

Target efficiency of Minimum Income Schemes: a guide to a key policy tool in post-pandemic advanced societies

Special Session Scope

The Covid-19 pandemic highlighted, among many other factors, a paradoxical feature of advanced societies: the coexistence of high average standards of living and high poverty rates (regardless of the various assumptions adopted for poverty measurement). In this context, designing policies able to efficiently tackle poverty should thus be a primary political goal. In this Special Session we propose to extensively explore the role of Minimum Income Schemes (MISs) as a means of poverty alleviation.

MISs are most commonly residual welfare programs defining the social floor for living standards. Indeed, they are usually means-tested benefits targeted to households or individuals whose resources are deemed as limited by some political value judgment. However, different policy designs identify different social floors and, in turn, different social floors relate differently to different poverty concepts.

In this Special Session, we thus aim to explore the complex relationship between MISs and poverty in multiple ways and from several perspectives. First, while all European Union countries have by now a national MIS, differences in design, implementation and conditionalities imply different coverage rates among the poor population. Second, coverage rates may sharply differ according to the indicator chosen to measure poverty (for instance, income-based vs consumption-based poverty, absolute vs relative poverty), posing a crucial question on how target efficiency of MIS should be assessed. Third, if the goal of MIS is to eradicate poverty, it is crucial to inquire whether such residual policies – often constrained by budgetary considerations – are adequate to their scope or if they should be a part of a more comprehensive anti-poverty strategy comprising other dimensions (regional disparities in access to education and healthcare, industrial policy, labour market regulation, employment programmes and so on). Finally, it is of great importance to determine how poverty risk has been affected by Covid-19 in different countries and how different MISs have fared in cushioning the pandemic's impact on household incomes.

The (non-exhaustive) list above includes some of the main topics that will be addressed in this Special Session.

Special Session Scientific Relevance

As MISs emerged as a crucial element of national anti-poverty strategies, the evaluation of their target efficiency (often in comparison with universal benefits) has been at the heart of a large body of literature. This debate brought about important advancements: on the empirical side, various evaluation methods have been implemented (for instance, microsimulation of eligibility and take-up, focus on stylised household types); on the theoretical side, many important qualifications have been made (e.g., coverage and adequacy as distinct problems, coverage in terms of actual or potential beneficiaries, meaning of the term efficiency). However, some issues have often been neglected. First of all, target efficiency may vary according to the chosen poverty indicator. Second, little is known about the ability of MIS to

effectively cover and tackle the multidimensional aspects of poverty (e.g., health and educational divide, access to basic energy goods).

This Special Session takes stock of recent theoretical and empirical developments and tries to expand the understanding of the complex relation between MIS and poverty alleviation. This task takes on particular importance in this turbulent historical period: the Covid-19 pandemic has indeed greatly enlarged the set of poverty risks, extended vulnerability to wider shares of the population, and challenged the abilities of governments to improve conditions of most vulnerable populations.