

***Poverty, the Social Safety Net and the
Great Recession***

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October 15, 2014

Summary

- Great Recession (GR) → unemployment, by group
 - stronger effect on black males, low-skilled, youth
- the safety net in the US
 1. 1996 reform from '*out-of-work*' to '*in-work*' assistance
 - incentives to labor market participation and employment during expansionary periods
 - holes during recessions?
 2. policy adjustments during GR: extended unemployment benefits, food stamps
- the GR compared to previous recessions
 - stronger increase in extreme poverty (because of 1.)
 - weaker increase in poverty (because of 2.)

Outline of discussion

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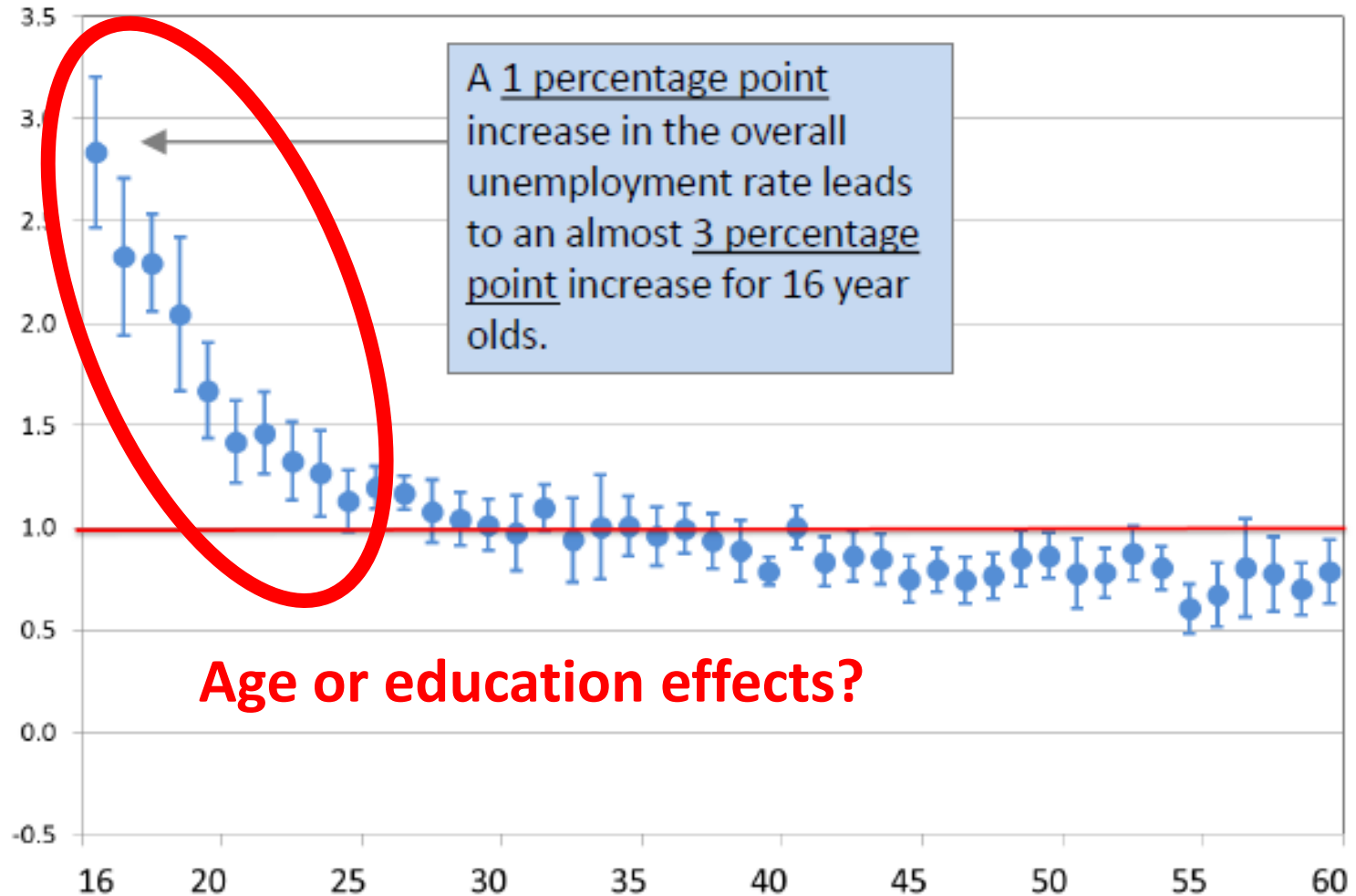
- GR → unemployment
 - the evidence from the US: age or education effects?
 - comparison US vs. Italy/Europe
- GR → poverty in Italy and Europe
 - differential effects by age and education
- the safety net across countries
 - the «holes» in (some) European countries: dualism and the generation gap

GR \rightarrow unemployment

age effects in the US

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Effect of Area Unemployment Rate Across Ages



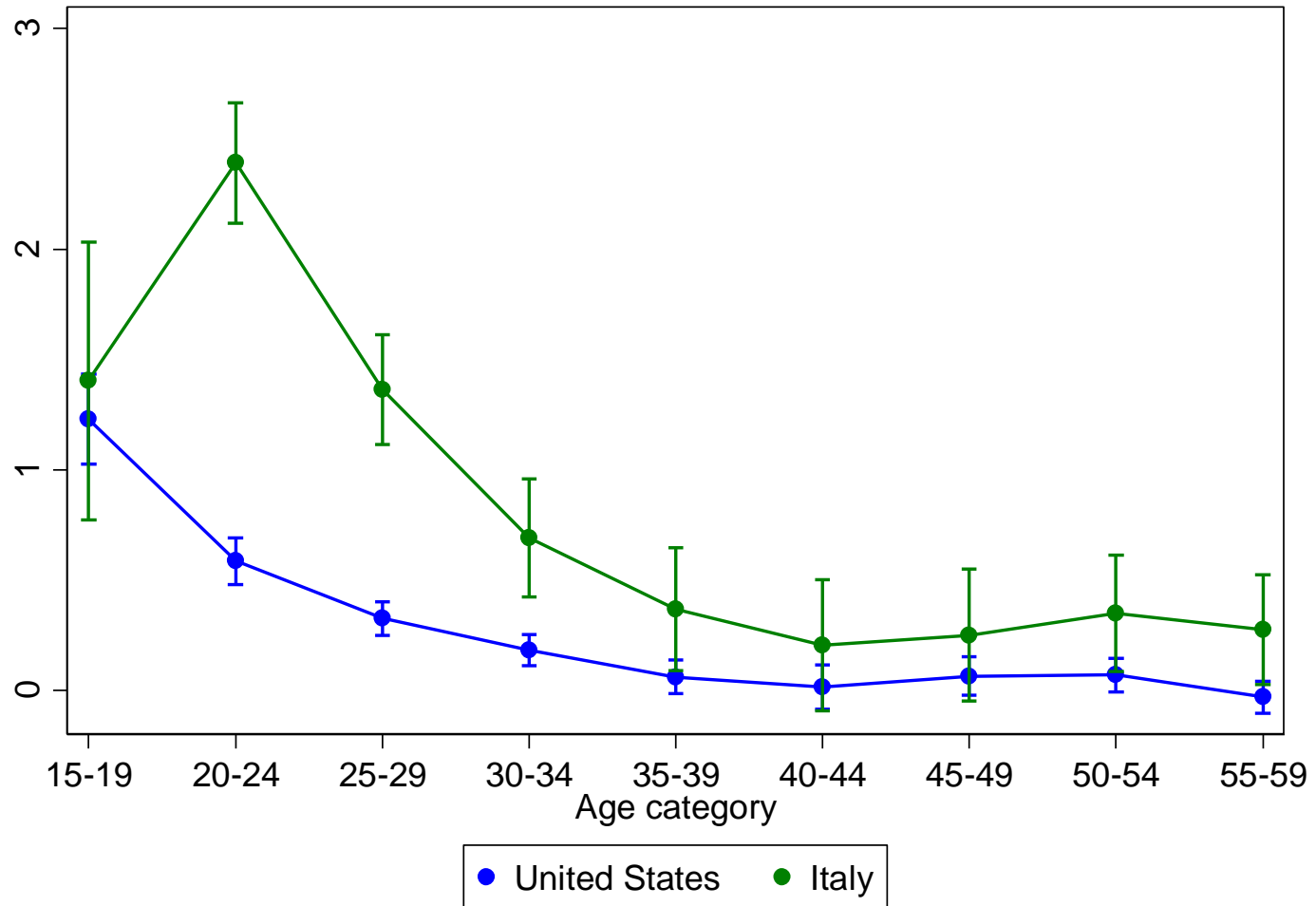
Age or education effects?

GR \rightarrow unemployment

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age effects in Italy vs. US

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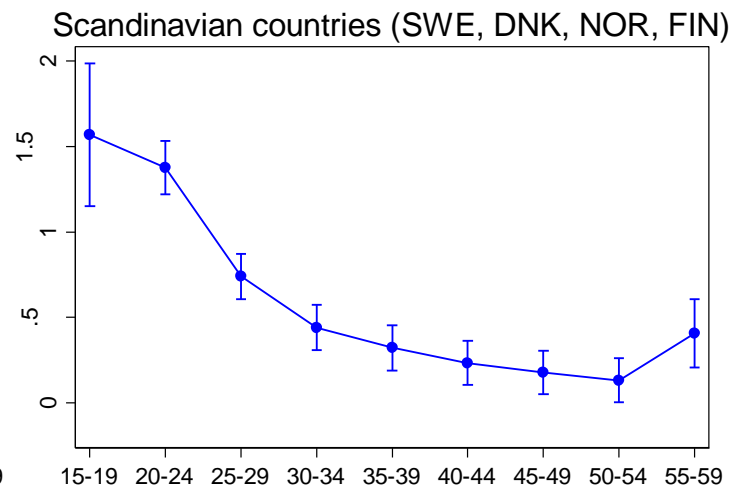
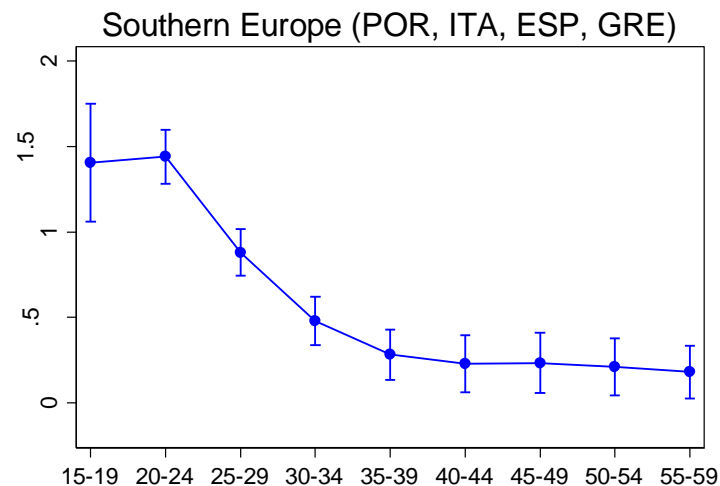
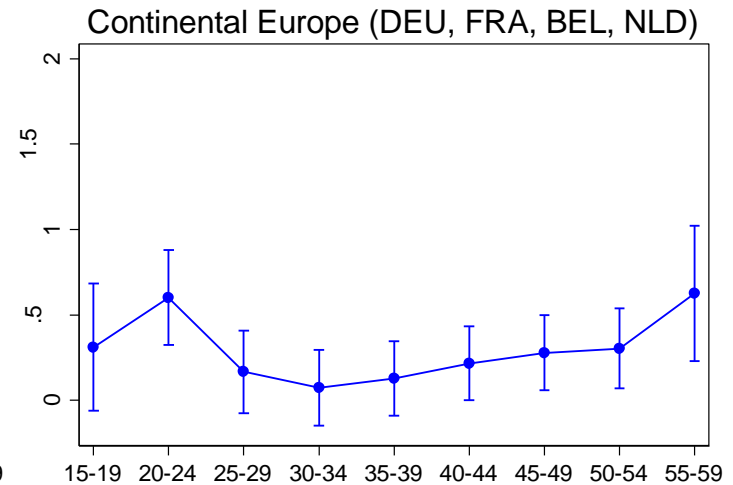
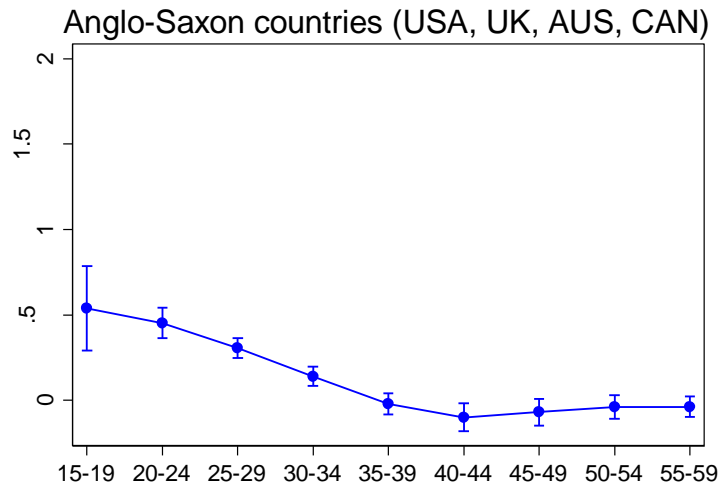


Notes: data from harmonized OECD-LFS, methodology as in Hoynes et al. (2012)

GR → unemployment

age effects across countries

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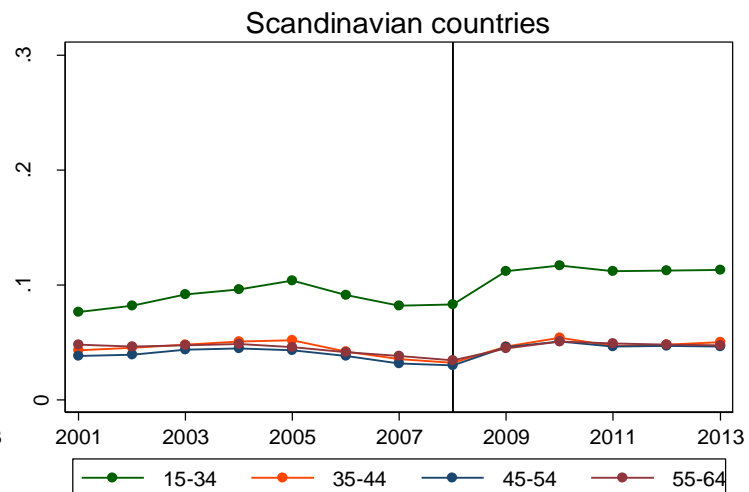
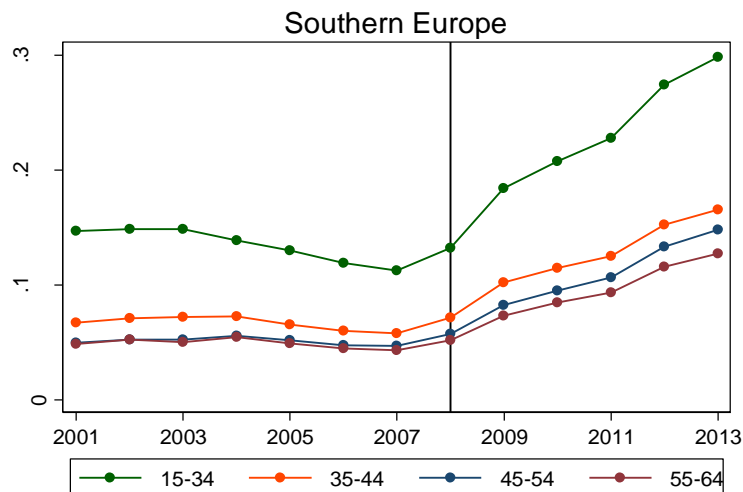
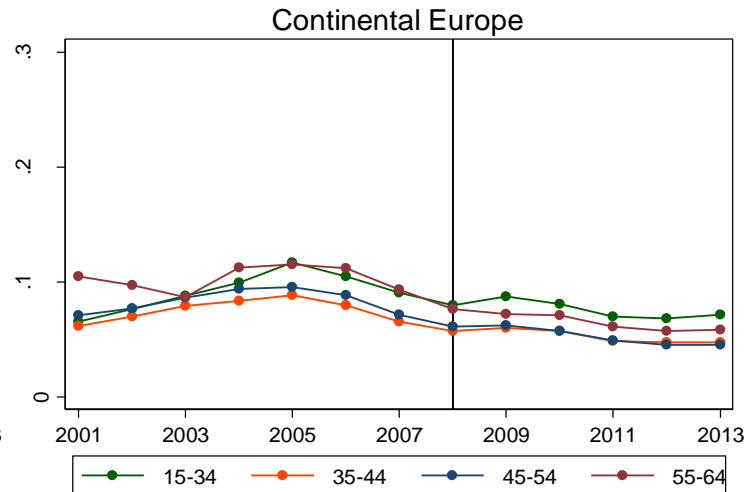
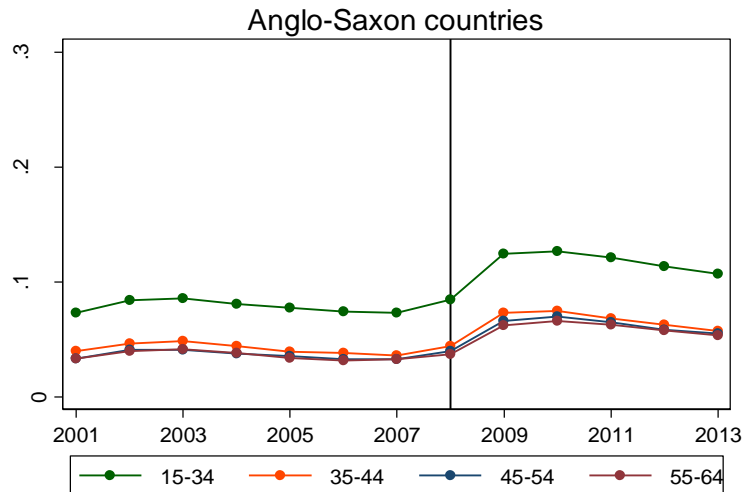


Notes: data from harmonized OECD-LFS, methodology as in Hoynes et al. (2012)

Unemployment rates

cross country evidence, 2001-2013

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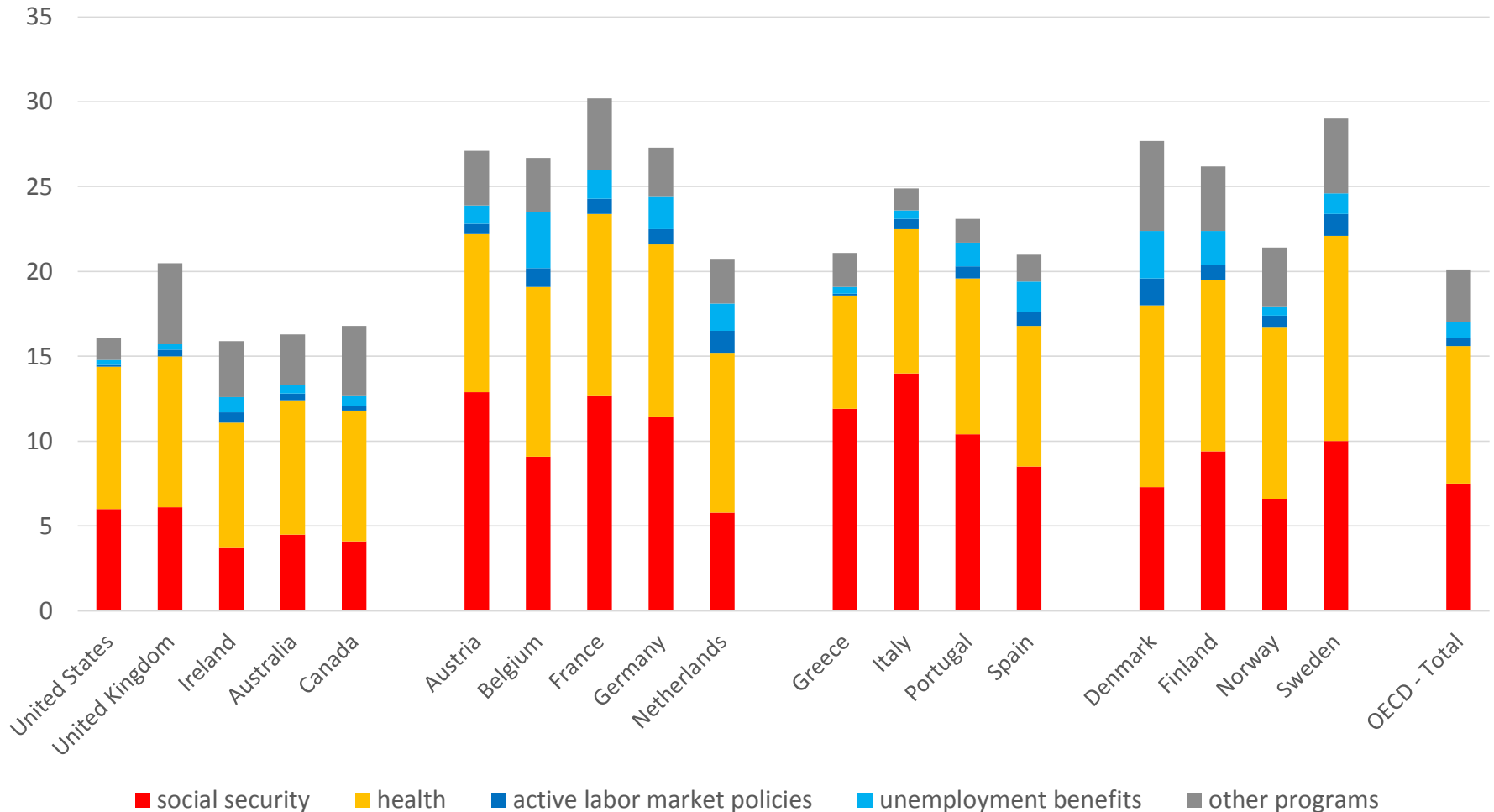
Notes: data from harmonized OECD-LFS

The safety net in OECD countries

before GR (2005)

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Social Expenditure in OECD countries (%GDP)



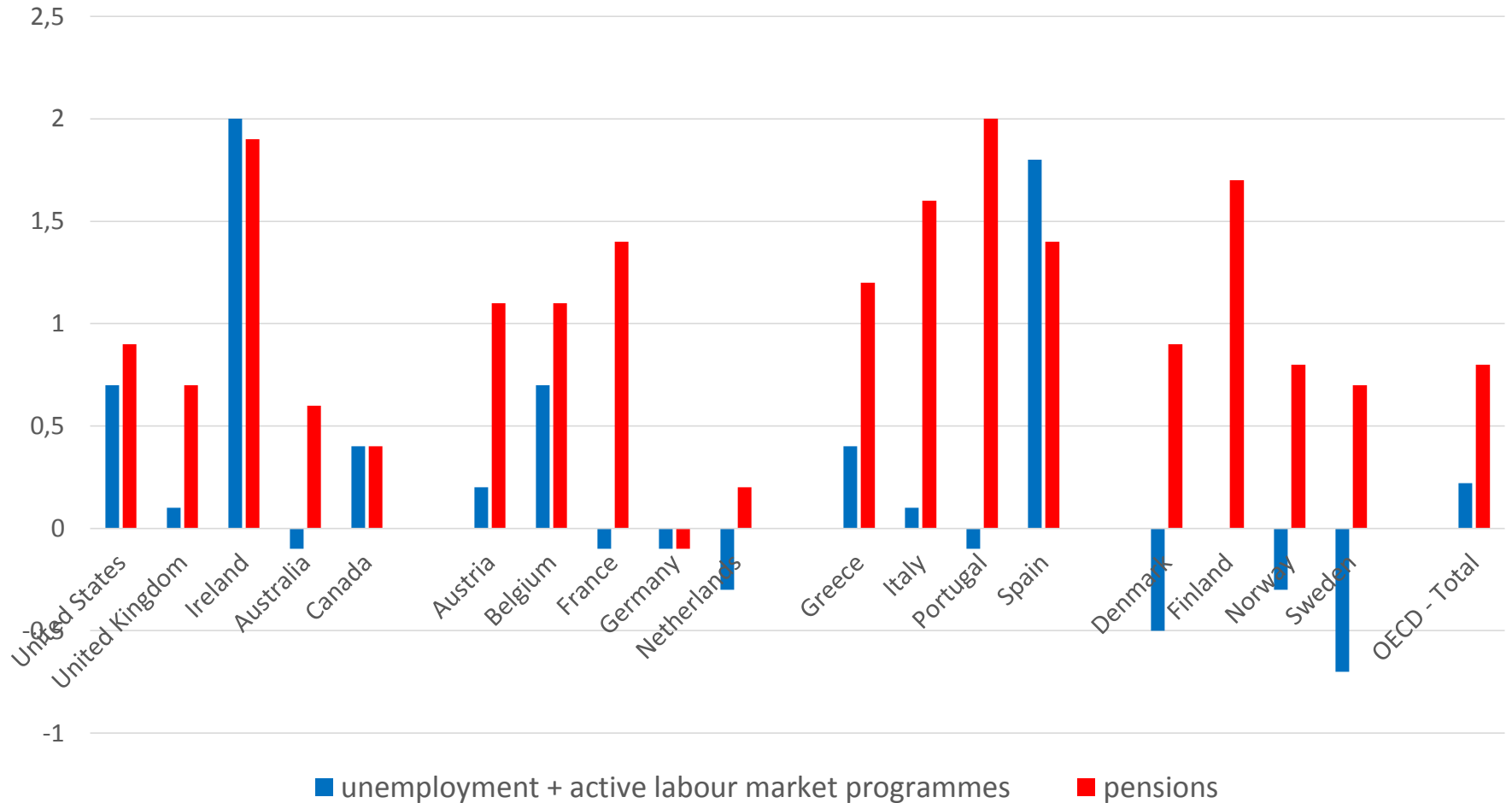
Notes: data from OECD Social Expenditure Database (SOCX)

The safety net in OECD countries

during GR (change 2005-2009)

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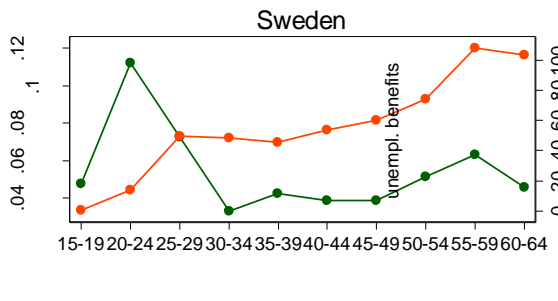
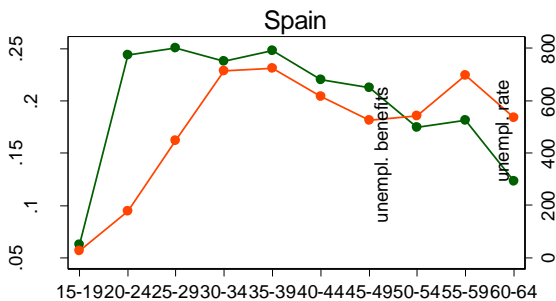
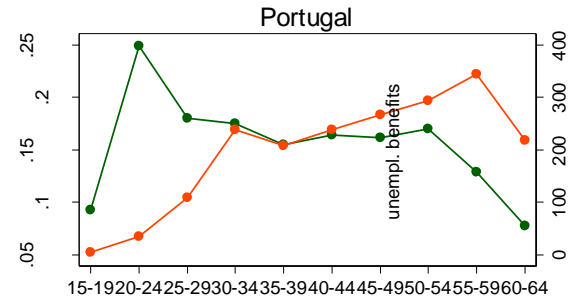
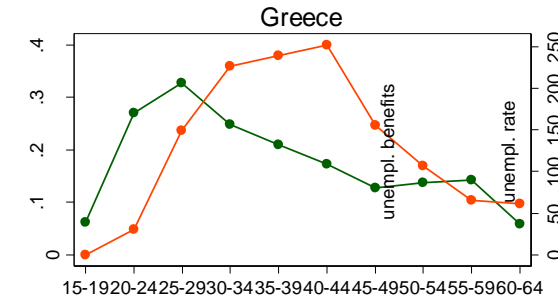
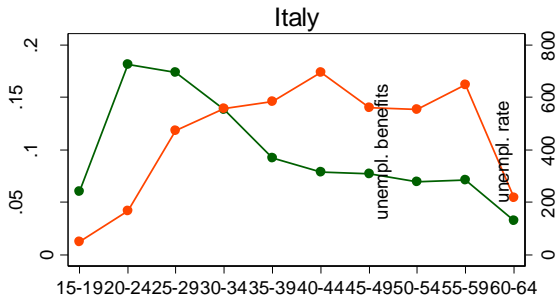
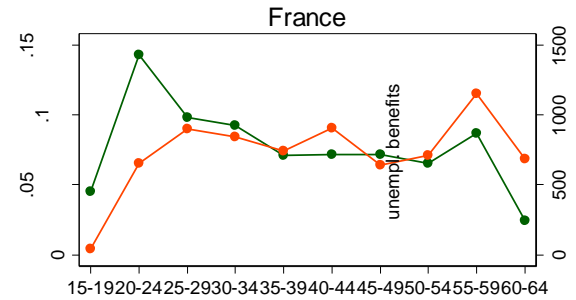
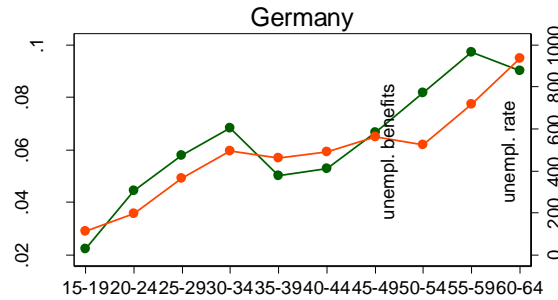
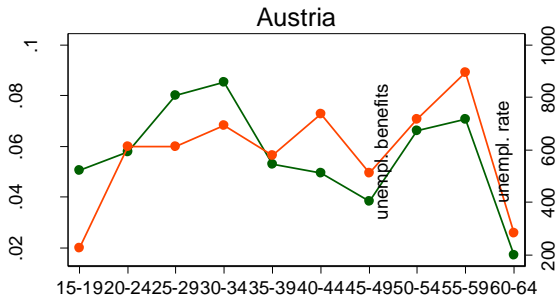
Change in Social Expenditure in OECD countries (% GDP), period 2005-2009



Notes: data from OECD Social Expenditure Database (SOCX)

The safety net, age profile

year 2012

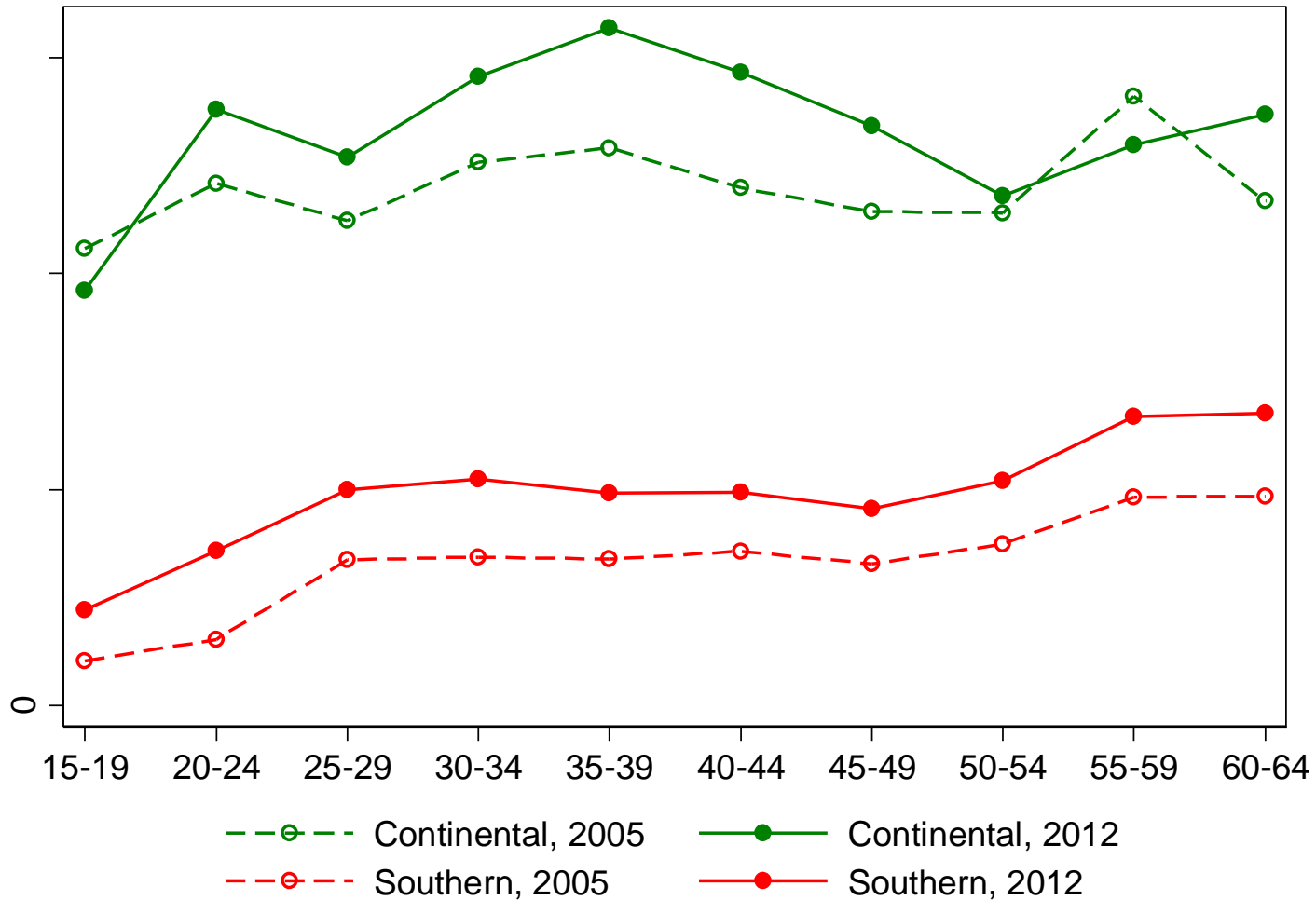


—●— unempl. rate —●— unempl. benefits

The safety net, age profile

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D B

change 2005-2012



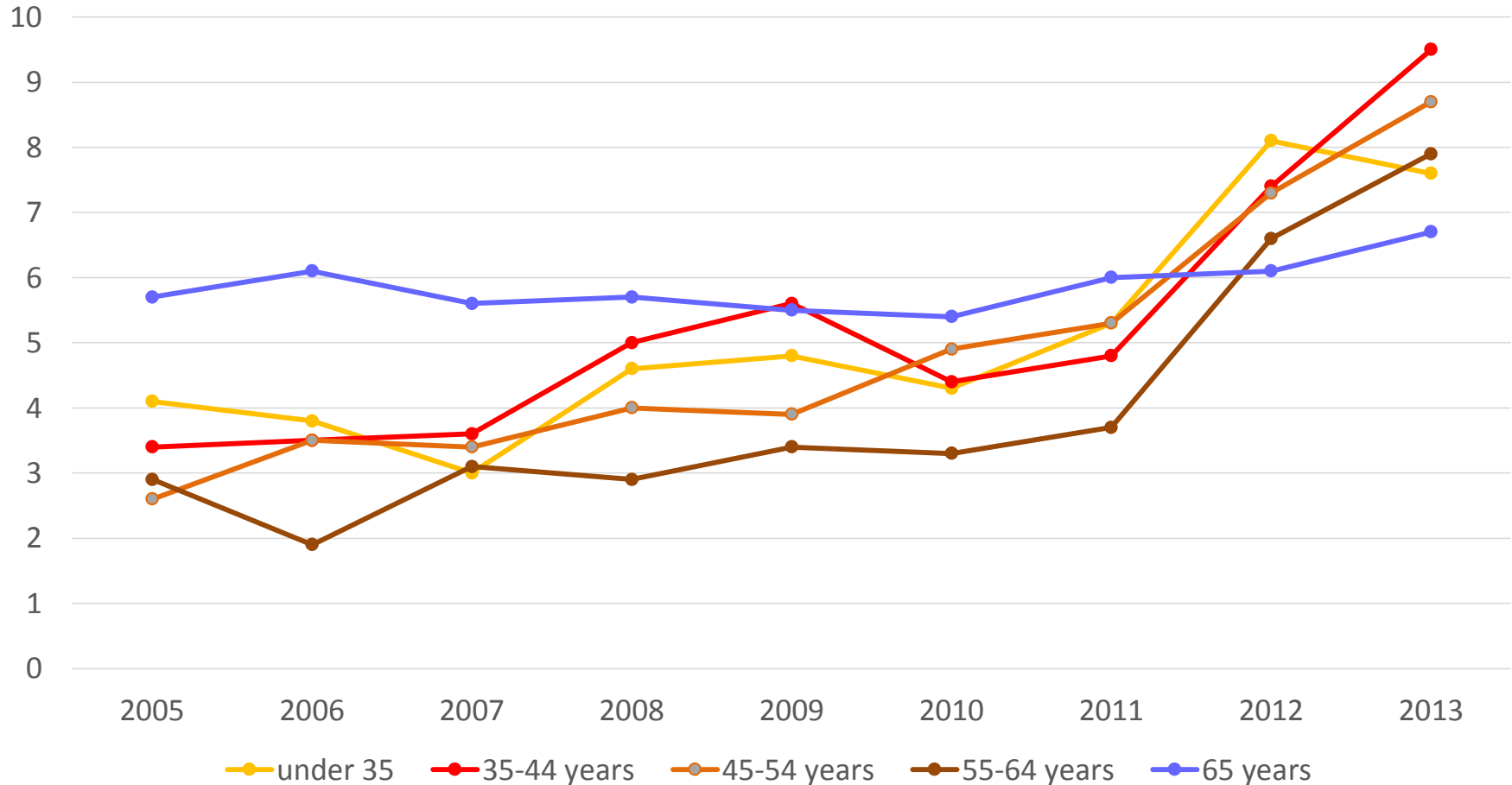
Notes: EU-SILC microdata

GR → absolute poverty

the Italian case

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Absolute poverty in Italy, by age of the head of household

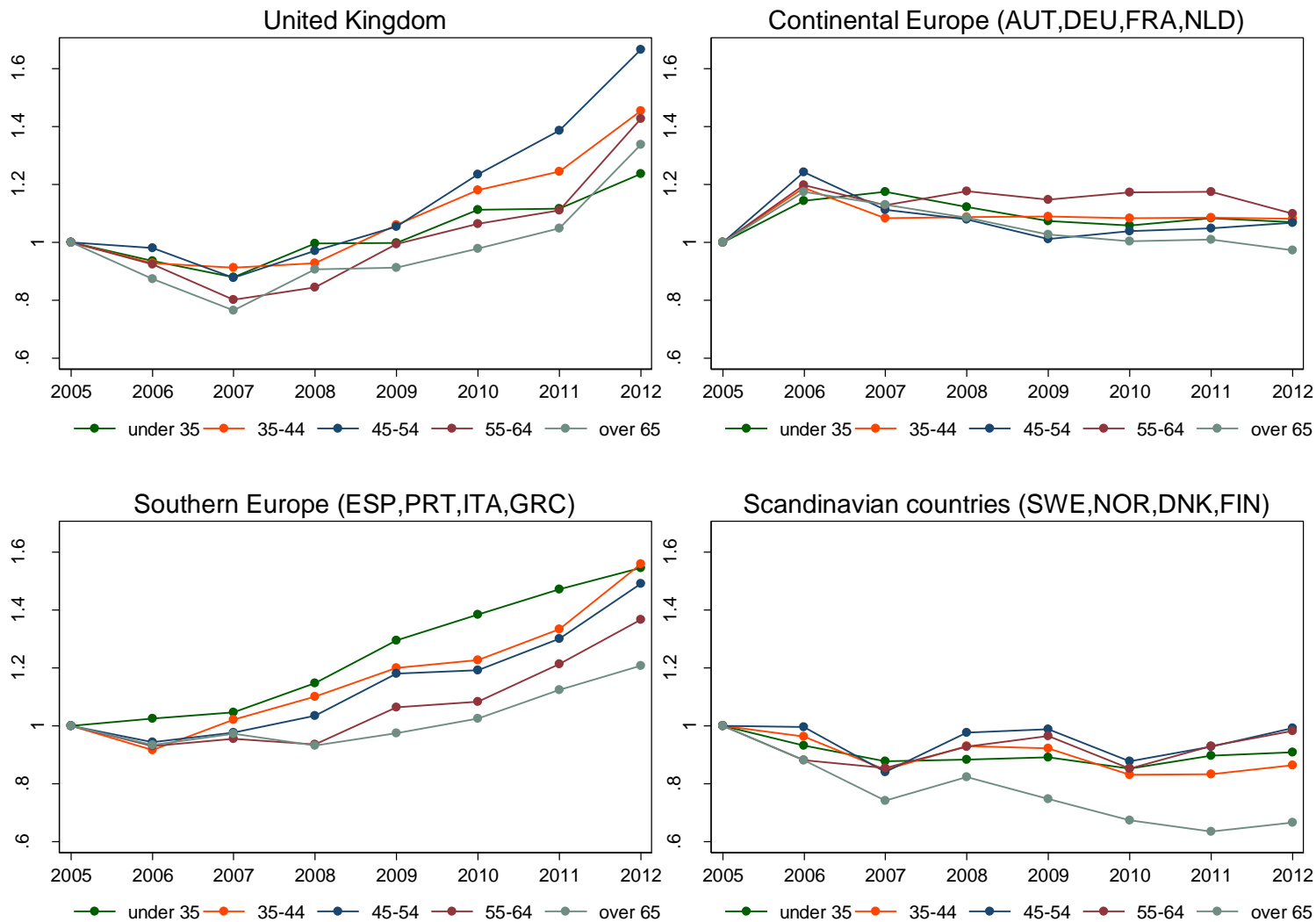


Notes: official (absolute) poverty rate, as computed by the Italian National Statistical Institute (ISTAT)

GR → poverty (unmet needs)

cross country evidence, 2005-2012

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Notes: EU-SIL microdata, % people unable to afford a complete meal every second day and/or unexpected expenses (=1 in 2007)

Conclusions

- dualism → systematic holes in the safety net of many European countries
 - combined effect of lower employment protection and lesser access to social benefits
- scars of GR on younger generations?
 - health?
 - family formation?
 - fertility?