responsibilities and obligations are incumbent on the persons applying for and receiving social assistance.	European Commission, 2013.
Spain	2009	+	+	0	0	-	-	The minimum income benefit amount was increased to EUR 404.42 per month.	OECD, 2009
Sweden	2005	+	+	coded as zero	/	-	+	Rise in the ceiling of the income base (from 7.5 to 10 price base amounts), which is applied to calculate income-based benefits during e.g. sickness and parenthood. Rise in the basic parental benefit (lowest level) from SEK 60 to SEK 180 per day.	European Commission, 2014.
Switzerland	1998	+	+	coded as zero	/	-	+	n.a.	n.a.
		+	+	coded as zero	/	-	+	n.a.	n.a.
United Kingdom	2000	+	+	coded as zero	/	-	+	The Working Family Tax Credit and Income Support rates for all children under 11 years old were raised by around Pound 6 per week in real terms in order to delete the difference with rates for those aged 11-16.	Gregg et al, 2006
	2002	+	+	coded as zero	/	0	+	Working Family Tax Credit and Income Support were increased in line with prices.	Gregg et al, 2006

Table 5B. Real minimum income benefit decreases

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro /LCU	PPP	CPI	Policy change: social assistance	Source
Canada	1995	-	-	0	/	-	+	The February 1995 budget announced the cancellation of the Canada Assistance Plan (CAP) and it was abolished before implementing the Ontario Works programme in 1996.	Gabel et al, 2004.
	1996	-	-	0	/	0	+	The Canadian welfare system has undergone some fundamental changes since 1996. In almost every province and territory, more stringent eligibility criteria and administrative controls became the norm, and benefit reductions affecting part or all of the caseloads were not uncommon.	OECD, 2001.
Czech Republic	2007	-	-	coded as zero	/	-	+	Since 2007, housing benefits are not included in social assistance but paid in addition to social assistance and therefore not included in our calculation.	Nelson, 2013.
Malta	2007	-	-	0	0	0	+	n.a.	n.a.
New Zealand	1991	-	-	0	/	-	+	A number of Social Security Benefits were reduced effective from 1 April 1991. Universal Family Benefit was abolished effective from 1 April 1991.	New Zealand Ministry of Social Development, 2014.
Norway	1998	-	-	coded as zero	/	+	+	n.a.	n.a.
Poland	2001	- (two parents)	- (two parents)	coded as zero	/	+	+	The benefit system was changed in 2001. There was a maximum benefit amount placed on social assistance, resulting in reductions for lone-parent and two-parent families.	Nelson, 2013.
Slovakia	2003	-	-	Coded as zero	+	+	+	Since 1 January 2003, social assistance benefit levels were lowered. Furthermore, a maximum level on social assistance benefits was introduced.	OECD, 2003.
	2004	-	- (lone- and two-parents)	+	-	+	+	On 1 January 2004 a new social assistance act (No. 599/2003) came into force. In addition to regular social assistance, low income households could now receive child benefits, health care allowance, protective allowance, and activation allowance. Basic social assistance benefits were decreased and the health care allowance, protective allowance and activation allowance are not included in the data.	OECD, 2003, 2004; Nelson, 2013.
Sweden	1997	-	-	coded as zero	/	+	+	n.a.	n.a.
Switzerland	2005	-	-	coded as zero	/	-	+	In 2005, the Swiss Conference of Social Action Institution (CSIAS) set new guidelines to introduce more incentives for better integration into society and the labour market.	OECD, 2005.
United States	1999	-	- (single persons)	coded as zero	/	0	+	Since the late 1990s, able bodied single households are only eligible for Food Stamps for a three months period.	Nelson, 2013.

Note: Minimum income benefits consist of basic social assistance, child supplements, other benefits and refundable tax credits, adjusted by the exchange rate of Euro/LCU where applicable, Purchasing power parity (PPP) and Consumer Price Index (CPI). '+' indicates that the factor increased during the year. '-' indicates that the factor decreased during the year. '0' indicates that there was no change in this component during the year. 'coded as zero' indicates that child supplements have a value of zero in this country. '/' indicates that the factor exchange rate Euro/LCU is not applicable (e.g., non-EU countries) 'n.a.' refers to 'no information available'. The grey-marked columns indicate the factors that contributed the most to the change of the real minimum income benefits. This factor is described in the column 'policy change'.

Changes in child supplements

From Table 5 we can see that in most countries child supplements increased a bit or remained the same in years when we observe large changes in real minimum income benefits, but that the changes in the social assistance benefits are predominantly responsible for the changes in minimum income benefits. However, there are some cases where the changes in child supplements are actually the main driver for changes in the benefit package. These cases are presented in Table 6. For example, in 2004, the weekly child benefit rate in the United Kingdom was GBP 16.50 for the eldest child and GBP 11.05 for each other child. In 2005, the benefit rate decreased to GBP 16.05 for the eldest child and to GBP 10.75 for each other child, resulting in a substantial decrease in minimum income benefits in 2005. Other cases of changes in the child supplements that led to substantial increases in the minimum income benefits are Australia (1997, 2001, 2004), Japan (2004), Malta (2008), the Netherlands (2008), New Zealand (2005, 2007), Slovakia (2008) and the United Kingdom (2003, 2004, 2006).

Table 6. Changes in real minimum income benefits stemming from changes in child supplements, 1990-2009

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro /LCU	PPP	CPI	Policy change: child supplements	Source
Australia	1997	+	+	+	/	0	+	A new government, formed by a coalition of the Liberal and National Parties, focused more on families and increased child care expenditures significantly since then.	Bernnan, 2007.
	2001	+	+	+	/	0	+	1. In July 2000, a new structure and delivery of family benefits called Family Tax Benefits (FTB) was introduced. Ten types of assistance were merged into two types: Maternity Allowances (FTB Part A) and Double Orphan Pension (FTB Part B). 2. In July 2000, Child Care Benefit (CCB) replaced the previous Child Care Assistance and Child Care Rebate.	OECD, 2001; Nelson, 2013.
	2004	+	+	+	/	-	+	1. FTB(A) Supplement Payment, provided an extra AUD 600 per child to FTB(A) recipients, increased to AUD 613.20 in 2004-2005. It provides extra assistance to help with the cost of children and is paid at the end of the financial year. 2. A change to taper rates for FTB(A) and FTB(B). The first (or lower) FTB(A) taper rate was reduced from 30 per cent to 20 per cent. The FTB(B) taper rate was also reduced from 30 per cent to 20 per cent. This allows families to keep more of their FTB as their earnings or other private income increases. 3. Increase in the FTB(B) income threshold from AUD 1,825 to AUD 4,000 per annum, so that a secondary earner in a couple can earn more before their FTB(B) starts to be withdrawn. 4. Commencing from 1 July 2005 parents returning to work after caring for a child at home will have their FTB(B), up to the point where they return to work, quarantined from the FTB reconciliation process. 5. From 1 July 2005 FTB(B) maximum rates will increase by AUD 300 per annum. (This increase was brought forward to 1 January 2005 and payable as a supplement from 1 July 2005).	OECD, 2004.
Japan	2004	+	-	+	/	-	-	There is a child benefits added to minimum income benefits in SaMip. The benefit is paid for a child yet to pass through third-grade age of elementary school. Since April 2004, the maximum age for family-related benefits was raised to 9 years old.	OECD, 2004; Nelson, 2013
Malta	2008	+(lone- and two-parents)	+	+	0	0	+	1. As from 2008, the disabled child allowance is no longer means tested and the rate is of EUR 16.31 per week. In 2008, a number of means-tested benefits were revised to standard rates applicable to all beneficiaries. 2. During 2008, the government introduced a deduction from income tax for children attending private kindergartens. The maximum deduction is EUR 1,000 per year.	OECD, 2008.
Netherlands	2008	+	+	+	0	-	+	An additional child benefit was introduced in 2008. The child benefit, which replaces the former child tax credit, does not depend on the family size. A family can only claim this benefit when having children under the age of 18 years old, for which they also receive the tax free and income independent child benefit. The benefit has a maximum value of EUR 994 per year. The benefit is withdrawn at a rate of 5.75 per cent when the family's yearly taxable income exceeds EUR 29,413 and is completely withdrawn when taxable income is at least EUR 46,700.	OECD, 2008.

Table 6. Continued

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro /LCU	PPP	CPI	Policy change: child supplements	Source
New Zealand	2005	+	+(single persons and lone parents)	+	/	-	+	1. From 1 April 2005, Family Support rates were increased by NZD 25 per week for the first child and NZD 15 for subsequent children. Foster Care Allowance, Unsupported Child's Benefit and Orphans Benefit were increased by NZD 15 per week; The child component of some main benefit rates were moved into family support regime; The number of Accommodation Supplement areas were increased from three to four (with several locations being moved in areas with higher maximum rates), and the maximum rates in some areas increased; Family Support Tax Credit was included as income for Special Benefits for the first time. 2. From 3 October 2005, the Childcare Assistance rates were increased by a further 10%. 3. From May 2005, applicants for a benefit were able to choose to have their income assessed over either the prior 26 or 52 weeks, for the purposes of determining the length of the stand-down period to apply before their first benefit payment.	OECD, 2005.
	2007	+	+	+	/	-	+	There are several policy changes in 2006 and 2007. Reform related to social assistance and other associated benefits: From 24 September 2007 all benefits payable to a sole parent can continue for 8 weeks after the beneficiary stops caring for the child because of a change in circumstances beyond their control.	OECD, 2007.
Slovakia	2008	+	+	+	-	0	-	The law on parental leave allowances (280/2002) was replaced by a law on childcare benefits (561/2009). Childcare benefits are provided to working or studying parents until the child reaches the age of three, to cover childcare costs.	European Commission, 2014.
United Kingdom	2003	+	-(lone- and two-parents)	+	/	0	+	Child Tax credit was introduced in April 2003 and replaced former child allowance and child-related support.	OECD, 2003
	2004	+	+(single persons and lone parents)	+	/	-	+	In the United Kingdom, low income households may receive a Council Tax Benefit which is part of social assistance. In 2004, Council Tax Benefit was backdated for up to 12 months.	European Commission, 2014.
	2005	-	+	-	/	0	+	In 2004, weekly child benefit rate is GBP 16.5 for the eldest child whom benefit is payable and GBP 11.05 for each other child. In 2005, the benefit rate decreased to GBP 16.05 for the eldest child and GBP 10.75 for each other child.	OECD, 2005.
	2006	+(lone- and two-parents)	+	+	/	0	+	From April 2005 Child Tax Credit (CTC) also replaced the child-related elements of Income Support, Minimum Income Guarantee, and income-based Jobseeker's Allowance. Families on these benefits that have not already claimed CTC were migrated to CTC from October 2005.	OECD, 2006.

Note: Minimum income benefits consist of basic social assistance, child supplements, other benefits and refundable tax credits, adjusted by the exchange rate of Euro/LCU where applicable, Purchasing power parity (PPP) and Consumer Price Index (CPI).

'+' indicates that the factor increased during the year.

'-' indicates that the factor decreased during the year.

'0' indicates that there was no change in this component during the year.

'coded as zero' indicates that child supplements have a value of zero in this country.

'/' indicates that the factor exchange rate Euro/LCU is not applicable (e.g., non-EU countries).

The grey-marked columns indicate the factors that contributed the most to the change of the real minimum income benefits.

Changes in financial factors

Finally, Table 7 presents the changes in the minimum income benefit levels that are mainly stemming from changes in the financial factors. Exchange rates, PPP and CPI are used to adjust benefit levels in order to construct measures that are comparable across countries and over time. Interestingly, the financial factors led to increases in the benefit level in only three cases: Finland 1994, 1995 and Ireland 2009. In all other cases, changes in the financial factors contributed to decreases of minimum income benefits in real terms. Even in cases where the nominal social assistance benefit level increased, such as Australia (2000) and Austria (1996), larger increases in the exchange rate, PPP, or CPI led to decreases in the real minimum income benefits. Furthermore, when we combine the insights from Tables 5, 6 and 7, it appears that the majority of the drops in the real minimum income benefits are the result of adjusting the benefit levels with exchange rates, PPP and CPI. Cuts in nominal social assistance benefits are relatively rare.

Table 7. Changes in real minimum income benefits stemming from changes in financial factors

Country	Year	Minimum income benefits	Social assistance	Child Supplements	Euro/ LCU	PPP	CPI
Australia	2000	-	+	-	/	+	+
Bulgaria	2008	-	+(lone- and two-parents)	Coded as zero	/	+	+
Cyprus	2007	-	0	+	+	0	+
Czech Republic	1994, 1996, 1998	-	+	Coded as zero	/	+	+
	2000	-	0	Coded as zero	/	+	+
	2008	-	0	Coded as zero	/	-	+
Denmark	2008	-	0	-(lone parents), 0 (two parents)	/	-	+
Estonia	1996	-	+	Coded as zero	/	+	+
	1998	-	+	Coded as zero	/	+	+
	1999-2001	-	0	Coded as zero	/	+	+
Finland	1991	-	0	Coded as zero	+	+	+
	1992	-	+	Coded as zero	+	0	+
	1993	-	+	Coded as zero	+	+	+
	1994	+	+	Coded as zero	-	-	+
	1995	+	-(lone- and two- patents)	Coded as zero	-	-	+
Hungary	1994-1995, 2000-2002	-	+	0	/	+	+
	1996-1999	-	+	+	/	+	+
	2008	-	-(single persons)	+	/	+	+
	2009	-	0	0	/	+	+
Ireland	1993	-	+(two parents)	0	+	+	+
	1998	-	+	+	+	+	+
	2009	+	+	-(two parents)	0	-	-
Italy	1992-1995	-	+	Coded as zero	+	+	+
Latvia	2007	-	+	Coded as zero	/	+	+
	2008	-	0	Coded as zero	/	+	+
Netherlands	1997	-	+	+	+	0	+
	1998	-	+(single persons and lone parents)	+	+	+	+
Poland	1996,1997, 1999, 2000	-	0	Coded as zero	/	+	+
Romania	2008	-	+	+	/	+	+
Slovakia	1994	-	0	Coded as zero	+	+	+
	1995, 1999	-	+	Coded as zero	+	+	+
Slovenia	1993-2001, 2003-2004	-	+	+	+	+	+
	2000	-	-(lone- and two-parents)	+	+	+	+
Spain	1991	-	0	0	-	+	+
	1992-1995, 1997	-	0	0	+	+	+
Sweden	1991	-	+(single persons and two parents)	Coded as zero	/	+	+
	1993	-	+	Coded as zero	/	+	+
United States	1991	-(lone- and two-parents)	+(single persons and two parents)	Coded as zero	/	0	+

Note: Minimum income benefits consist of basic social assistance, child supplements, other benefits and refundable tax credits, adjusted by the exchange rate of Euro/LCU where applicable, Purchasing power parity (PPP) and Consumer Price Index (CPI). '+' indicates that the factor increased during the year. '-' indicates that the factor decreased during the year. '0' indicates that there was no change in this component during the year. 'coded as zero' indicates that child supplements have a value of zero in this country. '/' indicates that the factor exchange rate Euro/LCU is not applicable (e.g., non-EU countries). 'n.a.' refers to 'no information available'. The grey-marked columns indicate the factors that contributed the most to the change of the real minimum income benefits. This factor is described in the column 'policy change'.

6. Summary and discussion

Compared to welfare state programmes such as unemployment benefits or pensions, little attention has been paid to internationally comparative research on social assistance in the welfare state literature. The limited attention for social assistance is remarkable given its function of last-resort safety net in most European and other OECD welfare states. As such, social assistance fulfills an import function in combating poverty and pursuing social inclusion. As a result of the limited attention for social assistance, little is known about the variation in these benefit schemes across countries and about how these benefit schemes have evolved over time. This paper explores the developments of social assistance and minimum income benefits across 14 Western European countries, 12 Central and Eastern European countries and 7 non-European countries over the period 1990-2009. For this, we construct two indicators, namely real minimum income benefit levels and minimum income replacement rates.

A first result of this study is that the data show that the real benefit levels increased in most countries between 1990 and 2009. The institutional analysis revealed that in most countries benefit levels are indexed to consumer prices, but the data show that the benefit levels increased actually more than the consumer prices. Indeed, a decomposition of the benefit levels increases learns that most of the increases reflect deliberate policy changes of either social assistance benefit schemes or complementary policies such as child supplements.

A second result of this study is that there is considerable variation in minimum income replacement rates and in the developments of replacement rates over time, but that in most countries replacement rates decreased between 1990 and 2009. Taken together with the trends in benefit levels, these results indicate that net social assistance benefits increased in real terms, but that the increases in benefit levels did not keep up with the wage developments. Such a widening gap between social assistance benefits and average wages might increase inequality between the lowest and the average income groups. However, no large retrenchments, reforms or benefit cuts have taken place across EU and other OECD countries. This is an interesting observation, given the major reforms and retrenchments in other welfare state programmes such as unemployment benefits and disability benefits over the past decades. This lack of major reforms might be an explanation for the limited attention for social assistance benefits in the welfare state literature. Instead of major reforms, the decreasing replacement rates in many countries suggest that policy-making in the case of social assistance can be characterised as a politics of non-intervention (Van Mechelen and Marchal, 2012). Even though substantial benefit cuts are absent, not keeping the benefits in line with the wage developments is also a policy decision. Such policy

decisions would be in line with a 'making work pay' agenda, aimed at increasing employment levels. In addition to these decreasing replacement rates, our policy analysis indicates that other characteristics of social assistance benefit schemes such as work requirements and benefit sanctions have become more activating too.

Third, we analyse to what extent social assistance benefits converged across the countries. For both the real benefit levels and the replacement rates, the data indicate that social assistance benefits did not converge between 1990 and 2009. The variation across countries actually increased over time, indicating that social assistance benefit levels diverged instead. This divergent trend is in line with earlier divergent trends in social assistance benefits (Caminada et al, 2010). Nevertheless, it is a remarkable result against the backdrop of the existing convergence studies, which found convergent trends for most quantitative welfare state indicators (Van Vliet, 2011). However, further convergence analyses are needed, as it might be possible that underlying patterns of convergence become visible once conditional factors are taken into account.

From a methodological viewpoint, this paper also aims to make a contribution to the debate on the 'dependent variable problem'. That is, we analyse to what extent changes in quantitative indicators reflect actual policy changes. A decomposition of the annual changes in real benefit levels indicates that most of these changes reflect policy changes. More specifically, most of the increases in real benefit levels can be linked directly to policy changes that stipulate increases in social assistance benefit levels or child supplements. Decreases in the real minimum income benefits, in contrast, are the result of changes in indicators that are used to construct internationally comparable indicators, such as the CPI, PPP or the exchange rate. However, given the increasing trend between 1990 and 2009, most of the annual benefit changes that we have analysed are increases. Hence, the overall conclusion from the decomposition analysis seems to be that changes in real minimum income benefit levels give a fairly good indication of policy changes.

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Appendix 1. Social assistance policies in the 33 countries, 2009

	Australia	Austria	Belgium	Bulgaria	Canada
Name	Special Benefit	Sozialhilfe	Revenu d'intégration	Месечносоциалнапомощ	Ontario Works
1.1. Benefit duration	Benefits are granted every 13 weeks and can be renewed thereafter.	Unlimited, as long as the social administration considers the household to be eligible.	Unlimited.	Unlimited. Entitlement is restored 12 months after expiring the 12 months period.	Unlimited, as long as there is a need. Province of British Columbia: a cumulative 24 months out of every 60 months.
1.2. Nationality	n.a.	Nationality required with exceptions.	Nationals, stateless persons with residence permit, refugees and persons of a foreign nationality registered at the population office, EU citizens with a residence permit of more than 3 months.	No nationality requirements.	n.a.
1.3. Residence	n.a.	Residence in Austria.	Residing effectively in the country.	Bulgarian citizens with permanent residence; foreigners with a permanent residence permit; foreigners granted asylum, refugee or humanitarian status.	n.a.
1.4. Age	n.a.	No age requirements.	With effect from 18 years of age, with three exceptions: minors emancipated by marriage, single persons looking after (a) child(ren) and pregnant minors.	No age requirements.	Who has not reached the age of majority may not receive social assistance in his or her own right except in cases of family breakdown, abuse, or parenthood.
1.5. Work requirements	Recipients capable of work are expected to look for work and to accept offers of suitable employment.	Persons capable of work must be willing to perform reasonable work. Exceptions: with respect to age (men over the age of 65 and women over the age of 60), with respect to care obligations or current training (studies excepted).	Prove willingness to work; unless impossible for equity or health reasons.	Registered in the Employment Office Directorates for at least 9 months before the submission of the claim and not rejected any jobs offered or qualification courses organised by the Employment Offices. With exceptions.	Actively encouraged to pursue, accept, and retain any reasonable offer of employment or retraining.
1.6. Exhaustion of other claims	n.a.	Entitlements to other social benefits and maintenance payments must be exhausted.	Benefits are granted only after the exhaustion of social rights (pensions, unemployment benefits, disability benefits, family allowances) in all other social systems.	Social allowances are granted to persons who have exhausted all possibilities for self-support.	n.a.
2. Indexation	Maximum rates are indexed in March and September each year to reflect increases in the Consumer Price Index (CPI).	Annual adjustments are in principle linked to the increases of pension benefits. Pensions are annually adjusted to consumer prices (Van Mechelen and Marchal, 2012).	Automatic readjustment of 2% of the allowance occurs when the Consumer Price Index changes by 2% relative to the previous pivot index. The King can increase the basic amounts based on the living standard.	Benefits are adjusted by Governmental Decree according to the available resources.	n.a.
3. Taxation of benefits	Taxable.	Not taxable.	Not taxable.	Not taxable.	Not taxable.
4. Contributions	n.a.	No contributions.	No contributions.	No contributions.	No contributions.
5. Sanctions	n.a.	n.a.	In case of voluntary omission or material error, the benefit might be recovered.	The benefits are withdrawn when the unemployed have refused to participate in programmes organised by the municipal administration for providing social services, ecological programmes for urbanisation and hygienic work in the populated areas where the duration of the employment is not shorter than 5 days.	Should a recipient choose not to pursue employment or retraining, he/she may be subject to penalties ranging from a specified reduction in benefits over a prescribed period of time to the full cancellation of benefits.

Appendix 1. Continued

	Cyprus	Czech Republic	Denmark	Estonia	Finland
Name	Δημόσιο Βοήθημα	Dávky pomoci v hmotné nouzi	Kontanthjælp	Toimetulekutoetus	Living Allowance
1.1. Benefit duration	Unlimited, as long as the recipient is in need of assistance.	Unlimited, as long as the conditions are fulfilled.	Unlimited.	Unlimited. Benefits are granted and renewed on a monthly basis.	Unlimited.
1.2. Nationality	No nationality requirements, except for the third country nationals without permanent residence or long-term residence.	No nationality requirements.	Benefits of more than 6 months paid only to Danish nationals, persons enjoying the same status as Danish nationals, or foreign citizens living in Denmark since more than 7 years.	No nationality requirements.	No nationality requirements.
1.3. Residence	All residents legally residing in Cyprus.	Permanent residents, persons who obtained asylum, migrant workers and their family members, EU citizens after 3 month of residence in the Czech Republic.	Residence in Denmark during 7 of the last 8 years.	Permanent residents.	All persons residing in the country.
1.4. Age	No age limits. Except from the case of children with disabilities, in practice, Δημόσιο Βοήθημα is seldom given directly to children under 18 years of age.	No age requirements.	No age requirements. In practice, however, assistance is seldom given to children under 18 years of age because they are supported by their parents.	No age requirements.	No age requirements. In practice, however, social assistance is seldom given individually to children under 18 years of age because parents are obliged to support their children.
1.5. Work requirements	Taking into account personal and family circumstances, healthy persons of working age are expected to seek 'all work' or accept a training offer that will lead to employment.	Willingness to work is a subject of assessment. Certain persons are excluded from this testing due to age or health status (65+, pensioners, disabled, parents taking care of small children, careers of care-dependent person, dependent children and persons who are temporary sick).	Everybody is bound to support themselves; both spouses must have exhausted all possibilities of finding employment. Beneficiaries with no other problem than the unemployment must actively look for a job.	Work requirements for people capable of working and aged between 18 and pensionable age.	Everybody is bound to support him- or herself first, and must try to get a job with a sufficient salary at all times, as long as he/she is able to work.
1.6. Exhaustion of other claims	Δημόσιο Βοήθημα is a claim of last resort and is subsidiary to other claims.	Last resort system. All sources of income, including social security benefits, are taken into account, and are exhausted.	Obligation to claim in priority benefits to which one may be entitled in the framework of other schemes. Obligation to support spouse and children under 18 years of age.	All sources of income must be exhausted.	Social assistance is complementary to all other subsistence allowances and is provided as a last resort (safety net).
2. Indexation	The basis of adjustment is the consumer price index. Adjustment is made on an annual basis.	The government is authorised to increase the amounts regularly (on 1 January every year) if the growth of consumer price index for sustenance and personal needs exceeds 5%. In case of extraordinary circumstances the amounts can be indexed sooner.	Adjustment once a year according to the adjustment rate (satsreguleringsprocenten). This adjustment rate for social pensions is set once a year, based on wage developments (Abrahamson and Wehner, 2003).	The coping line is established by the Parliament. No automatic indexation.	Adjustment once a year in accordance with the index of national pensions (Kansaneläke). Pension benefits are annually adjusted based on the cost-of-living.
3. Taxation of benefits	Not taxable.	Not taxable.	Taxable.	Not taxable.	Not taxable.
4. Contributions	No contributions.	No contributions.	Contributions to the supplementary pension scheme.	No contributions.	No contributions.
5. Sanctions	In case the applicant refuses to undertake training and find a job that would allow him/her to increase his income, assistance is not granted.	Recipients who do not collaborate e.g. in job search receive lower benefits.	If the beneficiary or his/her partner (who has no other problem than unemployment), working in the framework of an activation measure, stays away from his/her working place without any justified reason, the benefit is reduced in proportion to the hours and days of absence. If a spouse refuses to satisfy the conditions to be available for the labour market/activation, none of the spouses can get social assistance.	The local municipality may refuse to grant the benefit to those capable of work and aged between 18 and pensionable age, who are neither working nor studying and have repeatedly refused, without due cause, offers of suitable work or participation in rehabilitation or education programmes arranged by the local municipality.	The amount of social assistance may be reduced by 20 per cent if a person refuses to accept a work offer or does not participate in training or certain other activating measures. If refusal is recurrent social assistance may be reduced by 40 per cent.

Appendix 1. Continued

	France	Germany	Hungary	Ireland	Italy	Japan
Name	Revenu de Solidarité Active	Grundsicherung für Arbeitsuchende/Hilfe zum Lebensunterhalt	Regular social support (Rendszeres Szociális Segély)	Supplementary Welfare Allowance.	Minimo Vitale	Public Assistance
1.1. Benefit duration	Unlimited. Benefits are granted for consecutive periods of three months.	Unlimited, until circumstances no longer require it.	Unlimited.	Unlimited.	Limited, with possibility of renewal depending on duration of the situation of need.	Unlimited. If conditions are fulfilled after the end of the benefit period, he/she can re-apply.
1.2. Nationality	Nationals or foreigners in possession for at least 5 years of a residence permit authorising them to work. Exception for refugees, stateless persons and holders of the residence card.	Nationals; citizens of the signatory countries to the Social Security agreement (e.g. most of the EU Member States), persons granted political asylum; other foreigners (with restrictions).	n.a.	No nationality requirements.	Nationals, foreign residents and political refugees.	n.a
1.3. Residence	Stable and actual residence in France.	Reside in the country. Germans normally residing abroad may be granted social assistance in certain exceptional emergency cases, i.e. one of three conditions mentioned in the Act must be fulfilled.	n.a.	Must be habitually resident in the State (except for a person with the status of a 'worker' within the meaning of EU legislation and for once-off exceptional and urgent needs payments).	Residence in the regional or municipal territory (according to the authority administering the service).	n.a.
1.4. Age	As of 25 years of age; or under 25 when having to support at least one child, even if not yet born.	No age requirements; minors can claim in their own right.	Active age (18-62 years)	Normally paid from 18 years of age.	No age limit; apart from the Region of Campania concerning cash benefits for minor orphans, administered by the municipalities.	n.a.
1.5. Work requirements	Obligation to look for work or to take the necessary steps to create one's own activity or improve one's integration into the labour market.	Where entitled persons can be reasonably expected to do a job despite their restricted capacity, the assistance also includes the offer of a job, the preparation and the guidance of the entitled person. If entitled persons can be expected to take up a reasonable job, they are obliged to do so and to take part in the necessary preparations.	Availability support: Cooperate with the Public Employment Service and to take part in public work for at least 90 days per year. Young people under 35 who have not completed the 8th class of the primary school have to attend training. Regular social allowance: Cooperate with the designated body in order to remain entitled to the benefit.	Jobseekers will normally be entitled to a jobseeker's payment as distinct from a supplementary welfare allowance.	The beneficiary must be willing to pursue his/her autonomy and to engage in activities which improve his/her situation. With this intention the municipalities or the regions organise special professional courses in certain cases.	n.a.
1.6. Exhaustion of other claims	Applicants must vindicate their rights to social benefits, to alimony claims and to maintenance payments.	Claims on other social benefits and relating to persons obliged to pay maintenance have to be exhausted. Exceptions: e.g. parental allowance up to EUR 300, basic pensions according to the War Pensioners Act .	Beneficiaries can receive other social benefits or incomes (e.g. heating supplement, seasonal supplement) at the same time, but are no longer entitled to income supplements for the unemployed.	Claims to other benefits must normally be exhausted; however, if a state of need still exists with those benefits, the allowance may also be paid in full or in part. An allowance may also be made on an interim basis pending processing of other benefits claims.	Generally speaking the receipt of other social assistance benefits does not cause the minimum subsistence benefit to be suspended.	No interaction. Can be used to complement unemployment benefits.
2. Indexation	Reviewed once a year according to the evolution of consumer prices, tobacco excluded.	Adjustment of standard rates (Regelsätze) on 1 July each year corresponding to the changes of the current pension value in statutory pension insurance. Pensions are adjusted based on wage developments .	Annual adjustment is in principle linked to the pensions, while pensions are indexed to the economic performance (GDP growth).	Adjusted once each year but there is no statutory adjustment basis (Van Mechelen and Marchal, 2012).	Yearly adjusted, depending on pension increases (adjusted to consumer price index and salary increases).	n.a.
3. Taxation of benefits	Not taxable.	Not taxable.	Not taxable.	Not taxable.	Not taxable.	Not taxable.
4. Contributions	No contributions.	No contributions.	No contributions.	No contributions.	No contributions.	No contributions.
5. Sanctions	The beneficiary cannot refuse more than two reasonable job offers as defined in the personalised work access plan or in the contract signed with the organisation responsible for his/her support.	No specific sanctions nationwide. Entitled persons are obliged to take a reasonable job and to take part in the necessary preparations.	n.a.	Supplementary Welfare Allowances are not commonly paid to the unemployed.	n.a.	n.a.

Appendix 1. Continued

	Latvia	Lithuania	Luxembourg	Malta	Netherlands	New Zealand
Name	Pabalsts Garantētā Minimālā Ienākuma Līmeņa Nodrošināšanai	Socialinė pašalpa	Revenu Minimum Garanti.	GhajnunaSocjali	Wet Werk en Bijstand (WWB)	Jobseeker Support
1.1. Benefit duration	Unlimited. Benefits are granted every 3 months and renewable after that. From 1 April 2010, benefits are granted every 6 months.	Unlimited. Benefits are granted every 3 months and renewable after that.	Unlimited. Benefits stop or do not renew when gross income exceeds 130% of guaranteed minimum income.	Unlimited.	Unlimited, as long as there is a need.	Unlimited.
1.2. Nationality	No nationality requirements.	No nationality requirements.	No nationality requirements.	Nationality required.	All persons legally residing in the Netherlands with inadequate financial resources to meet their essential living costs.	n.a.
1.3. Residence	Residence in administrative territory of respective local authority.	Permanent residents.	Persons resident in Luxembourg and having resided in the country for at least 5 years during the last 20 years. Exceptions for EU, EEA or Swiss citizens, refugees and stateless persons.	Permanent residents.	All persons legally residing in the Netherlands with inadequate financial resources to meet their essential living costs.	Resided in New Zealand continuously for at least 2 years.
1.4. Age	No age requirements.	No age requirements.	As of 25 years; exceptions for persons unable to work, those who are raising a child or looking after a disabled person.	From 18 to 60 years.	As from 18 years. For people aged 18-21, the benefit level is related to the child benefit level.	At least 18 years or alternatively be at least 16 years old and married, in a civil union or de facto relationship, with one or more dependent children.
1.5. Work requirements	Unemployed beneficiaries capable of work are obliged to register at the State Employment Service, seek work and accept suitable offers of work.	Persons of working age who are without a job must be registered at the local office of Lithuanian Labour Exchange and should be willing to work, train or retrain.	To be ready to participate in active measures.	Recipients are obliged to seek suitable work.	People must do as much as possible to support themselves: apply for jobs, accept jobs that do not directly fit training or experience, cooperate with offered support such as training. For people aged 18-27, municipalities can apply special activation programmes.	The person must be available for and actively seeking full-time work. The beneficiary must comply with the work test, which includes acceptance of any offer of suitable employment.
1.6. Exhaustion of other claims	All other resources must have been exhausted (social security benefits as well as maintenance based on the civil responsibilities of private citizens such as ex-spouses, parents etc.). Social security benefits are taken into account as source of claimant's income.	Family income is taken into account when calculating social benefits, except for: child benefits, social grants and assistance in cash paid pursuant to the Law on Social Services, as well as income related to work relations of pupils who study at general education schools and vocational institutions according to the general education or vocational training curricula.	Exhaustion of other claims is the requirement to assert one's rights to social benefits and to maintain claims.	Other Social Security benefits may be combined such as Unemployment Benefits and Special Unemployment Benefits but Special Unemployment Benefits may only be awarded after satisfying capital assets and income means tests.	Social assistance is supplementary to all other subsistence allowances and is provided as a last resort (safety net). If a person receives alimony (social benefits, income from work), then it is topped up to the relevant assistance level.	Can be supplementary to other benefits like Family refundable tax credits.
2. Indexation	The Cabinet of Ministers adjusts the amount according to the possibilities of annual budget.	Benefits adjusted at irregular intervals according to governmental decision based upon price index.	Automatic indexation according to the evolution of consumer prices when the index varies by 2.5% in relation to the figure triggering the previous adjustment; until 2009 fixed adjustments.	Benefits are adjusted annually by the government through the budget and are linked to the minimum wage.	Adjustment on 1 January and 1 July in accordance with the average development of contract-wages.	Benefits are adjusted annually on 1 April, according to changes in the consumer price index for the previous calendar year.
3. Taxation of benefits	Not taxable.	Not taxable.	Taxable.	Not taxable.	Taxable.	Taxable.
4. Contributions	No contributions.	No contributions.	Contributions for health care and long-term care insurance.	No contributions.	Social insurance contributions.	n.a.
5. Sanctions	Refusal of participation duties will lead to a reduction of the guaranteed minimum income benefit (proportionally to the number of adults who refused to fulfill the requirements).	Refusal of job, training, public duties or work supported by the Employment Fund may lead to the suspension or refusal of granting benefits.	Benefits might be reduced or suspended when beneficiaries have willingly abandoned or reduced work without valid justification or have been dismissed for serious reasons.	Social assistance is given until the head of household stops registering for work with the public employment office.	When obligations in terms of work requirements are not fulfilled, the municipality may reduce or stop the allowance.	The benefit may be withheld for up to 13 weeks in case of voluntary unemployment or the failure to meet employment-related obligations. The benefit is not paid if unemployment was voluntary or due to dismissal for serious misconduct or involvement in an industrial dispute.

Appendix 1. Continued

	Norway	Poland	Portugal	Romania	Slovakia	Slovenia
Name	Økonomisk stønad	Zasilek Okresowy	Rendimento social de inserção	Ajutor Social	Dávka v hmotnejúdzi	DenarnaSocialnaPomoč
1.1. Benefit duration	Unlimited. Recipients can re-apply for benefits once the period has expired.	Permanent benefit: unlimited. Temporary benefit: benefit duration fixed according to the beneficiary situation and after the case examination.	Renewed automatically after 12 months of duration. From 2010, a reassessment is made during the month of renewal.	Unlimited, as long as the conditions are met.	Payment to the citizen on the basis of lawful decision and during the period in which the entitlement conditions last.	Does not exceed 3 months for the first time or 6 months if circumstances remained unchanged. Maximum 12 months in special cases. Permanent for those whose social status is unlikely to improve.
1.2. Nationality	No nationality requirements.	No nationality requirements.	No nationality requirements.	No nationality condition.	No nationality requirements.	No nationality requirements.
1.3. Residence	All persons legally resident in the country.	Permanent residents.	Legal place of residency in Portugal.	Permanent or temporary residence in Romania. Family members must live together.	All residents.	Permanent residence.
1.4. Age	No age condition. In practice, however, allowance is seldom given individually to children under 18 years of age.	From 18 years.	18 years of age or older, or less than 18 years of age if the person has minor child dependants, or is married or living in cohabitation or in the case of pregnancy.	Individual: Minimum 18 years of age.	No age requirements.	Single persons aged over 18 years, who are neither married nor cohabiting and have no children.
1.5. Work requirements	Each person who claims social financial assistance is obliged to support him-/herself by work if work is available and the person in question is able to work.	All those capable of work must be available for work, training or socio-professional integration and be registered with the labour office, except for persons entitled to a Permanent Allowance for the care of a handicapped child.	Availability for employment, as well as occupational training and integration activities.	Required solely to the family member or individual meeting the following conditions: Age between 16 years and retirement age, working capacity, lack of wage or other income, and not attending a form of education.	Able bodied applicants of working age must be willing to accept offers of suitable work, training or practice small community services or voluntary work and be registered at the Office of Labour, Social Affairs and Family in order to receive higher benefits.	In principle everyone is obliged to support him- or herself through work. Entitlement maybe linked to signing a contract with the Social Work Centre which places obligations on the beneficiary to resolve his/her social problems (rehabilitation, health treatment, etc.).
1.6. Exhaustion of other claims	Social financial assistance is complementary to all other subsistence allowances and is provided as a last resort assistance (safety net).	Other claims for benefits must be exhausted.	No condition, can be combined with other social security benefits.	No condition.	Other statutory benefits and non-financial kinds of help must be exhausted.	Entitlements to other social insurance benefits and maintenance payments from other people must be exhausted.
2. Indexation	Governmental guidelines are periodically adjusted in accordance with the rise in consumer prices.	Linked to the consumer prices index and adjusted once a year.	Annual indexation in line with the social pension amount from the non-contributory scheme. Pensions are adjusted to developments in the GDP and the consumer price index.	Annually adjusted, according to the development of the consumer price index, by government decisions.	Annual adjustment taking into account the increases in the net income (or in the costs of living of lower-income households). A further adjustment can be made on 1 September.	Adjustments are made once a year in January with respect to the price index for basic necessities in the period from January to December of the previous year compared to the year before.
3. Taxation of benefits	Not taxable.	Not taxable.	Not taxable.	Not taxable.	Not taxable.	Not taxable.
4. Contributions	No contributions.	No contributions.	No contributions.	No contributions.	No contributions.	No contributions.
5. Sanctions	The consequences of not complying with the conditions are not regulated by law. In principle, the benefit is to be withdrawn, partially or completely.	Recovery possible in cases of administrative, fraud, failure to inform of a change of circumstances.	If an adult household member does not comply with the labour insertion programme, that person will be excluded from the household composition for determining the 'household adult equivalent dimension', but all income or earnings received by that family member will still be considered for the means test.	In exchange for the social assistance payments, one of the family members/ lone persons must perform a certain number of working hours in the benefit of the municipality.	Recipients have the obligation to return a benefit which they are not entitled. The obligation to return the benefit plus a 10% increase shall exist for 3 years from the day of verification by the state (or municipality) for a maximum of 10 years from the day of receiving the benefit.	Social assistance must be returned with interest if obtained by giving false information or failing to report a change in circumstances. Social assistance may also be recuperated from the estate of a deceased beneficiary.

Appendix 1. Continued

	Spain	Sweden	Switzerland	United Kingdom	United States
Name	Ingreso Mínimo/Renta Mínima de Inserción	Ekonomiskt bistånd	Aide Sociale	Income Support	Food Stamps/Aid to Families with Dependent Children, Temporary Assistance to Needy Families
1.1. Benefit duration	Generally 12 months; possibility of extension in certain cases.	Unlimited, until circumstances no longer require support.	Unlimited, as long as the need is demonstrated.	Unlimited, as long as the conditions are fulfilled.	Unlimited, as long as the conditions are fulfilled.
1.2. Nationality	Not necessarily a condition for entitlement.	No nationality requirements.	n.a.	No nationality requirement. Claimants who have lived outside the UK for 2 years before the date of claim must satisfy the habitual residence test.	n.a.
1.3. Residence	Resident of the Autonomous Community for a certain period (usually between 3 and 5 years).	All persons with the right to stay in the country.	n.a.	Must be present in the country.	n.a.
1.4. Age	Generally up to 65 years of age. Special rules for disabled people.	Assistance is given to the family as a whole, as long as parents are obliged to support their children. No other conditions.	n.a.	From 16 years of age if conditions of entitlement are satisfied.	n.a.
1.5. Work requirements	Must be capable of working.	Everybody is bound to support him- or herself first, and must try to get a job with a sufficient salary at all times, as long as he/she is able to work.	Engage in gainful employment or enhance an existing one.	Not a condition for Income Support.	Able-bodied adults without children are eligible for only 3 months of benefits in a 36-month period, unless they met a work requirement (work 20 hours or more per week, or participated in a qualifying work activity) or lived in an area with high unemployment.
1.6. Exhaustion of other claims	Accumulation with other public social benefits not allowed.	Social assistance is complementary to all other subsistence allowances. Claimant has to claim all government financed allowances before coming to the municipal assistance.	No condition, but all income from gainful activity is normally taken into account in the calculation of the benefits.	Claims to other benefits must be exhausted but if need still exists, Income Support can be paid to bring income up to a set limit. An interim payment may be made, pending the outcome of claims to other benefits.	n.a.
2. Indexation	Generally adjusted yearly by provisions of the Autonomous Community and the Autonomous Cities of Ceuta and Melilla, linked to the economic situation.	Social assistance consists of several components. For some items the Government and Parliament decide the amount yearly. For other items the municipalities ought to pay the real costs if they are reasonable.	Benefits have been adjusted to inflation in 2003.	Adjustment normally once a year with reference to movements in prices.	n.a.
3. Taxation of benefits	Not taxable.	Not taxable.	Not taxable.	Not taxable.	Not taxable.
4. Contributions	No contributions.	No contributions.	n.a.	No contributions.	No contributions.
5. Sanctions	In cases of error, fraud, failure to inform of a change of circumstances the benefits might be recovered.	n.a.	Assistance benefits may be reduced if the recipient refuses to cooperate or does not show enough integration efforts.	n.a.	n.a.

Note: 'n.a.' refers to 'no information available'.

Source: Abrahamson and Wehner, 2003; Benefits and Wages: Country specific information (OECD, 2009), MISSOC Comparative Tables Dataset (European Commission, 2009), Social Security Programs Throughout the World (SSA, 2014), and The Social Assistance and Minimum Income Protection Data Set (Nelson, 2013).

Appendix 2A. Real annual minimum income benefit levels including housing benefits (average of three household types), 1990-2009

	1990	1995	2000	2005	2009	change 1990-2009
Australia	13,844	15,548	16,054	18,369	19,122	5,278
Canada	16,311	16,323	13,072	12,851	13,924	-2,387
Japan	12,148	13,367	14,697	22,827	25,547	13,398
New Zealand	12,079	12,329	12,768	13,729	14,156	2,077
Norway	17,429	20,266	21,992	22,265	21,275	3,846
Switzerland	19,629	20,590	22,211	22,244	23,530	3,901
United States	9,623	8,920	7,956	7,805	7,497	-2,126
Mean OECD-7	14,438	15,335	15,536	17,156	17,864	3,427
Standard deviation	3,506	4,223	5,138	5,821	6,339	2,833
Coefficient of variation	0.24	0.28	0.33	0.34	0.35	0.11
Austria	13,749	15,061	15,543	15,954	16,629	2,879
Belgium	12,452	13,696	12,811	13,261	14,861	2,408
Denmark	17,396	19,757	20,757	20,777	21,161	3,765
Finland	19,671	16,942	15,869	17,207	18,178	-1,493
France	9,228	9,980	10,864	11,181	11,654	2,426
Germany	15,445	17,338	17,506	19,989	20,704	5,260
Ireland	16,811	15,406	14,279	16,257	24,107	7,296
Italy	19,735	11,223	13,096	14,882	17,092	-2,643
Luxembourg	16,202	22,392	21,273	35,258	29,493	13,291
Netherlands	16,063	18,196	16,874	16,858	19,379	3,315
Portugal	.	5,226	5,542	6,071	6,787	.
Spain	16,153	8,870	7,643	7,786	8,134	-8,019
Sweden	17,147	16,451	14,820	15,977	17,280	132
United Kingdom	11,672	12,074	13,730	15,066	16,755	5,083
Mean EU-14	.	14,472	14,329	16,180	17,301	.
Standard deviation	.	4,624	4,370	6,852	5,947	.
Coefficient of variation	.	0.32	0.30	0.42	0.34	.
Bulgaria	.	.	.	.	3,205	.
Cyprus	.	.	.	14,901	17,731	.
Czech Republic	9,160	8,120	6,310	6,967	7,145	-2,015
Estonia	.	4,659	3,162	3,766	3,630	.
Hungary	17,645	9,729	3,363	3,115	4,569	-13,076
Latvia	.	.	.	3,514	3,460	.
Lithuania	.	.	.	3,483	5,729	.
Malta	.	.	.	11,804	11,609	.
Poland	.	7,650	4,976	4,875	4,818	.
Romania	.	.	.	.	1,353	.
Slovakia	7,917	5,250	5,729	3,501	5,245	-2,672
Slovenia	.	24,509	10,203	11,011	11,014	.
Mean EU-12	.	.	.	.	6,626	.
Standard deviation	.	.	.	.	4,636	.
Coefficient of variation	.	.	.	.	0.70	.

Note: Net benefits per year in US dollars, corrected for inflation (2005=100) and PPP; simple average of minimum income benefits of three household types: single person, lone parents with two children and two parents with two children. Data years are around 1990 (Germany, 1991; Hungary, 1992; Czech Republic, Slovakia, 1993), and around 1995 (Portugal, 1996).

Source: Social Assistance and Minimum Income Protection Interim Dataset (Nelson, 2013) and own calculations.

Table 2B. Real annual minimum income benefit levels including housing benefits, three household types, 1990-2009

	Minimum income benefits for single persons				Minimum income benefits for lone parents				Minimum income benefits for two parents			
	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009
Australia	8,524	9,492	10,203	1,679	14,184	16,616	20,626	6,441	18,823	22,055	26,537	7,713
Canada	8,099	6,379	6,099	-2,000	19,136	15,814	17,016	-2,120	21,698	17,023	18,656	-3,042
Japan	6,318	7,688	14,722	8,404	15,173	18,290	31,204	16,031	14,953	18,115	30,714	15,760
New Zealand	7,627	7,959	8,701	1,075	13,504	14,473	16,062	2,558	15,107	15,873	17,706	2,599
Norway	14,231	16,819	16,671	2,441	16,113	19,185	19,949	3,837	21,944	29,970	27,204	5,260
Switzerland	12,124	13,645	14,512	2,388	20,752	24,319	25,665	4,913	26,012	28,670	30,413	4,401
United States	1,776	432	451	-1,324	12,232	10,602	9,754	-2,479	14,861	12,833	12,285	-2,576
Mean OECD-7	8,385	8,916	10,194	1,809	15,871	17,043	20,039	4,169	19,057	20,648	23,359	4,302
Standard deviation	4,016	5,260	5,701	1,685	3,075	4,260	6,921	3,847	4,355	6,540	7,135	2,780
Coefficient of variation	0.48	0.59	0.56	0.08	0.19	0.25	0.35	0.15	0.23	0.32	0.31	0.08
Austria	8,299	9,812	10,348	2,049	15,198	17,059	18,102	2,904	17,751	19,759	21,436	3,685
Belgium	7,742	8,168	9,391	1,649	14,808	15,133	18,049	3,241	14,808	15,133	17,141	2,334
Denmark	10,282	11,339	11,269	987	18,141	18,592	20,469	2,328	23,766	32,339	31,745	7,979
Finland	11,551	9,819	11,484	-66	21,225	16,948	19,372	-1,853	26,236	20,840	23,677	-2,559
France	6,319	7,315	7,847	1,529	9,787	11,766	12,623	2,836	11,579	13,510	14,493	2,914
Germany	9,359	10,788	12,535	3,176	16,573	19,193	22,345	5,772	20,402	22,536	27,233	6,832
Ireland	10,740	9,172	15,200	4,460	17,109	14,460	24,463	7,355	22,584	19,205	32,658	10,074
Italy	10,307	6,850	8,909	-1,398	22,213	14,740	19,269	-2,945	26,685	17,697	23,098	-3,587
Luxembourg	10,943	13,702	18,270	7,327	16,617	22,013	33,016	16,399	21,047	28,105	37,192	16,145
Netherlands	11,388	12,020	13,751	2,363	17,501	18,334	21,103	3,603	19,302	20,269	23,282	3,980
Portugal	.	2,464	2,944	.	.	5,850	7,250	.	.	8,314	10,168	.
Spain	11,390	5,304	5,487	-5,902	17,681	8,414	8,922	-8,759	19,390	9,210	9,994	-9,395
Sweden	10,214	9,165	10,662	449	18,151	15,517	18,198	47	23,077	19,777	22,978	-99
United Kingdom	7,023	7,863	8,448	1,425	12,784	15,165	19,238	6,454	15,209	18,164	22,579	7,370
Mean EU-14	.	8,841	10,468	.	.	15,227	18,744	.	.	18,918	22,691	.
Standard deviation	.	2,866	3,883	.	.	4,264	6,361	.	.	6,427	7,997	.
Coefficient of variation	.	0.32	0.37	.	.	0.28	0.34	.	.	0.34	0.35	.

Table 2B. Continued

	Minimum income benefits for single persons				Minimum income benefits for lone parents				Minimum income benefits for two parents			
	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009	1990	2000	2009	change 1990-2009
Bulgaria	.	.	1,196	.	.	.	3,852	.	.	.	4,567	.
Cyprus	.	.	10,532	.	.	.	18,651	.	.	.	24,010	.
Czech Republic	4,267	3,006	3,446	-821	10,125	7,028	7,782	-2,343	13,086	8,895	10,206	-2,880
Estonia	.	1,937	2,207	.	.	3,407	4,017	.	.	4,143	4,668	.
Hungary	8,744	1,834	1,913	-6,831	19,149	3,383	5,998	-13,150	25,042	4,873	5,795	-19,248
Latvia	.	.	1,617	.	.	.	4,047	.	.	.	4,716	.
Lithuania	.	.	2,474	.	.	.	6,380	.	.	.	8,333	.
Malta	.	.	8,002	.	.	.	13,092	.	.	.	13,732	.
Poland	.	2,828	2,658	.	.	5,147	5,867	.	.	6,952	5,929	.
Romania	.	.	522	.	.	.	1,606	.	.	.	1,930	.
Slovakia	4,095	3,521	3,034	-1,061	7,371	5,871	5,446	-1,926	12,286	7,794	7,256	-5,031
Slovenia	.	4,069	4,736	.	.	12,732	13,191	.	.	13,808	15,115	.
Mean EU-12	.	.	3,528	.	.	.	7,494	.	.	.	8,855	.
Standard deviation	.	.	2,941	.	.	.	4,960	.	.	.	6,151	.
Coefficient of variation	.	.	0.83	.	.	.	0.66	.	.	.	0.69	.

Note: Net benefits per year in US dollars, corrected for inflation (2005=100) and PPP; three types of households are presented: single persons, lone parents with two children and two parents with two children.

Data years are around 1990 (Germany, 1991; Hungary, 1992; Czech Republic, Slovakia, 1993).

Source: Social Assistance and Minimum Income Protection Interim Dataset (Nelson, 2013) and own calculations.

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