

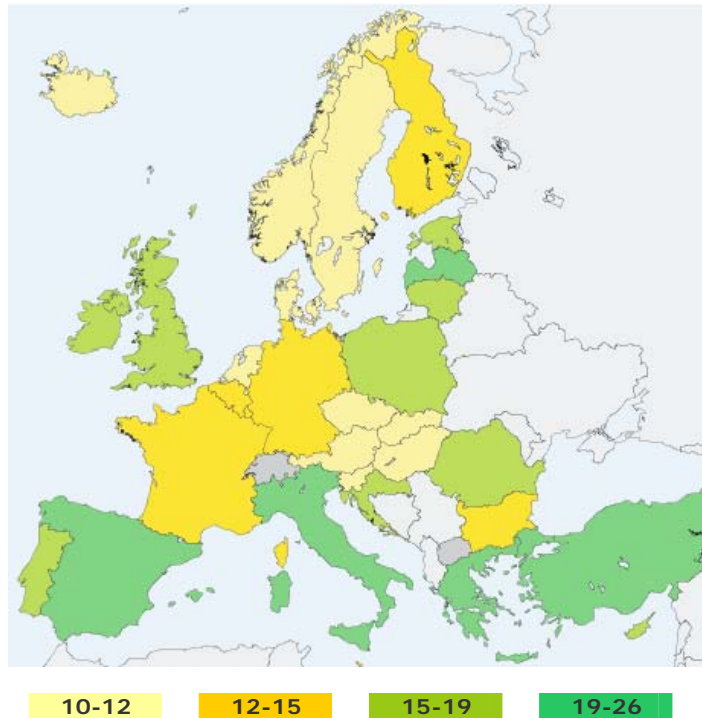
Data and correlation tests on poverty rates, poverty reduction and social income transfers across 28 countries

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July 27th, 2009

At-risk-of-poverty rate after social transfers (PL 60), 2007



Work in progress:

Caminada, K., and K.P. Goudswaard (2009), 'Effectiveness of Poverty Reduction in the EU15. An Empirical Analysis.' (mimeo)

Caminada, K., and K.P. Goudswaard (2009), 'Social Income Transfers and Poverty Alleviation in the EU15 and other OECD countries. An Empirical Analysis.' (mimeo)

Content

Sources	4
- LIS Key Figures on Poverty	
- OECD Poverty Rates	
- Structural Indicators EU - Social Cohesion	
- LIS Fiscal Redistribution Dataset	
- Gross and net social expenditure (% GDP)	
Table A1: Percent poverty for total population in 28 countries based on data of LIS, OECD and Eurostat, latest available year	5
- Data	
- Figures	
- Comparisons of main estimates poverty rates total population between LIS, OECD, and Eurostat	
- Correlation data on poverty rates LIS, OECD, and Eurostat	
Table A2: Percent child poverty in 28 countries based on data of LIS, OECD and Eurostat, latest available year	9
- Data, and Figures	
Table A3: Percent poverty for elderly in 28 countries based on data of LIS, OECD and Eurostat, latest available year	10
- Data, and Figures	
Table A4: Gross and net social expenditure as % of GDP, 2005	11
- Data, and Figures	
Table A5: Gross public and private social expenditure as % of GDP: breakdown by social programs 1985-2005	12
- Data, and Figures	
Table A6: Gross public and private social expenditure as % of GDP: breakdown by public and private expenditure, 1985-2005	13
- Data, and Figures	
Table A7: Poverty reduction in the European Union, 1995-2007: pensions excluded from social transfers	14
- Data, and Figures	
Table A8: Poverty reduction in the European Union, 1995-2007: pensions included in social transfers	16
- Data, and Figures	
Table A9: Linkages between LIS poverty rates and gross and net social spending, around 2001-2005	18
- Data: PL 40, PL 50, and PL 60	
- Figures: PL 40, PL 50, and PL 60	
- Correlation tests: PL 40, PL 50, and PL 60	
Table A10: Linkages between OECD poverty rates and gross and net social spending, around 2003-2005	23
- Data: PL 40, PL 50, and PL 60	
- Figures: PL 40, PL 50, and PL 60	
- Correlation tests: PL 40, PL 50, and PL 60	
Table A11: Linkages between LIS poverty rates and gross public and private social spending, 1985 and 2005	28
- Data: PL 60	
- Figures: PL 60	
- Correlation tests: PL 60	
Table A12: Linkages between OECD poverty rates and gross public and private social spending, 1985, 1995 and 2005	30
- Data: PL 50	
- Figures: PL 50	
- Correlation tests: PL 50	
Table A13: Linkages between OECD poverty rates (PL 50) and gross private social spending, 1985, 1995 and 2005	33
- Data: PL 50	
- Figures: PL 50	
- Correlation tests: PL 50	

Table A14: Social programs: linkages between LIS poverty rates and gross public and private social spending, 2001-2005	35
- Data: PL 40, PL 50, and PL 60	
- Figures: PL 60	
- Correlation tests: PL 60	
Table A15: Social programs: linkages between LIS poverty rates and gross public and private social spending, around 1985 and 2005	37
- Data: PL 60	
- Figures: PL 60	
- Correlation tests: PL 60	
Table A16: Social programs: linkages between OECD poverty rates and gross public and private social spending, around 1995 and 2005	39
- Data: PL 50	
- Figures: PL 50	
- Correlation tests: PL 50	
Table A17: Poverty reduction (PL 60) in the EU15, 1995 and 2007	42
Table A18: Targeting effect of net total social expenditures on poverty reduction in the EU15, around 2005-2007	43
- Data: PL 60	
- Figures: PL 60	
Table A19: Targeting effect of gross total social expenditures on poverty reduction in the EU15, 1995 and 2005-2007	44
- Data: PL 60	
- Figures: PL 60	
Table A20: Targeting effect of gross total social expenditures for family programs on poverty reduction of children in the EU15, 1995 and 2005-2007	45
- Data: PL 60	
- Figures: PL 60	
- Correlation tests: PL 60	
Table A21: Targeting effect of gross total social expenditures for old age pension schemes and survivors programs on poverty reduction of elderly in the EU15, 1995 and 2005-2007	47
- Data: PL 60	
- Figures: PL 60	
- Correlation tests: PL 60	
Table A22: Benchmark targeting effect social spending on poverty reduction in the EU15 (over time)	49
Table A23: Targeting effect of several social expenditure variables on poverty reduction total population in 25 OECD countries, 2005	51
- Data: PL 50	
- Correlation tests: PL 50	
Table A24: Targeting effect of gross total social expenditures on poverty reduction total population in 16 OECD countries, 1995 and 2005	52
- Data: PL 50	
- Correlation tests: PL 50	
Table A25: Effects of taxes and transfers in reducing poverty (OECD PL 50), mid-1980s - mid-2000s	53
- Data: PL 50	
- Figures: PL 50	
Table A26: LIS poverty scores (PL 50) of private sector income and disposable income, around 2000	54
Table A27: Targeting effect of social expenditures on LIS poverty reduction (PL 50), around 2000-2005	54
Table A28: Change of poverty scores over time of total population; LIS (PL 60) and OECD (PL 50)	55
- Data: PL 60 / PL 50	
- Figures: PL 60 / PL 50	
Table A29: Multiple Approach: Several correlation tests of OECD poverty rates (PL 50) and gross total social expenditure, taken into account demographic / cyclical effects, around 1985, 1995 and 2005	57
References	66

Sources

LIS Key Figures on Poverty

- Over 30 countries
- Data years: between 1979 and 2005 (over 130 LIS surveys conducted in 31 countries between 1979-2005)
 - Poverty rates at PL 40, at PL 50, and at PL 60
- Source: Luxembourg Income Study (LIS 2009)
- URL: <http://www.lisproject.org>

OECD Poverty Rates

- OECD-30 and EU-15
- Data years: 2003, 2004, and 2005
 - Poverty rates at PL 40, at PL 50, and at PL 60
 - Poverty gap at PL 50
- OECD-26, and EU-15
- Data years: mid-1980s, mid-1990s, mid-2000's
 - Poverty rates at PL 50
- Source: OECD (2008)
- Download: April 16th, 2009

Structural Indicators EU - Social Cohesion

- EU-15 and EU-27
- Data years: 1995, 2000, 2005, and 2007
 - At-risk-of-poverty rate before social transfers (pensions included in social transfers) at PL 40, PL 50, PL 60, and PL 70
 - At-risk-of-poverty rate before social transfers (pensions excluded from social transfers) at PL 40, PL 50, PL 60, and PL 70
 - At-risk-of-poverty rate after social transfers at PL 40, PL 50, PL 60, and PL 70
- Source: Eurostat: ECHP/EU-SILC (2009)
- URL: <http://epp.eurostat.ec.europa.eu/>
- Download: April 13th, 2009

LIS Fiscal Redistribution Dataset

- OECD-13 (selected countries)
- Data years: between 1979 and 2002 (60 LIS surveys conducted in 13 countries between 1979-2002)
 - Poverty scores pre-government private sector income
 - Poverty scores post-government disposable income
 - Poverty reduction
- Source: LIS data based on V.A. Mahler and D.K. Jesuit (2006); also updated figures.
- URL: <http://www.lisproject.org/publications/fiscalredistdata/fiscresd.htm>

Gross public and private social expenditure (% GDP)

- OECD-30 and EU-15
- Data years: 1985-2005
 - Total
 - Old age
 - Survivors
 - Family
 - Other social policy areas
- Source: OECD Social Expenditure Database (SOCX 2008)
- URL: www.oecd.org/els/social/expenditure
- Download: April 13th, 2009

Gross and net social expenditure (% GDP)

- OECD-26 and EU-14
- Data years: 1993, 1995, 1997, 2001, 2003, and 2005
 - Gross public social expenditure
 - Net public social expenditure
 - Gross total social expenditure
 - Net total social expenditure
- Source: Adema (2001); Adema and Ladaique (2005); Net Social Expenditure, 2008 edition
- URL: www.oecd.org/els/social/expenditure
- Download: April 13th, 2009

Other data

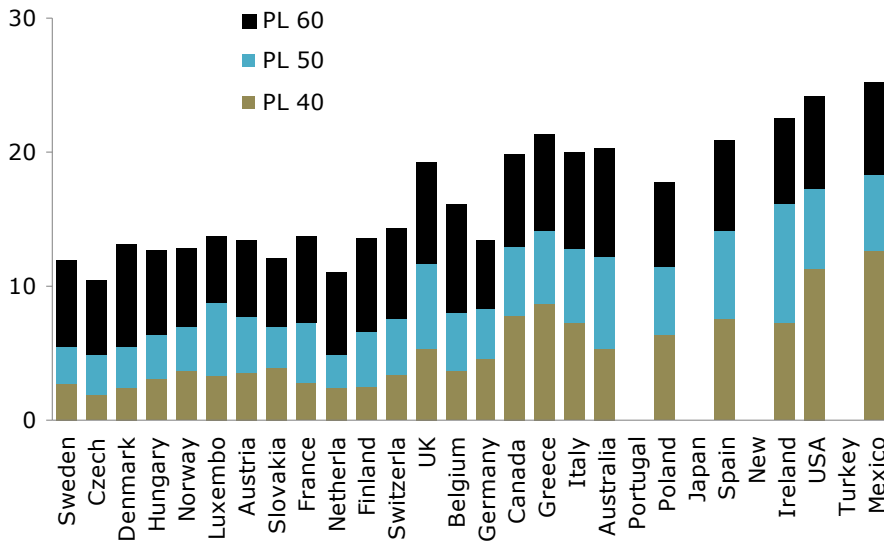
- Population over 65 as % of population, Unemployment rate as % of total labor force, and GDP per capita, US current prices and PPS
- Data years: 1985, 1995 and around 2005
- Source: OECD.StatsExtracts (2009)
- URL: <http://webnet.oecd.org/wbos/>
- Download: May 6th, 2009

Table A1: Percent poverty for total population in 28 countries based on data of LIS, OECD and Eurostat, latest available year

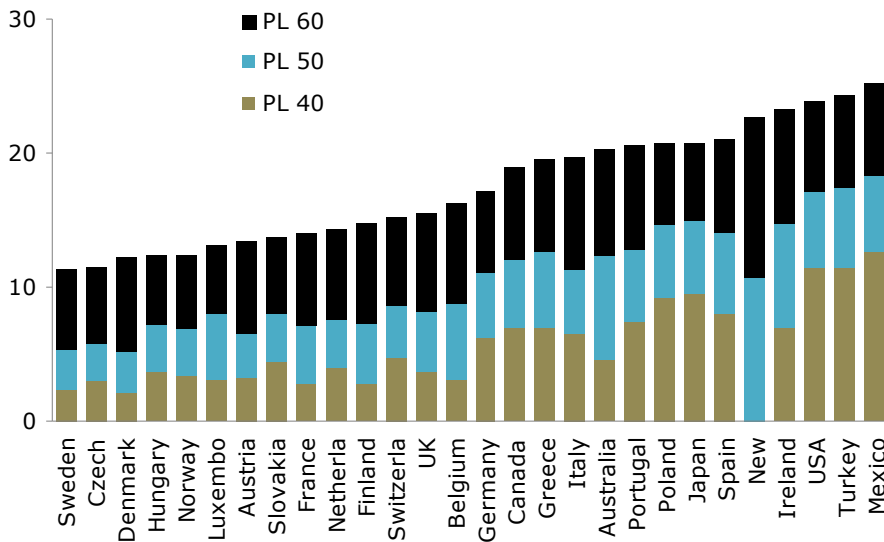
	LIS (around 2001)			OECD (2003-2005)			EUROSTAT (2007)			
	PL 40	PL 50	PL 60	PL 40	PL 50	PL 60	PL 40	PL 50	PL 60	PL 70
Australia	5.4	12.2	20.4	4.6	12.4	20.3				
Austria	3.6	7.7	13.4	3.4	6.6	13.4	3	6	12	19
Belgium	3.7	8.1	16.1	3.1	8.8	16.2	4	8	15	23
Canada	7.7	13.0	19.9	7.0	12.0	19.0				
Czech Republic	2.0	4.9	10.5	3.0	5.8	11.5	2	5	10	17
Denmark	2.3	5.6	13.2	2.1	5.3	12.3	3	6	12	19
Finland	2.5	6.5	13.5	2.8	7.3	14.8	2	5	13	22
France	2.8	7.3	13.7	2.8	7.1	14.1	3	7	13	21
Germany	4.6	8.4	13.4	6.3	11.0	17.2	5	10	15	23
Greece	8.6	14.3	21.4	7.0	12.6	19.6	8	13	20	28
Hungary	3.1	6.4	12.7	3.7	7.1	12.3	3	7	12	20
Ireland	7.4	16.2	22.5	7.0	14.8	23.3	4	9	18	26
Italy	7.4	12.8	20.0	6.6	11.4	19.7	7	12	20	27
Japan				9.5	14.9	20.8				
Luxembourg	3.2	8.8	13.7	3.1	8.1	13.2	2	7	14	22
Mexico	12.6	18.4	25.3	12.7	18.4	25.3				
Netherlands	2.5	4.9	11.1	4.0	7.7	14.4	3	5	10	19
New Zealand					10.8	22.7				
Norway	3.7	7.1	12.8	3.5	6.8	12.4	5	8	12	19
Poland	6.4	11.5	17.7	9.3	14.6	20.8	6	11	17	25
Portugal				7.4	12.9	20.7	6	12	18	26
Slovakia	3.9	7.0	12.1	4.5	8.1	13.7	3	6	11	18
Spain	7.6	14.2	20.8	8.1	14.1	21.0	7	13	20	28
Sweden	2.6	5.6	12.0	2.5	5.3	11.4	4	6	11	18
Switzerland	3.5	7.6	14.4	4.8	8.7	15.2				
Turkey				11.4	17.5	24.3				
UK	5.4	11.6	19.2	3.7	8.3	15.5	6	12	19	27
USA	11.4	17.3	24.1	11.4	17.1	23.9				
Mean	5.2	9.9	16.4	5.7	10.6	17.5	4	8	15	22
Max =	12.6	18.4	25.3	12.7	18.4	25.3	8	13	20	28
Min =	2.0	4.9	10.5	2.1	5.3	11.4	2	5	10	17
N (28) =	24	24	24	27	28	28	20	20	20	20
Mean EU15	4.6	9.4	16.0	4.7	9.4	16.4	5	10	17	24
Max =	8.6	16.2	22.5	8.1	14.8	23.3	8	13	20	28
Min =	2.3	4.9	11.1	2.1	5.3	11.4	2	5	10	18
N	14	14	14	15	15	15	15	15	15	15
Mean Non-EU15	6.0	10.5	17.0	7.1	11.9	18.6	4	7	12	20
Max =	13	18	25	13	18	25	6	11	17	25
Min =	2	5	10	3	6	11	2	5	10	17
N	10	10	10	12	13	13	5	5	5	5
Correlation with LIS	1.00	1.00	1.00	0.94	0.93	0.93	0.86	0.84	0.89	
Correlation with OECD	0.94	0.93	0.93	1.00	1.00	1.00	0.73	0.79	0.86	
Cor with Eurostat	0.86	0.84	0.89	0.73	0.79	0.86	1.00	1.00	1.00	

Source: LIS (2009), OECD (2008), and Eurostat: ECHP/EU-SILC (2009)

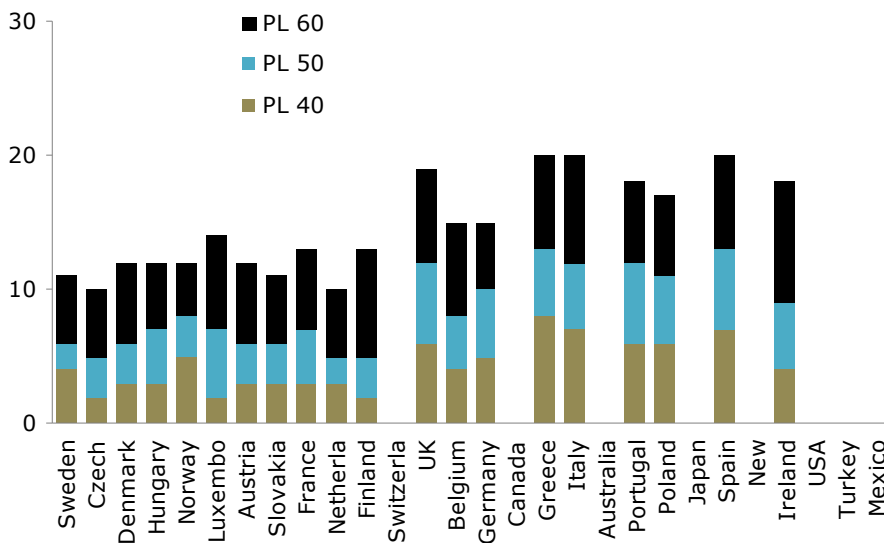
Poverty rates total population LIS around 2001



Poverty rates total population OECD 2003-2005



Poverty rates total population Eurostat 2007



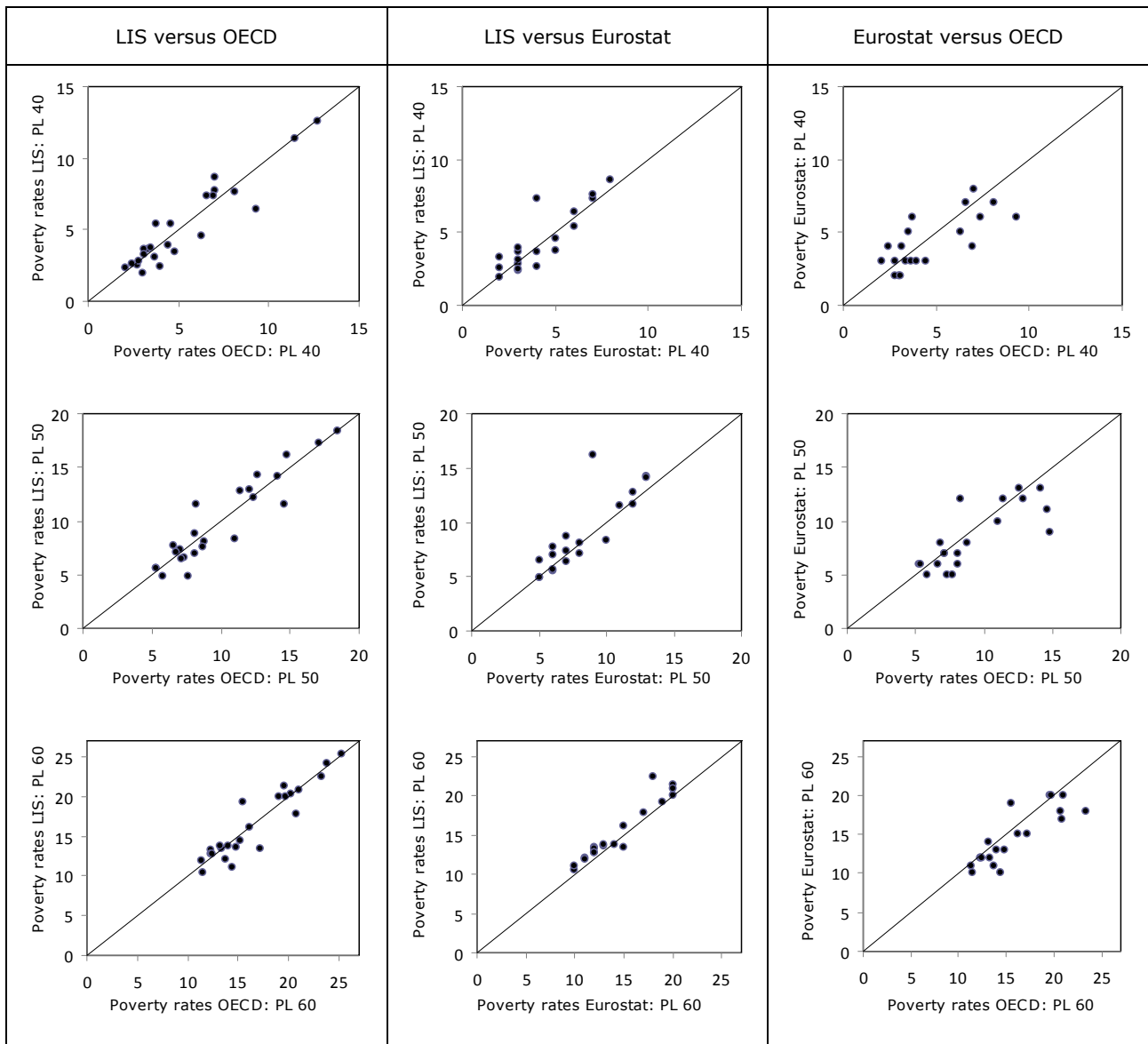
Source: LIS (2009), OECD (2008), and Eurostat: ECHP/EU-SILC (2009)

Comparisons of main estimates poverty rates total population between LIS, OECD, and Eurostat, latest available year

	LIS -/ OECD			LIS -/ EUROSTAT			EUROSTAT -/ OECD		
	PL 40	PL 50	PL 60	PL 40	PL 50	PL 60	PL 40	PL 50	PL 60
Australia	0.8	-0.2	0.1						
Austria	0.3	1.1	0.1	0.6	1.7	1.4	-0.4	-0.6	-1.4
Belgium	0.5	-0.7	-0.1	-0.3	0.1	1.1	0.9	-0.8	-1.2
Canada	0.7	0.9	0.9						
Czech Republic	-1.1	-1.0	-1.0	-0.0	-0.1	0.5	-1.0	-0.8	-1.5
Denmark	0.2	0.3	0.9	-0.7	-0.4	1.2	0.9	0.7	-0.3
Finland	-0.2	-0.8	-1.2	0.5	1.5	0.5	-0.8	-2.3	-1.8
France	0.0	0.2	-0.3	-0.2	0.3	0.7	0.2	-0.1	-1.1
Germany	-1.7	-2.7	-3.8	-0.4	-1.6	-1.6	-1.3	-1.0	-2.2
Greece	1.6	1.6	1.8	0.6	1.3	1.4	1.0	0.4	0.4
Hungary	-0.6	-0.7	0.4	0.1	-0.6	0.7	-0.7	-0.1	-0.3
Ireland	0.4	1.4	-0.8	3.4	7.2	4.5	-3.0	-5.8	-5.3
Italy	0.8	1.4	0.3	0.4	0.8	0.0	0.4	0.6	0.3
Luxembourg	0.1	0.7	0.5	1.2	1.8	-0.3	-1.1	-1.1	0.8
Mexico	-0.1	-0.0	0.0						
Netherlands	-1.5	-2.8	-3.3	-0.5	-0.1	1.1	-1.0	-2.7	-4.4
Norway	0.2	0.3	0.4	-1.3	-0.9	0.8	1.5	1.2	-0.4
Poland	-2.9	-3.1	-3.1	0.4	0.5	0.7	-3.3	-3.6	-3.8
Slovakia	-0.6	-1.1	-1.7	0.9	1.0	1.1	-1.5	-2.1	-2.7
Spain	-0.5	0.1	-0.2	0.6	1.2	0.8	-1.1	-1.1	-1.0
Sweden	0.2	0.3	0.6	-1.4	-0.4	1.0	1.5	0.7	-0.4
Switzerland	-1.3	-1.1	-0.9						
Turkey									
UK	1.6	3.4	3.7	-0.6	-0.4	0.2	2.3	3.8	3.5
USA	-0.1	0.2	0.2						
Mean =	-0.1	-0.1	-0.3	0.2	0.7	0.8	-0.3	-0.8	-1.2
Max =	1.6	3.4	3.7	3.4	7.2	4.5	2.3	3.8	3.5
Min =	-2.9	-3.1	-3.8	-1.4	-1.6	-1.6	-3.3	-5.8	-5.3
N (28) =	24	24	24	19	19	19	19	19	19

Source: LIS (2009), OECD (2008), Eurostat: ECHP/EU-SILC (2009), and own calculations

Correlation data on poverty rates LIS, OECD, and Eurostat, most recent data year available



Source: LIS (2009), OECD (2008), Eurostat: ECHP/EU-SILC (2009), and own calculations

Table A2: Percent poverty for children in 28 countries based on data of LIS, OECD and Eurostat, latest available year

	LIS (around 2001)			OECD (2003-2005)	EUROSTAT (2007)			
	PL 40	PL 50	PL 60	PL 50	PL 40	PL 50	PL 60	PL 70
Australia	6.9	14.0	22.1	11.8				
Austria	3.8	7.8	15.9	6.2	4	8	15	25
Belgium	3.5	7.2	12.7	10.0	4	9	17	25
Canada	9.7	16.8	25.3	15.1				
Czech Republic	3.3	6.6	12.2	10.3	4	9	16	25
Denmark	1.5	3.9	10.5	2.7	3	5	10	16
Finland	1.3	3.7	9.7	4.2	2	4	11	20
France	2.6	7.9	15.9	7.6	3	7	16	25
Germany	5.5	9.0	14.2	16.3	4	8	14	23
Greece	6.7	12.7	18.7	13.2	10	15	23	32
Hungary	4.3	8.1	15.2	8.7	4	11	19	28
Ireland	7.8	15.8	21.8	16.3	4	11	19	29
Italy	10.5	16.6	26.5	15.5	10	16	25	35
Japan				13.7				
Luxembourg	4.9	13.3	19.5	12.4	3	11	20	29
Mexico	15.4	22.2	30.1	22.2				
Netherlands	2.9	6.3	12.2	11.5	4	7	14	24
New Zealand				15.0				
Norway	2.3	4.9	10.0	4.6	5	7	12	20
Poland	9.8	17.2	25.0	21.5	9	16	24	34
Portugal				16.6	8	14	21	28
Slovakia	6.1	9.8	16.0	10.9	6	10	17	25
Spain	7.4	14.9	21.4	17.3	10	16	24	33
Sweden	2.0	4.7	10.9	4.0	4	6	12	19
Switzerland	2.9	6.7	17.0	9.4				
Turkey				24.6				
UK	5.7	14.0	24.2	10.1	7	14	23	33
USA	14.4	21.2	29.1	20.6				
Mean	5.9	11.1	18.2	12.6	5	10	18	26
Max =	15.4	22.2	30.1	24.6	10	16	25	35
Min =	1.3	3.7	9.7	2.7	2	4	10	16
N (28) =	24	24	24	28	20	20	20	20
Mean EU15	4.7	9.8	16.7	10.9	6	11	19	28
Max =	10.5	16.6	26.5	17.3	10	16	25	35
Min =	1.3	3.7	9.7	2.7	2	4	10	16
N	14	14	14	15	15	15	15	15
Mean Non-EU15	7.5	12.8	20.2		6	11	18	26
Max =	15	22	30	25	9	16	24	34
Min =	2	5	10	5	4	7	12	20
N	10	10	10	13	5	5	5	5
Correlation with LIS	1.00	1.00	1.00	0.89	0.80	0.91	0.87	
Correlation with OECD		0.89		1.00		0.79		
Cor with Eurostat	0.80	0.91	0.87	0.79	1.00	1.00	1.00	

Source: LIS (2009), OECD (2008), and Eurostat: ECHP/EU-SILC (2009)

Table A3: Percent poverty for elderly in 28 countries based on data of LIS, OECD and Eurostat, latest available year

	LIS (around 2001)			OECD (2003-2005)	EUROSTAT (2007)			
	PL 40	PL 50	PL 60	PL 50	PL 40	PL 50	PL 60	PL 70
Australia	5.8	22.3	44.9	26.9				
Austria	5.8	13.6	21.4	7.5	2	4	14	24
Belgium	5.8	15.4	35.9	12.8	3	10	23	37
Canada	1.4	6.3	17.6	5.9				
Czech Republic	1.3	7.4	21.9	2.3	0	2	5	17
Denmark	1.1	8.5	31.1	10.0	1	4	18	39
Finland	2.1	10.1	25.5	12.7	1	6	22	39
France	3.0	8.5	16.2	8.8	3	7	13	24
Germany	4.0	10.4	18.6	8.5	4	9	17	27
Greece	17.0	26.8	38.3	22.7	7	15	23	34
Hungary		4.3	12.6	4.7	1	2	6	13
Ireland	15.2	36.8	54.9	30.6	3	8	29	49
Italy	5.6	14.3	22.6	12.8	5	12	22	31
Japan				22.0				
Luxembourg		4.5	10.0	3.1	1	3	7	14
Mexico	19.3	27.3	35.2	28.0				
Netherlands		1.6	15.0	2.1	1	4	10	24
New Zealand				1.5				
Norway	0.9	8.5	23.0	9.1	1	4	14	28
Poland	1.3	3.4	8.2	4.8	1	3	8	16
Portugal				16.6	6	13	26	38
Slovakia				5.9	1	3	8	21
Spain	9.3	23.3	33.8	22.8	7	16	28	40
Sweden	1.5	6.6	20.6	6.2	2	5	11	28
Switzerland	7.2	18.4	29.9	17.6				
Turkey				15.1				
UK	6.1	16.5	28.6	10.3	7	17	30	43
USA	14.3	24.6	34.7	23.6				
Mean	6.4	13.9	26.1	12.7	3	7	17	29
Max =	19.3	36.8	54.9	30.6	7	17	30	49
Min =	0.9	1.6	8.2	1.5	0	2	5	13
N (28) =	20	23	23	28	20	20	20	20
Mean EU15	6.4	14.1	26.6	12.5	5	11	21	32
Max =	17.0	36.8	54.9	30.6	7	17	30	49
Min =	1.1	1.6	10.0	2.1	1	3	7	14
N	12	14	14	15	15	15	15	15
Mean Non-EU15	6.4	13.6	25.3		1	3	8	19
Max =	19	27	45	28	1	4	14	28
Min =	1	3	8	2	0	2	5	13
N	8	9	9	13	5	5	5	5
Correlation with LIS	1.00	1.00	1.00	0.95	0.67	0.66	0.78	
Correlation with OECD		0.95		1.00		0.67		
Cor with Eurostat	0.67	0.66	0.78	0.67	1.00	1.00	1.00	

Source: LIS (2009), OECD (2008), and Eurostat: ECHP/EU-SILC (2009)

Table A4: Gross and net social expenditure as % of GDP, 2005

	Gross and net social expenditure				Gross public and private social expenditure; social programs			
	Gross public	Net public	Gross total	Net total	Gross total	OAP + survivors	Family programs	Other
Australia	17.1	16.5	20.8	19.3	20.8	6.9	2.8	11.1
Austria	27.2	22.2	29.1	23.5	29.1	13.5	2.8	12.8
Belgium	26.4	23.1	30.9	26.8	30.9	11.9	2.6	16.4
Canada	16.5	16.6	22.0	20.7	22.0	8.4	1.0	12.6
Czech Republic	19.5	18.0	19.9	18.2	19.8	7.9	1.7	10.2
Denmark	26.9	20.2	29.5	21.6	29.5	9.4	3.2	16.9
Finland	24.0	18.8	25.1	19.5	27.2	9.6	3.0	14.6
France	29.2	26.2	32.2	29.0	32.2	13.0	3.0	16.2
Germany	26.7	25.1	29.7	27.0	29.7	12.3	2.3	15.1
Greece	20.5		22.2		22.2	12.0	1.1	9.1
Hungary	22.5		22.6		22.6	9.1	3.1	10.4
Ireland	16.7	15.2	18.1	16.1	18.0	4.5	2.5	11.0
Italy	25.0	21.5	27.0	23.1	27.1	15.4	1.4	10.3
Japan	17.7	17.6	21.2	20.7	22.4	13.3	0.8	8.3
Luxembourg	23.2	19.4	24.3	20.3	24.3	7.6	3.6	13.1
Mexico	7.0	8.2	7.2	8.4	7.2	1.3	1.0	4.9
Netherlands	20.9	17.7	29.2	23.3	29.2	9.3	1.6	18.3
New Zealand	18.5	16.0	19.0	16.4	18.9	4.3	2.6	12.0
Norway	21.6	17.9	23.7	19.1	23.7	7.2	2.8	13.7
Poland	21.0	17.2	21.1	17.2	21.0	11.4	1.1	8.5
Portugal	22.9	20.8	23.8	21.4	25.0	10.5	1.2	13.3
Slovakia	16.6	14.9	17.6	15.7	17.6	6.9	2.1	8.6
Spain	21.2	18.9	21.7	19.1	21.7	8.4	1.1	12.2
Sweden	29.4	23.1	32.2	24.8	32.2	12.2	3.2	16.8
Switzerland	20.3		28.7		28.7	13.0	1.4	14.3
Turkey	13.7		13.7		13.7	8.0	0.0	5.7
UK	21.3	20.1	28.4	25.9	28.4	11.0	3.2	14.2
USA	15.9	17.1	26.0	25.3	26.0	9.9	0.6	15.5
Mean	21.1	18.8	23.8	20.9	24.0	9.6	2.0	12.4
Max =	29.4	26.2	32.2	29.0	32.2	15.4	3.6	18.3
Min =	7.0	8.2	7.2	8.4	7.2	1.3	0.0	4.9
N (28) =	28	24	28	24	28	28	28	28
Mean EU15	24.1	20.9	26.9	23.0	27.1	10.7	2.4	14.0
Max =	29.4	26.2	32.2	29.0	32.2	15.4	3.6	18.3
Min =	16.7	15.2	18.1	16.1	18.0	4.5	1.1	9.1
N	15	14	15	14	15	15	15	15
Mean Non-EU15	17.5	16.0	20.3	18.1	20.3	8.3	1.6	10.4
Max =	23	18	29	25	29	13	3	16
Min =	7	8	7	8	7	1	0	5
N	13	10	13	10	13	13	13	13

Source: OECD Social Expenditure Database (SOCX 2008)

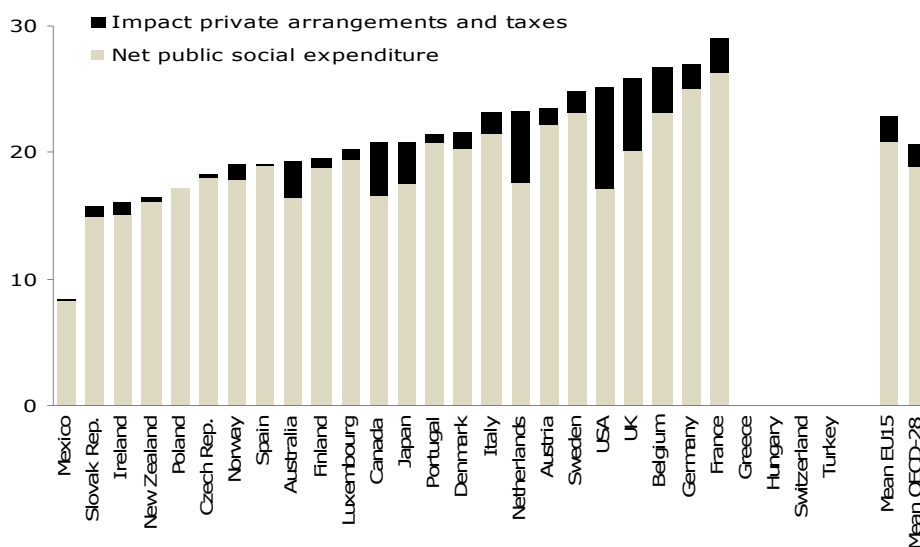


Table A5: Gross public and private social expenditure as % of GDP: breakdown by social programs, 1985-2005

	Gross total			OAP + survivors			Family programs			Health		
	1985	1995	2005	1985	1995	2005	1985	1995	2005	1985	1995	2005
Australia	13.2	21.1	20.8	3.5	3.5	6.9	1.2	1.2	2.8	5.3	5.8	6.5
Austria	26.1	28.6	29.1	12.2	12.2	13.5	2.8	2.8	2.8	5.5	6.5	7.3
Belgium	26.9	28.4	30.9	9.7	9.7	11.9	2.6	2.6	2.6	5.7	6.5	7.8
Canada	19.3	23.3	22.0	5.5	5.5	8.4	0.7	0.7	1.0	6.6	7.3	8.0
Czech Republic		18.3	19.8			7.9			1.7		6.4	6.3
Denmark	24.5	31.3	29.5	8.2	8.2	9.4	2.6	2.6	3.2	5.2	4.7	6.0
Finland	23.5	32.2	27.2	8.0	8.0	9.6	2.5	2.5	3.0	5.7	5.9	6.4
France	26.7	30.6	32.2	10.7	10.7	13.0	2.7	2.7	3.0	6.8	8.5	9.2
Germany	26.0	29.6	29.7	11.4	11.4	12.3	1.5	1.5	2.3	7.6	9.0	8.7
Greece	16.0	19.2	22.2	8.7	8.7	12.0	0.3	0.3	1.1	4.5	4.5	5.6
Hungary			22.6			9.1			3.1		6.1	6.1
Ireland	22.9	17.4	18.0	7.1	7.1	4.5	1.4	1.4	2.5	6.2	5.4	7.1
Italy	21.7	24.0	27.1	12.1	12.1	15.4	0.9	0.9	1.4	5.3	5.2	6.9
Japan	11.8	14.8	22.4	5.1	5.1	13.3	0.5	0.5	0.8	4.7	5.7	6.5
Luxembourg	20.2	20.8	24.3	8.7	8.7	7.6	1.5	1.5	3.6	4.6	5.1	7.2
Mexico	1.9	4.8	7.2	0.2	0.2	1.3	0.0	0.0	1.0	1.0	2.5	3.1
Netherlands	30.2	30.6	29.2	8.5	8.5	9.3	2.1	2.1	1.6	6.0	6.8	7.8
New Zealand	18.0	19.4	18.9	7.7	7.7	4.3	2.3	2.3	2.6	4.5	6.0	7.3
Norway	18.7	25.0	23.7	6.4	6.4	7.2	1.9	1.9	2.8	4.5	4.3	5.8
Poland		22.6	21.0			11.4			1.1		4.0	4.3
Portugal	11.3	18.1	25.0	4.4	4.4	10.5	0.6	0.6	1.2	3.1	5.0	7.6
Slovakia		19.3	17.6			6.9			2.1		5.7	5.3
Spain	18.0	21.7	21.7	7.6	7.6	8.4	0.3	0.3	1.1	4.5	5.7	6.3
Sweden	30.5	34.6	32.2	9.9	9.9	12.2	4.1	4.1	3.2	7.7	6.2	6.8
Switzerland	17.5	25.1	28.7	8.0	8.0	13.0	1.0	1.0	1.4	4.7	5.9	7.1
Turkey	4.2	7.5	13.7	1.8	1.8	8.0	0.7	0.7	0.0	1.1	2.4	5.4
UK	24.4	26.9	28.4	9.2	9.2	11.0	2.3	2.3	3.2	5.0	5.9	8.0
USA	19.4	23.7	26.0	8.9	8.9	9.9	0.6	0.6	0.6	7.3	10.8	12.8
Mean	19.7	22.9	24.0	7.6	7.6	9.6	1.5	1.5	2.0	5.1	5.9	6.9
Max =	30.5	34.6	32.2	12.2	12.2	15.4	4.1	4.1	3.6	7.7	10.8	12.8
Min =	1.9	4.8	7.2	0.2	0.2	1.3	0.0	0.0	0.0	1.0	2.4	3.1
N (28) =	24	27	28	24	24	28	24	24	28	24	28	28
Mean EU15	23.3	26.3	27.1	9.1	9.1	10.7	1.9	1.9	2.4	5.6	6.1	7.2
Max =	30.5	34.6	32.2	12.2	12.2	15.4	4.1	4.1	3.6	7.7	9.0	9.2
Min =	11.3	17.4	18.0	4.4	4.4	4.5	0.3	0.3	1.1	3.1	4.5	5.6
N	15	15	15	15	15	15	15	15	15	15	15	15
Mean Non-EU15	13.8	18.7	20.3	5.2	5.2	8.3	1.0	1.0	1.6	4.4	5.6	6.5
Max =	19.4	25.1	28.7	8.9	8.9	13.3	2.3	2.3	3.1	7.3	10.8	12.8
Min =	1.9	4.8	7.2	0.2	0.2	1.3	0.0	0.0	0.0	1.0	2.4	3.1
N	9	12	13	9	9	13	9	9	13	9	13	13

Source: OECD Social Expenditure Database (SOCX 2008)

Gross total social expenditure as % GDP, 1985-2005

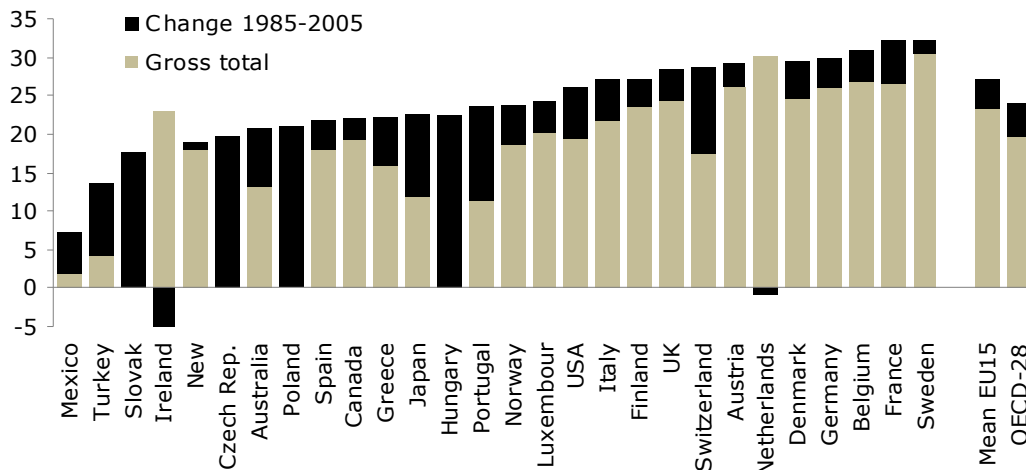


Table A6: Gross public and private social expenditure as % of GDP: breakdown by public and private expenditure, 1985-2005

	Gross public	Gross private	Gross total	Gross public	Gross private	Gross total	Gross public	Gross private	Gross total
	1985			1995			2005		
Australia	12.5	0.7	13.2	16.6	4.5	21.1	17.1	3.7	20.8
Austria	23.8	2.3	26.1	26.5	2.1	28.6	27.2	1.9	29.1
Belgium	26.0	0.9	26.9	26.2	2.1	28.4	26.4	4.5	30.9
Canada	17.0	2.3	19.3	18.9	4.4	23.3	16.5	5.5	22.0
Czech Republic				18.2	0.1	18.3	19.5	0.3	19.8
Denmark	23.2	1.3	24.5	28.9	2.4	31.3	26.9	2.6	29.5
Finland	22.5	1.0	23.5	30.9	1.3	32.2	26.1	1.1	27.2
France	26.0	0.7	26.7	28.6	2.0	30.6	29.2	3.0	32.1
Germany	23.2	2.8	26.0	26.5	3.1	29.6	26.7	3.0	29.8
Greece	16.0		16.0	17.3	1.9	19.2	20.5	1.7	22.2
Hungary					0.0		22.5	0.1	22.6
Ireland	21.3	1.6	22.9	15.7	1.7	17.4	16.7	1.3	18.0
Italy	20.8	0.9	21.7	19.9	4.1	24.0	25.0	2.1	27.1
Japan	11.4	0.4	11.7	14.3	0.4	14.8	18.6	3.8	22.4
Luxembourg	20.2		20.2	20.8		20.8	23.2	1.1	24.3
Mexico	1.9		1.9	4.7	0.1	4.8	7.0	0.2	7.2
Netherlands	25.3	4.9	30.2	23.8	6.8	30.6	20.9	8.3	29.2
New Zealand	17.9	0.1	18.0	18.9	0.5	19.4	18.5	0.4	18.9
Norway	17.8	0.9	18.6	23.3	1.7	25.0	21.6	2.1	23.7
Poland				22.6		22.6	21.0		21.0
Portugal	10.4	0.9	11.3	17.0	1.1	18.1	23.1	1.9	23.5
Slovakia				18.6	0.6	19.3	16.6	1.0	17.6
Spain	17.8	0.2	18.0	21.4	0.3	21.7	21.2	0.5	21.7
Sweden	29.4	1.1	30.5	32.1	2.4	34.6	29.4	2.8	32.2
Switzerland	14.5	3.0	17.5	17.5	7.6	25.1	20.3	8.4	28.7
Turkey	4.2		4.2	7.5		7.5	13.7		13.7
UK	19.8	4.6	24.4	20.2	6.7	26.9	21.3	7.1	28.4
USA	13.1	6.3	19.4	15.3	8.4	23.7	15.9	10.1	26.1
Mean	18.2	1.8	19.7	20.5	2.7	22.9	21.2	3.0	23.9
Max =	29.4	6.3	30.5	32.1	8.4	34.6	29.4	10.1	32.2
Min =	1.9	0.1	1.9	4.7	0.0	4.8	7.0	0.1	7.2
N (28) =	24	20	24	27	25	27	28	26	28
Mean EU15	21.7	1.8	23.3	23.7	2.7	26.3	24.3	2.9	27.0
Max =	29.4	4.9	30.5	32.1	6.8	34.6	29.4	8.3	32.2
Min =	10.4	0.2	11.3	15.7	0.3	17.4	16.7	0.5	18.0
N	15	13	15	15	14	15	15	15	15
Mean Non-EU15	12.3	2.0	13.8	16.4	2.6	18.7	17.6	3.2	20.3
Max =	18	6	19	23	8	25	23	10	29
Min =	2	0	2	5	0	5	7	0	7
N	9	7	9	12	11	12	13	11	13

Source: OECD Social Expenditure Database (SOCX 2008)

Gross private social expenditure as % GDP, 2005

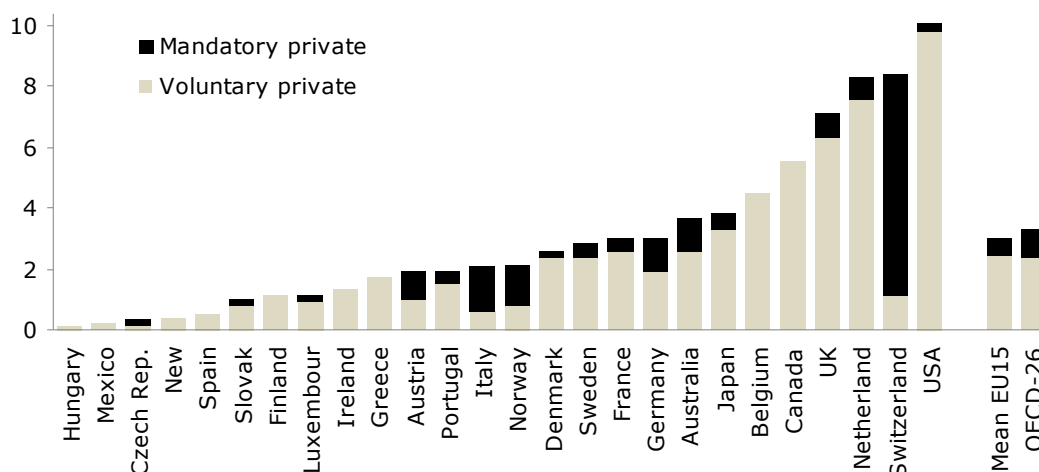


Table A7: Poverty reduction in the European Union, 1995-2007

	Poverty before transfers and taxes (pensions excluded from transfers)				Poverty after social transfers and taxes			
	Total PL 60	0-17 PL 60	18-64 PL 60	Elderly PL 60	Total PL 60	Children PL 60	18-64 PL 60	Elderly PL 60
Austria	25	36	23	17	12	15	11	14
Belgium	28	31	26	27	15	17	13	23
Czech Republic	20	31	19	12	10	16	8	5
Denmark	27	24	27	34	12	10	11	18
Finland	29	31	28	31	13	11	11	22
France	26	36	24	18	13	16	12	13
Germany	25	30	25	18	15	14	15	17
Greece	24	27	22	28	20	23	19	23
Hungary	29	44	29	11	12	19	12	6
Ireland	33	39	29	42	18	19	15	29
Italy	24	32	22	24	20	25	18	22
Luxembourg	23	33	23	10	14	20	13	7
Netherlands	21	25	20	17	10	14	9	10
Norway	28	32	27	25	12	12	12	14
Poland	27	35	27	12	17	24	17	8
Portugal	24	27	22	29	18	21	15	26
Slovakia	18	27	17	13	11	17	9	8
Spain	24	29	21	31	20	24	16	28
Sweden	28	33	27	23	11	12	10	11
UK	30	40	25	38	19	23	15	30
Mean =	25.7	32.1	24.2	23.0	14.6	17.6	13.1	16.7
Max =	33.0	44.0	29.0	42.0	20.0	25.0	19.0	30.0
Min =	18.0	24.0	17.0	10.0	10.0	10.0	8.0	5.0
N (28) =	20	20	20	20	20	20	20	20

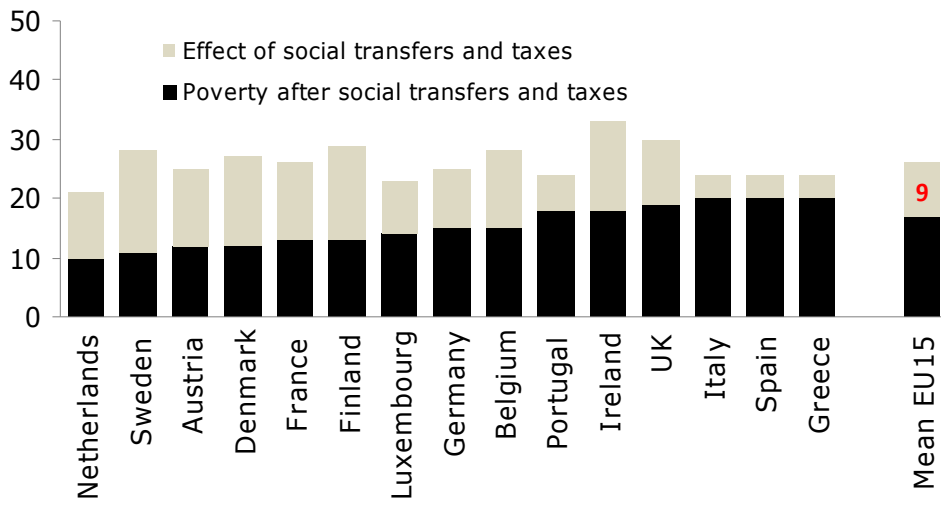
(a) At risk of poverty rates before social transfers (pensions excluded from social transfers)

Source: Eurostat: ECHP/EU-SILC (2009)

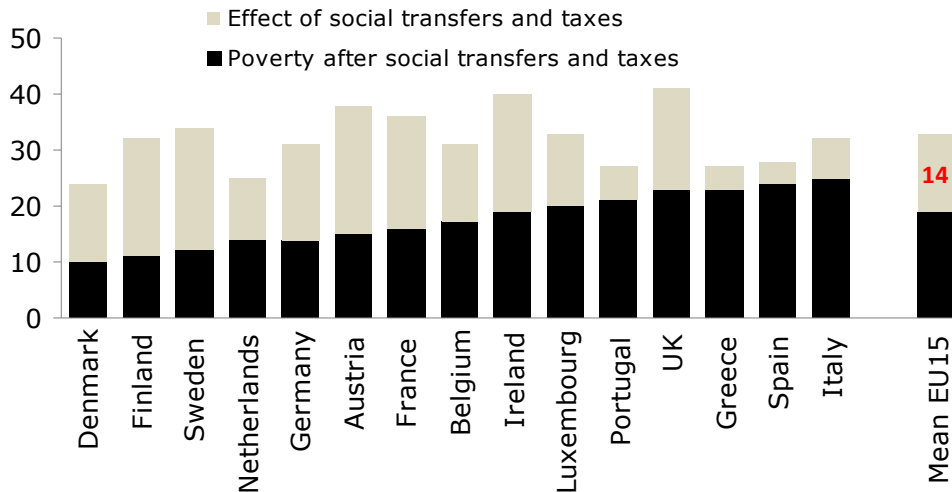
	Poverty rates before social transfers and taxes (pensions excluded from transfers)			Poverty rates after transfers and taxes			Anti-poverty effect		
	1995	2000	2007	1995	2000	2007	1995	2000	2007
Austria	24	22	25	13	12	12	11	10	13
Belgium	27	23	28	16	13	15	11	10	13
Denmark			27	10		12			15
Finland		19	29		11	13		8	16
France	26	24	26	15	16	13	11	8	13
Germany	22	20	25	15	10	15	7	10	10
Greece	23	22	24	22	20	20	1	2	4
Ireland	34	31	33	19	20	18	15	11	15
Italy	23	21	24	20	18	20	3	3	4
Luxembourg	25	23	23	12	12	14	13	11	9
Netherlands	24	22	21	11	11	10	13	11	11
Portugal	27	27	24	23	21	18	4	6	6
Spain	27	22	24	19	18	20	8	4	4
Sweden			28			11			17
United Kingdom	32	29	30	20	19	19	12	10	11
EU15	26	23	26	17	15	17	9	8	9
Mean	26.2	23.5	26.1	16.5	15.5	15.3	9.6	8.0	10.7
N =	12	13	15	13	13	15			
Max =	34	31	33	23	21	20			
Min =	22	19	21	10	10	10			
Standard deviation	3.5	3.4	3.0	4.1	3.9	3.4			
Coefficient of variation	0.13	0.15	0.12	0.24	0.26	0.20			

Antipoverty effect of social transfers and taxes in EU15, 2007 (a)

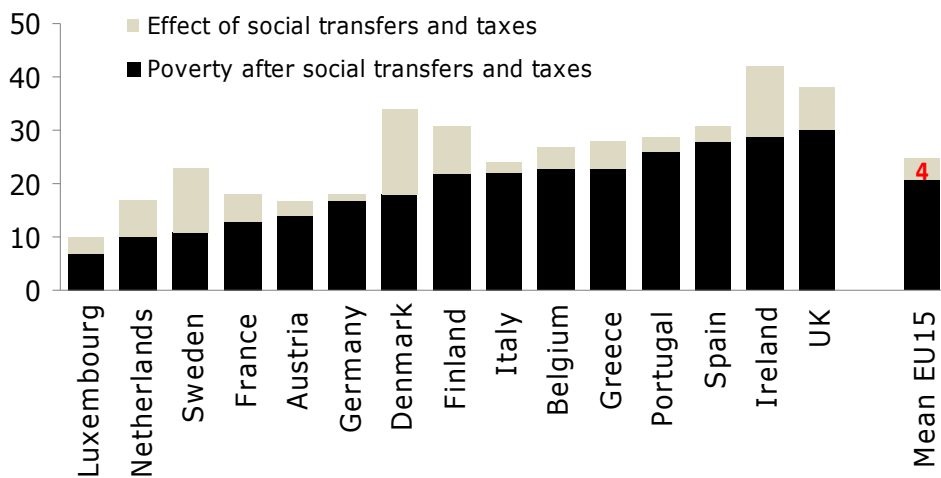
Total population



0-15 years



65 years and over



(a) At risk of poverty rates before social transfers (pensions excluded from social transfers)

Source: Eurostat: ECHP/EU-SILC (2009)

Table A8: Poverty reduction in the European Union, 1995-2007

	Poverty before transfers and taxes (pensions included in transfers)				Poverty after social transfers and taxes			
	Total	0-17	18-64	Elderly	Total	Children	18-64	Elderly
	PL 60	PL 60	PL 60	PL 60	PL 60	PL 60	PL 60	PL 60
Austria	43	39	43	89	12	15	11	14
Belgium	42	32	42	91	15	17	13	23
Czech Republic	38	33	38	89	10	16	8	5
Denmark	37	24	37	93	12	10	11	18
Finland	41	32	41	93	13	11	11	22
France	46	37	46	95	13	16	12	13
Germany	43	31	43	93	15	14	15	17
Greece	42	30	42	82	20	23	19	23
Hungary	49	49	49	88	12	19	12	6
Ireland	40	41	40	86	18	19	15	29
Italy	43	34	43	84	20	25	18	22
Luxembourg	39	35	39	89	14	20	13	7
Netherlands	35	25	35	95	10	14	9	10
Norway	28	32	28	25	12	12	12	14
Poland	47	41	47	87	17	24	17	8
Portugal	40	30	40	85	18	21	15	26
Slovakia	38	33	38	87	11	17	9	8
Spain	39	31	39	84	20	24	16	28
Sweden	42	34	42	94	11	12	10	11
UK	42	41	42	90	19	23	15	30
Mean =	40.7	34.2	40.7	86.0	14.6	17.6	13.1	16.7
Max =	49.0	49.0	49.0	95.0	20.0	25.0	19.0	30.0
Min =	28.0	24.0	28.0	25.0	10.0	10.0	8.0	5.0
N (28) =	20	20	20	20	20	20	20	20

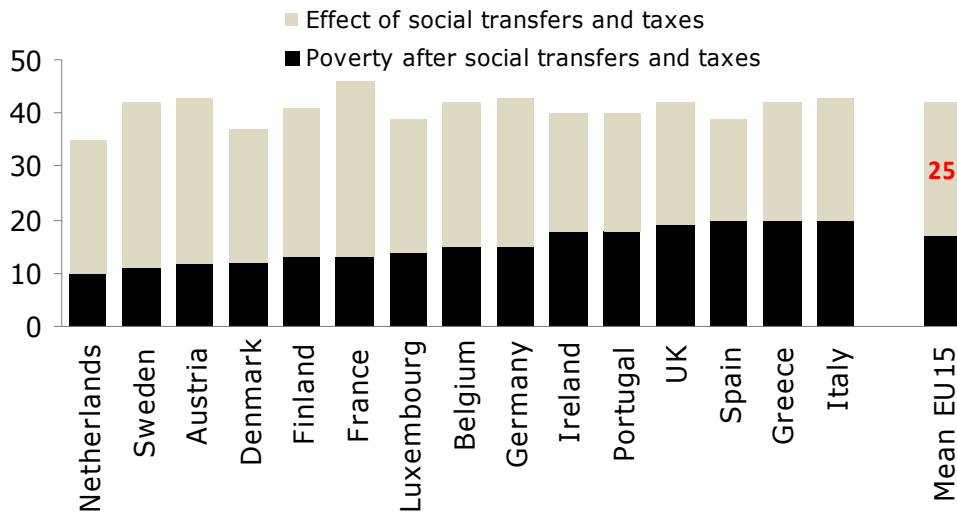
(b) At risk of poverty rates before social transfers (pensions included in social transfers)

Source: Eurostat: ECHP/EU-SILC (2009)

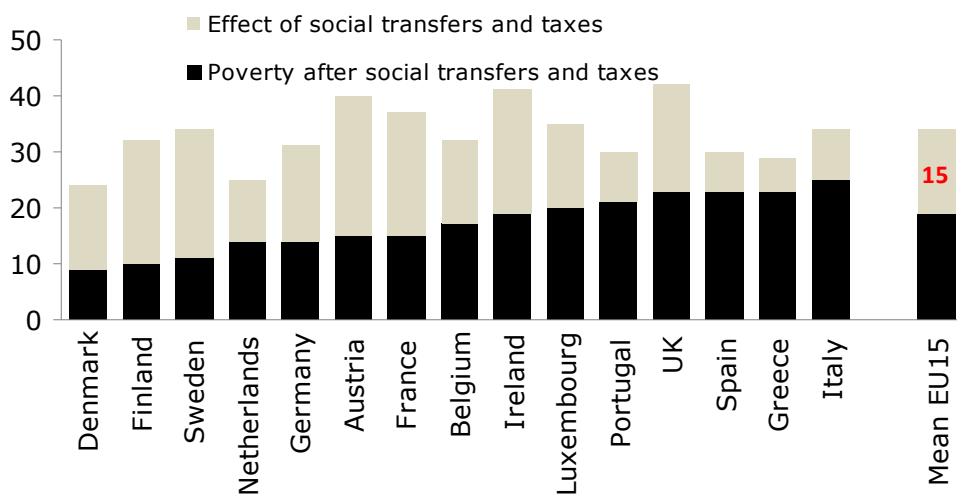
	Poverty rates before social transfers and taxes (pensions included in transfers)			Poverty rates after transfers and taxes			Anti-poverty effect		
	1995	2000	2007	1995	2000	2007	1995	2000	2007
Austria	41	37	43	13	12	12	28	25	31
Belgium	42	40	42	16	13	15	26	27	27
Denmark			37	10		12			25
Finland		32	41		11	13		21	28
France	42	41	46	15	16	13	27	25	33
Germany	38	39	43	15	10	15	23	29	28
Greece	38	39	42	22	20	20	16	19	22
Ireland	42	37	40	19	20	18	23	17	22
Italy	40	42	43	20	18	20	20	24	23
Luxembourg	40	39	39	12	12	14	28	27	25
Netherlands	38	35	35	11	11	10	27	24	25
Portugal	37	38	40	23	21	18	14	17	22
Spain	41	37	39	19	18	20	22	19	19
Sweden			42			11			31
United Kingdom	41	41	42	20	19	19	21	22	23
EU15	40	40	42	17	15	17	23	25	25
Mean	40.0	38.2	40.9	16.5	15.5	15.3	23.5	22.8	25.6
N =	12	13	15	13	13	15			
Max =	42	42	46	23	21	20			
Min =	37	32	35	10	10	10			
Standard deviation	1.7	2.6	2.6	4.1	3.9	3.4			
Coefficient of variation	0.04	0.07	0.06	0.24	0.26	0.20			

Antipoverty effect of social transfers and taxes in EU15, 2007 (b)

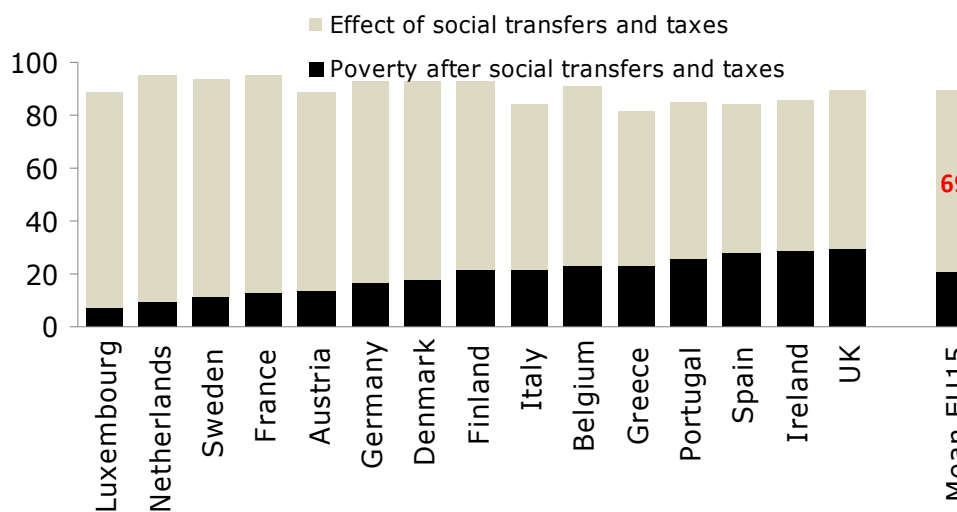
Total population



0-15 years



65 years and over



(b) At risk of poverty rates before social transfers (pensions included in social transfers)

Source: Eurostat: ECHP/EU-SILC (2009)

Table A9: Linkages between LIS poverty rates and gross and net social spending, around 2001-2005

	LIS Database			Gross and net social expenditure % GDP			
	PL 40	PL 50	PL 60	Gross public	Gross total	Gross total excl. Health	Net total
EU15 (14)							
Austria	3.6	7.7	13.4	27.2	29.1	21.8	23.5
Belgium	3.7	8.1	16.1	26.4	30.9	23.1	26.8
Denmark	2.3	5.6	13.2	26.9	29.5	23.5	21.6
Finland	2.5	6.5	13.5	24.0	25.1	18.7	19.5
France	2.8	7.3	13.7	29.2	32.2	23.0	29.0
Germany	4.6	8.4	13.4	26.7	29.7	21.0	27.0
Greece	8.6	14.3	21.4	20.5	22.2	16.6	
Ireland	7.4	16.2	22.5	16.7	18.1	11.0	16.1
Italy	7.4	12.8	20.0	25.0	27.0	20.1	23.1
Luxembourg	3.2	8.8	13.7	23.2	24.3	17.1	20.3
Netherlands	2.5	4.9	11.1	20.9	29.2	21.4	23.3
Spain	7.6	14.2	20.8	21.2	21.7	15.4	19.1
Sweden	2.6	5.6	12.0	29.4	32.2	25.4	24.8
United Kingdom	5.4	11.6	19.2	21.3	28.4	20.4	25.9
Non-EU15 (10)							
Australia	5.4	12.2	20.4	17.1	20.8	14.3	19.3
Canada	7.7	13.0	19.9	16.5	22.0	14.0	20.7
Czech Republic	2.0	4.9	10.5	19.5	19.9	13.6	18.2
Hungary	3.1	6.4	12.7	22.5	22.6	16.5	
Mexico	12.6	18.4	25.3	7.0	7.2	4.1	8.4
Norway	3.7	7.1	12.8	21.6	23.7	17.9	19.1
Poland	6.4	11.5	17.7	21.0	21.1	16.8	8.5
Slovak Republic	3.9	7.0	12.1	16.6	17.6	12.3	15.7
Switzerland	3.5	7.6	14.4	20.3	28.7	21.6	
United States	11.4	17.3	24.1	15.9	26.0	13.2	25.3
Mean OECD-24	5.2	9.9	16.4	21.5	24.6	17.6	20.7
<i>Standard deviation</i>	2.8	4.0	4.4	5.0	5.6	4.8	5.3
<i>Coefficient of variation</i>	0.550	0.404	0.265	0.232	0.229	0.272	0.256
Mean EU15 Members	4.6	9.4	16.0	24.2	27.1	19.9	23.1
<i>Standard deviation</i>	2.2	3.5	3.8	3.6	4.1	3.7	3.5
<i>Coefficient of variation</i>	0.472	0.376	0.236	0.148	0.151	0.185	0.153
Mean non-EU15 countries	6.0	10.5	17.0	17.8	21.0	14.4	16.9
<i>Standard deviation</i>	3.4	4.5	5.0	4.3	5.5	4.3	5.5
<i>Coefficient of variation</i>	0.573	0.425	0.294	0.239	0.261	0.300	0.325

Source: LIS (2009), SOCX (2008), and own calculations

CORRELATION TESTS ACROSS COUNTRIES

We regress the level of poverty rates across countries with the level of social expenditure as percentage of GDP. The coefficient is estimated using a linear ordinary least square regression model of cross-sectional data of the following form:

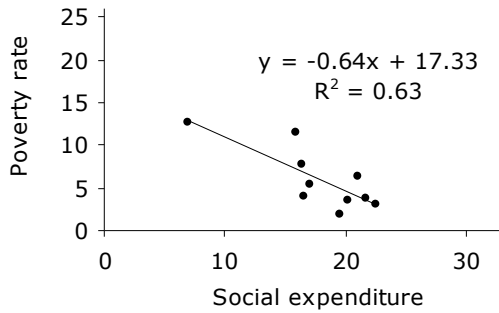
$$Y_{i,t} = A + \beta X_{i,t} + u_i \quad (1)$$

The term on the left-hand side of equation (1) is the level of the poverty indicator of country i at time-period t . The level of social expenditure as percentage of GDP in country i at period t is given by $X_{i,t}$, and u_i is a disturbance term. If the coefficient β is negative, we say that social expenditures alleviate poverty across countries. A is a constant term across countries. The higher the value of β , the stronger will be the antipoverty effect of an additional point of GDP spend on social expenditure. The results are presented below.

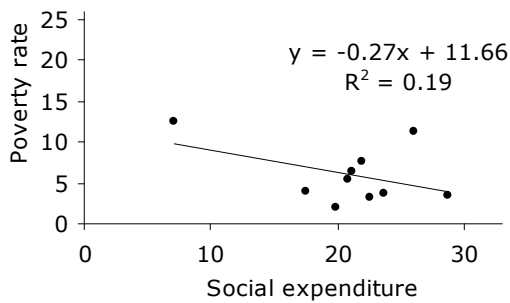
Linkages between LIS poverty rates (PL 40) and gross and net social spending, around 2001-2005

Non-EU15 countries

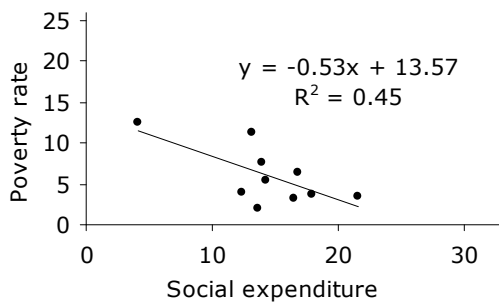
Gross public social expenditure



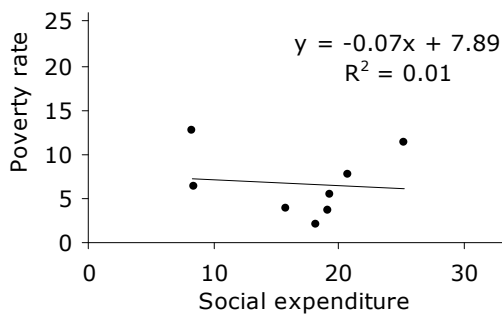
Gross total social expenditure



Gross total expenditure other than Health

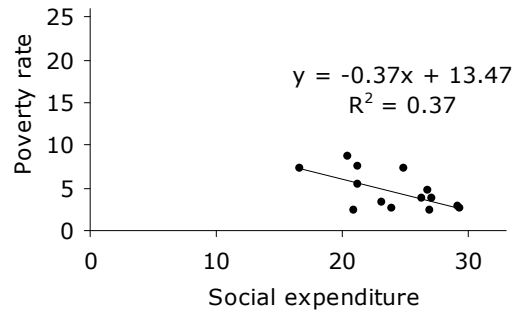


Net total social expenditure

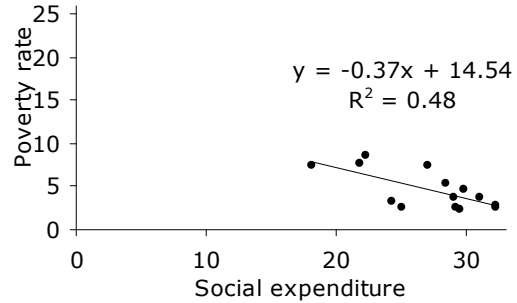


EU15 Countries

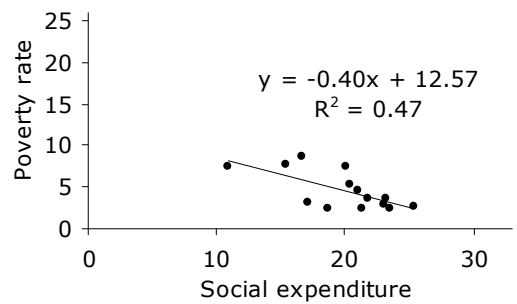
Gross public social expenditure



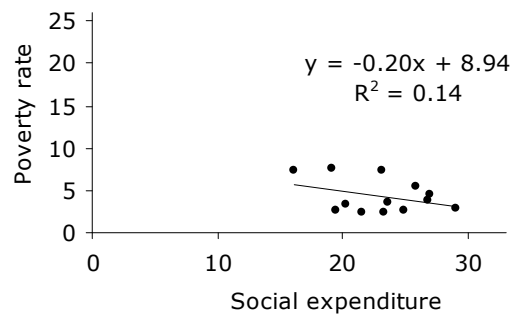
Gross total social expenditure



Gross total expenditure other than Health



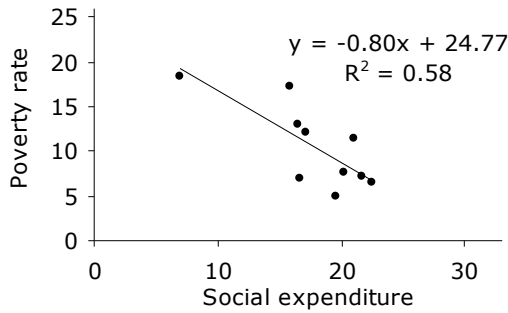
Net total social expenditure



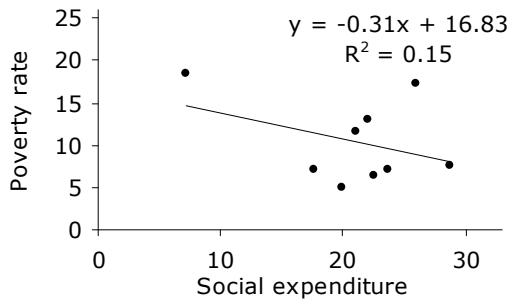
Linkages between LIS poverty rates (PL 50) and gross and net social spending, around 2001-2005

Non-EU15 countries

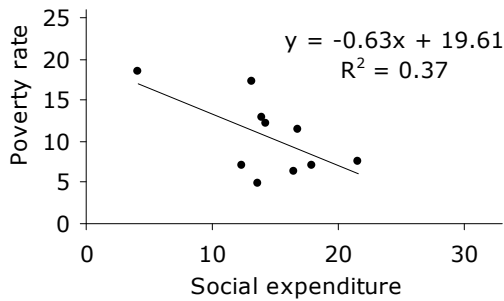
Gross public social expenditure



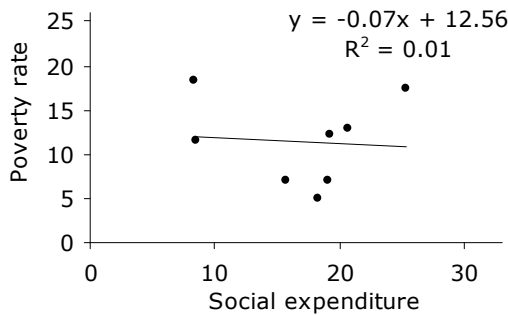
Gross total social expenditure



Gross total expenditure other than Health

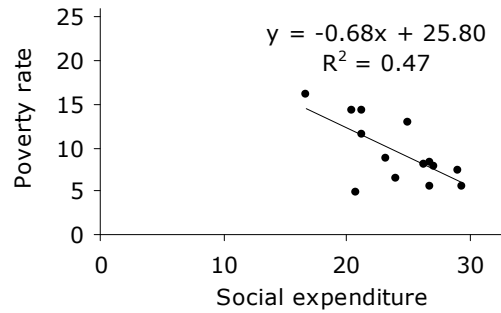


Net total social expenditure

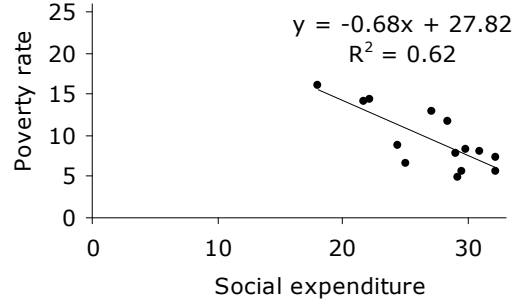


EU15 Countries

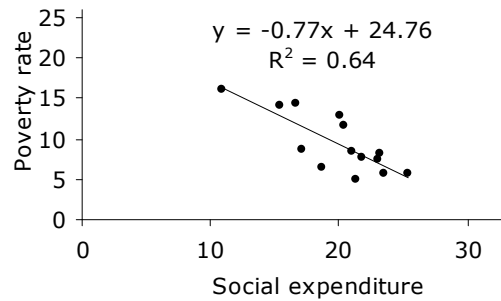
Gross public social expenditure



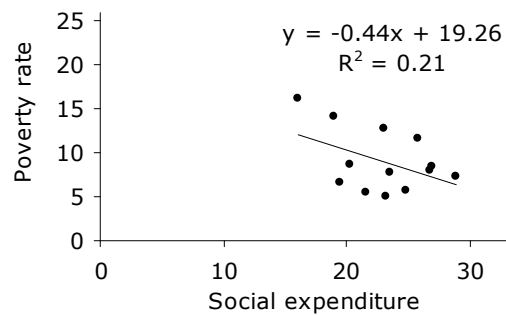
Gross total social expenditure



Gross total expenditure other than Health



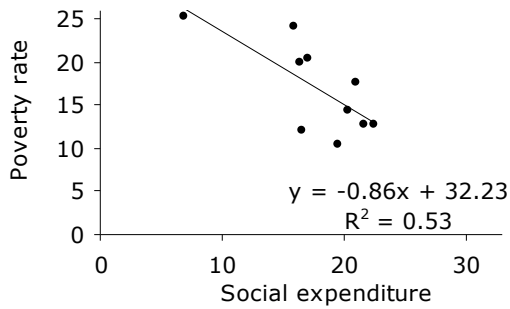
Net total social expenditure



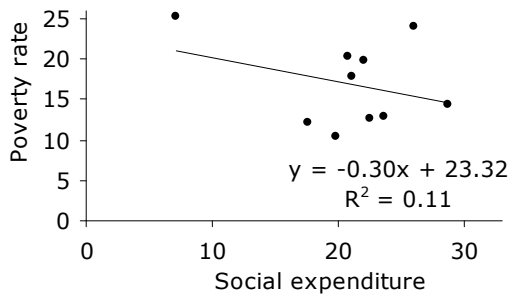
Linkages between LIS poverty rates (PL 60) and gross and net social spending, around 2001-2005

Non-EU15 countries

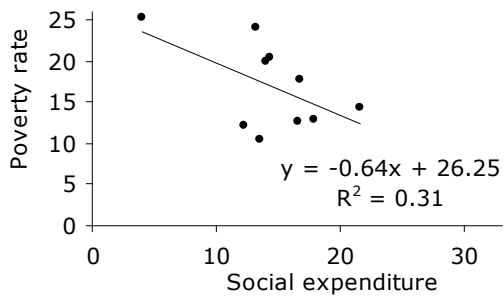
Gross public social expenditure



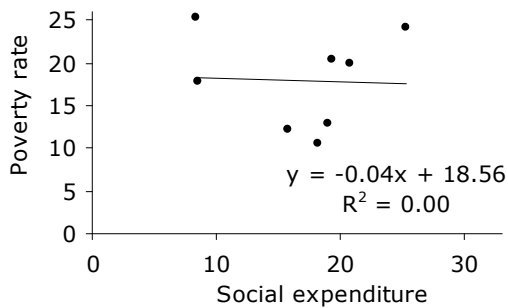
Gross total social expenditure



Gross total expenditure other than Health

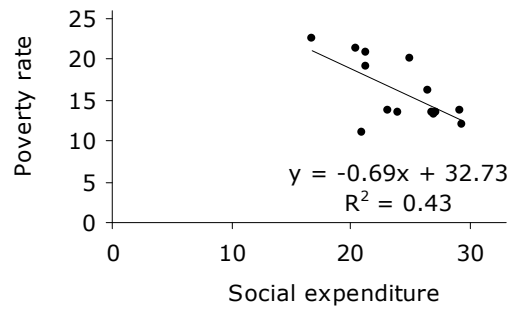


Net total social expenditure

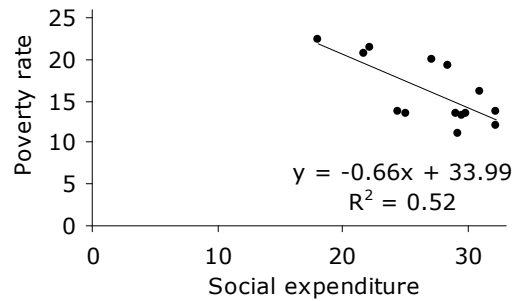


EU15 Countries

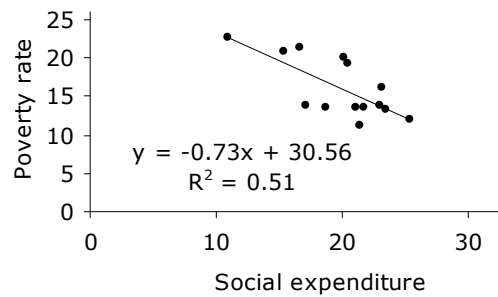
Gross public social expenditure



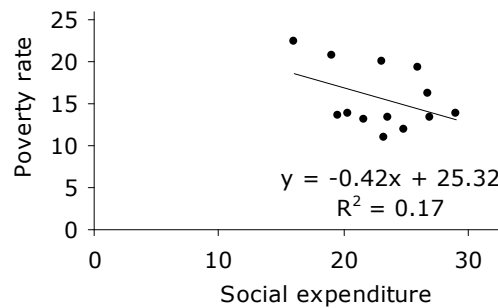
Gross total social expenditure



Gross total expenditure other than Health



Net total social expenditure



Linkages between LIS poverty rates and gross and net social spending, around 2001-2005

		<i>Non-EU15</i>			<i>EU15</i>			<i>All 24 countries</i>		
		Int.	X1	R ²	Int.	X1	R ²	Int.	X1	R ²
PL 40	<i>Gross public social expenditure</i>	17.3**	-0.639**	0.631	13.5**	-0.367*	0.367	13.5**	-0.389**	0.467
		(5.49)	(-3.70)	(0.585)	(3.96)	(-2.64)	(0.314)	(6.92)	(-4.39)	(0.443)
		0.001	0.006		0.002	0.022		0.000	0.000	
PL 50	<i>Gross public social expenditure</i>	24.8**	-0.800**	0.580	25.8**	-0.678**	0.467	21.0**	-0.514**	0.413
		(5.62)	(-3.32)	(0.528)	(5.05)	(-3.24)	(0.422)	(7.25)	(-3.93)	(0.386)
		0.000	0.010		0.000	0.007		0.000	0.001	
PL 60	<i>Gross public social expenditure</i>	32.2**	-0.857*	0.533	32.7**	-0.691*	0.429	27.7**	-0.527**	0.365
		(6.20)	(-3.02)	(0.474)	(5.82)	(-3.00)	(0.382)	(8.48)	(-3.56)	(0.336)
		0.000	0.017		0.000	0.011		0.000	0.002	
PL 40	<i>Net public social expenditure</i>	15.8*	-0.609	0.318	8.5	-0.204	0.098	12.5**	-0.390**	0.319
		(2.82)	(-1.67)	(0.205)	(2.17)	(-1.09)	(0.016)	(4.99)	(-2.99)	(0.284)
		0.030	0.145		0.053	0.297		0.000	0.008	
PL 50	<i>Net public social expenditure</i>	22.6*	-0.740	0.277	18.8*	-0.468	0.164	19.3**	-0.503*	0.268
		(3.00)	(-1.52)	(0.156)	(2.81)	(-1.47)	(0.089)	(5.29)	(-2.63)	(0.229)
		0.024	0.180		0.017	0.169		0.000	0.016	
PL 60	<i>Net public social expenditure</i>	29.4*	-0.769	0.230	25.9**	-0.492	0.163	25.9**	-0.507*	0.229
		(3.32)	(-1.34)	(0.101)	(3.65)	(-1.46)	(0.087)	(6.34)	(-2.37)	(0.188)
		0.016	0.229		0.004	0.171		0.000	0.028	
PL 40	<i>Gross total social expenditure</i>	11.7*	-0.272	0.189	14.5**	-0.367**	0.483	12.2**	-0.287**	0.322
		(2.71)	(-1.37)	(0.088)	(4.83)	(-3.35)	(0.439)	(5.46)	(-3.23)	(0.291)
		0.027	0.209		0.000	0.006		0.000	0.004	
PL 50	<i>Gross total social expenditure</i>	17.0*	-0.310	0.144	27.8**	-0.679**	0.617	19.4**	-0.387**	0.296
		(2.94)	(-1.16)	(0.037)	(6.57)	(-4.40)	(0.585)	(6.05)	(-3.04)	(0.264)
		0.019	0.279		0.000	0.001		0.000	0.006	
PL 60	<i>Gross total social expenditure</i>	23.3**	-0.303	0.110	34.0**	-0.663**	0.520	25.5**	-0.372*	0.231
		(3.54)	(-1.00)	(-0.00)	(6.74)	(-3.61)	(0.480)	(7.00)	(-2.57)	(0.196)
		0.008	0.349		0.000	0.004		0.000	0.018	
PL 40	<i>Gross total social expenditure other than Health</i>	13.6**	-0.527*	0.446	12.6**	-0.401**	0.467	12.2**	-0.397**	0.449
		(4.34)	(-2.54)	(0.377)	(5.02)	(-3.24)	(0.422)	(7.11)	(-4.24)	(0.424)
		0.002	0.035		0.000	0.007		0.000	0.000	
PL 50	<i>Gross total social expenditure other than Health</i>	19.6**	-0.629	0.372	24.8**	-0.771**	0.644	19.5**	-0.543**	0.426
		(4.50)	(-2.18)	(0.293)	(7.39)	(-4.66)	(0.614)	(7.93)	(-4.04)	(0.400)
		0.002	0.061		0.000	0.001		0.000	0.001	
PL 60	<i>Gross total social expenditure other than Health</i>	26.2**	-0.643	0.310	30.6**	-0.732**	0.512	25.7**	-0.526**	0.337
		(5.14)	(-1.90)	(0.224)	(7.32)	(-3.55)	(0.471)	(8.93)	(-3.34)	(0.306)
		0.001	0.094		0.000	0.004		0.000	0.003	
PL 40	<i>Net total social expenditure</i>	7.9	-0.074	0.013	8.9*	-0.202	0.138	9.5**	-0.207	0.146
		(1.71)	(-0.29)	(-0.15)	(2.51)	(-1.33)	(0.059)	(3.85)	(-1.80)	(0.101)
		0.138	0.785		0.029	0.212		0.001	0.087	
PL 50	<i>Net total social expenditure</i>	12.6	-0.068	0.007	19.3**	-0.443	0.211	15.6**	-0.271	0.126
		(2.08)	(-0.20)	(-0.16)	(3.20)	(-1.72)	(0.140)	(4.44)	(-1.65)	(0.080)
		0.082	0.848		0.008	0.114		0.000	0.114	
PL 60	<i>Net total social expenditure</i>	18.6*	-0.043	0.002	25.3**	-0.422	0.172	21.6**	-0.249	0.089
		(2.69)	(-0.11)	(-0.16)	(3.89)	(-1.51)	(0.096)	(5.54)	(-1.36)	(0.041)
		0.036	0.916		0.003	0.159		0.000	0.189	

Notes:

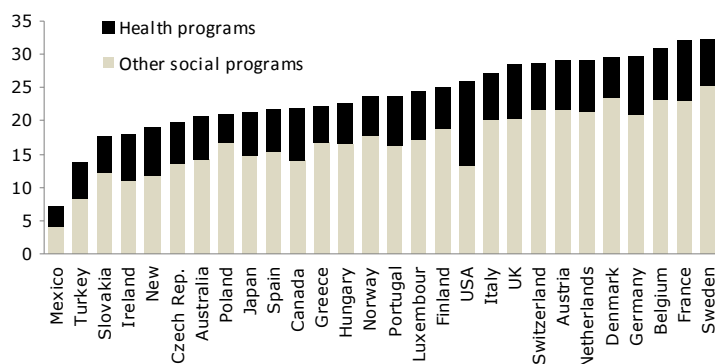
- OLS-regression; t-statistics in parentheses; p-value in red. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (24): Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Mexico, Netherlands, Norway, Poland, Slovak Republic, Spain, Sweden, Switzerland, the United Kingdom, and the United States

Source: LIS (2009), SOCX (2008), and own calculations

Table A10: Linkages between OECD poverty rates and gross and net social spending, around 2003-2005

	OECD database			Gross and net social expenditure % GDP			
	PL 40	PL 50	PL 60	Gross public	Gross total	Gross total excl. Health	Net total
EU15 (15)							
Austria	3.4	6.6	13.4	27.2	29.1	21.8	23.5
Belgium	3.1	8.8	16.2	26.4	30.9	23.1	26.8
Denmark	2.1	5.3	12.3	26.9	29.5	23.5	21.6
Finland	2.8	7.3	14.8	24.0	25.1	18.7	19.5
France	2.8	7.1	14.1	29.2	32.2	23.0	29.0
Germany	6.3	11.0	17.2	26.7	29.7	21.0	27.0
Greece	8.6	14.3	21.4	20.5	22.2	16.6	
Ireland	7.0	14.8	23.3	16.7	18.1	11.0	16.1
Italy	6.6	11.4	19.7	25.0	27.0	20.1	23.1
Luxembourg	3.1	8.1	13.2	23.2	24.3	17.1	20.3
Netherlands	4.0	7.7	14.4	20.9	29.2	21.4	23.3
Portugal	7.4	12.9	20.7	22.9	23.8	16.2	21.4
Spain	8.1	14.1	21.0	21.2	21.7	15.4	19.1
Sweden	2.5	5.3	11.4	29.4	32.2	25.4	24.8
UK	3.7	8.3	15.5	21.3	28.4	20.4	25.9
Non-EU15 (13)							
Australia	4.6	12.4	20.3	17.1	20.8	14.3	19.3
Canada	7.0	12.0	19.0	16.5	22.0	14.0	20.7
Czech Republic	3.0	5.8	11.5	19.5	19.9	13.6	18.2
Hungary	3.7	7.1	12.3	22.5	22.6	16.5	
Japan	9.5	14.9	20.8	17.7	21.2	14.7	20.7
Mexico	12.7	18.4	25.3	7.0	7.2	4.1	8.4
New Zealand		10.8	22.7	18.5	19.0	11.7	16.4
Norway	3.5	6.8	12.4	21.6	23.7	17.9	19.1
Poland	9.3	14.6	20.8	21.0	21.1	16.8	17.2
Slovakia	4.5	8.1	13.7	16.6	17.6	12.3	15.7
Switzerland	4.8	8.7	15.2	20.3	28.7	21.6	
Turkey	11.4	17.5	24.3	13.7	13.7	8.3	
USA	11.4	17.1	23.9	15.9	26.0	13.2	25.3
Mean OECD-28	5.7	10.6	17.5	21.1	23.8	16.9	20.9
Standard deviation	3.00	3.82	4.29	4.92	5.68	4.90	4.45
Coefficient of variation	0.522	0.362	0.246	0.234	0.238	0.290	0.212
Mean EU15 Members	4.7	9.4	16.4	24.1	26.9	19.7	23.0
Standard deviation	2.05	3.03	3.49	3.47	4.05	3.65	3.43
Coefficient of variation	0.441	0.321	0.213	0.144	0.151	0.185	0.149
Mean non-EU15 countries	7.1	11.9	18.6	17.5	20.3	13.8	18.1
<i>Standard deviation</i>	3.41	4.20	4.79	3.90	5.19	4.18	4.14
<i>Coefficient of variation</i>	0.479	0.354	0.257	0.222	0.256	0.304	0.229

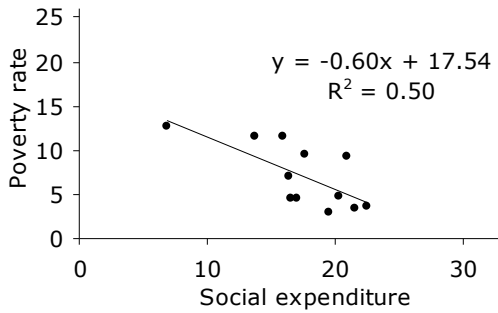
Source: OECD (2008), SOCX (2008), and own calculations



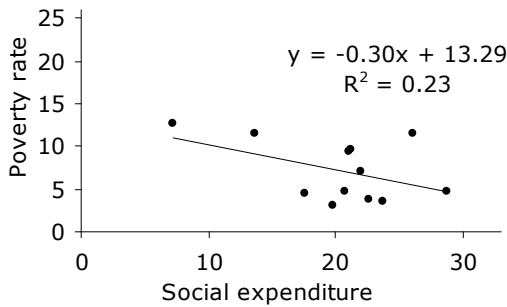
Linkages between OECD poverty rates (PL 40) and gross and net social spending, around 2003-2005

Non-EU15 countries

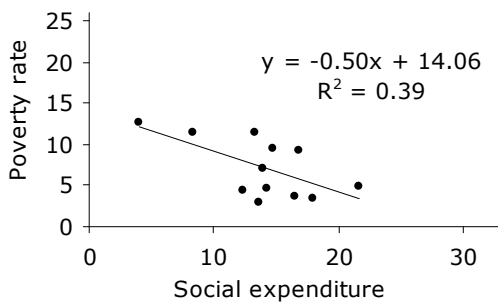
Gross public social expenditure



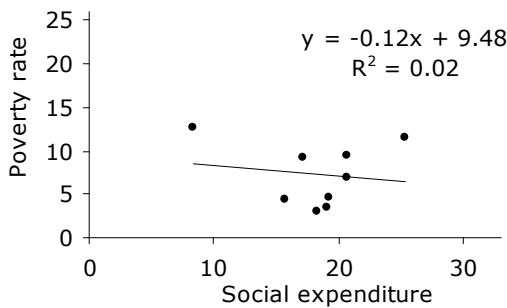
Gross total social expenditure



Gross total expenditure other than Health

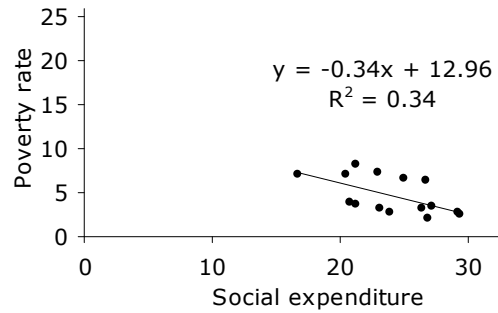


Net total social expenditure

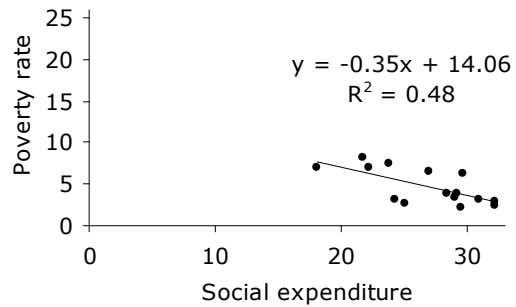


EU15 Countries

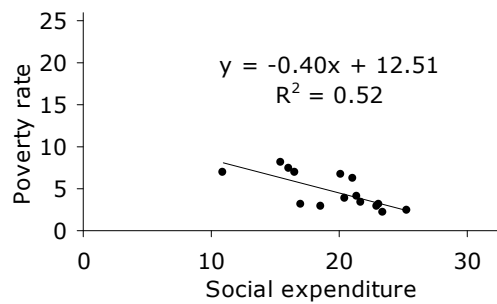
Gross public social expenditure



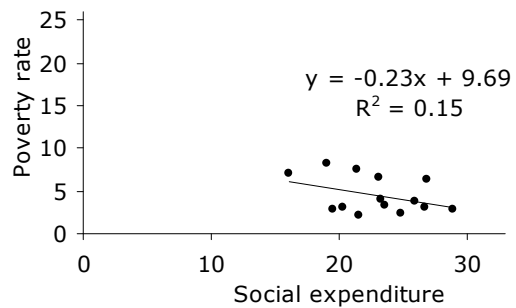
Gross total social expenditure



Gross total expenditure other than Health



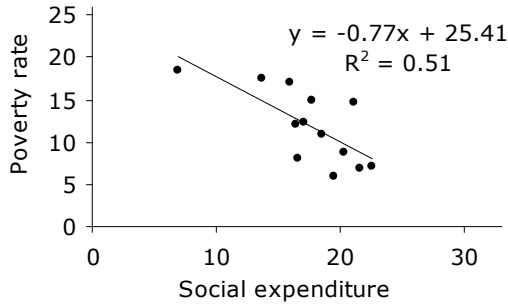
Net total social expenditure



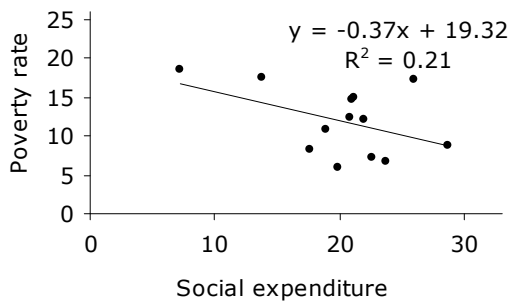
Linkages between OECD poverty rates (PL 50) and gross and net social spending, around 2003-2005

Non-EU15 countries

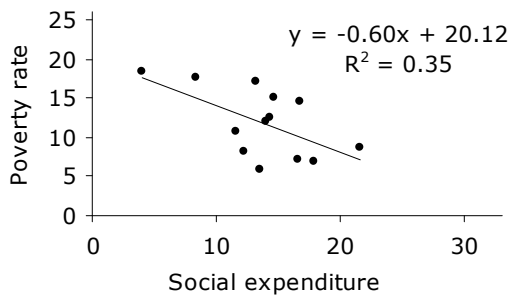
Gross public social expenditure



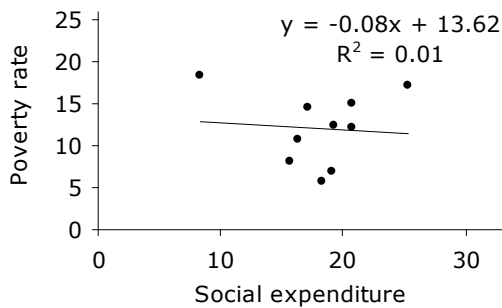
Gross total social expenditure



Gross total expenditure other than Health

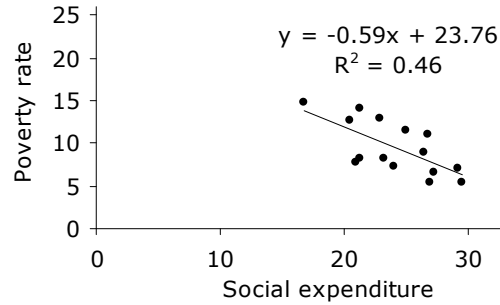


Net total social expenditure

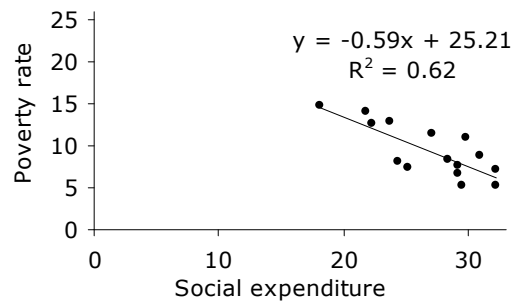


EU15 Countries

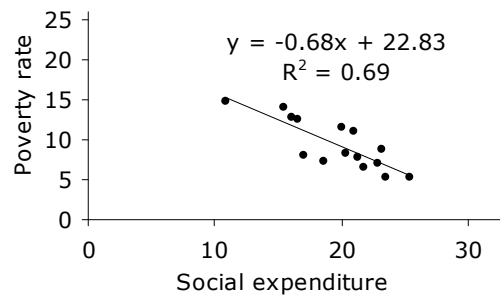
Gross public social expenditure



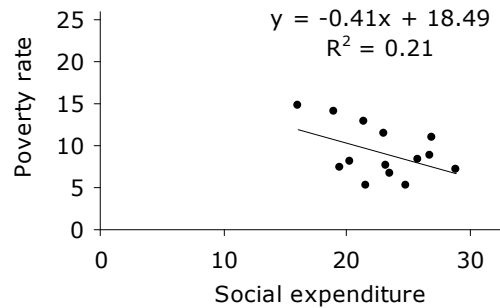
Gross total social expenditure



Gross total expenditure other than Health



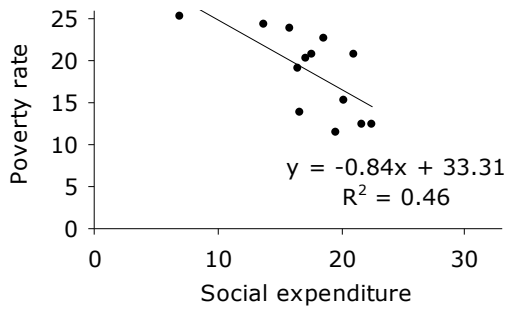
Net total social expenditure



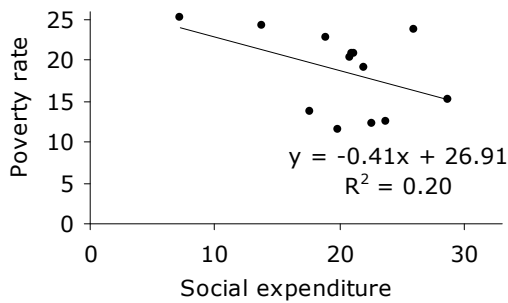
Linkages between OECD poverty rates (PL 60) and gross and net social spending, around 2003-2005

Non-EU15 countries

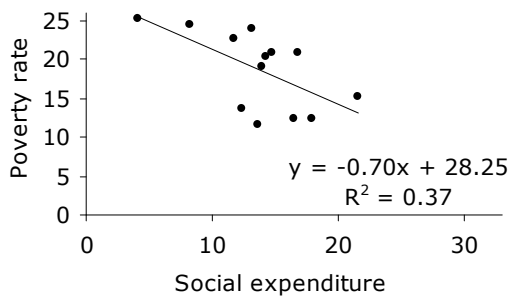
Gross public social expenditure



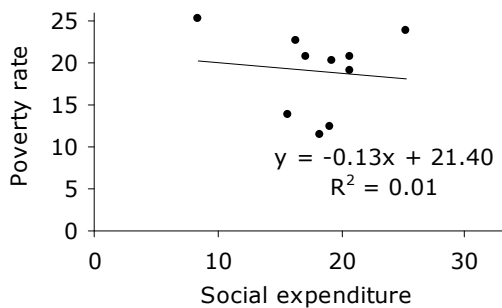
Gross total social expenditure



Gross total expenditure other than Health

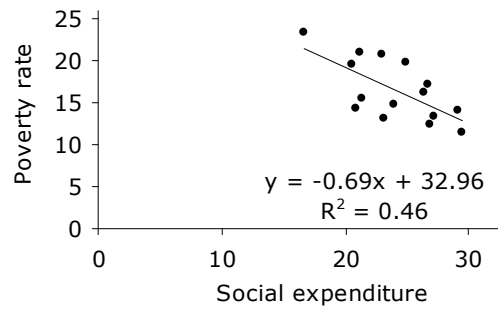


Net total social expenditure

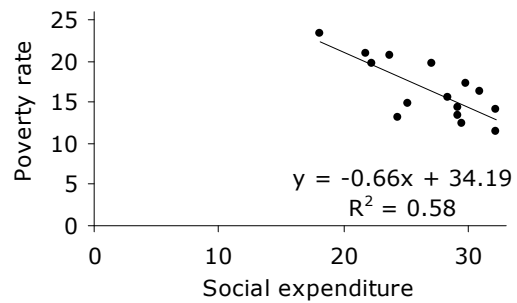


EU15 Countries

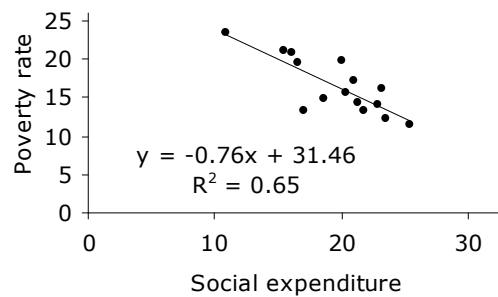
Gross public social expenditure



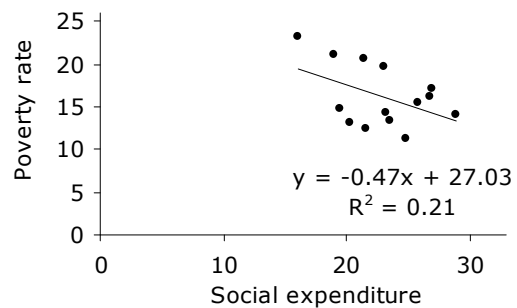
Gross total social expenditure



Gross total expenditure other than Health



Net total social expenditure



Linkages between OECD poverty rates and gross and net social spending, around 2003-2005

		Non-EU15			EU15			All 28 countries		
		Int.	X1	R ²	Int.	X1	R ²	Int.	X1	R ²
PL 40	<i>Gross public social expenditure</i>	17.5**	-0.597**	0.502	13.0**	-0.345*	0.339	14.8**	-0.430**	0.511
		(5.21)	(-3.18)	(0.452)	(3.99)	(-2.58)	(0.288)	(8.11)	(-5.11)	(0.491)
		0.000	0.010		0.002	0.023		0.000	0.000	
PL 50	<i>Gross public social expenditure</i>	25.4**	-0.772**	0.513	23.8**	-0.595**	0.465	22.1**	-0.549**	0.499
		(6.23)	(-3.40)	(0.468)	(5.51)	(-3.36)	(0.423)	(9.49)	(-5.09)	(0.480)
		0.000	0.006		0.000	0.005		0.000	0.000	
PL 60	<i>Gross public social expenditure</i>	33.3**	-0.837**	0.464	33.0**	-0.685**	0.462	29.5**	-0.574**	0.434
		(6.84)	(-3.09)	(0.416)	(6.60)	(-3.34)	(0.420)	(10.63)	(-4.46)	(0.412)
		0.000	0.010		0.000	0.005		0.000	0.000	
PL 40	<i>Net public social expenditure</i>	17.0*	-0.608	0.266	8.4	-0.189	0.071	14.0**	-0.445**	0.310
		(2.74)	(-1.59)	(0.161)	(2.03)	(-0.96)	(-0.01)	(5.01)	(-3.07)	(0.277)
		0.029	0.155		0.065	0.357		0.000	0.006	
PL 50	<i>Net public social expenditure</i>	23.7*	-0.723	0.236	17.2*	-0.382	0.131	20.8**	-0.551**	0.292
		(3.17)	(-1.57)	(0.141)	(2.87)	(-1.34)	(0.059)	(5.91)	(-3.01)	(0.259)
		0.013	0.154		0.014	0.204		0.000	0.006	
PL 60	<i>Net public social expenditure</i>	31.6**	-0.787	0.217	26.2**	-0.477	0.149	28.5**	-0.590**	0.264
		(3.69)	(-1.49)	(0.119)	(3.78)	(-1.45)	(0.078)	(7.07)	(-2.81)	(0.231)
		0.006	0.175		0.003	0.173		0.000	0.010	
PL 40	<i>Gross total social expenditure</i>	13.3**	-0.303	0.229	14.1**	-0.350**	0.476	13.9**	-0.340**	0.418
		(3.59)	(-1.72)	(0.152)	(5.08)	(-3.44)	(0.436)	(7.03)	(-4.24)	(0.395)
		0.005	0.116		0.000	0.004		0.000	0.000	
PL 50	<i>Gross total social expenditure</i>	19.3**	-0.367	0.206	25.2**	-0.587**	0.618	20.8**	-0.428**	0.405
		(4.24)	(-1.69)	(0.133)	(7.23)	(-4.58)	(0.588)	(8.33)	(-4.21)	(0.382)
		0.001	0.120		0.000	0.001		0.000	0.000	
PL 60	<i>Gross total social expenditure</i>	26.9**	-0.408	0.196	34.2**	-0.660**	0.584	28.2**	-0.450**	0.356
		(5.16)	(-1.64)	(0.123)	(8.14)	(-4.27)	(0.552)	(9.68)	(-3.79)	(0.331)
		0.000	0.130		0.000	0.001		0.000	0.001	
PL 40	<i>Gross total social expenditure other than Health</i>	14.1**	-0.498*	0.394	12.5**	-0.400**	0.515	13.4**	-0.444**	0.522
		(4.94)	(-2.55)	(0.334)	(5.82)	(-3.72)	(0.478)	(8.83)	(-5.23)	(0.503)
		0.001	0.029		0.000	0.003		0.000	0.000	
PL 50	<i>Gross total social expenditure other than Health</i>	20.1**	-0.599*	0.354	22.8**	-0.682**	0.689	20.0**	-0.559**	0.513
		(5.74)	(-2.46)	(0.295)	(8.99)	(-5.37)	(0.666)	(10.64)	(-5.23)	(0.494)
		0.000	0.032		0.000	0.000		0.000	0.000	
PL 60	<i>Gross total social expenditure other than Health</i>	28.2**	-0.698*	0.371	31.5**	-0.764**	0.648	27.6**	-0.601**	0.471
		(7.17)	(-2.55)	(0.314)	(10.1)	(-4.89)	(0.621)	(12.57)	(-4.82)	(0.451)
		0.000	0.027		0.000	0.000		0.000	0.000	
PL 40	<i>Net total social expenditure</i>	9.5	-0.120	0.024	9.7*	-0.227	0.149	11.6**	-0.286*	0.182
		(1.73)	(-0.41)	(-0.12)	(2.66)	(-1.45)	(0.078)	(4.07)	(-2.16)	(0.143)
		0.128	0.693		0.021	0.173		0.001	0.043	
PL 50	<i>Net total social expenditure</i>	13.6	-0.084	0.0107	18.5**	-0.405	0.214	17.6**	-0.345*	0.166
		(2.13)	(-0.24)	(-0.12)	(3.55)	(-1.81)	(0.148)	(5.00)	(-2.09)	(0.128)
		0.066	0.814		0.004	0.096		0.000	0.048	
PL 60	<i>Net total social expenditure</i>	21.4*	-0.130	0.014	27.0**	-0.471	0.212	25.3**	-0.380	0.158
		(2.95)	(-0.33)	(-0.11)	(4.44)	(-1.80)	(0.146)	(6.35)	(-2.03)	(0.120)
		0.018	0.748		0.001	0.098		0.000	0.054	

Notes:

- OLS-regression; t-statistics in parentheses; p-value in red. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (28): Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and United States.

Source: LIS (2009), SOCX (2008), and own calculations

Table A11: Linkages between LIS poverty rates (PL 60) and gross public and private social spending, 1985 and 2005

	LIS poverty rates				Gross public and private social expenditure			
	Interval		Begin	End	Public and private		Total other than Health	
	Begin	End	PL 60	PL 60	1985	2005	1985	2005
EU15 (14)								
Austria	1987	2000	11.7	13.4	26.1	29.1	20.6	22.3
Belgium	1985	2000	10.5	16.1	26.9	30.9	21.2	23.6
Denmark	1987	2004	17.3	13.2	24.5	29.5	19.3	23.6
Finland	1987	2004	11.2	13.5	23.5	27.2	17.8	21.0
France	1981	2000	13.4	13.7	26.7	32.2	19.9	24.4
Germany	1981	2000	10.6	13.4	26.0	29.7	18.4	22.0
Greece	1995	2000	21.5	21.4	16.0	22.2	11.5	16.6
Ireland	1987	2000	20.0	22.5	22.9	18.0	16.7	11.5
Italy	1986	2000	17.4	20.0	21.7	27.1	16.4	20.3
Luxembourg	1985	2004	11.0	13.7	20.2	24.3	15.6	17.3
Netherlands	1983	1999	7.6	11.1	30.2	29.2	24.2	23.2
Spain	1980	2000	19.5	20.8	18.0	21.7	13.5	15.9
Sweden	1981	2005	9.1	12.0	30.5	32.2	22.8	25.4
United Kingdom	1979	2004	17.3	19.2	24.4	28.4	19.4	21.4
Non-EU15 (6)								
Australia	1981	2003	18.4	20.4	13.2	20.8	7.9	14.9
Canada	1981	2004	18.9	19.9	19.3	22.0	12.7	15.2
Mexico	1984	2004	27.5	25.3	1.9	7.2	0.9	4.3
Norway	1979	2004	12.0	12.8	18.7	23.7	14.2	17.9
Switzerland	1982	2002	13.5	14.4	17.5	28.7	12.8	22.6
United States	1979	2004	21.3	24.1	19.4	26.0	12.1	19.0
Mean OECD-20	1983.5	2002.1	15.5	17.0	21.4	25.5	15.9	19.1
<i>Standard deviation</i>	3.9	2.0	5.0	4.3	6.4	5.7	5.33	4.99
<i>Coefficient of variation</i>	0.002	0.001	0.325	0.255	0.297	0.225	0.335	0.261
Mean EU15 Members	1984.6	2001.4	14.2	16.0	24.1	27.3	18.4	20.6
<i>Standard deviation</i>	4.0	2.1	4.4	3.8	4.0	4.1	3.34	3.78
<i>Coefficient of variation</i>	0.002	0.001	0.308	0.236	0.167	0.149	0.182	0.183
Mean non-EU15 countries	1981.0	2003.5	18.6	19.5	15.0	21.4	10.1	15.7
<i>Standard deviation</i>	1.7	0.8	5.1	4.6	6.2	6.9	4.55	5.69
<i>Coefficient of variation</i>	0.001	0.000	0.275	0.237	0.415	0.320	0.451	0.364

Source: OECD (2008), SOCX (2008), and own calculations

Linkages between LIS poverty rates (PL 60) and gross social spending, 1985 and 2005

		Non-EU15			EU15			All 20 countries		
		Int.	X1	R ²	Int.	X1	R ²	Int.	X1	R ²
PL 60 1985	Gross public social expenditure	29.3**	-0.832*	0.724	35.9**	-0.966**	0.574	28.4**	-0.658**	0.619
		(8.24)	(-3.24)	(0.655)	(6.57)	(-4.02)	(0.539)	(11.39)	(-5.41)	(0.598)
		0.001	0.032		0.000	0.002		0.000	0.000	
PL 60 2005	Gross public social expenditure	33.3**	-0.844*	0.736	33.2**	-0.707**	0.459	30.5**	-0.614**	0.579
		(7.72)	(-3.34)	(0.670)	(6.09)	(-3.19)	(0.414)	(10.95)	(-4.98)	(0.556)
		0.002	0.029		0.000	0.008		0.000	0.000	
PL 60 1985	Gross total social expenditure	27.7**	-0.604	0.539	34.0**	-0.824**	0.577	28.7**	-0.616**	0.605
		(6.11)	(-2.16)	(0.424)	(6.84)	(-4.05)	(0.542)	(10.95)	(-5.25)	(0.583)
		0.004	0.096		0.000	0.002		0.000	0.000	
PL 60 2005	Gross total social expenditure	28.1**	-0.404	0.362	35.0**	-0.696**	0.566	31.0**	-0.547**	0.525
		(4.66)	(-1.51)	(0.202)	(7.21)	(-3.96)	(0.530)	(9.66)	(-4.46)	(0.499)
		0.010	0.207		0.000	0.002		0.000	0.000	
PL 60 1985	Gross total social expenditure other than Health	28.1**	-0.935**	0.692	32.2**	-0.980**	0.565	27.4**	-0.747**	0.626
		(8.12)	(-3.00)	(0.615)	(6.94)	(-3.95)	(0.529)	(11.99)	(-5.48)	(0.605)
		0.001	0.040		0.000	0.002		0.000	0.000	
PL 60 2005	Gross total social expenditure other than Health	27.7**	-0.524	0.419	31.7**	-0.762**	0.583	29.6**	-0.655**	0.567
		(5.38)	(-1.70)	(0.273)	(8.14)	(-4.10)	(0.548)	(11.10)	(-4.86)	(0.543)
		0.006	0.165		0.000	0.001		0.000	0.000	

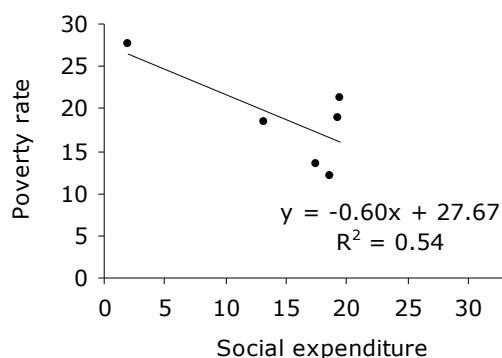
Notes:

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (20): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Mexico, Netherlands, Norway, Spain, Sweden, Switzerland, UK, and United States.

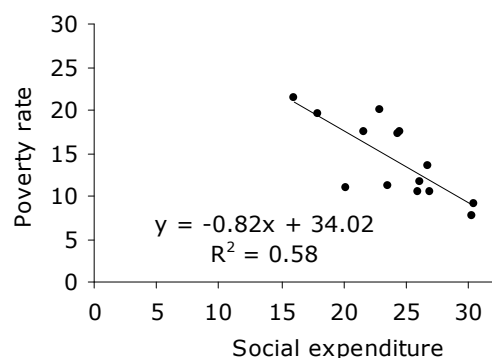
Source: OECD (2008), SOCX (2008), and own calculations

Gross total social expenditure and LIS poverty rates total population (PL 60), 1985 and 2005

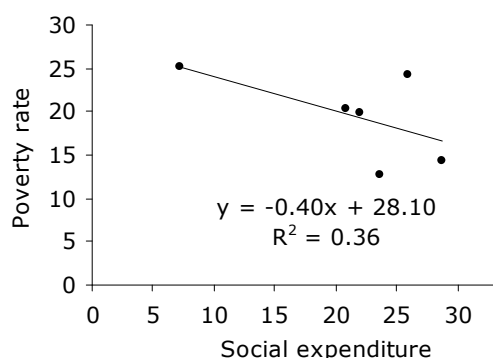
Non-EU15 countries, around 1985



EU15 Countries, around 1985



Non-EU15 countries, around 2005



EU15 Countries, around 2005

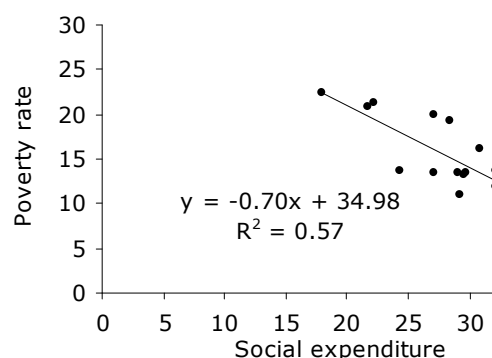


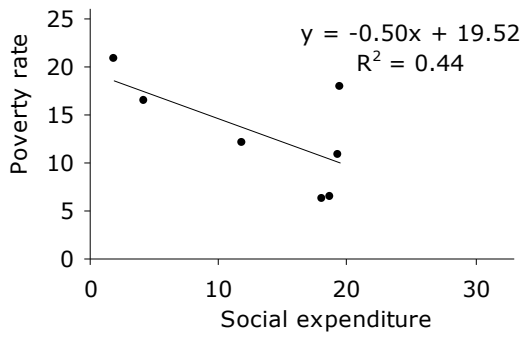
Table A12: Linkages between OECD poverty rates (PL 50) and gross public and private social spending, 1985, 1995 and 2005

	OECD poverty rates			Gross public and private social expenditure					
				Gross public and private			Gross total other than Health		
	mid-1980s	mid-1990s	mid-2000s	1985	1995	2005	1985	1995	2005
EU15 (15)									
Austria	3.4	4.7	6.6	26.1	28.6	29.1	20.6	22.1	21.8
Belgium	12.9	9.1	8.8	26.9	28.4	30.9	21.2	21.8	23.1
Denmark	6.0	4.7	5.3	24.5	31.3	29.5	19.3	26.6	23.5
Finland	5.1	4.9	7.3	23.5	32.2	27.2	17.8	26.3	20.8
France	8.2	7.5	7.1	26.7	30.6	32.2	19.9	22.1	23.0
Germany	6.3	8.5	11.0	26.0	29.6	29.7	18.4	20.6	21.0
Greece	13.4	13.9	12.6	16.0	19.2	22.2	11.5	14.7	16.6
Ireland	10.0	10.4	14.8	22.9	17.4	18.0	16.7	12.0	10.9
Italy	10.3	14.2	11.4	21.7	24.0	27.1	16.4	18.8	20.2
Luxembourg	5.4	5.5	8.1	20.2	20.8	24.3	15.6	15.7	17.1
Netherlands	3.5	7.1	7.7	30.2	30.6	29.2	24.2	23.8	21.4
Portugal	13.0	13.8	12.9	11.3	18.1	25.0	8.2	13.1	17.4
Spain	14.5	12.2	14.1	18.0	21.7	21.7	13.5	16.0	15.4
Sweden	3.3	3.7	5.3	30.5	34.6	32.2	22.8	28.3	25.4
UK	6.2	9.8	8.3	24.4	26.9	28.4	19.4	21.0	20.4
Non-EU15 (9)									
Australia		11.4	12.4	13.2	21.1	20.8	7.9	15.3	14.3
Canada	10.7	9.5	12.0	19.3	23.3	22.0	12.7	16.0	14.0
Japan	12.0	13.7	14.9	11.8	14.8	22.4	7.1	9.0	15.9
Mexico	20.7	21.7	18.4	1.9	4.8	7.2	0.9	2.3	4.1
New Zealand	6.2	8.4	10.8	18.0	19.4	18.9	13.5	13.4	11.6
Norway	6.4	7.1	6.8	18.7	25.0	23.7	14.2	20.7	17.9
Switzerland		7.5	8.7	17.5	25.1	28.7	12.8	19.2	21.6
Turkey	16.4	16.2	17.5	4.2	7.5	13.7	3.1	5.1	8.3
USA	17.9	16.7	17.1	19.4	23.7	26.0	12.1	12.9	13.2
Mean OECD-24	9.6	10.1	10.8	19.7	23.3	24.6	14.6	17.4	17.5
<i>Standard deviation</i>	4.87	4.40	3.82	7.19	7.25	5.89	5.89	6.39	5.17
<i>Coefficient of variation</i>	0.505	0.437	0.353	0.365	0.312	0.239	0.404	0.368	0.296
Mean EU15 Members	8.1	8.7	9.4	23.3	26.3	27.1	17.7	20.2	19.9
<i>Standard deviation</i>	3.82	3.51	3.03	5.03	5.42	3.98	4.11	4.87	3.63
<i>Coefficient of variation</i>	0.472	0.406	0.321	0.216	0.206	0.147	0.232	0.241	0.183
Mean non-EU15 countries	12.9	12.5	13.2	13.8	18.3	20.4	9.4	12.7	13.4
<i>Standard deviation</i>	5.23	4.70	3.85	6.28	7.19	6.14	4.58	5.81	4.84
<i>Coefficient of variation</i>	0.405	0.377	0.292	0.456	0.393	0.301	0.489	0.459	0.360

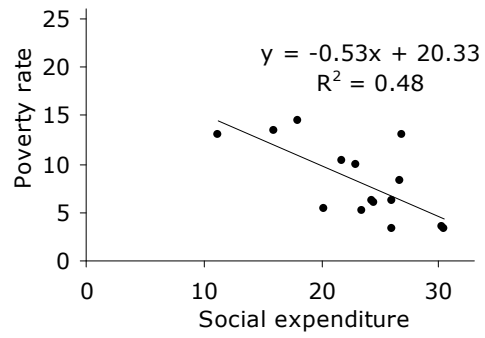
Source: OECD (2008), SOCX (2008), and own calculations

Gross total social expenditure and OECD poverty rates (PL 50), 1985-2005

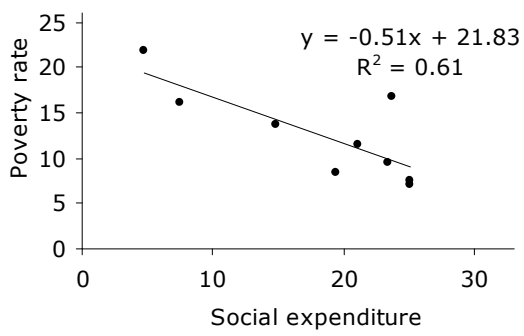
Non-EU15 countries: mid 1980's



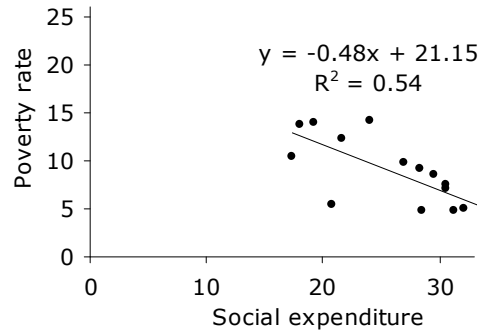
EU15 countries: mid 1980's



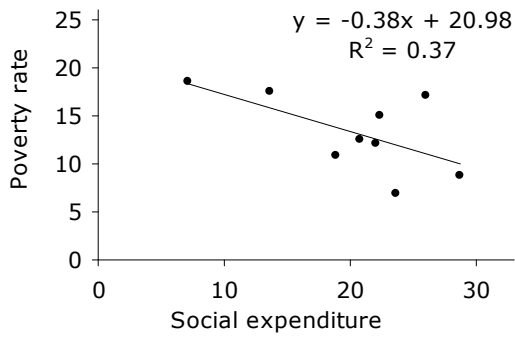
Non-EU15 countries: mid 1990's



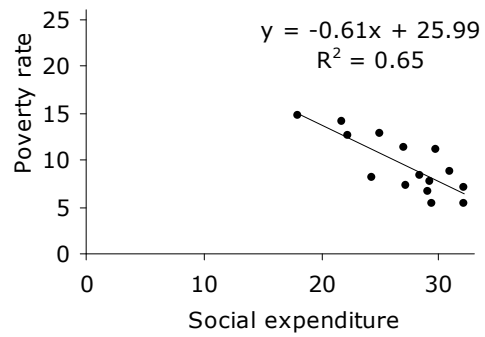
EU15 countries: mid 1990's



Non-EU15 countries: mid 2000's



EU15 countries: mid 2000's



Linkage gross social expenditure and OECD poverty rates (PL 50) across 24 countries, 1985-2005

		Non-EU15			EU15			All 24 countries		
		Int.	X1	R2	Int.	X1	R2	Int.	X1	R2
PL 50 1985	<i>Gross public social expenditure</i>	21.6** (7.89)	-0.729* (-3.56)	0.717 (0.661)	19.4** (4.65)	-0.519* (-2.76)	0.370 (0.321)	20.0** (10.15)	-0.559** (-5.61)	0.612 (0.592)
		0.001	0.016		0.000	0.016		0.000	0.000	
PL 50 1995		21.6** (7.89)	-0.729* (-3.56)	0.717 (0.661)	26.2** (7.50)	-0.782** (-3.83)	0.677 (0.631)	24.1** (5.77)	-0.606** (-3.55)	0.492 (0.453)
		0.001	0.016		0.000	0.006		0.000	0.004	
PL 60 2005		20.0** (10.15)	-0.559** (-5.61)	0.612 (0.592)	20.0** (10.15)	-0.559** (-5.61)	0.612 (0.592)	23.4** (11.65)	-0.588** (-6.44)	0.654 (0.638)
		0.000	0.000		0.000	0.000		0.000	0.000	
PL 50 1985	<i>Gross total social expenditure</i>	19.5** (5.15)	-0.496 (-1.97)	0.436 (0.323)	20.3** (5.61)	-0.526** (-3.45)	0.478 (0.438)	19.7** (9.52)	-0.501** (-5.18)	0.573 (0.551)
		0.004	0.107		0.000	0.004		0.000	0.000	
PL 50 1995		21.8** (7.22)	-0.511* (-3.33)	0.612 (0.557)	21.2** (6.45)	-0.476** (-3.89)	0.537 (0.502)	21.5** (11.50)	-0.490** (-6.39)	0.650 (0.634)
		0.000	0.013		0.000	0.002		0.000	0.000	
PL 50 2005		21.0** (5.24)	-0.382 (-2.03)	0.371 (0.281)	26.0** (7.56)	-0.611** (-4.87)	0.646 (0.619)	23.2** (10.44)	-0.502** (-5.72)	0.598 (0.579)
		0.001	0.082		0.000	0.000		0.000	0.000	
PL 50 1985	<i>Gross total social expenditure other than Health</i>	20.1** (6.35)	-0.793* (-2.60)	0.574 (0.489)	19.6** (5.85)	-0.651** (-3.53)	0.489 (0.450)	19.2** (10.55)	-0.641** (-5.67)	0.616 (0.597)
		0.001	0.048		0.000	0.004		0.000	0.000	
PL 50 1995		21.6** (11.09)	-0.719** (-5.15)	0.791 (0.761)	19.5** (6.98)	-0.536** (-3.99)	0.550 (0.516)	20.2** (13.89)	-0.583** (-7.41)	0.714 (0.701)
		0.000	0.001		0.000	0.002		0.000	0.000	
PL 50 2005		21.5** (7.91)	-0.617* (-3.24)	0.601 (0.543)	23.4** (9.43)	-0.706** (-5.73)	0.717 (0.695)	21.9** (14.74)	-0.633** (-7.76)	0.733 (0.720)
		0.000	0.014		0.000	0.000		0.000	0.000	

Notes:

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * significant at the 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (24): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and United States.

Source: OECD (2008), SOCX (2008), and own calculations

Table A13: Linkages between OECD poverty rates (PL 50) and gross private social spending, 1985, 1995 and 2005

	OECD poverty rates			Gross private social expenditure, % GDP			Gross private social expenditure other than Health, % GDP		
	mid-1980s	mid-1990s	mid-2000s	1985	1995	2005	1985	1995	2005
<i>EU15</i>									
Austria	3.4	4.7	6.6	2.3	2.1	1.9	1.7	1.5	1.4
Belgium	12.9	9.1	8.8	0.9	2.1	4.5	0.9	2.1	4.0
Denmark	6.0	4.7	5.3	1.3	2.4	2.6	1.2	2.3	2.5
Finland	5.1	4.9	7.3	1.0	1.3	1.1	0.9	1.1	0.9
France	8.2	7.5	7.1	0.7	2.0	3.0	0.2	1.0	1.6
Germany	6.3	8.5	11.0	2.8	3.1	3.0	2.2	2.3	2.0
Greece	13.4	13.9	12.6	0.0	1.9	1.7	0.0	1.9	1.7
Ireland	10.0	10.4	14.8	1.6	1.7	1.3	1.1	1.1	0.7
Italy	10.3	14.2	11.4	0.9	4.1	2.1	0.9	4.0	2.0
Luxembourg	5.4	5.5	8.1	0.0	0.0	1.1	0.0	0.0	0.9
Netherlands	3.5	7.1	7.7	4.9	6.8	8.3	4.1	5.9	6.5
Portugal	13.0	13.8	12.9	0.9	1.1	1.9	0.9	1.0	1.5
Spain	14.5	12.2	14.1	0.2	0.3	0.5	0.0	0.0	0.0
Sweden	3.3	3.7	5.3	1.1	2.4	2.8	1.1	2.4	2.8
UK	6.2	9.8	8.3	4.6	6.7	7.1	4.5	6.5	6.1
<i>Non-EU15</i>									
Australia		11.4	12.4	0.7	4.5	3.7	0.0	3.6	3.1
Canada	10.7	9.5	12.0	2.3	4.4	5.5	1.8	3.5	4.3
Japan	12.0	13.7	14.9	0.4	0.4	3.8	0.4	0.4	3.6
Mexico	20.7	21.7	18.4	0.0	0.1	0.2	0.0	0.0	0.0
New Zealand	6.2	8.4	10.8	0.1	0.5	0.4	0.0	0.0	0.0
Norway	6.4	7.1	6.8	0.9	1.7	2.1	0.9	1.7	2.1
Switzerland		7.5	8.7	3.0	7.6	8.4	2.2	6.4	7.4
Turkey	16.4	16.2	17.5	0.0	0.0	0.0	0.0	0.0	0.0
USA	17.9	16.7	17.1	6.3	8.4	10.1	3.0	3.7	4.3
Mean OECD-24	9.6	10.1	10.8	1.5	2.7	3.2	1.2	2.2	2.5
<i>Standard deviation</i>	4.87	4.40	3.82	1.66	2.44	2.73	1.25	1.96	2.05
<i>Coefficient of variation</i>	0.505	0.437	0.353	1.082	0.894	0.850	1.069	0.900	0.829
Mean EU15 Members	8.1	8.7	9.4	1.5	2.5	2.9	1.3	2.2	2.3
<i>Standard deviation</i>	3.82	3.51	3.03	1.46	1.92	2.13	1.32	1.84	1.82
<i>Coefficient of variation</i>	0.472	0.406	0.321	0.942	0.757	0.746	1.004	0.836	0.788
Mean non-EU countries	12.9	12.5	13.2	1.5	3.1	3.8	0.9	2.1	2.8
<i>Standard deviation</i>	5.23	4.70	3.85	1.96	3.10	3.43	1.07	2.15	2.37
<i>Coefficient of variation</i>	0.405	0.377	0.292	1.288	1.012	0.901	1.165	1.002	0.859

Source: OECD (2008), SOCX (2008), and own calculations

CORRELATION TESTS ACROSS COUNTRIES

We regress the level of poverty rates across countries with the level of private social expenditure as percentage of GDP. The coefficient is estimated using a linear ordinary least square regression model of cross-sectional data of the following form: $Y_{i,t} = A + \beta X_{i,t} + u_i$ (1)

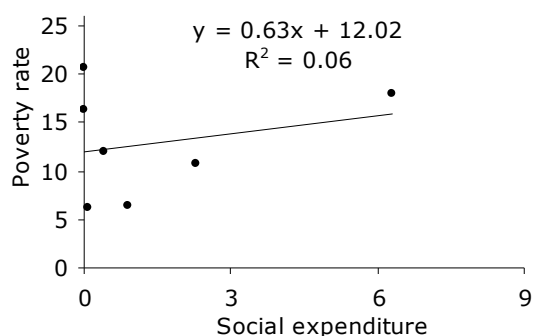
The term on the left-hand side of equation (1) is the level of the poverty indicator of country i at time-period t . The level of private social expenditures as percentage of GDP in country i at period t is given by $X_{i,t}$, and u_i is a disturbance term. If the coefficient β is negative, we say that social expenditures alleviate poverty across countries. A is a constant term across countries. The lower the value of β , the less strong will be the antipoverty effect of an additional point of GDP spend on private social expenditure. The results are presented below.

Notes:

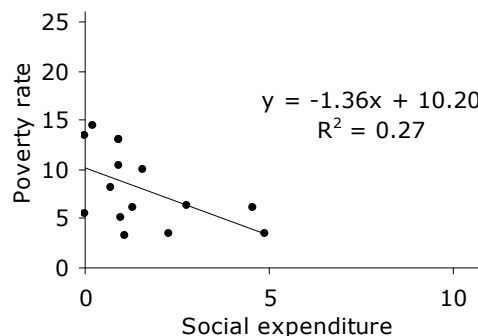
- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R^2 ; adjusted R^2 in parentheses
- Selected countries (24): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and United States.

Gross private social expenditure and OECD poverty rates (PL 50), around 1985, 1995, and 2005

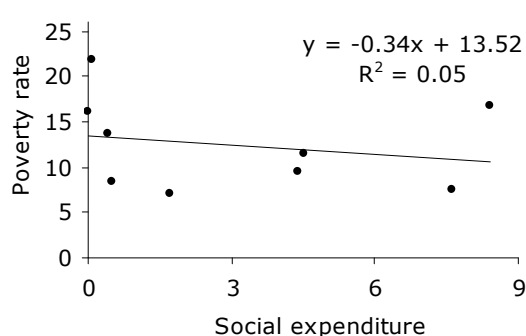
Non-EU15 countries: mid 1980's



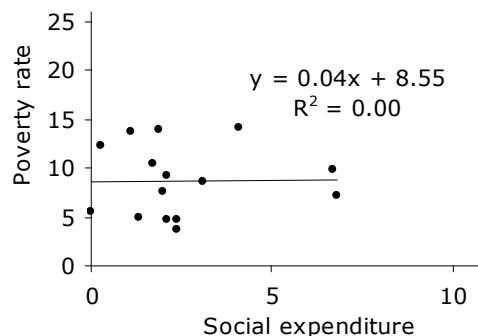
EU15 countries: mid 1980's



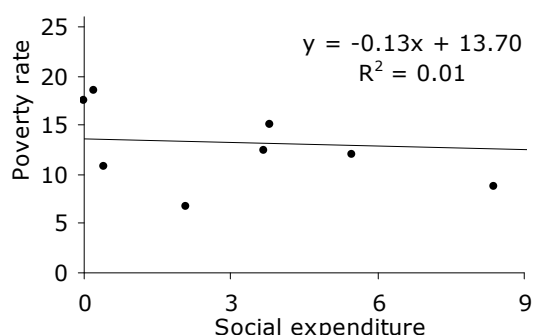
Non-EU15 countries: mid 1990's



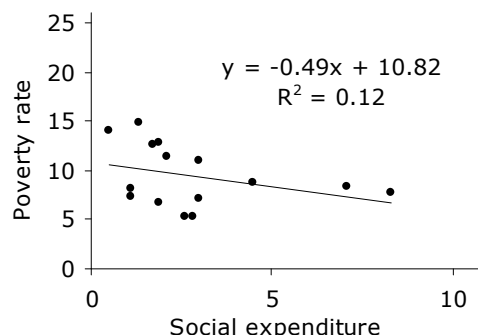
EU15 countries: mid 1990's



Non-EU15 countries: mid 2000's



EU15 countries: mid 2000's



	Non-EU15			EU15			All 24 countries			
	Int.	X1	R2	Int.	X1	R2	Int.	X1	R2	
PL 50 1985	12.0** (4.41)	0.626 (0.59)	0.065 (-0.12)	10.2** (7.71)	-1.359* (-2.18)	0.268 (0.212)	10.3** (7.12)	-0.412 (-0.65)	0.021 (-0.03)	
Gross private social expenditure	0.007	0.581		0.000	0.048		0.000	0.523		
	PL 50 1995	13.5** (5.56)	-0.343 (-0.61)	0.051 (-0.08)	8.6** (5.30)	0.043 (0.09)	0.001 (-0.08)	10.4** (7.39)	-0.111 (-0.29)	0.004 (-0.04)
	0.001	0.558		0.000	0.933		0.000	0.775		
PL 50 2005	13.7** (6.35)	-0.133 (-0.32)	0.014 (-0.13)	10.8** (8.22)	-0.490 (-1.33)	0.120 (0.052)	11.3** (9.06)	-0.154 (-0.52)	0.012 (-0.03)	
	0.000	0.762		0.000	0.207		0.000	0.608		
PL 50 1985	12.4** (4.12)	0.629 (0.29)	0.016 (-0.18)	10.0** (7.66)	-1.428 (-2.04)	0.243 (0.184)	11.1** (7.83)	-1.216 (-1.48)	0.099 (0.054)	
Gross private social expenditure other than Health	0.009	0.785		0.000	0.062		0.000	0.154		
	PL 50 1995	14.5** (6.39)	-0.939 (-1.26)	0.184 (0.068)	8.4** (5.56)	0.102 (0.19)	0.003 (-0.07)	10.9** (7.89)	-0.379 (-0.80)	0.029 (-0.02)
	0.000	0.249		0.000	0.849		0.000	0.430		
PL 50 2005	14.9** (7.20)	-0.615 (-1.08)	0.143 (0.020)	10.9** (8.72)	-0.644 (-1.51)	0.150 (0.084)	12.1** (9.91)	-0.528 (-1.39)	0.080 (0.038)	
	0.000	0.316		0.000	0.154		0.000	0.180		

Table A14: Social programs: linkages between LIS poverty rates (PL 60) and gross public and private social spending, 2001-2005

	LIS Percent poverty for children and the elderly, around 2001						Gross public and private social expenditure in % GDP, 2005	
	Children			Elderly			Old age + survivors schemes	Family programs
	PL 40	PL 50	PL 60	PL 40	PL 50	PL 60		
EU15 (14)								
Austria 2000	3.8	7.8	15.9	5.8	13.6	21.4	13.5	2.8
Belgium 2000	3.5	7.2	12.7	5.8	15.4	35.9	11.9	2.6
Denmark 2004	1.5	3.9	10.5	1.1	8.5	31.1	9.4	3.2
Finland 2004	1.3	3.7	9.7	2.1	10.1	25.5	9.6	3.0
France 2000	2.6	7.9	15.9	3.0	8.5	16.2	13.0	3.0
Germany 2000	5.5	9.0	14.2	4.0	10.4	18.6	12.3	2.3
Greece 2000	6.7	12.7	18.7	17.0	26.8	38.3	12.0	1.1
Ireland 2000	7.8	15.8	21.8	15.2	36.8	54.9	4.5	2.5
Italy 2000	10.5	16.6	26.5	5.6	14.3	22.6	15.4	1.4
Luxembourg 2004	4.9	13.3	19.5		4.5	10.0	7.6	3.6
Netherlands 1999	2.9	6.3	12.2		1.6	15.0	9.3	1.6
Spain 2000	7.4	14.9	21.4	9.3	23.3	33.8	8.4	1.1
Sweden 2005	2.0	4.7	10.9	1.5	6.6	20.6	12.2	3.2
UK 2004	5.7	14.0	24.2	6.1	16.5	28.6	11.0	3.2
Non-EU15 (10)								
Australia 2003	6.9	14.0	22.1	5.8	22.3	44.9	6.9	2.8
Canada 2004	9.7	16.8	25.3	1.4	6.3	17.6	8.4	1.0
Czech Republic 1996	3.3	6.6	12.2	1.3	7.4	21.9	7.9	1.7
Hungary 1999	4.3	8.1	15.2		4.3	12.6	9.1	3.1
Mexico 2004	15.4	22.2	30.1	19.3	27.3	35.2	1.3	1.0
Norway 2004	2.3	4.9	10.0	0.9	8.5	23.0	7.2	2.8
Poland 2004	9.8	17.2	25.0	1.3	3.4	8.2	11.4	1.1
Slovak Republic 1996	6.1	9.8	16.0				6.9	2.1
Switzerland 2002	2.9	6.7	17.0	7.2	18.4	29.9	13.0	1.4
USA 2004	14.4	21.2	29.1	14.3	24.6	34.7	9.9	0.6
Mean OECD-24	5.9	11.1	18.2	6.4	13.9	26.1	9.7	2.2
<i>Standard deviation</i>	3.77	5.34	6.13	5.59	9.04	11.21	3.08	0.90
<i>Coefficient of variation</i>	0.640	0.483	0.337	0.874	0.651	0.429	0.318	0.413
Mean EU15 Members	4.7	9.8	16.7	6.4	14.1	26.6	10.7	2.5
<i>Standard deviation</i>	2.60	4.40	5.19	4.90	9.12	11.21	2.69	0.81
<i>Coefficient of variation</i>	0.552	0.448	0.310	0.769	0.649	0.421	0.251	0.329
Mean non-EU15 countries	7.5	12.8	20.2	6.4	13.6	25.3	8.2	1.8
<i>Standard deviation</i>	4.47	6.03	6.73	6.49	8.91	11.17	2.98	0.85
<i>Coefficient of variation</i>	0.594	0.473	0.333	1.009	0.655	0.441	0.364	0.480

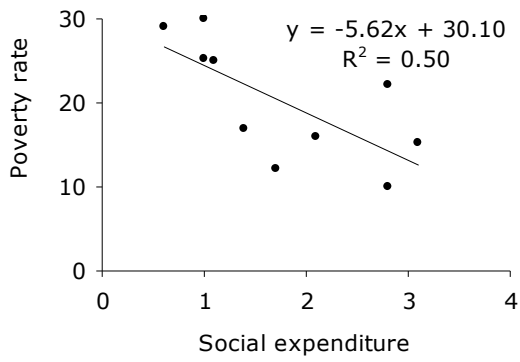
Correlation tests	Family programs			Old age pension programs and survivors schemes		
	Intercept	X1	R ²	Intercept	X1	R ²
Non-EU15 countries	30.098** (7.74) 0.000	-5.624* (-2.82) 0.022	0.499 (0.437)	36.812* (3.30) 0.013	-1.376 (-1.10) 0.308	0.147 (0.025)
EU15 countries	22.121** (4.91) 0.000	-2.187 (-1.26) 0.231	0.117 (0.044)	45.738** (3.81) 0.002	-1.784 (-1.64) 0.126	0.184 (0.115)
All 24 countries	26.585** (9.43) 0.000	-3.870** (-3.23) 0.004	0.322 (0.291)	38.788** (5.11) 0.000	-1.295 (-1.75) 0.095	0.127 (0.086)

Selected countries (24): Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Mexico, Netherlands, Norway, Poland, Slovak Republic, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

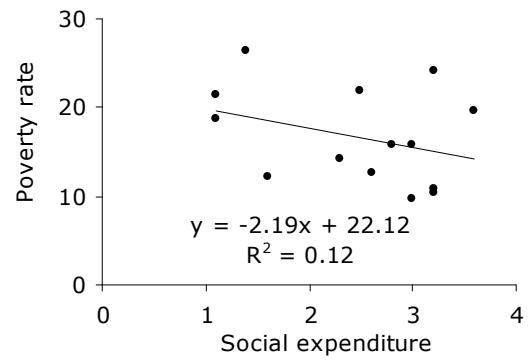
Source: LIS (2009), SOCX (2008), and own calculations

Gross total social expenditure of family programs and LIS poverty rates children (PL 60), around 2001-2005

Non-EU15 countries

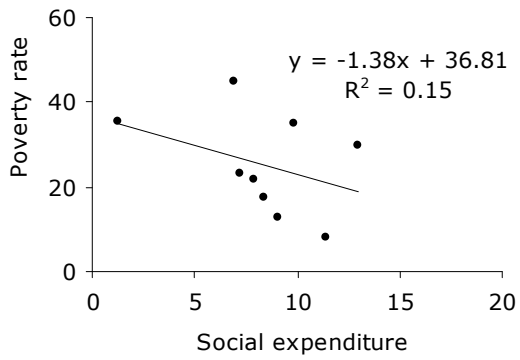


EU15 Countries



Gross total social expenditure of old age pension and survivors programs and LIS poverty rates elderly (PL 60), around 2001-2005

Non-EU15 countries



EU15 Countries

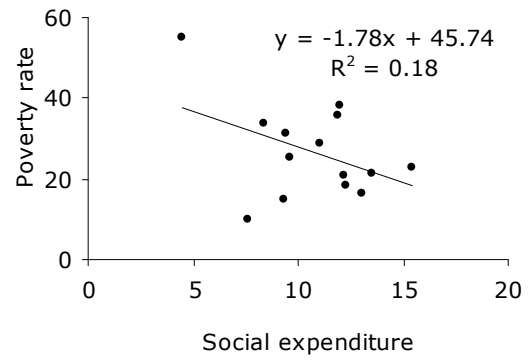


Table A15: Social programs: linkages between LIS poverty rates and gross public and private social spending, around 1985 and 2005

	LIS poverty rates (PL 60)						Expenditure social programs			
	Interval		Begin		End		OAP + surv.		Family	
	Begin	End	Children	Elderly	Children	Elderly	1985	2005	1985	2005
EU15 (14)										
Austria	1987	2000	9.9	30.0	15.9	21.4	12.2	13.5	2.8	2.8
Belgium	1985	2000	10.7	21.2	12.7	35.9	9.7	11.9	2.6	2.6
Denmark	1987	2004	8.8	55.9	10.5	31.1	8.2	9.4	2.6	3.2
Finland	1987	2004	6.4	31.7	9.7	25.5	8.0	9.6	2.5	3.0
France	1981	2000	13.2		15.9	16.2	10.7	13.0	2.7	3.0
Germany	1981	2000	8.1	25.7	14.2	18.6	11.4	12.3	1.5	2.3
Greece	1995	2000	19.4	35.6	18.7	38.3	8.7	12.0	0.3	1.1
Ireland	1987	2000	25.1	25.5	21.8	54.9	7.1	4.5	1.4	2.5
Italy	1986	2000	19.0	21.8	26.5	22.6	12.1	15.4	0.9	1.4
Luxembourg	1985	2004	12.9	22.5	19.5	10.0	8.7	7.6	1.5	3.6
Netherlands	1983	1999	6.9	6.8	12.2	15.0	8.5	9.3	2.1	1.6
Spain	1980	2000	20.4	30.7	21.4	33.8	7.6	8.4	0.3	1.1
Sweden	1981	2005	7.7	11.8	10.9	20.6	9.9	12.2	4.1	3.2
United Kingdom	1979	2004	15.3	49.5	24.2	28.6	9.2	11.0	2.3	3.2
Non-EU15 (6)										
Australia	1981	2003	20.2	49.7	22.1	44.9	3.5	6.9	1.2	2.8
Canada	1981	2004	21.4	39.3	25.3	17.6	5.5	8.4	0.7	1.0
Mexico	1984	2004	31.6	32.3	30.1	35.2	0.2	1.3	0.0	1.0
Norway	1979	2004	9.1	31.6	10.0	23.0	6.4	7.2	1.9	2.8
Switzerland	1982	2002	9.5	36.8	17.0	29.9	8.0	13.0	1.0	1.4
United States	1979	2004	26.9	37.4	29.1	34.7	8.9	9.9	0.6	0.6
Mean OECD-20	1983.5	2002.1	15.1	31.4	18.4	27.9	8.2	9.8	1.7	2.2
<i>Standard deviation</i>			7.2	12.0	6.3	10.7	2.8	3.3	1.0	0.9
<i>Coefficient of variation</i>			0.479	0.383	0.345	0.385	0.336	0.332	0.626	0.418
Mean EU15 Members	1984.6	2001.4	13.1	28.4	16.7	26.6	9.4	10.7	2.0	2.5
<i>Standard deviation</i>			5.7	12.9	5.2	11.2	1.6	2.7	1.0	0.8
<i>Coefficient of variation</i>			0.431	0.454	0.310	0.421	0.167	0.251	0.515	0.329
Mean non-EU15 countries	1981.0	2003.5	19.8	37.9	22.3	30.9	5.4	7.8	0.9	1.6
<i>Standard deviation</i>			8.3	6.0	7.0	8.9	2.9	3.5	0.6	0.9
<i>Coefficient of variation</i>			0.420	0.158	0.316	0.287	0.536	0.455	0.648	0.550

Correlation tests	Family programs, 1985			Family programs, 2005		
	Intercept	X1	R ²	Intercept	X1	R ²
Non-EU15 countries	30.673** (7.64) 0.002	-12.118* (-3.24) 0.032	0.724 (0.655)	31.710** (6.42) 0.003	-5.900 (-2.18) 0.095	0.543 (0.429)
EU15 countries	20.704** (8.01) 0.000	-3.842** (-3.30) 0.006	0.475 (0.431)	22.121** (4.91) 0.000	-2.187 (-1.26) 0.231	0.117 (0.044)
All 20 countries	23.646** (10.87) 0.000	-5.166** (-4.62) 0.000	0.543 (0.517)	27.173** (8.61) 0.000	-3.978** (-3.02) 0.007	0.336 (0.299)

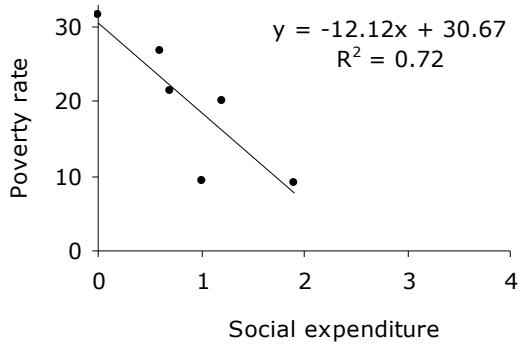
Correlation tests	Old age pension programs and survivors schemes, 1985			Old age pension programs and survivors schemes, 2005		
	Intercept	X1	R ²	Intercept	X1	R ²
Non-EU15 countries	38.313** (6.07) 0.004	-0.081 (-0.08) 0.941	0.002 (-0.248)	35.119* (3.36) 0.028	-0.544 (-0.45) 0.679	0.047 (-0.191)
EU15 countries	42.407 (1.87) 0.088	-1.505 (-0.63) 0.542	0.035 (-0.053)	45.738** (3.81) 0.002	-1.784 (-1.64) 0.126	0.184 (0.115)
All 20 countries	36.663** (4.07) 0.001	-0.547 (-0.62) 0.544	0.022 (-0.035)	40.585** (5.48) 0.000	-1.290 (-1.81) 0.087	0.154 (0.107)

Selected countries (20): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Mexico, Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

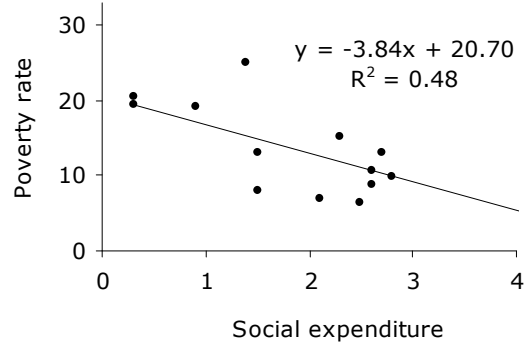
Source: LIS (2009), OECD (2009), SOCX (2008), and own calculations

Gross total social expenditure of family programs and LIS poverty rates children (PL 60), 1985 and 2005

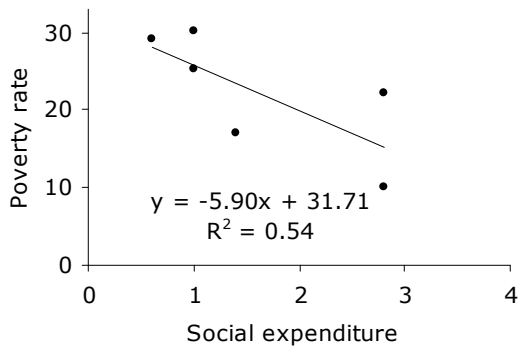
Non-EU15 countries, around 1985



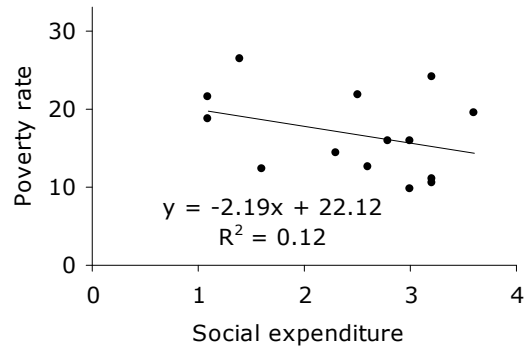
EU15 Countries, around 1985



Non-EU15 countries, around 2005

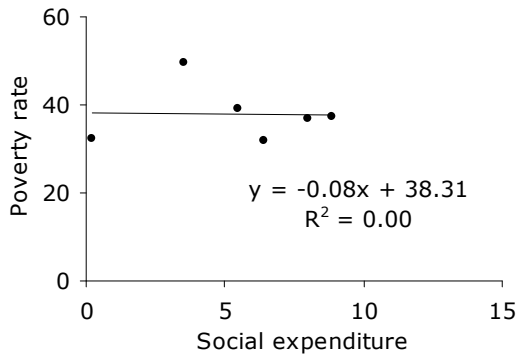


EU15 Countries, around 2005

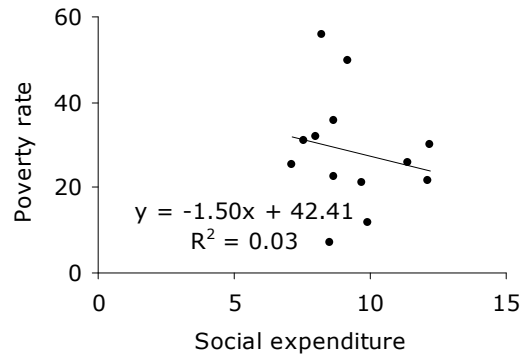


Gross total social expenditure of old age pension and survivors programs and LIS poverty rates elderly (PL 60), 1985 and 2005

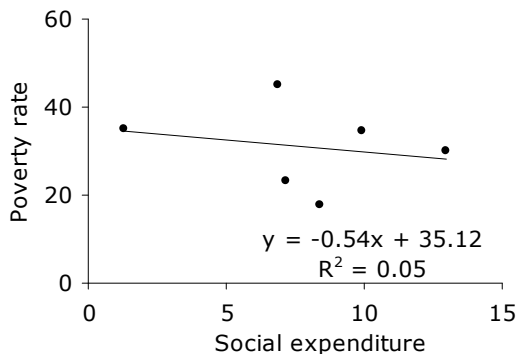
Non-EU15 countries, around 1985



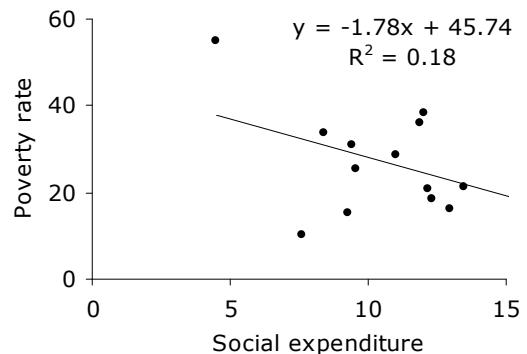
EU15 Countries, around 1985



Non-EU15 countries, around 2005



EU15 Countries, around 2005



Source: LIS (2009), OECD (2009), SOCX (2008), and own calculations

Table A16: Social programs: linkages between OECD poverty rates (PL 50) and gross public and private social spending, around 1995 and 2005

	OECD Poverty rates				Gross public and private social expenditure			
	Children		Elderly		Family programs		OAP + survivors	
	Mid 1990's	Mid-2000s	Mid 1990's	Mid-2000s	1995	2005	1995	2005
EU15 (15)								
Austria	0.1	6.2	13.2	7.5	2.8	2.8	12.2	13.5
Belgium	10.7	10.0	16.3	12.8	2.6	2.6	9.7	11.9
Denmark	2.0	2.7	12.2	10.0	2.6	3.2	8.2	9.4
Finland	2.1	4.2	7.5	12.7	2.5	3.0	8.0	9.6
France	7.4	7.6	11.8	8.8	2.7	3.0	10.7	13.0
Germany	11.2	16.3	10.5	8.5	1.5	2.3	11.4	12.3
Greece	12.3	13.2	29.2	22.7	0.3	1.1	8.7	12.0
Ireland	14.0	16.3	11.8	30.6	1.4	2.5	7.1	4.5
Italy	18.9	15.5	15.1	12.8	0.9	1.4	12.1	15.4
Luxembourg	7.9	12.4	4.9	3.1	1.5	3.6	8.7	7.6
Netherlands	10.6	11.5	1.4	2.1	2.1	1.6	8.5	9.3
Portugal	16.6	16.6	17.7	16.6	0.6	1.2	4.4	10.5
Spain	15.4	17.3	10.2	22.8	0.3	1.1	7.6	8.4
Sweden	2.5	4.0	3.7	6.2	4.1	3.2	9.9	12.2
United Kingdom	13.6	10.1	12.4	10.3	2.3	3.2	9.2	11.0
Non-EU15 (13)								
Australia	13.0	11.8	22.3	26.9	1.2	2.8	3.5	6.9
Canada	12.8	15.1	2.9	5.9	0.7	1.0	5.5	8.4
Czech Republic	8.6	10.3	8.7	2.3		1.7		7.9
Hungary	10.3	8.7	7.3	4.7		3.1		9.1
Japan	12.1	13.7	23.0	22.0	0.5	0.8	5.1	13.3
Mexico	26.0	22.2	32.7	28.0	0.0	1.0	0.2	1.3
New Zealand	12.7	15.0	1.3	1.5	2.3	2.6	7.7	4.3
Norway	3.7	4.6	15.8	9.1	1.9	2.8	6.4	7.2
Poland		21.5		4.8		1.1		11.4
Slovak Republic		10.9		5.9		2.1		6.9
Switzerland	8.2	9.4	13.3	17.6	1.0	1.4	8.0	13.0
Turkey	19.6	24.6	23.2	15.1	0.7	0.0	1.8	8.0
United States	22.3	20.6	20.6	23.6	0.6	0.6	8.9	9.9
Mean OECD-28	11.3	12.6	13.4	12.7	1.5	2.0	7.6	9.6
<i>Standard deviation</i>	6.22	5.63	8.01	8.43	1.02	0.97	2.97	3.12
<i>Coefficient of variation</i>	0.549	0.447	0.596	0.665	0.658	0.480	0.388	0.326
Mean EU-15 Members	9.7	10.9	11.9	12.5	1.9	2.4	9.1	10.7
<i>Standard deviation</i>	5.65	4.86	6.42	7.54	1.04	0.85	1.97	2.60
<i>Coefficient of variation</i>	0.584	0.445	0.541	0.603	0.553	0.355	0.217	0.243
Mean non-EU15 countries	13.6	14.5	15.6	12.9	1.0	1.6	5.2	8.3
<i>Standard deviation</i>	6.26	5.84	9.35	9.35	0.68	0.94	2.76	3.17
<i>Coefficient of variation</i>	0.461	0.403	0.601	0.726	0.685	0.585	0.528	0.382

Source: SOCX (2008), OECD (2008), and own calculations

Linkages between OECD poverty rates (PL 50) and gross public and private social spending, 1995 and 2005

	Family programs, 1995			Family programs, 2005		
	Intercept	X1	R ²	Intercept	X1	R ²
Non-EU15 countries	20.908** (6.41) 0.000	-6.493* (-2.38) 0.049	0.448 (0.369)	22.081** (9.75) 0.000	-4.700** (-3.88) 0.003	0.578 (0.540)
EU15 countries	17.497** (8.37) 0.000	-4.156** (-4.27) 0.001	0.584 (0.552)	20.293** (6.89) 0.000	-3.927** (-3.38) 0.005	0.468 (0.427)
All 28 countries	18.855** (11.43) 0.000	-4.768** (-5.35) 0.000	0.565 (0.545)	21.451** (12.85) 0.000	-4.374** (-5.90) 0.000	0.572 (0.556)

	Old age pension programs and survivors schemes, 1995			Old age pension programs and survivors schemes, 2005		
	Intercept	X1	R ²	Intercept	X1	R ²
Non-EU15 countries	28.746** (4.82) 0.002	-2.198 (-2.18) 0.066	0.405 (0.320)	13.546 (1.72) 0.114	-0.081 (-0.09) 0.929	0.001 (-0.090)
EU15 countries	13.649 (1.63) 0.127	-0.197 (-0.22) 0.830	0.004 (-0.073)	24.506** (3.00) 0.010	-1.121 (-1.51) 0.155	0.149 (0.084)
All 28 countries	24.006** (5.68) 0.000	-1.325* (-2.57) 0.017	0.231 (0.196)	17.260** (3.29) 0.003	-0.479 (-0.92) 0.367	0.031 (-0.006)

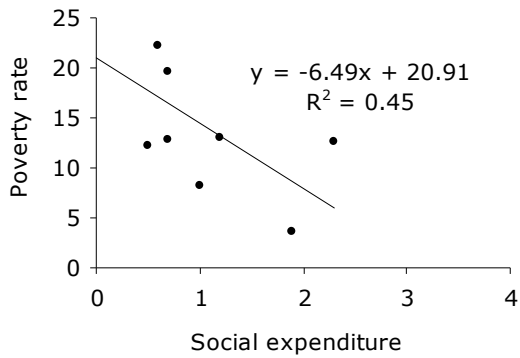
Notes:

- OLS-regression; t-statistics in parentheses; p-value in red. ** Significant at the 0.01 level; * significant at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (28): Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

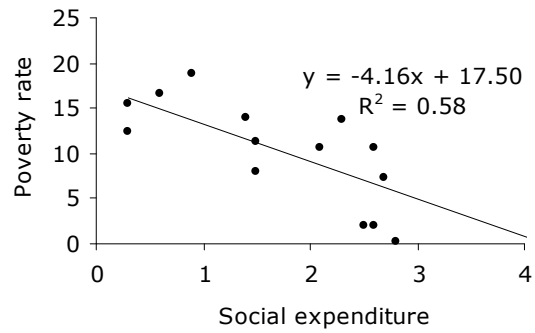
Source: SOCX (2008), OECD (2008), and own calculations

Gross total social expenditure of family programs and OECD poverty rates children (PL 50), around 1995 and 2005

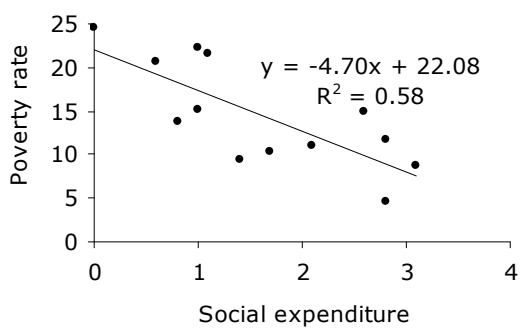
Non-EU15 countries, around 1995



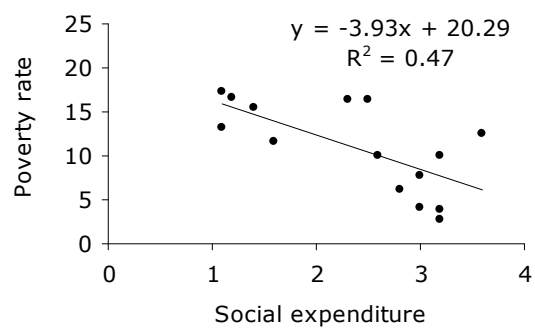
EU15 Countries, around 1995



Non-EU15 countries, around 2005

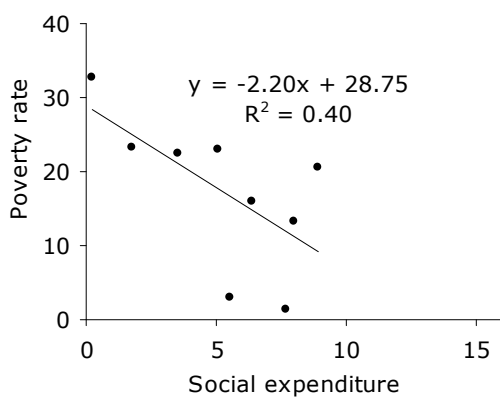


EU15 Countries, around 2005

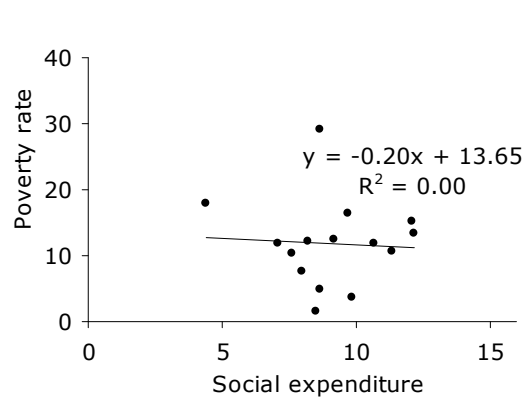


Gross total social expenditure of old age pension and survivors programs and OECD poverty rates elderly (PL 50), around 1995 and 2005

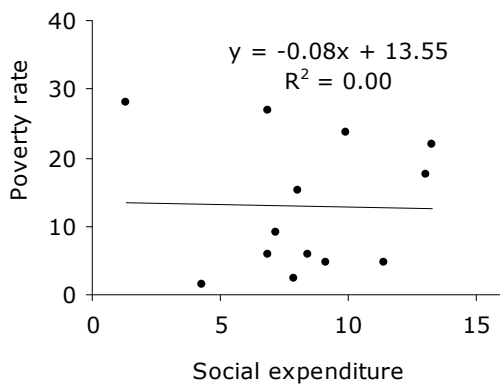
Non-EU15 countries, around 1995



EU15 Countries, around 1995



Non-EU15 countries, around 2005



EU15 Countries, around 2005

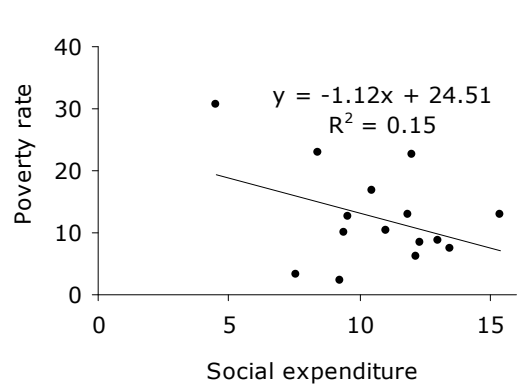


Table A17: Poverty reduction (PL 60) in the EU15, 1995 and 2007

<i>Total population</i>	Poverty rate total population			Effect transfers / taxes (a)			Effect transfers /taxes (b)		
	1995	2007	Change	1995	2007	Change	1995	2007	Change
Austria	13	12	-1	11	13	2	28	31	3
Belgium	16	15	-1	11	13	2	26	27	1
Denmark	10	12	2		15			25	
Finland		13			16			28	
France	15	13	-2	11	13	2	27	33	6
Germany	15	15	0	7	10	3	23	28	5
Greece	22	20	-2	1	4	3	16	22	6
Ireland	19	18	-1	15	15	0	23	22	-1
Italy	20	20	0	3	4	1	20	23	3
Luxembourg	12	14	2	13	9	-4	28	25	-3
Netherlands	11	10	-1	13	11	-2	27	25	-2
Portugal	23	18	-5	4	6	2	14	22	8
Spain	19	20	1	8	4	-4	22	19	-3
Sweden		11			17			31	31
UK	20	19	-1	12	11	-1	21	23	2
Mean EU12	17	16	-1	9	9	0	23	25	2
<i>Children</i>	Poverty rate children 0-15			Effect transfers / taxes (a)			Effect transfers /taxes (b)		
	1995	2007	Change	1995	2007	Change	1995	2007	Change
Austria	16	15	-1	20	23	3	25	25	0
Belgium	16	17	1	17	14	-3	26	15	-11
Denmark	6	9	3		15			15	
Finland		10			22			22	
France	16	15	-1	17	21	4	26	22	-4
Germany	18	14	-4	11	17	6	20	17	-3
Greece	18	23	5	2	4	2	20	6	-14
Ireland	26	19	-7	15	21	6	16	22	6
Italy	24	25	1	2	7	5	16	9	-7
Luxembourg	16	20	4	22	13	-9	24	15	-9
Netherlands	13	14	1	13	11	-2	25	11	-14
Portugal	26	21	-5	5	6	1	11	9	-2
Spain	24	23	-1	7	5	-2	17	7	-10
Sweden		11			23				
UK	28	23	-5	14	18	4	13	19	6
Mean EU12	19	19	-1	12	13	1	21	14	-6
<i>Elderly</i>	Poverty rate elderly 65			Effect transfers / taxes (a)			Effect transfers /taxes (b)		
	1995	2007	Change	1995	2007	Change	1995	2007	Change
Austria	20	14	-6	7	3	-4	62	75	13
Belgium	25	23	-2	2	4	2	62	68	6
Denmark		18			16			75	
Finland		22			9			71	
France	19	13	-6	4	5	1	72	82	10
Germany	15	17	2	2	1	-1	73	76	3
Greece	35	23	-12	2	5	3	44	59	15
Ireland	19	29	10	12	13	1	60	57	-3
Italy	18	22	4	6	2	-4	63	62	-1
Luxembourg	12	7	-5	4	3	-1	67	82	15
Netherlands	8	10	2	4	7	3	85	85	0
Portugal	38	26	-12	3	3	0	38	59	21
Spain	16	28	12	7	3	-4	61	56	-5
Sweden		11			12			83	
UK	32	30	-2	17	8	-9	55	60	5
Mean EU12	20	19	-1	5	4	0	62	69	7

- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers
- EU12 excluding Denmark, Finland and Sweden

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

Table A18: Targeting effect of net total social expenditures on poverty reduction in the EU15, around 2005-2007

	Poverty rate total population (PL 60) before and after social transfers and taxes, 2007			Effect of social transfers and taxes		Net total social expenditure, % GDP, 2005	Targeting effect	
	Before pensions excluded ^a	Before pensions included ^b	After	(1)-(3)	(2)-(3)		(4):(6)	(5):(6)
	(1)	(2)	(3)	(4)	(5)		(7)	(8)
Austria	25	43	12	13	31	23.5	0.55	1.32
Belgium	28	42	15	13	27	26.8	0.49	1.01
Denmark	27	37	12	15	25	21.6	0.70	1.16
Finland	29	41	13	16	28	19.5	0.82	1.43
France	26	46	13	13	33	29.0	0.45	1.14
Germany	25	43	15	10	28	27.0	0.37	1.04
Greece	24	42	20	4	22	n.a.	n.a.	n.a.
Ireland	33	40	18	15	22	16.1	0.93	1.37
Italy	24	43	20	4	23	23.1	0.17	1.00
Luxembourg	23	39	14	9	25	20.3	0.44	1.23
Netherlands	21	35	10	11	25	23.3	0.47	1.08
Portugal	24	40	18	6	22	21.4	0.28	1.03
Spain	24	39	20	4	19	19.1	0.21	1.00
Sweden	28	42	11	17	31	24.8	0.68	1.25
UK	30	42	19	11	23	25.9	0.42	0.89
Mean EU15	26	42	17	9	25	23.0	0.39	1.09

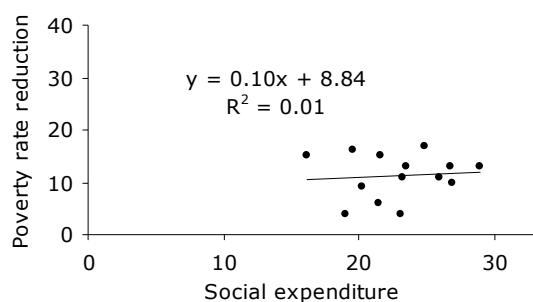
- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

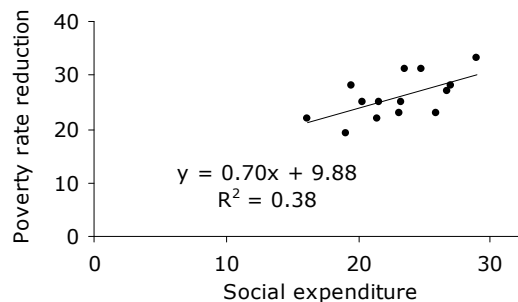
Linkage between net total social expenditure and EU poverty rate reduction total population, 2005-2007

	Intercept	X1 (a)	R2	Intercept	X1 (b)	R2
EU15 (PL 60)	8.838 (1.11) 0.287	0.104 (0.30) 0.767	0.008 (-0.075)	9.880 (1.66) 0.123	0.696* (2.72) 0.019	0.381 (0.329)

Panel (a) Pension income treated as primary income



Panel (b) Pension income treated as transfers



Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008); and own calculations

Table A19: Targeting effect of gross total social expenditures on poverty reduction in the EU15, around 1995 and 2005-2007

	Around 1995		Around 2005-2007		Change over time	
	Pensions excluded ^a	Pensions included ^b	Pensions excluded ^a	Pensions included ^b	Pensions excluded ^a	Pensions included ^b
Austria	0.38	0.98	0.45	1.07	0.07	0.09
Belgium	0.39	0.92	0.42	0.87	0.03	-0.05
Denmark			0.51	0.85		
Finland			0.59	1.03		
France	0.36	0.88	0.40	1.03	0.04	0.15
Germany	0.24	0.78	0.34	0.94	0.10	0.16
Greece	0.05	0.83	0.18	0.99	0.13	0.16
Ireland	0.86	1.32	0.83	1.22	-0.03	-0.10
Italy	0.13	0.83	0.15	0.85	0.02	0.02
Luxembourg	0.63	1.35	0.37	1.03	-0.26	-0.32
Netherlands	0.42	0.88	0.38	0.86	-0.04	-0.02
Portugal	0.22	0.77	0.26	0.94	0.04	0.17
Spain	0.37	1.01	0.18	0.88	-0.19	-0.13
Sweden			0.53	0.96		
UK	0.45	0.78	0.39	0.81	-0.06	0.03
Mean EU15	0.34	0.88	0.33	0.93	-0.01	0.05
Mean EU12	0.36	0.94	0.35	0.96	-0.01	0.02

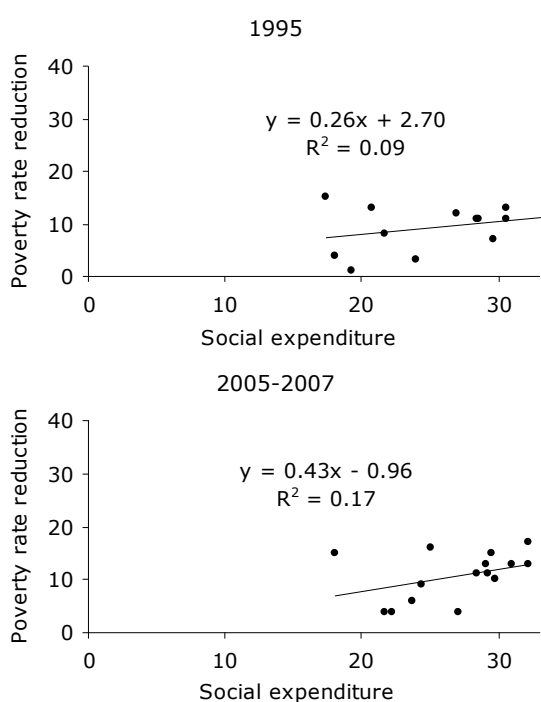
- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers
- EU12 excluding Denmark, Finland and Sweden

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

Linkage between gross total social expenditure and EU poverty rate reduction total population, 1995 and 2005-2007

	Intercept	X1 (a)	R2	Intercept	X1 (b)	R2
EU15 (PL 60), 1995	2.702 (0.40) 0.696	0.259 (0.97) 0.357	0.085 (-0.006)	9.061 (1.57) 0.147	0.562* (2.45) 0.034	0.375 (0.313)
EU15 (PL 60), 2005-2007	-0.962 (-0.13) 0.898	0.435 (1.61) 0.132	0.166 (0.101)	6.368 (1.34) 0.204	0.715** (4.09) 0.001	0.562 (0.529)

Panel (a) Pension income treated as primary income



Panel (b) Pension income treated as transfers

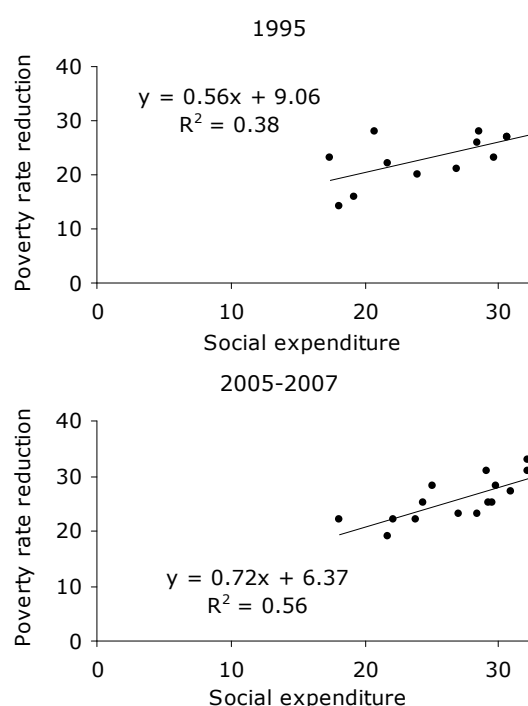


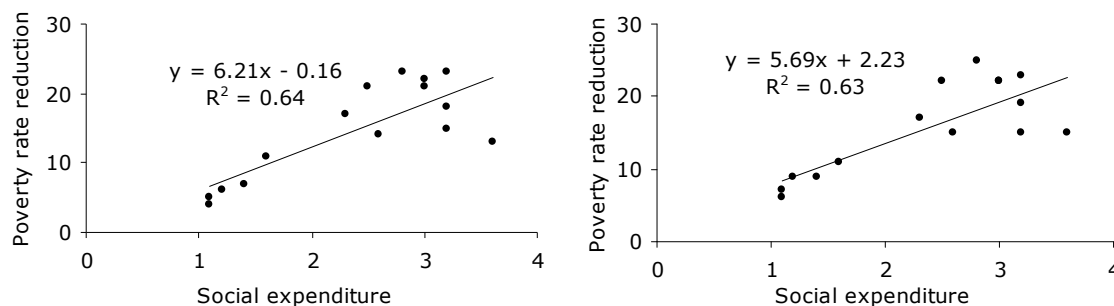
Table A20a: Targeting effect of gross total social expenditures for family programs on poverty reduction of children in the EU15, around 2005-2007

	Poverty rate 0-15 years (PL 60) before and after social transfers and taxes, 2007			Effect of social transfers and taxes		Gross social expenditure on family programs, % GDP, 2005	Targeting effect	
	Before pensions excluded ^a	Before pensions included ^b	After	(1)-(3)	(2)-(3)		(4):(6)	(5):(6)
	(1)	(2)	(3)	(4)	(5)		(7)	(8)
Austria	38	40	15	23	25	2.8	8.2	8.9
Belgium	31	32	17	14	15	2.6	5.4	5.8
Denmark	24	24	9	15	15	3.2	4.7	4.7
Finland	32	32	10	22	22	3.0	7.3	7.3
France	36	37	15	21	22	3.0	7.0	7.3
Germany	31	31	14	17	17	2.3	7.4	7.4
Greece	27	29	23	4	6	1.1	3.6	5.5
Ireland	40	41	19	21	22	2.5	8.4	8.8
Italy	32	34	25	7	9	1.4	5.0	6.4
Luxembourg	33	35	20	13	15	3.6	3.6	4.2
Netherlands	25	25	14	11	11	1.6	6.9	6.9
Portugal	27	30	21	6	9	1.2	5.0	7.5
Spain	28	30	23	5	7	1.1	4.5	6.4
Sweden	34	34	11	23	23	3.2	7.2	7.2
UK	41	42	23	18	19	3.2	5.6	5.9
Mean EU15	33	34	19	14	15	2.4	5.9	6.3

- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

EU15: Gross total social expenditure for family programs and EU poverty rate reduction children, 2005-2007



Linkage between gross total social expenditure on family programs and EU poverty rate reduction children

	Family programs, 2005					
	Intercept	X1 (a)	R ²	Intercept	X1 (b)	R ²
EU15 (PL 60), 2005-2007	-0.161 (-0.05)	6.213** (4.82)	0.641 (0.614)	2.231 (0.72)	5.685** (4.68)	0.627 (0.599)
	0.961	0.000		0.482	0.000	

Notes:

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * significant at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (15): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

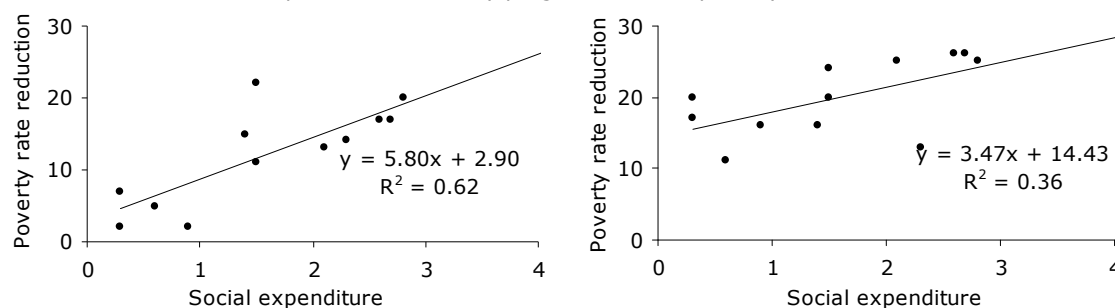
Table A20b: Targeting effect of gross total social expenditures for family programs on poverty reduction of children in the EU15, 1995

	Poverty rate 0-15 years (PL 60) before and after social transfers and taxes, 1995			Effect of social transfers and taxes		Gross social expenditure on family programs, % GDP, 1995	Targeting effect	
	Before pensions excluded ^a	Before pensions included ^b	After	(1)-(3)	(2)-(3)		(4):(6)	(5):(6)
	(1)	(2)	(3)	(4)	(5)		(7)	(8)
Austria	36	41	16	20	25	2.8	7.1	8.9
Belgium	33	42	16	17	26	2.6	6.5	10.0
Denmark			6			2.6		
Finland						2.5		
France	33	42	16	17	26	2.7	6.3	9.6
Germany	29	38	18	11	20	1.5	7.3	13.3
Greece	20	38	18	2	20	0.3	6.7	66.7
Ireland	41	42	26	15	16	1.4	10.7	11.4
Italy	26	40	24	2	16	0.9	2.2	17.8
Luxembourg	38	40	16	22	24	1.5	14.7	16.0
Netherlands	26	38	13	13	25	2.1	6.2	11.9
Portugal	31	37	26	5	11	0.6	8.3	18.3
Spain	31	41	24	7	17	0.3	23.3	56.7
Sweden						4.1		
UK	42	41	28	14	13	2.3	6.1	5.7
Mean EU15	31	33	21	10	12	1.9	5.3	6.4

- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

EU15: Gross total social expenditure for family programs and EU poverty rate reduction children, 1995



Linkage between gross total social expenditure on family programs and EU poverty rate reduction children

	Family programs, 1995					
	Intercept	X1 (a)	R ²	Intercept	X1 (b)	R ²
EU15 (PL 60), 1995	2.903 (1.12)	5.798** (4.06)	0.623 (0.585)	14.430** (5.48)	3.465* (2.38)	0.362 (0.298)
	0.288	0.002		0.000	0.038	

Notes:

- OLS-regression; t-statistics in parentheses; p-value in red. ** Significant at the 0.01 level; * significant at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (15): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom

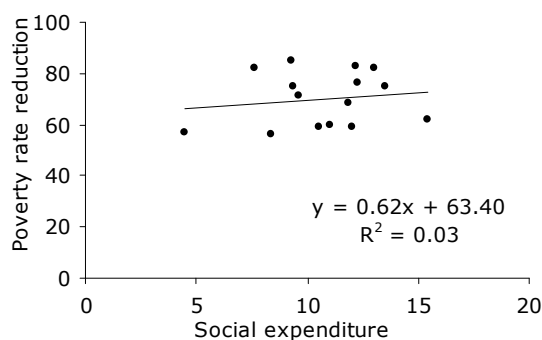
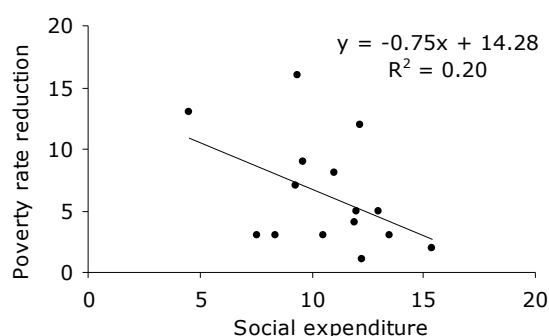
Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

Table A21a: Targeting effect of gross total social expenditures for old age pension schemes and survivors programs on poverty reduction of elderly in the EU15, around 2005-2007

	Poverty rate 65 years and over (PL 60) before and after social transfers and taxes, 2007			Effect of social transfers and taxes		Gross social expenditure on OAP + survivors programs, % GDP, 2005	Targeting effect	
	Before pensions excluded ^a	Before pensions included ^b	After	(1)-(3)	(2)-(3)		(4):(6)	(5):(6)
	(1)	(2)	(3)	(4)	(5)		(7)	(8)
Austria	17	89	14	3	75	13.5	0.2	5.6
Belgium	27	91	23	4	68	11.9	0.3	5.7
Denmark	34	93	18	16	75	9.4	1.7	8.0
Finland	31	93	22	9	71	9.6	0.9	7.4
France	18	95	13	5	82	13.0	0.4	6.3
Germany	18	93	17	1	76	12.3	0.1	6.2
Greece	28	82	23	5	59	12.0	0.4	4.9
Ireland	42	86	29	13	57	4.5	2.9	12.7
Italy	24	84	22	2	62	15.4	0.1	4.0
Luxembourg	10	89	7	3	82	7.6	0.4	10.8
Netherlands	17	95	10	7	85	9.3	0.8	9.1
Portugal	29	85	26	3	59	10.5	0.3	5.6
Spain	31	84	28	3	56	8.4	0.4	6.7
Sweden	23	94	11	12	83	12.2	1.0	6.8
UK	38	90	30	8	60	11.0	0.7	5.5
Mean EU15	25	90	21	4	69	10.7	0.4	6.4

- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers

EU15: Gross total social expenditure for old age pension programs and survivors schemes and EU poverty rate reduction elderly, 2005-2007



Linkage between gross total social expenditure for old age pension programs and survivors schemes and EU poverty rate reduction elderly

	Old age pensions and survivors schemes, 2005					
	Intercept	X1 (a)	R ²	Intercept	X1 (b)	R ²
EU15 (PL 60), 2005-2007	14.277** (3.14) 0.008	-0.748 (-1.82) 0.093	0.202 (0.141)	63.396** (5.39) 0.000	0.617 (0.58) 0.574	0.025 (-0.050)

Notes:

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (15): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom

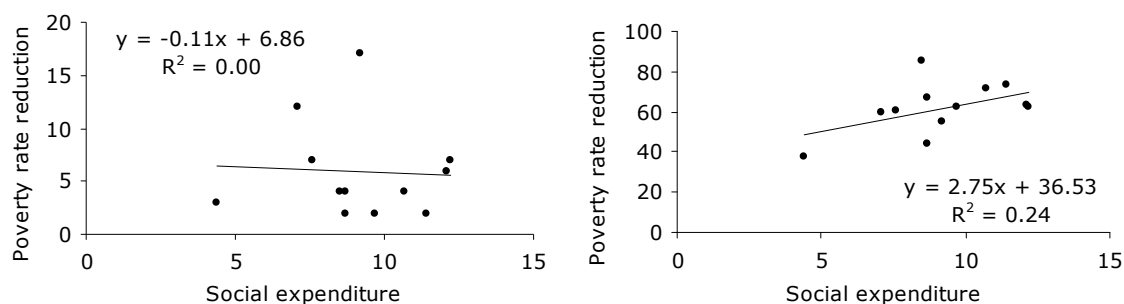
Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

Table A21b: Targeting effect of gross total social expenditures for old age pension schemes and survivors programs on poverty reduction of elderly in the EU15, 1995

	Poverty rate 65 years and over (PL 60) before and after social transfers and taxes, 1995			Effect of social transfers and taxes		Gross social expenditure on OAP + survivors programs, % GDP, 1995	Targeting effect	
	Before pensions excluded ^a	Before pensions included ^b	After	(1)-(3)	(2)-(3)		(4):(6)	(5):(6)
	(1)	(2)	(3)	(4)	(5)		(7)	(8)
Austria	27	82	20	7	62	12.2	0.6	5.1
Belgium	27	87	25	2	62	9.7	0.2	6.4
Denmark						8.2		
Finland						8.0		
France	23	91	19	4	72	10.7	0.4	6.7
Germany	17	88	15	2	73	11.4	0.2	6.4
Greece	37	79	35	2	44	8.7	0.2	5.1
Ireland	31	79	19	12	60	7.1	1.7	8.5
Italy	24	81	18	6	63	12.1	0.5	5.2
Luxembourg	16	79	12	4	67	8.7	0.5	7.7
Netherlands	12	93	8	4	85	8.5	0.5	10.0
Portugal	41	76	38	3	38	4.4	0.7	8.6
Spain	23	77	16	7	61	7.6	0.9	8.0
Sweden						9.9		
UK	49	87	32	17	55	9.2	1.8	6.0
Mean EU15	27	85	21	6	64	9.1	0.7	7.0

- (a) Pensions are excluded from social transfers in at risk of poverty rates before social transfers
- (b) Pensions are included in social transfers in at risk of poverty rates before social transfers

EU15: Gross total social expenditure for old age pension programs and survivors schemes and EU poverty rate reduction elderly, 1995



Linkage between gross total social expenditure for old age pension programs and survivors schemes and EU poverty rate reduction elderly

	Old age pensions and survivors schemes, 1995					
	Intercept	X1 (a)	R ²	Intercept	X1 (b)	R ²
EU15 (PL 60), 1995	6.858 (1.14) 0.281	-0.112 (-0.17) 0.865	0.003 (-0.097)	36.528* (2.53) 0.030	2.753 (1.80) 0.102	0.244 (0.169)

Notes:

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries (15): Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom

Source: Eurostat: ECHP/EU-SILC (2009), SOCX (2008), and own calculations

Table A22a: Benchmark targeting effect social spending on poverty reduction in the EU15 (over time)

Total population

	Poverty rate total population (PL 60)			Effect of social transfers and taxes (a)			Targeting effect (a)		
	1995	2007	Change	1995	2007	Change	1995	2005/07	Change
Austria	13	12	-1	11	13	2	0.38	0.45	0.06
Belgium	16	15	-1	11	13	2	0.39	0.42	0.03
Denmark	10	12	2		15			0.51	
Finland		13			16			0.64	
France	15	13	-2	11	13	2	0.36	0.40	0.04
Germany	15	15	0	7	10	3	0.24	0.34	0.10
Greece	22	20	-2	1	4	3	0.05	0.18	0.13
Ireland	19	18	-1	15	15	0	0.86	0.83	-0.03
Italy	20	20	0	3	4	1	0.13	0.15	0.02
Luxembourg	12	14	2	13	9	-4	0.63	0.37	-0.25
Netherlands	11	10	-1	13	11	-2	0.42	0.38	-0.05
Portugal	23	18	-5	4	6	2	0.22	0.25	0.03
Spain	19	20	1	8	4	-4	0.37	0.18	-0.18
Sweden		11			17			0.53	
UK	20	19	-1	12	11	-1	0.45	0.39	-0.06
Mean EU15	17	17	0	9	9	0	0.34	0.33	-0.01
Mean EU12	17	16	-1	9	9	0	0.36	0.35	-0.01

Children (0-15 years)

	Poverty rate children 0-15 years (PL 60)			Effect of social transfers and taxes (a)			Targeting effect (a)		
	1995	2007	Change	1995	2007	Change	1995	2005/07	Change
Austria	16	15	-1	20	23	3	7.1	8.2	1.1
Belgium	16	17	1	17	14	-3	6.5	5.4	-1.2
Denmark	6	9	3		15			4.7	
Finland		10			22			7.3	
France	16	15	-1	17	21	4	6.3	7.0	0.7
Germany	18	14	-4	11	17	6	7.3	7.4	0.1
Greece	18	23	5	2	4	2	6.7	3.6	-3.0
Ireland	26	19	-7	15	21	6	10.7	8.4	-2.3
Italy	24	25	1	2	7	5	2.2	5.0	2.8
Luxembourg	16	20	4	22	13	-9	14.7	3.6	-11.1
Netherlands	13	14	1	13	11	-2	6.2	6.9	0.7
Portugal	26	21	-5	5	6	1	8.3	5.0	-3.3
Spain	24	23	-1	7	5	-2	23.3	4.5	-18.8
Sweden		11		0	23			7.2	
UK	28	23	-5	14	18	4	6.1	5.6	-0.5
Mean EU15	21	19	-2	10	14	4	5.3	5.9	0.5
Mean EU12	19	19	-1	12	13	1	7.8	6.1	-1.7

Elderly (65 years and over)

	Poverty rate elderly 65 years and over (PL 60)			Effect of social transfers and taxes (a)			Targeting effect (a)		
	1995	2007	Change	1995	2007	Change	1995	2005/07	Change
Austria	20	14	-6	7	3	-4	0.6	0.2	-0.4
Belgium	25	23	-2	2	4	2	0.2	0.3	0.1
Denmark		18			16			1.7	
Finland		22			9			0.9	
France	19	13	-6	4	5	1	0.4	0.4	0.0
Germany	15	17	2	2	1	-1	0.2	0.1	-0.1
Greece	35	23	-12	2	5	3	0.2	0.4	0.2
Ireland	19	29	10	12	13	1	1.7	2.9	1.2
Italy	18	22	4	6	2	-4	0.5	0.1	-0.4
Luxembourg	12	7	-5	4	3	-1	0.5	0.4	-0.1
Netherlands	8	10	2	4	7	3	0.5	0.8	0.3
Portugal	38	26	-12	3	3	0	0.7	0.3	-0.4
Spain	16	28	12	7	3	-4	0.9	0.4	-0.6
Sweden		11			12			1.0	
UK	32	30	-2	17	8	-9	1.8	0.7	-1.1
Mean EU15	21	21	0	6	4	-2	0.7	0.4	-0.3
Mean EU12	20	19	-1	5	4	0	0.5	0.4	-0.1

- (a) At risk of poverty rates before social transfers (pensions excluded from social transfers)

- EU12: excluding Denmark, Finland and Sweden

Table A22b: Benchmark targeting effect social spending on poverty reduction in the EU15 (over time)

Total population

	Poverty rate total population (PL 60)			Effect of social transfers and taxes (b)			Targeting effect (b)		
	1995	2007	Change	1995	2007	Change	1995	2005/07	Change
Austria	13	12	-1	28	31	3	0.98	1.07	0.09
Belgium	16	15	-1	26	27	1	0.92	0.87	-0.04
Denmark	10	12	2		25			0.85	
Finland		13			28			1.12	
France	15	13	-2	27	33	6	0.88	1.03	0.14
Germany	15	15	0	23	28	5	0.78	0.94	0.16
Greece	22	20	-2	16	22	6	0.83	0.99	0.16
Ireland	19	18	-1	23	22	-1	1.32	1.22	-0.10
Italy	20	20	0	20	23	3	0.83	0.85	0.02
Luxembourg	12	14	2	28	25	-3	1.35	1.03	-0.32
Netherlands	11	10	-1	27	25	-2	0.88	0.86	-0.03
Portugal	23	18	-5	14	22	8	0.77	0.93	0.15
Spain	19	20	1	22	19	-3	1.01	0.87	-0.14
Sweden		11			31			0.96	
UK	20	19	-1	21	23	2	0.78	0.81	0.03
Mean EU15	17	17	0	23	25	2	0.88	0.93	0.05
Mean EU12	17	16	-1	23	25	2	0.94	0.96	0.02

Children (0-15 years)

	Poverty rate children 0-15 years (PL 60)			Effect of social transfers and taxes (b)			Targeting effect (b)		
	1995	2007	Change	1995	2007	Change	1995	2005/07	Change
Austria	16	15	-1	25	25	0	8.9	8.9	0.0
Belgium	16	17	1	26	15	-11	10.0	5.8	-4.2
Denmark	6	9	3		15			4.7	
Finland		10			22			7.3	
France	16	15	-1	26	22	-4	9.6	7.3	-2.3
Germany	18	14	-4	20	17	-3	13.3	7.4	-5.9
Greece	18	23	5	20	6	-14	66.7	5.5	-61.2
Ireland	26	19	-7	16	22	6	11.4	8.8	-2.6
Italy	24	25	1	16	9	-7	17.8	6.4	-11.3
Luxembourg	16	20	4	24	15	-9	16.0	4.2	-11.8
Netherlands	13	14	1	25	11	-14	11.9	6.9	-5.0
Portugal	26	21	-5	11	9	-2	18.3	7.5	-10.8
Spain	24	23	-1	17	7	-10	56.7	6.4	-50.3
Sweden		11			23			7.2	
UK	28	23	-5	13	19	6	5.7	5.9	0.3
Mean EU15	21	19	-2	12	15	3	6.4	6.3	-0.1
Mean EU12	19	19	-1	21	14	-6	13.5	6.8	-6.7

Elderly (65 years and over)

	Poverty rate elderly 65 years and over (PL 60)			Effect of social transfers and taxes (b)			Targeting effect (b)		
	1995	2007	Change	1995	2007	Change	1995	2005/07	Change
Austria	20	14	-6	62	75	13	5.1	5.6	0.5
Belgium	25	23	-2	62	68	6	6.4	5.7	-0.7
Denmark		18			75			8.0	
Finland		22			71			7.4	
France	19	13	-6	72	82	10	6.7	6.3	-0.4
Germany	15	17	2	73	76	3	6.4	6.2	-0.2
Greece	35	23	-12	44	59	15	5.1	4.9	-0.1
Ireland	19	29	10	60	57	-3	8.5	12.7	4.2
Italy	18	22	4	63	62	-1	5.2	4.0	-1.2
Luxembourg	12	7	-5	67	82	15	7.7	10.8	3.1
Netherlands	8	10	2	85	85	0	10.0	9.1	-0.9
Portugal	38	26	-12	38	59	21	8.6	5.6	-3.0
Spain	16	28	12	61	56	-5	8.0	6.7	-1.4
Sweden		11			83			6.8	
UK	32	30	-2	55	60	5	6.0	5.5	-0.5
Mean EU15	21	21	0	64	69	5	7.0	6.4	-0.6
Mean EU12	20	19	-1	62	69	7	6.8	6.4	-0.4

- (b) At risk of poverty rates before social transfers (pensions included in social transfers)

- EU12: excluding Denmark, Finland and Sweden

Table A23: Targeting effect of several social expenditure variables on poverty reduction total population in 25 OECD countries, 2005

	Poverty rates (PL 50) before and after social transfers and taxes		Effect social transfers and taxes	Gross and net social expenditure in % GDP			Targeting effect		
	Before	After		Gross total	(excl. Health)	Net total	Gross total	(excl. Health)	Net total
<i>EU15</i>									
Austria	23.1	6.6	16.4	29.1	(21.8)	23.5	0.57	(0.75)	0.70
Belgium	32.7	8.8	23.9	30.9	(23.1)	26.8	0.77	(1.04)	0.89
Denmark	23.6	5.3	18.3	29.5	(23.5)	21.6	0.62	(0.78)	0.85
Finland	17.6	7.3	10.3	25.1	(20.8)	19.5	0.41	(0.49)	0.53
France	30.7	7.1	23.6	32.2	(23.0)	29.0	0.73	(1.02)	0.81
Germany	33.6	11.0	22.5	29.7	(21.0)	27.0	0.76	(1.07)	0.84
Ireland	30.9	14.8	16.1	18.1	(10.9)	16.1	0.89	(1.48)	1.00
Italy	33.8	11.4	22.4	27.0	(20.2)	23.1	0.83	(1.11)	0.97
Luxembourg	29.1	8.1	21.0	24.3	(17.1)	20.3	0.86	(1.23)	1.03
Netherlands	24.7	7.7	17.0	29.2	(21.4)	23.3	0.58	(0.80)	0.73
Portugal	29.0	12.9	16.2	23.8	(17.4)	21.4	0.68	(0.93)	0.75
Sweden	26.7	5.3	21.4	32.2	(25.4)	24.8	0.67	(0.84)	0.86
United Kingdom	26.3	8.3	18.0	28.4	(20.4)	25.9	0.63	(0.88)	0.70
<i>Non-EU15</i>									
Australia	28.6	12.4	16.3	20.8	(14.3)	19.3	0.78	(1.14)	0.84
Canada	23.1	12.0	11.0	22.0	(14.0)	20.7	0.50	(0.79)	0.53
Czech Republic	28.2	5.8	22.3	19.9	(13.5)	18.2	1.12	(1.65)	1.23
Iceland	20.1	7.1	12.9	21.8	(15.5)	18.4	0.59	(0.83)	0.70
Japan	26.9	14.9	11.9	21.2	(15.9)	20.7	0.56	(0.75)	0.58
Korea	17.5	14.6	2.9	9.3	(5.9)	9.4	0.31	(0.49)	0.31
New Zealand	26.6	10.8	15.8	19.0	(11.6)	16.4	0.83	(1.36)	0.96
Norway	24.0	6.8	17.2	23.7	(17.9)	19.1	0.73	(0.96)	0.90
Poland	37.5	14.6	22.9	21.1	(16.7)	17.2	1.09	(1.37)	1.33
Slovakia	27.4	8.1	19.2	17.6	(12.3)	15.7	1.09	(1.56)	1.22
United States	26.3	17.1	9.2	26.0	(13.2)	25.3	0.35	(0.69)	0.36
Mean OECD-25	27.0	10.0	17.0	24.2	(17.4)	20.9	0.70	(0.98)	0.81
Mean EU15 (13)	27.8	8.8	19.0	27.7	(20.5)	23.3	0.69	(0.93)	0.82
Mean non-EU15 (12)	26.0	11.3	14.7	20.2	(13.7)	18.2	0.73	(1.07)	0.81

Source: OECD (2008, p. 141), SOCX (2008), and own calculations

Linkage between several social spending variables and poverty reduction (OECD PL 50), total population, 2005

	Gross total social expenditure			Idem, excluding health programs			Net total social expenditure		
	Intercept	X1	R2	Intercept	X1	R2	Intercept	X1	R ²
Non-EU15 countries	5.21 (0.58) 0.577	0.469 (1.08) 0.310	0.114 (0.015)	-0.03 (0.00) 0.997	1.074 (2.15) 0.060	0.338 (0.265)	11.03 (1.18) 0.267	0.202 (0.40) 0.696	0.018 (-0.09)
EU-15 countries	4.60 (0.66) 0.526	0.521 (2.07) 0.062	0.281 (0.216)	11.84 (1.88) 0.086	0.351 (1.16) 0.271	0.109 (0.028)	1.75 (0.30) 0.771	0.742* (2.98) 0.012	0.447 (0.397)
All 25 countries	7.77 (1.67) 0.109	0.382 (2.04) 0.054	0.159 (0.120)	6.01 (1.75) 0.093	0.635** (3.33) 0.003	0.336 (0.305)	9.26 (1.79) 0.087	0.371 (1.53) 0.139	0.097 (0.056)

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries panel (25): Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Sweden, Switzerland, the United Kingdom, and the United States.

Table A24: Targeting effect of gross total social expenditures on poverty reduction total population in 16 OECD countries, 1995 and 2005

	Poverty reduction total population (OECD PL 50)		Gross public and private social expenditure, % GDP		Targeting effect				
	1995	2005	1995	2005	1995	(rank)	2005	(rank)	change
Australia	17.0	16.3	21.1	20.8	0.80	(4)	0.78	(4)	-0.02
Belgium	25.9	23.9	28.4	30.9	0.91	(3)	0.77	(5)	-0.14
Canada	13.7	11.0	23.3	22.0	0.59	(12)	0.50	(14)	-0.09
Czech Republic	20.8	22.3	18.3	19.8	1.14	(1)	1.13	(1)	-0.01
Denmark	20.3	18.3	31.3	29.5	0.65	(10)	0.62	(11)	-0.03
Finland	15.8	10.3	32.2	27.2	0.49	(14)	0.38	(15)	-0.11
Germany	20.3	22.5	29.6	29.8	0.68	(9)	0.76	(6)	0.07
Italy	16.7	22.4	24.0	27.1	0.70	(8)	0.83	(3)	0.13
Japan	5.3	11.9	14.8	22.4	0.36	(16)	0.53	(13)	0.18
Netherlands	17.7	17.0	30.6	29.2	0.58	(13)	0.58	(12)	0.00
New Zealand	18.7	15.8	19.4	18.9	0.96	(2)	0.84	(2)	-0.13
Norway	17.4	17.2	25.0	23.7	0.70	(7)	0.73	(7)	0.03
Portugal	11.6	16.2	18.1	23.5	0.64	(11)	0.69	(8)	0.05
Sweden	25.9	21.4	34.6	32.2	0.75	(5)	0.66	(9)	-0.08
United Kingdom	19.0	18.0	26.9	28.4	0.71	(6)	0.63	(10)	-0.07
United States	9.7	9.2	23.7	26.1	0.41	(15)	0.35	(16)	-0.06
Mean OECD-16	17.2	17.1	25.1	25.7	0.69		0.67		-0.02
Mean EU15 (9)	19.2	17.9	28.4	28.6	0.68		0.62		-0.05
Mean non-EU15	14.6	16.7	20.8	22.0	0.70		0.76		0.06

Source: OECD (2008, p. 141), SOCX (2008), and own calculations

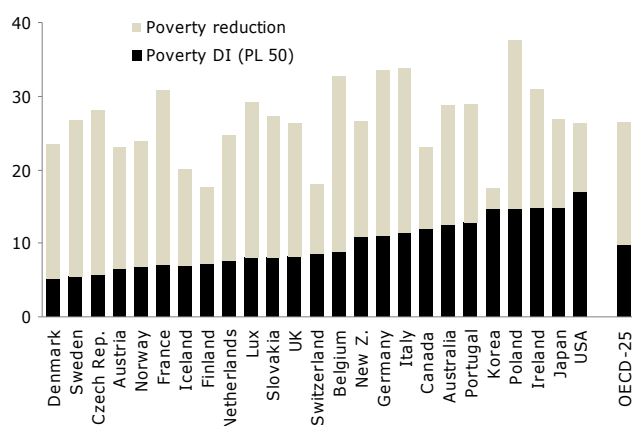
Linkage between gross total social expenditure an poverty reduction (OECD PL 50), total population

	1995			2005		
	Intercept	X1	R2	Intercept	X1	R2
Non-EU15 countries	6.32 (0.45) 0.670	0.400 (0.60) 0.573	0.068 (-0.119)	40.38* (2.89) 0.034	-1.164 (-1.84) 0.125	0.404 (0.285)
EU-15 countries	1.85 (0.24) 0.817	0.611 (2.28) 0.057	0.426 (0.345)	-5.86 (-0.38) 0.718	0.864 (1.59) 0.155	0.266 (0.162)
All countries	2.80 (0.56) 0.587	0.575* (2.93) 0.011	0.380 (0.336)	6.37 (0.88) 0.392	0.418 (1.51) 0.154	0.140 (0.078)

- OLS-regression; t-statistics in parentheses; **p-value in red**. ** Significant at the 0.01 level; * sign. at 0.05 level.
- Correlation coefficient R²; adjusted R² in parentheses
- Selected countries panel (16): Australia, Belgium, Canada, Czech Republic, Denmark, Finland, Germany, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Sweden, the United Kingdom, and the United States.

Table A25: Effects of taxes and transfers in reducing poverty (OECD PL 50), mid-1980s - mid-2000s

	2005		
	Poverty MI	Poverty DI (PL 50)	Poverty reduction
Australia	28.6	12.4	16.3
Austria	23.1	6.6	16.4
Belgium	32.7	8.8	23.9
Canada	23.1	12.0	11.0
Czech Rep.	28.2	5.8	22.3
Denmark	23.6	5.3	18.3
Finland	17.6	7.3	10.3
France	30.7	7.1	23.6
Germany	33.6	11.0	22.5
Iceland	20.1	7.1	12.9
Ireland	30.9	14.8	16.1
Italy	33.8	11.4	22.4
Japan	26.9	14.9	11.9
Korea	17.5	14.6	2.9
Luxembourg	29.1	8.1	21.0
Netherlands	24.7	7.7	17.0
New Z.	26.6	10.8	15.8
Norway	24.0	6.8	17.2
Poland	37.5	14.6	22.9
Portugal	29.0	12.9	16.2
Slovakia	27.4	8.1	19.2
Sweden	26.7	5.3	21.4
Switzerland	18.0	8.7	9.4
UK	26.3	8.3	18.0
USA	26.3	17.1	9.2
OECD-25	26.6	9.9	16.7



	2005			1995		
	Poverty MI	Poverty DI (PL 50)	Poverty reduction	Poverty MI	Poverty DI (PL 50)	Poverty reduction
Australia	28.6	12.4	16.3	28.4	11.4	17.0
Belgium	32.7	8.8	23.9	36.7	10.8	25.9
Canada	23.1	12.0	11.0	23.2	9.5	13.7
Czech Rep.	28.2	5.8	22.3	25.1	4.3	20.8
Denmark	23.6	5.3	18.3	25.0	4.7	20.3
Finland	17.6	7.3	10.3	20.7	4.9	15.8
Germany	33.6	11.0	22.5	28.8	8.5	20.3
Italy	33.8	11.4	22.4	30.9	14.2	16.7
Japan	26.9	14.9	11.9	19.0	13.7	5.3
Netherlands	24.7	7.7	17.0	24.0	6.3	17.7
New Z.	26.6	10.8	15.8	27.1	8.4	18.7
Norway	24.0	6.8	17.2	24.5	7.1	17.4
Portugal	29.0	12.9	16.2	26.2	14.6	11.6
Sweden	26.7	5.3	21.4	29.6	3.7	25.9
UK	26.3	8.3	18.0	29.9	10.9	19.0
USA	26.3	17.1	9.2	26.4	16.7	9.7
OECD-16	27.0	9.9	17.1	26.6	9.4	17.2

Causes of change in poverty rates		
Poverty MI	Social transfers and taxes	Total
0.3	-0.7	1.0
-4.0	-2.0	-2.0
-0.1	-2.7	2.5
3.1	1.6	1.6
-1.4	-2.0	0.6
-3.1	-5.5	2.4
4.8	2.3	2.5
2.9	5.7	-2.8
7.8	6.7	1.2
0.7	-0.7	1.4
-0.5	-2.9	2.4
-0.5	-0.2	-0.3
2.9	4.6	-1.7
-2.8	-4.5	1.7
-3.6	-1.0	-2.7
-0.1	-0.5	0.4
0.4	-0.1	0.5

	2005			1985		
	Poverty MI	Poverty DI (PL 50)	Poverty reduction	Poverty MI	Poverty DI (PL 50)	Poverty reduction
Canada	23.1	12.0	11.0	21.4	9.8	11.6
Denmark	23.6	5.3	18.3	20.1	14.1	6.0
Finland	17.6	7.3	10.3	15.1	10.0	5.1
Germany	33.6	11.0	22.5	26.4	19.2	7.3
Italy	33.8	11.4	22.4	20.1	9.8	10.3
Japan	26.9	14.9	11.9	12.5	0.6	11.9
Netherlands	24.7	7.7	17.0	22.3	19.2	3.1
New Z.	26.6	10.8	15.8	20.2	14.0	6.2
Norway	24.0	6.8	17.2	18.7	12.3	6.4
Sweden	26.7	5.3	21.4	29.0	23.2	5.8
UK	26.3	8.3	18.0	26.2	19.3	6.9
USA	26.3	17.1	9.2	25.6	7.7	17.9
OECD-12	26.1	9.8	16.3	21.5	13.3	8.2

Causes of change in poverty rates		
Poverty MI	Social transfers and taxes	Total
1.7	-0.6	2.2
3.5	12.3	-8.8
2.5	5.2	-2.6
7.1	15.3	-8.1
13.7	12.1	1.6
14.3	0.0	14.3
2.4	13.9	-11.5
6.4	9.6	-3.2
5.3	10.8	-5.5
-2.2	15.6	-17.8
0.1	11.1	-11.1
0.7	-8.8	9.5
4.6	8.0	-3.4

Source: OECD (2008); and own calculations

Table A26: LIS poverty scores (PL 50) of private sector income and disposable income, around 2000

		Private sector income			Disposable income			Poverty reduction	
		HC	GAP	HCGAP	HC	GAP	HCGAP	absolute	percent
Australia	2003	28.6	0.85	24.4	12.2	0.64	7.8	16.6	68
Belgium	1997	32.0	0.91	29.0	8.0	0.63	5.0	24.0	83
Canada	2000	25.2	0.79	20.0	12.4	0.65	8.1	11.9	60
Denmark	2004	28.0	0.86	24.0	5.6	0.62	3.5	20.5	85
Finland	2004	30.3	0.87	26.2	6.5	0.60	3.9	22.3	85
France	1994	29.5	0.86	25.3	8.0	0.61	4.9	20.4	81
Germany	2000	30.9	0.87	26.8	8.4	0.63	5.3	21.5	80
Ireland	1987	30.4	0.87	26.6	11.1	0.64	7.1	19.5	73
Netherlands	1999	21.4	0.82	17.6	4.9	0.64	3.1	14.5	82
Norway	2000	24.9	0.82	20.3	6.4	0.64	4.1	16.2	80
Sweden	2000	29.8	0.84	24.9	6.5	0.66	4.3	20.6	83
Switzerland	2002	20.7	0.85	17.5	7.6	0.63	4.8	12.7	73
UK	1999	31.9	0.86	27.5	12.5	0.63	7.9	19.6	71
USA	2004	26.6	0.80	21.2	17.3	0.68	11.8	9.4	44
Mean OECD-14	2000	27.9	0.85	23.7	9.1	0.64	5.8	17.8	75
<i>Standard deviation</i>		3.5	0.0	3.6	3.4	0.0	2.3	4.2	11.1
<i>Coefficient of variation</i>		0.13	0.04	0.15	0.37	0.03	0.40	0.24	0.15
Mean EU15 (9)	1998	29.4	0.86	25.3	7.9	0.63	5.0	20.3	80
<i>Standard deviation</i>		3.0	0.0	3.1	2.4	0.0	1.5	2.5	4.7
<i>Coefficient of variation</i>		0.10	0.03	0.12	0.30	0.03	0.30	0.12	0.06
Mean non-EU15 (5)	2002	25.2	0.82	20.7	11.2	0.65	7.3	13.4	65
<i>Standard deviation</i>		2.6	0.0	2.2	3.9	0.0	2.7	2.7	12.2
<i>Coefficient of variation</i>		0.10	0.03	0.11	0.35	0.03	0.37	0.20	0.19

Note: Measures of pre- and post-government poverty levels, using a composite measure that reflects both the headcount of those in poverty (the percentage of all persons whose equivalized household income falls below 50 percent of their country's median) and the depth of their poverty (the difference between the median income of the entire population and the mean income of the poor).

Source: LIS Fiscal redistribution dataset based on Mahler and Jesuit (2006); updated figures <http://www.lisproject.org/publications/fiscalredistdata/fiscres.htm>

Table A27: Targeting effect of social expenditures on LIS poverty reduction (PL 50), around 2000-2005

	Year	Poverty rate total population (PL 50)			Social expenditures, % GDP, 2005		Targeting effect	
		Private sector income	Disposable income	Poverty reduction	Gross public	Net total	(3):(4)	(3):(5)
		HC*GAP (1)	HC*GAP (2)	(3)	(4)	(5)		
Australia	2003	24.4	7.8	16.6	17.1	19.3	0.97	0.86
Belgium	1997	29.0	5.0	24.0	26.4	26.8	0.91	0.90
Canada	2000	20.0	8.1	11.9	16.5	20.7	0.72	0.57
Denmark	2004	24.0	3.5	20.5	26.9	21.6	0.76	0.95
Finland	2004	26.2	3.9	22.3	24.0	19.5	0.93	1.14
France	1994	25.3	4.9	20.4	29.2	29.0	0.70	0.70
Germany	2000	26.8	5.3	21.5	26.7	27.0	0.80	0.80
Ireland	1987	26.6	7.1	19.5	16.7	16.1	1.17	1.21
Netherlands	1999	17.6	3.1	14.5	20.9	23.3	0.69	0.62
Norway	2000	20.3	4.1	16.2	21.6	19.1	0.75	0.85
Sweden	2000	24.9	4.3	20.6	29.4	24.8	0.70	0.83
Switzerland	2002	17.5	4.8	12.7	20.3		0.63	
UK	1999	27.5	7.9	19.6	21.3	25.9	0.92	0.76
USA	2004	21.2	11.8	9.4	15.9	25.3	0.59	0.37
Mean	2000	23.7	5.8	17.8	22.4	22.9	0.80	0.78
Mean EU15 (9)	1998	25.3	5.0	20.3	24.6	23.8	0.83	0.86
Mean non-EU15 (5)	2002	20.7	7.3	13.4	18.3	21.1	0.73	0.63

Source: LIS Fiscal redistribution dataset based on Mahler and Jesuit (2006), SOCX (2009), and own calculations

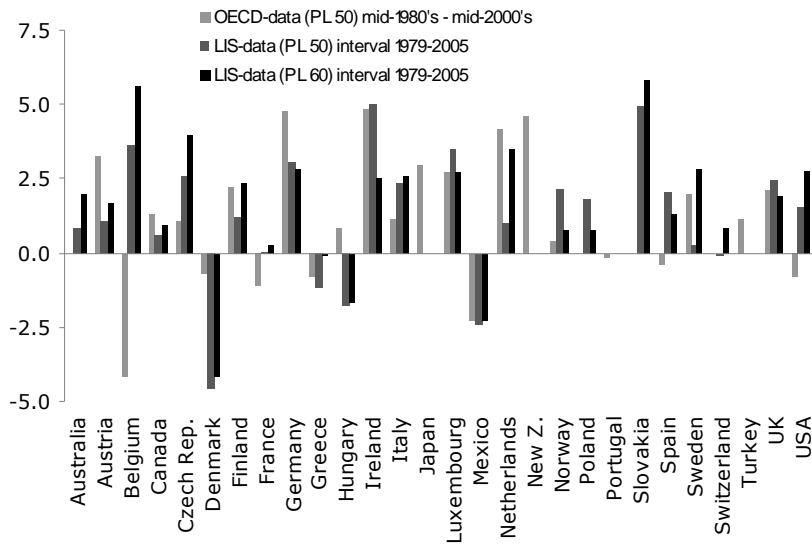
Table A28: Change of poverty scores over time of total population; LIS (PL 60) and OECD (PL 50)

	LIS Poverty rates PL 60, 1979-2005					OECD poverty rates PL 50, mid 1980s - mid 2000s		
	interval		begin	end	change	mid- 1980s	mid- 2000s	change mid-2000s - mid 1980's
	begin	end	PL 60	PL 60	PL 60	PL 50	PL 50	PL 50
Australia	1981	2003	18.4	20.4	2.0		12.4	
Austria	1987	2000	11.7	13.4	1.7	3.4	6.6	3.2
Belgium	1985	2000	10.5	16.1	5.6	12.9	8.8	-4.2
Canada	1981	2004	18.9	19.9	1.0	10.7	12.0	1.3
Czech Rep.	1992	1996	6.5	10.5	4.0	4.8	5.8	1.1
Denmark	1987	2004	17.3	13.2	-4.1	6.0	5.3	-0.7
Finland	1987	2004	11.2	13.5	2.4	5.1	7.3	2.2
France	1981	2000	13.4	13.7	0.3	8.2	7.1	-1.1
Germany	1981	2000	10.6	13.4	2.8	6.3	11.0	4.8
Greece	1995	2000	21.5	21.4	-0.1	13.4	12.6	-0.8
Hungary	1991	1999	14.3	12.7	-1.7	6.3	7.1	0.8
Ireland	1987	2000	20.0	22.5	2.5	10.0	14.8	4.8
Italy	1986	2000	17.4	20.0	2.6	10.3	11.4	1.1
Japan						12.0	14.9	2.9
Luxembourg	1985	2004	11.0	13.7	2.7	5.4	8.1	2.7
Mexico	1984	2004	27.5	25.3	-2.3	20.7	18.4	-2.3
Netherlands	1983	1999	7.6	11.1	3.5	3.5	7.7	4.2
New Zealand						6.2	10.8	4.6
Norway	1979	2004	12.0	12.8	0.8	6.4	6.8	0.4
Poland	1986	2004	17.0	17.7	0.8			
Portugal						13.0	12.9	-0.2
Slovakia	1992	1996	6.3	12.1	5.8			
Spain	1980	2000	19.5	20.8	1.3	14.5	14.1	-0.4
Sweden	1981	2005	9.1	12.0	2.8	3.3	5.3	2.0
Switzerland	1982	2002	13.5	14.4	0.8		8.7	
Turkey						16.4	17.5	1.1
UK	1979	2004	17.3	19.2	1.9	6.2	8.3	2.1
USA	1979	2004	21.3	24.1	2.8	17.9	17.1	-0.8
Mean	1985	2002	14.7	16.4	1.7	9.3	10.5	1.2
Max =	1995	2005	27.5	25.3		20.7	18.4	
Min =	1979	1996	6.3	10.5		3.3	5.3	
Standard deviation			5.31	4.36	-0.95	4.80	3.91	-0.89
Coefficient of variation			0.360	0.266	-0.094	0.517	0.373	-0.144
N (28) =	24	24	24	24	0	24	26	2
Mean EU15	1985	2001	14.2	16.0	1.9	8.1	9.4	1.3
Max =	1995	2005	21.5	22.5		14.5	14.8	
Min =	1979	1999	7.6	11.1		3.3	5.3	
Standard deviation			4.36	3.77	-0.59	3.82	3.03	-0.80
Coefficient of variation			0.308	0.236	-0.072	0.472	0.321	-0.151
N	14	14	14	14	0	15	15	0
Mean Non-EU15	1985	2002	15.6	17.0	1.4	11.3	12.0	0.7
Max =	1992	2004	27.5	25.3		20.7	18.4	
Min =	1979	1996	6.3	10.5		4.8	5.8	
Standard deviation			6.20	5.00	-1.21	5.55	4.35	-1.20
Coefficient of variation			0.398	0.294	-0.104	0.492	0.363	-0.129
N	10	10	10	10	0	9	11	2

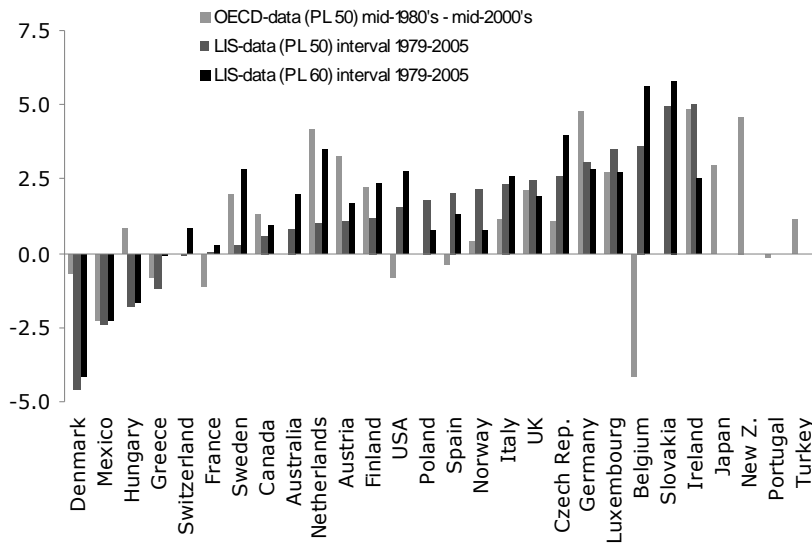
Source: LIS (2009), OECD (2008), and own calculations

Change of poverty scores over time of total population; LIS (PL 60) and OECD (PL 50)

A: Countries are ranked at alphabetic order



B: Countries are ranked in order of change in LIS-scores from lowest to highest



C: Countries are ranked in order of change in OECD-scores from lowest to highest

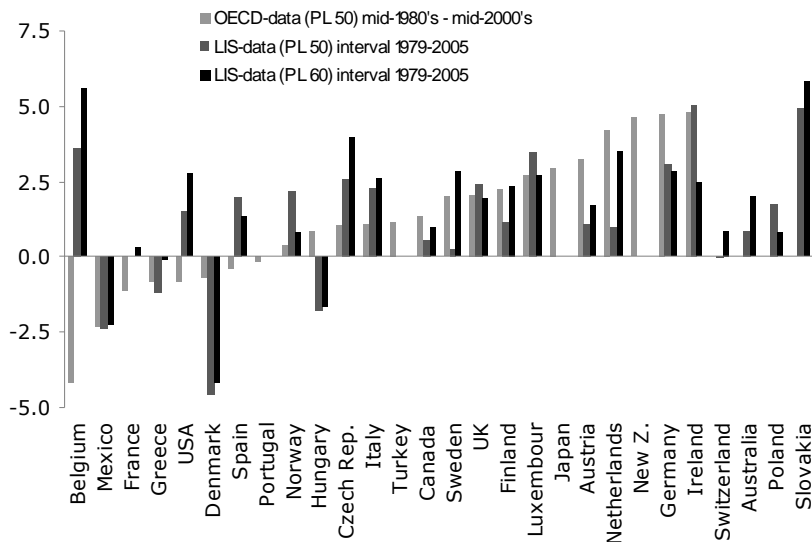


Table A29: A Multiple Approach: Taking into account demographic and other effects, 1985-2005

All OECD countries have experienced changes in their demographic profiles and the living arrangements of their populations over the last few decades. These changes have major implications not only for public budgets and other macro-economic aggregates, but also for income inequality and the distribution of economic risks between individuals. This is because these changes alter the size of different demographic groups and the ways income is shared within households. Changes in demographic structures and lower household sizes have dampened the economic welfare of OECD populations (OECD, 2008, p. 57). The European Commission (2009, p. 25) notes that besides the generosity of the social protection system (in terms of both level and coverage), some of the factors that influence the level and development of social protection spending in the Member States are the demographic structure of the population, particularly in terms of age, the level of unemployment/non-employment, and the role of private social services. Indeed, at the aggregate level the social expenditure indicator has its limitations in empirical research. Changes in expenditure ratio's may be caused by numerous factors, including the number of beneficiaries as a result of an ageing population or changes in unemployment levels due to cyclical factors. For this reason, we ideally would control for demographic and cyclical factors. However, several methods to 'standardize' total social expenditures to control for changes in welfare demand (the number of beneficiaries) are criticized because of bias.¹

1 General framework

To see whether demographic and other factors play a role, we simply include independent variables in respective regression estimations measuring the ratio of the elderly population (for old age pensions), the unemployment rate of total labor force (for the business cycle), and GDP per capita US dollars (current prices and PPS). These seem to be the most commonsense (control) variables to be examined in a cross country perspective. We begin by specifying a reduced form equation to explore the relationship between social expenditures and poverty rates:

$$\text{Poverty rates} = f \{ \text{Social expenditure, Proportion elderly, Unemployment rate, GDP per capita} \}.$$

Again, we regress level of poverty rates across countries (Y) with the level of gross social expenditure as percentage of GDP (X_1), with and without all other variable mentioned ($X_2 \dots X_n$). Coefficients are estimated using a linear ordinary least square regression model of cross-sectional data of the following form:

$$Y_{i,t} = A + \beta X_{1i,t} + \delta X_{2i,t} + \dots + \epsilon X_{ni,t} + u_i \quad (2)$$

The term on the left-hand side of equation (2) is the level of the poverty indicator of country i at time-period t . The level of gross social expenditure as percentage of GDP in country i at period t is given by $X_{1i,t}$, the percentage of population aged 65 and above $X_{2i,t}$, and so forth. u_i is a disturbance term. If the coefficient β is negative, we say that social expenditures alleviate poverty across countries. A is a constant term across countries. The higher the value of β , the larger will be the antipoverty effect of an additional point of GDP spend on social expenditure.

We are most interested in the effects that social expenditure have on poverty rates; the remaining covariates are included as controls for various social, demographic, and economic institutions. For the empirical model comparable poverty rates are directly generated from OECD (2008); a 50 percent median income poverty line is applied. SOCX (2008) offers us practical options for dependent variables: gross total social expenditures (total; public; private), and gross total social expenditures other than for health programs. Our control variables come from OECD (2009). It should be noted that some control variables are reasonable proxies for factors that would almost automatically produce demand for social spending. One could argue that demographic variables- such as the percent elderly - contaminate other covariates and should thus not included in the empirical specifications below. Indeed, because the elderly receive a disproportionate share of the largest social expenditure categories - social retirement and health care - there are spillover effects to the other covariates and to social spending; see Table A5 of the Appendix for details. Nevertheless, we do include this variable in the regressions that follow.

Clearly, quite a few problems are involved in a single equation cross-sectional model. For example, our framework addresses the effects of social spending on poverty rates, although the reverse causality begs our attention. For reasons explained below, we employ two approaches. We start with a

1 See Castles (2002), Castles (2004), Clayton and Pontusson (1998), Van Vliet and Kaeding (2007).

straightforward approach: the relationship between poverty rates and social spending across countries is analyzed for several moments in time (section 2). This approach allow us to test for (in)stability over the business cycle. However, the small N problem applies to this analysis. Outliers and other influential circumstances have to be dealt with, especially in empirical analyses comprising statistical techniques based on standard deviations, such as OLS-regressions. Moreover, we would like to distinguish between non-EU15 countries and EU-15 countries to test the hypothesis if the results that we capture are merely reflections of the EU15 countries alone, or of other nations as well. For this investigation, a model with a sampled set containing all data for 1985-2005 for all countries is applied (section 3). Both approaches provide evidence that social spending appears to be a driving force as far as differences in poverty levels across countries is concerned, although other factors may have some effect too.

2 Straightforward approach for several moments in time

Our first estimation strategy is uncomplicated, and we use a OLS approach to test the significance of the estimated coefficients, for around 1985, around 1995 and for around 2005. The estimations are presented in Tables below. Note that the model – showed in Column 9 - generate similar results for the gross total social expenditure variable, which is significant ($R^2 > .59$; $p < .01$), during last two decades. Social spending appears to be important as far as differences in poverty levels across countries is concerned, although a the proportion elderly (in 1985 and in 2005) and unemployment rates (in 1985) seem to have some effect too; compare columns 8 and 9.

Separately, most variables are significantly correlated with poverty levels across countries for all data years (1985, 1995, and 2005), with the exception for unemployment rate; see Table A4 of the Appendix for details. However, we find hardly any significant coefficients in case gross total social expenditure is taken into account as well. For example, we still find a pretty good fit for the social expenditure ratio in case a demographic control variable is taken into account, but the effect of the percentage of population aged 65 and above does *not* significantly differ from 0 (with the exception for the mid-1980's). This means that developments in the ageing of the population do not add that much to an explanation for differences in poverty outcomes across countries, although multicollinearity is involved in our multiple regression. The same holds for GDP per capita, and for several other insignificant control proxies we have applied (e.g. migration as percentage of total population as measured by the UN International Migration Report 2006; not shown). For the mid-1980's, we find a significant coefficient for the unemployment rate variable, but this result is not repeated for later years, probably due to more both lower unemployment rates and more generous benefits since. All other results are rather steady over time (1985, 1995 and 2005).

Next, we did several multiple tests with a breakdown of gross total social expenditures into gross public versus gross private social expenditures (columns 10-12). As expected the coefficient of the gross public expenditure variable is negative and significant, while the coefficient for private arrangements does not significantly differ from 0. Moreover, our dummy for EU15 is significant, indicating higher poverty levels for non-EU15 countries; see columns. 13-15.

1 Straightforward Multiple Approach: Correlation tests of OECD poverty rates (PL 50) and gross social expenditure, taken into account demographic / cyclical effects, around 1985

<i>Mid-1980's</i>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Gross public expenditure										-0.559 (-5.61)	-0.563 (-5.38)	-0.654 (-3.55)			
										0.000	0.000	0.003			
Gross private social expenditure											0.065 (0.16)	-0.241 (-0.55)			
											0.878	0.593			
Gross total expenditure	-0.501 (-5.18)	-0.386 (-2.35)		-0.530 (-6.09)		-0.469 (-3.56)			-0.620 (-3.44)				-0.511 (-4.01)		-0.611 (-3.01)
	0.000	0.030		0.000		0.002			0.003				0.001		0.008
Population over 65 (%)		-0.334 (-0.87)	-1.063 (-4.21)					-0.952 (-2.70)	-0.108 (-0.29)			-0.049 (-0.13)			-0.090 (-0.22)
		0.397	0.000					0.015	0.774			0.899			0.832
Unemployment % of total labor force				0.334 (2.48)	0.222 (0.99)			0.134 (0.72)	0.440 (2.57)			0.408 (2.33)			0.443 (2.48)
				0.023	0.333			0.480	0.020			0.033			0.025
GDP per capita US dollars, PPS						-0.096 (-0.37)	-0.716 (-2.88)	-0.119 (-0.37)	0.355 (1.24)			0.283 (0.95)			0.339 (1.01)
						0.718	0.009	0.713	0.232			0.355			0.325
EU15 dummy (EU=0)													-0.266 (-0.13)	4.813 (2.32)	0.239 (0.10)
													0.896	0.031	0.919
Intercept	19.7 (9.52)	21.5 (7.35)	22.6 (7.10)	17.5 (8.58)	7.8 (3.66)	20.2 (7.80)	18.5 (5.77)	21.6 (5.39)	15.4 (4.21)	20.0 (10.15)	20.0 (9.83)	15.9 (4.29)	20.0 (6.46)	8.1 (6.92)	15.1 (3.22)
	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.001	0.000	0.000	0.001	0.000	0.000	0.005
R2	0.573	0.589	0.470	0.677	0.047	0.576	0.293	0.498	0.704	0.612	0.612	0.720	0.573	0.212	0.704
Adj R2	(0.551)	(0.546)	(0.443)	(0.643)	(-0.001)	(0.531)	(0.258)	(0.414)	(0.634)	(0.592)	(0.571)	(0.632)	(0.528)	(0.173)	(0.612)
F-statistic	26.82	13.62	17.72	19.91	0.98	12.90	8.29	5.94	10.11	31.50	15.00	8.21	12.76	5.39	7.62
F significance	0.000	0.000	0.000	0.000	0.333	0.000	0.009	0.005	0.000	0.000	0.000	0.001	0.000	0.031	0.001

Notes:

- N = 22. OLS-regression; t-statistics in parentheses; p-value in red. Significant at the 0.01 level; significant at 0.05 the level.
- Selected countries (22): Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Turkey, the United Kingdom, and the United States

Source: OECD (2008), SOCX (2008), OECD.StatsExtracts (2009); and own calculations

Straightforward Multiple Approach: Correlation tests of OECD poverty rates (PL 50) and gross social expenditure, taken into account demographic / cyclical effects, around 1995

<i>Mid-1990's</i>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Gross public expenditure										-0.566 (-7.76)	-0.567 (-7.56)	-0.639 (-5.85)			
										0.000	0.000	0.000			
Gross private social expenditure											0.000 (0.00)	0.114 (0.58)			
											0.998	0.569			
Gross total expenditure	-0.490 (-6.39)	-0.511 (-4.02)		-0.505 (-6.58)		-0.424 (-4.77)			-0.496 (-3.80)				-0.494 (-5.34)		-0.480 (-3.54)
	0.000	0.001		0.000		0.000			0.001				0.000		0.002
Population over 65 (%)		0.064 (0.22)	-0.864 (-3.68)					-0.572 (-1.85)	0.168 (0.54)			0.314 (1.29)			0.230 (0.70)
		0.829	0.001					0.079	0.593			0.214			0.494
Unemployment % of total labor force				0.162 (1.24)	0.020 (0.09)			-0.044 (-0.22)	0.084 (0.54)			0.167 (1.34)			0.115 (0.69)
				0.229	0.928			0.826	0.599			0.196			0.499
GDP per capita US dollars, PPS						-0.135 (-1.37)	-0.387 (-3.29)	-0.238 (-1.53)	-0.121 (-0.98)			-0.158 (-1.61)			-0.133 (-1.04)
						0.184	0.003	0.143	0.341			0.124			0.312
EU15 dummy (EU=0)													-0.127 (-0.09)	3.809 (2.16)	1.000 (0.63)
													0.928	0.042	0.537
Intercept	21.5 (11.50)	21.1 (8.31)	21.9 (6.65)	20.5 (10.20)	9.9 (4.81)	22.7 (11.12)	18.0 (7.14)	23.1 (6.41)	21.1 (7.43)	21.7 (13.78)	21.7 (12.97)	20.4 (9.18)	21.6 (8.53)	8.7 (8.03)	19.5 (5.00)
	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R2	0.650	0.651	0.381	0.674	0.000	0.679	0.330	0.455	0.690	0.732	0.732	0.821	0.650	0.175	0.697
Adj R2	(0.634)	0.617	(0.353)	(0.643)	(-0.045)	(0.648)	(0.300)	(0.373)	(0.625)	(0.720)	(0.707)	(0.772)	(0.617)	(0.138)	(0.612)
F-statistic	40.82	19.55	13.56	21.68	0.01	22.17	10.85	5.56	10.58	60.15	28.71	16.54	19.49	4.68	8.27
F significance	0.000	0.000	0.001	0.000	0.928	0.000	0.003	0.006	0.000	0.000	0.000	0.000	0.000	0.042	0.000

Notes:

- N= 24. OLS-regression; t-statistics in parentheses; p-value in red. Significant at the 0.01 level; significant at the 0.05 level.
- Selected countries (24): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States

Source: OECD (2008), SOCX (2008), OECD.StatsExtracts (2009); and own calculations

Straightforward Multiple Approach: Correlation tests of OECD poverty rates (PL 50) and gross social expenditure, taken into account demographic / cyclical effects, around 2005

<i>Mid-2000's</i>	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Gross public expenditure										-0.588 (-6.44)	-0.590 (-6.45)	-0.804 (-6.87)			
										0.000	0.000	0.000			
Gross private social expenditure											-0.171 (-0.97)	-0.090 (-0.59)			
											0.342	0.562			
Gross total expenditure	-0.502 (-5.72)	-0.608 (-4.58)		-0.524 (-6.12)		-0.457 (-4.84)			-0.565 (-4.08)			0.299 (1.80)	-0.476 (-4.43)		-0.517 (-3.55)
	0.000	0.000		0.000		0.000			0.001			0.088	0.000		0.002
Population over 65 (%)		0.229 (1.06)	-0.512 (-2.61)					-0.466 (-2.20)	0.160 (0.72)			0.526 (2.70)			0.181 (0.82)
		0.300	0.016					0.040	0.478			0.015			0.423
Unemployment % of total labor force				0.354 (1.66)	0.150 (0.44)			0.196 (0.59)	0.246 (0.99)			0.000 (-0.63)			0.323 (1.25)
				0.112	0.667			0.561	0.335			0.534			0.228
GDP per capita US dollars, PPS						-0.060 (-1.23)	-0.151 (-2.39)	-0.100 (-1.48)	-0.035 (-0.66)			-0.025 (-0.63)			-0.033 (-0.62)
						0.231	0.026	0.155	0.520			0.537			0.546
EU15 dummy (EU=0)													0.567 (0.43)	3.775 (2.55)	1.420 (1.06)
													0.669	0.018	0.303
Intercept	23.2 (10.44)	22.4 (9.58)	18.4 (6.15)	21.4 (9.00)	9.9 (4.17)	24.0 (10.48)	15.7 (7.30)	19.7 (5.45)	21.9 (7.94)	23.4 (11.65)	24.0 (11.44)	21.3 (10.46)	22.3 (7.47)	9.4 (10.40)	19.3 (5.23)
	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
R2	0.598	0.618	0.236	0.644	0.009	0.625	0.206	0.363	0.660	0.654	0.669	0.826	0.601	0.228	0.680
Adj R2	(0.579)	(0.582)	(0.202)	(0.610)	(-0.037)	(0.589)	(0.170)	(0.267)	(0.589)	(0.638)	(0.637)	(0.778)	(0.563)	(0.193)	(0.591)
F-statistic	32.67	17.00	6.81	19.00	0.19	17.48	5.71	3.80	9.23	41.53	21.19	17.11	15.82	6.51	7.66
F significance	0.000	0.000	0.016	0.000	0.667	0.000	0.026	0.026	0.001	0.000	0.000	0.000	0.000	0.018	0.001

Notes:

- N= 24. OLS-regression; t-statistics in parentheses; p-value in red. Significant at the 0.01 level; significant at the 0.05 level.
- Selected countries (24): Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States

Source: OECD (2008), SOCX (2008), OECD.StatsExtracts (2009); and own calculations

2 Sampled data set model approach: decomposition of regions

In line with the work of Swabish et al (2006), we have constructed a sample with 70 different sets of observations for 24 countries, using data from OECD (2008, on poverty rates), SOCX (2008 on social expenditures), and OECD (2009, on control variables). 22 countries enter with three observations (around 1985, around 1995 and around 2005); for Australia and Switzerland data for 1985 is lacking. This sampled data set model improves the degree of freedom substantially (N=70), allowing us to distinguish between non-EU15 countries (N=25) and EU15 countries (N=45). Two time-dummies are included for 1995 and 2005 to acknowledge that certain common, contemporaneous influences may have affected all countries in particular periods, such as the cyclical state of the economy and the ageing of the population.

Following the single equation format outlined in the previous section, we regress poverty rates on a set of several social expenditures ratios, and on a set of demographic and macroeconomic covariates; see Table 6, column 1. Next, we ran several multiple tests with a breakdown of public and private social expenditures (column 2), also correcting for social health expenditures (column 3).

The Table below reports some profound differences between non-EU15 and EU15 countries. For non-EU15 countries the impact of total social spending on poverty rates is troublesome (not significant). In case we exclude health expenditure, the gross social spending variable is significant - both for non-EU15 and EU15 countries - confirming our prior expectations. Converting the point estimates to elasticities implies that one additional point of GDP spending of gross public social expenditure decreases poverty rates by approximately .7 percent across all countries (not shown). The elasticity estimate is higher for non-EU15 countries (-.99) compared to EU15 countries (-.63), indicating that especially public programs are more targeted to the ones in need outside Europe. Moreover, an increase of private social arrangements by one percent of GDP alleviate poverty in EU15 countries with 0.26 points, while private arrangements increases poverty in non-EU15 countries (although this latter partial effect is not significant).

The unemployment rate variable is statistically significant, although solely for the group of EU15 countries. The coefficient is positive, suggesting that (higher) poverty rates and (higher) unemployment rates goes along in EU15. This is an interesting finding, because other studies including non-EU15 countries do find that unemployment is not well correlated with either market income poverty or disposable income poverty (Smeeding, 2005a, p. 973).

Our other control variable - GDP per capita as a proxy of rich countries - does not affect poverty levels across countries.

Note that the variable for the proportion elderly does not statistically differ from zero. This comes as a surprise, because it was expected that the ageing of the population increases poverty. Even in Europe minimum safety nets are rarely sufficient to protect people from poverty; only a few countries provide workless households with a minimum income and related (i.e. housing) benefits that are sufficient to lift them close to or above the poverty line. However, our two time-dummies for 1995 and 2005 capture for certain common, contemporaneous influences that may have affected all countries in particular periods, such as the ageing of the population. Both dummies indicate that more aged - especially European - societies tend to have higher poverty rates. This result fit in with empirical findings by others. Osberg (2000), for example, showed that the fraction of elderly households in a nation does not affect income distribution comparisons across countries largely, because the elderly have levels of inequality that are similar to those of the non-elderly. A comprehensive study of demographic effects was carried out by Rainwater and Smeeding (2003). They took the demography of each nation (relative numbers of single parents, elders, families with children, childless adults, etc.) and its income package (taxes and benefits) and simulated the U.S. demography with the packages of each nation. The effects of demography were very small - the effects of the income package accounted for over 90 percent of the differences across nations.

Statistical tests confirm that inclusion of the time dummy variables in the regression is appropriate. The F-test statistics, found in the last row of Table 6, test the joint hypothesis that all variables make sense. Overall, the model fits well with adjusted R² ranges from .37 to .74, especially for EU15 countries. Note that the model is obviously sensitive to the covariates used.

Table: Sampled data set model: Correlation tests of OECD poverty rates (PL 50) and gross social expenditure, taken into account demographic and cyclical effects, 1985-2005

	<i>Non-EU15</i>			<i>EU15</i>			<i>All 24 countries</i>		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)
Gross total social expenditure	-0.496 (-1.83)			-0.531** (-7.55)			-0.531** (-6.89)		
Gross public social expenditure		-0.930** (-4.80)			-0.574** (-7.15)			-0.665** (-9.33)	
Gross private social expenditure		0.335 (1.41)			-0.368* (-2.21)			-0.013 (-0.11)	
Gross total social expenditure other than Health			-0.985** (-4.05)			-0.629** (-8.24)			-0.703** (-9.40)
Population over 65 (%)	-0.179 (-0.44)	0.310 (1.12)	0.265 (0.80)	0.268 (1.27)	0.328 (1.51)	0.292 (1.47)	0.074 (0.49)	0.205 (1.55)	0.199 (1.53)
Unemployment % of total labor force	0.271 (0.75)	0.285 (1.22)	0.373 (1.39)	0.261** (3.21)	0.280** (3.37)	0.261** (3.39)	0.249** (2.81)	0.301** (3.94)	0.258** (3.42)
GDP per capita US dollars, PPS	0.111 (0.74)	-0.067 (-0.65)	0.090 (0.86)	-0.073 (-1.51)	-0.059 (-1.18)	-0.075 (-1.63)	-0.030 (-0.64)	-0.051 (-1.26)	-0.050 (-1.27)
Dummy 1995	1.5 (0.74)	2.0 (1.53)	1.8 (1.15)	2.3* (2.43)	2.0* (2.04)	2.2* (2.50)	2.3* (2.64)	1.9* (2.52)	2.2* (3.07)
Dummy 2005	2.4 (0.94)	4.3* (2.52)	2.3 (1.15)	4.7** (3.36)	4.2** (2.83)	4.0** (2.97)	4.4** (3.94)	4.1** (4.23)	3.9** (4.01)
Intercept	18.3** (5.15)	19.6** (8.53)	16.1** (5.61)	15.3** (4.94)	14.8** (4.74)	13.8** (4.70)	17.7** (12.16)	17.7** (14.19)	16.2** (12.83)
Adjusted R ²	0.365	0.737	0.606	0.672	0.674	0.706	0.637	0.735	0.735
F-statistic	3.30*	10.61**	7.16**	16.05**	13.99**	18.62**	21.20**	28.30**	32.91**
N =	25	25	25	45	45	45	70	70	70

Notes:

- Dependent variable: OECD poverty rate (poverty line 50 percent of median income).
- OLS-regression; standardized regression coefficients are reported; t-statistics in parentheses. ** Significant at the 0.01 level; * significant at the 0.05 level.
- N = 70. Data years: around 1985, around 1995, and around 2005.
- Selected countries: Australia (missing value for 1985), Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland (missing value for 1985), Turkey, the United Kingdom, and the United States.

Source: OECD (2008), SOCX (2008), OECD.StatsExtracts (2009); and own calculations

Clearly, in a single equation cross-sectional model, establishing causation is problematic. One could argue that causation plausibly runs from the right hand side and thus a higher level of poverty rates may well produce greater needs for social expenditures. Moreover, the multiple analysis is biased to some extent because several independent variables are highly correlated, especially social expenditure ratios with the proportion of elderly among total population (see below). Since the elderly receive a large share of the largest social expenditure categories - social retirement and health care - there are spill-over effects to the other covariates of social spending.² Nevertheless, the results above provide

2 To tackle this problem, we performed a factor analysis; a method for assessing the extent to which a set of indicators measure the same underlying factor. Indeed, our data indicate that both gross social expenditure and the population over 65 as percentage of total population measure the same underlying factor (poverty rates).

	Communalities: Initial	Communalities: Extraction
Gross total social expenditure % GDP	1.000	0.895
Unemployment, total (% of total labor force)	1.000	0.020

clear evidence: social spending does seem to matter as far as differences in poverty levels across countries is concerned, although the ageing of the population and unemployment rates may have some effect too.

Sampled data set model: means, standard deviations and Pearson correlations

	Mean	s.d.	1.	2.	3.	4.	5.	6.	7.	8.
<i>Non-EU15</i>										
1. Poverty rate (PL 50)	12.9	4.6	1.00							
2. Gross total social expenditure	17.7	7.3	-0.63**	1.00						
3. Gross public social expenditure	14.8	5.5	-0.80**	0.92**	1.00					
4. Gross private social expenditure	2.9	3.1	-0.06	0.72**	0.39	1.00				
5. Gross total other than Health	11.9	5.6	-0.76**	0.96**	0.94**	0.58**	1.00			
6. Proportion elderly	11.3	4.2	-0.62**	0.85**	0.84**	0.50*	0.86**	1.00		
7. Unemployment rate	5.8	2.5	0.17	-0.06	-0.09	0.01	-0.10	-0.33	1.00	
8. GDP per capita (*1,000)	21.0	11.7	-0.39	0.82**	0.70**	0.67**	0.74**	0.74**	-0.23	1.00
<i>EU15</i>										
1. Poverty rate (PL 50)	8.7	3.5	1.00							
2. Gross total social expenditure	25.5	5.1	-0.64**	1.00						
3. Gross public social expenditure	23.2	4.5	-0.63**	0.93**	1.00					
4. Gross private social expenditure	2.3	1.9	-0.20	0.48**	0.11	1.00				
5. Gross total other than Health	19.3	4.4	-0.69**	0.97**	0.91**	0.44**	1.00			
6. Proportion elderly	14.9	2.0	-0.05	0.51**	0.49**	0.18	0.46	1.00		
7. Unemployment rate	8.7	4.3	0.38**	-0.15	-0.09	-0.17	-0.11	-0.17	1.00	
8. GDP per capita (*1,000)	22.3	11.1	-0.11	0.27	0.24	0.15	0.18	0.30**	-0.42**	1.00
<i>All 24 countries</i>										
1. Poverty rate (PL 50)	10.2	4.4	1.00							
2. Gross total social expenditure	22.7	7.1	-0.72**	1.00						
3. Gross public social expenditure	20.2	6.4	-0.78**	0.94**	1.00					
4. Gross private social expenditure	2.5	2.5	-0.06	0.46**	0.12	1.00				
5. Gross total other than Health	16.6	6.0	-0.79**	0.97**	0.95**	0.35**	1.00			
6. Proportion elderly	13.6	3.5	-0.52**	0.79**	0.77**	0.28*	0.77**	1.00		
7. Unemployment rate	7.7	4.0	0.09	0.10	0.16	-0.13	0.13	0.02	1.00	
8. GDP per capita (*1,000)	21.8	11.3	-0.23	0.47**	0.37**	0.39**	0.37**	0.47**	-0.31**	1.00

Notes:

- N = 70. Data years: around 1985, around 1995, and around 2005.
- ** Significant at the 0.01 level; * significant at the 0.05 level.
- Selected countries: Australia (missing value for 1985), Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland (missing value for 1985), Turkey, the United Kingdom, and the United States

Source: OECD (2008), SOCX (2008), OECD.StatsExtracts (2009); and own calculations

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