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Social Protection and Chronic Poverty: Portugal and the Southern European Welfare Regime

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SOCIAL PROTECTION AND CHRONIC POVERTY:

PORTUGAL AND THE SOUTHERN EUROPEAN WELFARE REGIME *

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ABSTRACT

This paper aims to assess the extent to which social policies address chronic poverty in south European Union countries and particularly in Portugal. The Southern European welfare regime (Leibfried, 1993; Ferrera, 1996; Bonoli, 1997; Matsaganis et al, 2003), which includes Greece, Italy, Portugal and Spain, has been seen as less developed and less generous in covering social risks. Despite different country profiles, in what Portugal present some distinctive features, South European countries also exhibit several target inefficiencies that make social policies much less successful in tackling extreme and chronic poverty. Possible explanations of that fact may rest in institutional factors, such as the central role of family and the less accountability of the state, the high tolerance of inequality and poverty, and, in broader terms, in attitudes toward inequality and poverty embedded in social and political practices.

KEYWORDS: Chronic Poverty; Social Policy; Portugal; Southern European Welfare Regime

JEL CLASSIFICATION: D31; I32; I38; P52.

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1. INTRODUCTION

Poverty, in their multiple dimensions, has been progressively acknowledged by policy-makers, and in several instances of national and international governance. At a global level, United Nations have launched the Human Development Reports in the beginnings of the 1990s, which paved the way for a renewed and broader understanding of poverty and development. More recently, the Millennium Development Goals tried to achieve a new international commitment with development goals in the beginning of the new millennium.

In the more developed countries, poverty and social exclusion still defies the true meaning of a balanced and sustainable development. In European Union, tackling poverty and social exclusion continues to be an enormous challenge, since near 57 million individuals were still at risk of monetary relative poverty in 2001 in the 'old European Union countries' (EU 15) and many more are expected to be vulnerable to poverty and social exclusion in the new and acceding countries. Persistent levels of cross-section poverty and chronic poverty in EU 15, higher levels of inequality and poverty within an enlarged European Union (EU 25), coupled with the emergence of new social risks (Taylor-Gooby, 2004b) associated with demographic (increased ethnic, culture and religious diversity, ageing, etc.), labour market (changing patterns of job creation/destruction due to knowledge-based society and globalization) and family (increased diversity of family types, changing of family roles) changes are expected to redefine the scope of social cohesion, and social policy, in Europe.

As Barrientos *et al* (2004) suggest there are some empirical links between social protection and chronic poverty in developed countries that would be of some worth to explore. Furthermore, if tackling chronic poverty will be more effective through strong and sustained social protection systems (idem: 20), the legitimacy foundations of social policy and its focus on the most needed will also be of paramount importance in this respect. Greece, Italy, Portugal and Spain, the southern European countries clustered in the 'Southern or Mediterranean regime of welfare' will provide an interesting case study. The public welfare systems in these countries are relatively new, comparing to theirs EU 15 partners, their economic development level is lower and they are facing simultaneously the 'old social risks' as well as the 'new social risks' that are increasingly becoming global. Within the southern Europe cluster, we will use Portugal in some illustrative references, both because of its singularities and for reasons of better acquaintance with recent research on the topic under analysis.

2. European Welfare Regimes and Chronic Poverty

The fight against poverty and social exclusion has received a new emphasis since the adoption of the 'Lisbon strategy' (European Council, March 2000), which stressed the importance of "modernizing the European social model, investing in people and combating social exclusion" (EC, 2000). In the preparation of Lisbon European Council, Ferrera *et al* (2000) sustained the need of recasting the European social model, with the compatibilisation of the tradition of social solidarity with new policies, which favoured labour market flexibility and inclusion and addressed new social risks.

The Lisbon European Council also adopted the principle of open co-ordination within the area of social exclusion, following the framework of European employment strategy, which includes: the definition of common objectives and common indicators to monitor progress, National Plans, a Community Action Plan, as well as Joint Reports on social inclusion and regular monitoring and evaluation. Despite the recognition of being a policy area in its own right and the new policy instruments developed, the field of social inclusion is still a problematic one with very different national strategies', lose co-ordination between states and poor articulation with other policy objectives. Moreover, the transformation process of European societies and even of European Union frontiers, are likely to add more complexity to the reshaping of the European social model.

Within European Union, the southern countries of Greece, Italy, Portugal and Spain have been clustered in a welfare model or regime, the 'Southern" or "Mediterranean' regime (Ferrera, 1996; Trifiletti, 1999; Bonoli, 1997; Matsaganis et al, 2003), although some authors are prone to consider European southern countries as part or variant of the 'Continental' regime (Esping-Andersen, 1999; Adao e Silva, 2000; Powell and Barrientos, 2004), frequently characterized by a 'rudimentary' development of its social protection (Gough, 1996).

Welfare regimes in European Union have to be considered in the process of their evolution, which certainly is leading to a certain degree of convergence[1], but is also preserving certain specificities. Southern European countries, as we shall refer later in more detail, share some common features, not only in the indicators of social protection, but more broadly in the

[1] Sometimes described as a blurring of regime demarcations and a pervasive mixing of welfare pillars.

interplay of state institutions' 'softness' and the strong presence of family in the welfare mix (Matsaganis et al, 2003; Trifiletti, 1999), as well as in social perceptions and attitudes towards welfare (Gallie and Paugam, 2002; van Oorschot, 2003).

We will begin by assessing some information about social protection, inequality and poverty in the set of the four countries in comparison with EU 15. For this, Table 1 presents some selected social indicators for the EU 15 and the southern European countries in 2001.

Per capita GDP in the southern European countries varies between 67.3% and 100%, and social expenditure between 56.9% and 96.6% of EU 15 average. Portugal presents the lower scores in these indicators, but it is worth mentioning the fast growth of social expenditures in the last decade, corresponding to the expansion of social protection and the development of new areas of policy.

Standard measures of income inequality (Gini coefficient and the quintile ratio S80/S20) and of poverty (poverty incidence and poverty intensity) have been computed for all eight waves of the European Community Household Panel (ECHP) covering the period 1994 to 2001. Eurostat adopts the 'modified' OCDE scale to equivalise incomes, and defines the poverty threshold at 60% of the national median equivalised income in each year. With notorious political caution, poverty incidence is denominated poverty risk. Persistent poverty risk is defined by Eurostat as a situation of poverty risk in the present year and at least in other two out of the latest three years.

Although in Table 1 we have only inequality and poverty measures from the last year of the ECHP, those measures (and country rankings) are relatively stable over the full range of the panel. Inequality and poverty measures are higher in the south of EU 15 and, more important, social transfers efficiency is considerable lower, particularly in the case of social transfers other than pensions. This point will deserve further attention in the next section.

Table 1 Selected Social Indicators, 2001

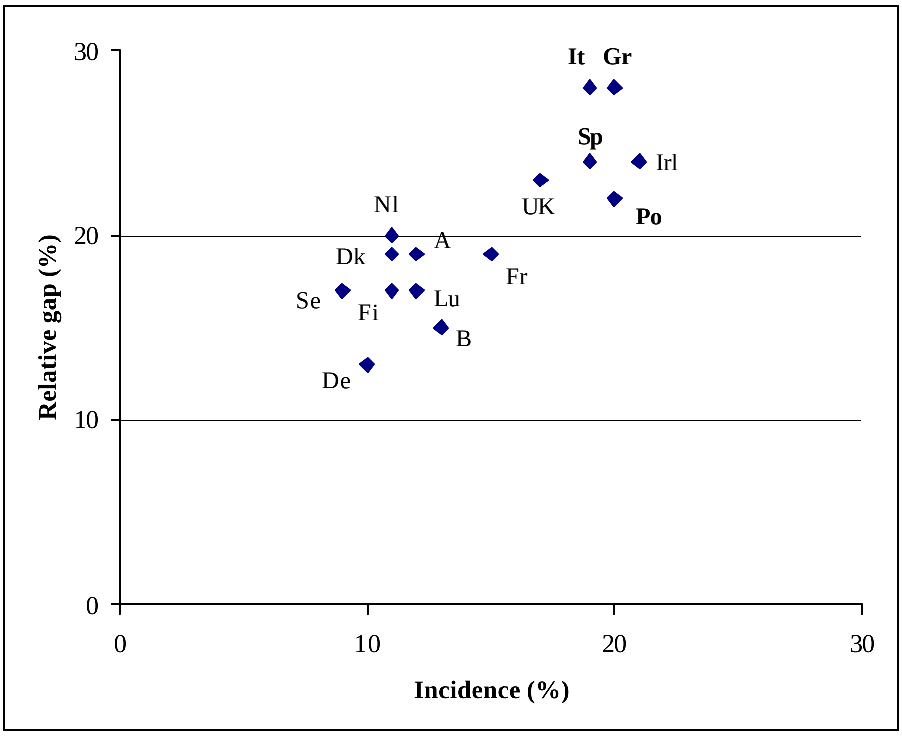
	EU 15	Greece	Italy	Portugal	Spain
GDP per capita					
PPS [a]	23,200	15,500	24,400	17,100	19,200
Index (UE 15=100, in PPS) [a]	100	66.8	105.2	73.7	82.8
Real annual growth rate 1995-2001[b]	2.2	3.1	1.7	3.1	3.2
Social Expenditure per capita [c]					
Euros (PPS)	6,405	3,971	6,186	3,644	3,867
Index (UE 15=100)	100	62.0	96.6	56.9	60.4
annual growth rate 1992-2001	1.9	5.6	1.3	6.3	1.7
Social Expenditure as % of GDP [c]	27.5	27.2	20.1	23.9	25.6
Inequality measures [d]					
Gini	28	33	29	37	33
S80/S20	4.4	5.7	4.8	6.5	5.5
Poverty measures [d]					
Poverty Line per "adult equivalent"					
PPS	8,253	5,443	7,044	4,967	6,527
Index (UE 15=100, in PPS)	100	66.0	85.4	60.2	79.1
Poverty risk after social transfers	15	20	20	20	19
Relative income gap	22	28	28	22	24
Poverty risk before social transfers	39	39	42	37	37
Poverty risk after pensions	24	23	22	24	23
Other social transfers efficiency	37.5	13.0	9.1	16.7	17.4
Total social transfers efficiency	61.5	48.7	52.4	45.9	48.6
Persistent poverty risk	9	14	13	15	10
Persistent poverty as % of current poverty	60.0	70.0	65.0	75.0	52.6

Source: [a] EC (2003)
[b] Eurostat on line Structural Indicators
[c] Abramovici (2004)
[d] Dennis and Guio (2004)

Tacking together poverty incidence and intensity produce a clear cut between the performances of social democratic and conservative regimes on the one hand, and liberal and Mediterranean regimes on the other, the latter featuring considerable higher scores on both poverty dimensions[2].

[2] Kuchler and Goebel (2003), using a different approach (smoothed income) and a different threshold (50% of the mean income) to measure poverty in ECHP 1994-1997, present similar results on incidence, intensity (and also in severity) FGT indices. Furthermore, TIP curves shapes reflect the worse situation of all Mediterranean countries and specially Portugal.

Figure 1 Incidence and Intensity of Poverty Risk, 2001



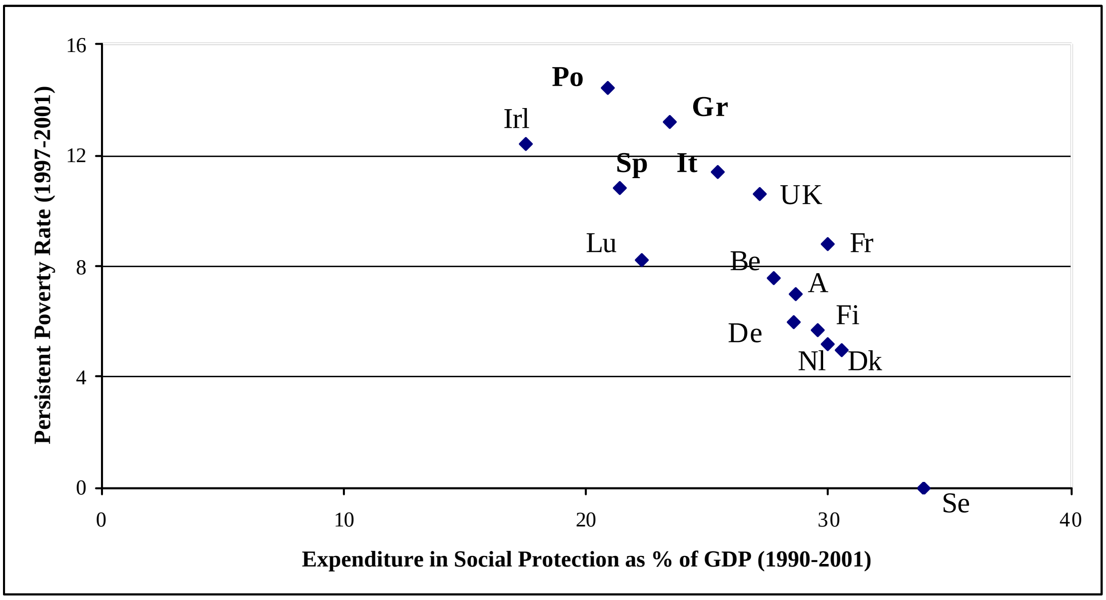
Source: Dennis and Guio (2004)

Persistent poverty risk in southern European countries is also higher than EU 15 average, as is the percentage of persistent poor in the poor population (exception for Spain in this last indicator)[3]. Barrientos *et al* (2004) suggested that some empirical relation between long term spending on social protection and chronic poverty in European countries exists and can be related with the stability and effectiveness of social protection. In fact, taking advantage of harmonized information of Eurostat statistics, the plot of mean persistent poverty risk over the eight waves of ECHP and mean expenditure in social protection as percentage of GDP in the period 1990-2001 reveals a negative association, with the southern countries clustering in the far right of the graph. Substituting expenditure in social protection for efficiency of social expenditure, the figure stresses even more clearly the position of the southern countries[4].

[3] If we take the full range of ECHP (1994-2001), the average ratio of persistent poverty to contemporary poverty will be 57.8% for EU15, 63.3% for Greece, 60.5% for Italy, 67.7% for Portugal and 57.7% for Spain.

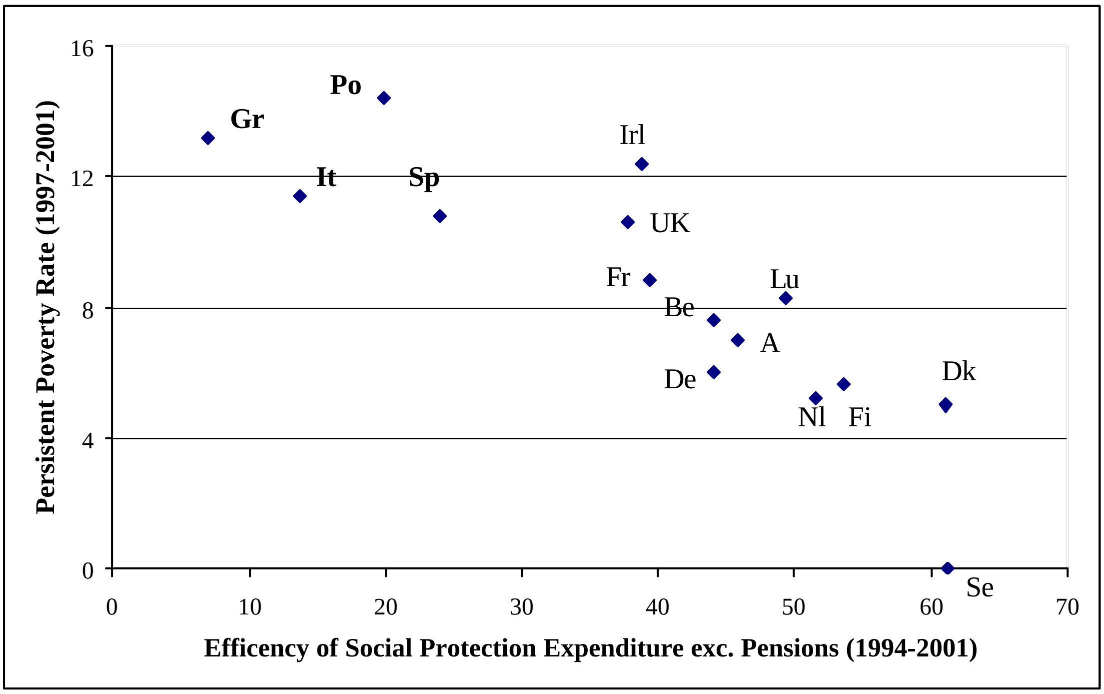
[4] Pearson correlation coefficient between persistent poverty and social expenditure effort is –0.7949 and between persistent poverty and social expenditure efficiency is –0.8587.

Figure 2 Social Protection and Persistent Poverty



Source: Eurostat Structural Indicators

Figure 3 Social Protection Efficiency and Persistent Poverty



Source: Eurostat Structural Indicators

3. WHAT'S WRONG WITH THE SOUTHERN REGIME?

In the four countries of southern Europe, the levels of social protection, approached by the expenditure on social protection as percentage of GDP, are in fact lower than their counterparts, but the social expenditure shows also much less efficiency in reducing poverty levels. What are the causes for such efficiency flaw and what explains that apparent social protection leakage in relative poor countries with relatively more recent social policies?

The degree of redistribution in a society is determined by both the social protection system and the taxation system. Regrettably, ECHP collects data net of taxes; therefore, the redistributive effect of the tax system cannot be scrutinized by microanalysis of personal and families' incomes and taxes[5].

Data related to taxes in the southern countries are difficult to estimate. However, several studies have highlighted the weight of the shadow economy, the size of tax evasion and fraud, and the relative tax burden on salaried workers and middle classes.

The estimated size of shadow economy in 2001 ranges from 22,5% in Portugal and Spain to 27% in Italy and 28,5% in Greece, which correspond to the highest values in EU 15 (Dell'Amo and Schneider, forthcoming). Despite some measures to fight tax evasion and improve tax collection, public opinion and policy decision makers don't show strong commitment to higher social justice based on tax justice and progressivity. As Schneider and Ende (2000) point out, the shadow economy may be seen as an indicator of lack of legitimacy of the social order and existing rules, which are indeed widely defied in the south of Europe. Probably this is strongly related to engrained attitudes towards wealth and inequality, and a certain way of framing relationships with institutions and social networks.

Recent harmonized data on tax systems of the EU 15 (Eurostat, 2004) revealed that tax structures of Greece and Portugal rely heavily in indirect taxation, which introduces relative regressivity in their tax systems. Italy's tax structure has a relatively higher weight in direct taxes, whereas in Spain the same occurs with social contributions.

The redistributive effect of social transfers in EU 15, using ECHP in a comparative perspective, has been object of analysis in several studies (Eurostat 2003b; Ras et al 2003;

[5] Ras et al (2003), using LIS data from Belgium, Denmark, Finland, Germany, The Netherlands, Sweden and the United Kingdom in the first half of the 1990s, concluded that the distributive effect of social benefits is much bigger than that of income taxes and social security contributions (op cit: 20).

Marlier and Cohen-Solal, 2000)[6]. Relying on those studies, one can better understand the pattern of inefficiency of social protection expenditure in tackling both current poverty and chronic poverty in south European countries. Recent investigations on the effects of social benefits in poverty dynamics and persistent poverty in Portugal (Nunes, 2003; Rodrigues, 2004; Ferreira, forthcoming) also provide some additional insights into the question under study.

Social benefits are widespread in EU 15: in 1997, it was estimated that 73% of the persons were living in households receiving social transfers, 52% receiving non-pensions transfers and 31% pensions. These percentages vary quite significantly between the EU 15 countries and, in this respect, southern countries do not rank together: if Greece and Italy, followed by Spain, present values far bellow European average in non-pensions transfers beneficiaries, Portugal exhibits one of the highest percentages; in relation to pensions beneficiaries, all four southern countries score above European average, and Italy even presents the highest value in EU 15 (Eurostat 2003b).

Table 2 Social Benefits and Beneficiaries, 1997

	EU 15	Greece	Italy	Portugal	Spain
% of social beneficiaries in total population					
Pensions	31	36	40	36	33
Others	52	20	19	68	34
Total	73	49	51	88	58
Structure of social benefits					
Pensions	61	88	84	68	63
Others	39	12	16	32	38
Social benefits as % of disposable income					
Total income	33	25	32	28	32
Recipients income	45	51	61	32	55
Others social benefits as % of disposable income					
Total income	13	3	5	9	12
Recipients income	25	15	23	13	34

Source: Eurostat (2003b)

Relating beneficiaries' percentages and the importance of social transfers in their disposable income can shad new light into the question of relative inefficiency of the social protection system. Public pensions, which perform a replacement function, constitute the main

[6] All the studies exclude any type of in-kind transfers, such as public education or health. The differences between European countries in size and distribution of such transfers would be an interesting research subject.

component of total social transfers, accounting for 61% of the amount of all transfers in the EU 15. Spain and Portugal present values slightly above average, while Italy and Greece highly concentrate their social benefits in this function. Conversely, other social transfers more closely related to universal rights or means- targeted support weight bellow average in all southern countries.

Marlier and Cohen-Solal (2000), based on the 1996 wave of the ECHP, present similar results. They also analyze benefits other than pensions' coverage and amounts by quintiles of population total income before social benefits other than pensions.

In southern Europe, as in all other UE 15 countries, social benefits other than pensions fall as income rises, as both the relative number of social beneficiaries and the weight of these benefits in total income decreases. However, if we look at the benefits share going to each quintile, the pattern is not so sharp and, particularly in the case of Portugal, benefits spread in significant amount into top incomes.

Table 3 Social Benefits Other than Pensions and Beneficiaries, by quintile of total income, 1996

	EU 13	Greece	Italy	Portugal	Spain
Quintile 1					
% of beneficiaries	73	31	31	69	68
Social benefits as % of income	48	11	19	30	48
Benefit share	50	37	44	38	54
Quintile 2					
% of beneficiaries	58	22	22	67	38
Social benefits as % of income	13	5	5	10	11
Benefit share	21	28	21	22	18
Quintile 3					
% of beneficiaries	51	18	17	72	26
Social benefits as % of income	6	2	3	2	5
Benefit share	13	17	16	16	11
Quintile 4					
% of beneficiaries	45	14	12	67	23
Social benefits as % of income	4	1	2	3	4
Benefit share	10	10	13	14	11
Quintile 5					
% of beneficiaries	33	9	7	66	11
Social benefits as % of income	1	0	1	1	1
Benefit share	7	8	7	11	6

Source: Marlier and Cohen-Solal (2000)
Note: EU 13 is EU 15 except Finland and Sweden

The restriction of the analysis to working age population (Eurostat, 2003b), permit to qualify further the efficiency pattern of social benefits other than pensions in reducing poverty risk and poverty gap.

Table 4 Social Benefits and Poverty and Long-Term Poverty, 1997

	EU 15	Greece	Italy	Portugal	Spain
Non-pensions benefits (work. age population)					
Poverty risk before transfers	23	20	20	23	27
Poverty risk after transfers	14	19	18	17	18
Poverty gap before transfers	50	39	43	41	48
Poverty gap after transfers	34	35	40	32	38
Efficiency in poverty risk reduction	39	5	10	26	33
Efficiency in poverty gap reduction	32	10	7	22	21
Total social transfers					
Long-term poverty risk before transfers	35	32	34	32	38
Long-term poverty risk after transfers	12	16	12	19	14
Efficiency in long-term poverty reduction	66	50	65	41	63

Source: Eurostat (2003b)

As we have seen in Table 1, and it is again present in the first panel of Table 4, social transfers other than pensions have a very limited impact on poverty reduction in southern countries.

The magnitude of redistributed income and the degree of its progressivity are the determinant factors explaining southern relative inefficiency, and the latter plays an important and yet less perceived role. As much as low level of income redistributed (by low level of benefits and/or low number of beneficiaries) deficient targeting of benefits have a serious contribution to southern social protection inefficiency.

On the final panel of Table 4, the impact of social transfers in reducing long-term poverty risk[7] is assessed. In this respect, Spain and Italy have profiles similar to UE 13 whereas Greece and specially Portugal exhibit a very poor performance.

In southern Europe welfare's distinctive nature is not so much linked with rudimentary social schemes such as pension, but rather to several imbalances and institutional deficiencies which result in inequities and inefficiencies (Guillen and Matsaganis, 2000; Matsaganis et al, 2004). After all, pensions in the south are acting well in terms of social protection against poverty, performing as well as EU 15 average (as we can see in Table 1). Other social benefits

[7] Here long-term poverty stands for poverty over 3 or 4 years of the total 4 years of the data analyzed.

accruing to working age population (Table 4) have an important role in Portugal and Spain, and a marginal role in Greece and Italy. Probably this reflects the sharp distinction between 'insiders' and 'outsiders' in countries where shadow economy, self-employment and irregular contributions careers have still an important social dimension.

Certainly every modern system of social protection is a complex network of different kinds of benefits with different objectives. Classical benefits related to work status and usually conformed within a contributory subsystem perform mainly an earnings replacement objective and produce horizontal redistribution (i.e., redistribution between persons belonging to different social groups). Social assistance benefits, or family and disability benefits positively discriminating within income groups, compensate for differential costs and have a distinctive vertical redistribution (i.e., redistribution between persons with different income levels) or mixed nature.

Social benefits other than pensions are much more limited in scope and present clearly less effectiveness in the south European countries, both by its size and targeting. In this respect Spain and Portugal offer very distinctive profiles, the former with high concentration and the latter with high dispersion of benefits.

Targeting inefficiencies in bricked in social policies, such as a 'clientelist' model of social policy-making, is a reasonable cause for insufficient protection against certain social risks and a significant leakage of social benefits from the most needed. These characteristics coexist, however, with a strong public support for redistribution and state support of the most needed, which may be seen as a political paradox.

In fact, in what concerns social perceptions and social attitudes towards poverty and inequality, southern countries also share some common position in the set of UE 15 countries. According to 1999/2000 wave of European Values Study and Eurobarometer survey of 2002, people in the south of Europe perceive inequality and poverty in their countries to be high (van Oorschot, 2003; Gallie and Paugam, 2002), and poverty is perceived as mainly an inherited condition (53% in Portugal and Greece, and 46% in Italy and Spain). Working with Portugal and Spain as representatives of the southern regime, Taylor-Gooby (2004a) also relates a strong perception of an unequal society in opposition with more equalitarian aspirations and a clear enthusiasm (shared with eastern ex-socialist countries) for welfare state values.

Nevertheless, van Oorschot (2003) makes important distinctions between welfare regimes in what concerns social capital. Defining the latter as a threefold entity made of trust in other people, trust in institutions and participation in civil society, van Oorschot (2003) places south European regimes at the bottom of the social capital scale. Relating standardized social capital score and the extent of formal welfare provision (measured by the expenditure on social protection as percentage of GDP), emerges a clear picture of positive association that supports the author's hypothesis of a 'communicating vessels mechanism' by which the increase of formal solidarity allows the increase of informal solidarity and social capital. Accepting this hypothesis will contradict the idea of a strong welfare-society in southern Europe countries (Wall et al, 2001).

In discussing the possible explanation for such an association, van Oorschot does not exclude the play of cultural factors, namely "the more family-centered culture of the Latin countries, and the more individualized, and therefore socially more open countries of the north" (2003:11). Opielka (2003) also points out 'familialism' as a distinctive feature of constitutive rules of human relations in Southern Europe, and identifies the Catholicism as the ideological configuration that ultimately organizes social welfare values in those societies. The role of religion in the cultural foundations of welfare values and social policy practices, as well in the structuring of a regime theory, is a field where there are few research results and that certainly deserves further research effort.

A closer look to the Portuguese case could give us further insights into the questions above raised, namely of social protection failures in tackling high levels of poverty and chronic poverty and the meaning and implications of family culture in Southern Europe. Remember that Portugal has been identified, in every statistics and studies surveyed, as the country in the EU 15 with higher levels of poverty and chronic poverty incidence[8], as well as one presenting poor social protection efficiency in reducing poverty.

Portuguese public social protection system is organized in three main subsystems by the framework law of social security of 2002: insurance, solidarity and family protection subsystems. The first subsystem is an occupation-related system based on the principle of contributory; the second is an non-contributory scheme that aims to prevent poverty and social exclusion by guaranteeing benefits in need situations not (or inadequately) covered by

[8] These results are very robust to different research options such as equivalence scales and poverty thresholds as well as observation windows in ECHP (see for instance Dennis and Guio, 2004; Eurostat, 2003a and b; Kuchler and Goebel, 2003; Whelan et al, 2003: Ferreira, 2002).

the insurance subsystem; and the third covers family, dependence and handicap charges, within a principle of positive discrimination that modules benefits according to earnings and other social contingencies. In this framework, different social benefits sometimes combine different redistributive functions operating, in each year, horizontal, vertical or mixed redistribution.

In a recent paper, Nunes (2003) assessed the effect of social benefits in poverty dynamics in Portugal over the period 1994-1998 using ECHP data. The analysis adopted the standard Eurostat definitions on equivalence scales and poverty threshold, and distinguishes social benefits of different types.

The work follows Kuchler and Goebel (2003) in the combination of traditional approaches to poverty analysis in panel data, the 'number of times poor' approach (NIP) and the 'smoothed income poverty' approach (SIP), to derive a more homogeneous system of subpopulations of people in poverty: the persistent, the intermittent and the transitory poor. Persistent poor are those whose incomes are below the poverty line in every year of the panel; intermittent poor have smoothed income below the poverty line but experience non-poverty years; transitory poor have experience also poverty and non-poverty years but their smoothed income is above the poverty line. For the first two groups, classified as chronic poor by the SIP approach, poverty experiences have a stronger impact in their long-term incomes' than for the last group.

Table 5 presents the estimated effect of social benefits in poverty reduction in the above defined subgroups of poor, as well as in total longitudinal poverty in the years 1994 to 1998, differentiating the types of benefits used in ECHP.

Table 5 Social Benefits Effectiveness in Reducing Long-Term Poverty Incidence, 1994 - 1998

	Poverty	Reduction in poverty incidence due to social benefits					
	Incidence	Total	Solidarity	Pensions	Unemploym	Family	Sick/Disable
Persistent	8.8	58.7	3.3	49.1	4.3	9.3	12.9
Intermitent	10.5	28.1	-1.0	19.8	7.1	2.8	6.2
Transitory	19.4	4.0	3.0	2.5	7.2	2.0	7.2
Ever poor	38.8	30.8	1.8	22.9	6.3	3.7	8.1

Source: Nunes (2003)

As in other studies reviewed, persistent poverty and chronic poverty assumes high proportion of total poverty (22,8% and 49,8%, respectively) and social benefits impact in poverty reduction is mainly attributed to pensions. As a whole, social benefits contribute to reduce persistent poverty by near 60% and intermittent poverty by near 30%. The estimated effect on transitory poverty should be interpreted with caution, since this subgroup is specially affected by the turnover originated by the other poverty subgroups. The overall effect of social benefits on ever poverty (i. e., the proportion of people in the panel that were at least one year in poverty) amount to near 30%.

It is remarkable the low level of effectiveness of the benefits less related with income replacement from work and more related to the solidarity and positive discrimination principles, namely solidarity and family benefits[9]. This signals serious drawbacks in welfare targeting of benefits aimed to prevent poverty and social exclusion. Nunes (2003) also refers the probability of low take-up rates on several programmes targeted on need population groups as one of the reasons of such pattern.

The effect in poverty intensity adds more information on the impact of social transfers in poverty experiences. Table 6 presents the estimated effect of total social benefits and solidarity and family benefits in poverty gap reduction for the same subgroups of poor.

Table 6 Social Benefits Effectiveness in Reducing Long-Term Poverty Gap, 1998

	Reduction in poverty gap due to social benefits			
	Total	Solidarity	Family	Sol. + Family
Persistent	51.4	2.9	4.3	7.0
Intermitent	58.4	5.4	6.7	11.5
Transitory	72.3	8.3	12.5	19.7
Ever poor	71	5.0	8.1	12.7

Source: Nunes (2003)

Once again it is remarkably low the level of effectiveness of these benefits in poverty gap reduction. It is worth mention that, in this case, the largest reduction is occurring in the transitorily poor, for total social benefits as well as for the individual and consolidated benefits more related to solidarity and positive discrimination.

[9] Their combined effect would lead to poverty reduction of 12%, 3.4%, 4% and 5.6% in the different poverty subgroups, respectively.

Ferreira (2002) studied inequality and poverty in Portugal over the period 1994-1997 using ECHP data[10] and derived population decompositions of incidence, intensity, severity and prevalence of poverty. The population subgroups more affected by persistent poverty are much the same the ones with higher levels of classic static measures of poverty: the elderly, monoparental families, families with many children and numerous families. In the persistent poor population, parents with adolescents are also over-represented.

There as been established a strong a strong association between persistent poverty and persistent deprivation profiles in EU countries (Whelan et al, 2003) and it is recognized that the depth and time span of poverty experiences bear hard consequences in terms of cumulative disadvantage. As persistent poverty affects disproportionately families with children and adolescents, the issue should be a matter of priority concern in social policy agenda. Poverty and deprivation of youngsters' corresponds not only to present experience of hardship but also has a lasting effect in their capabilities and future life opportunities.

One has to point out that the most important programme in the solidarity subsystem of social security, the guaranteed minimum income scheme, was only fully introduced in July of 1997 and the data presented above are unable to capture its effect. By 2001, the guaranteed minimum income scheme had benefited 725 thousand persons (7.5% of the population) and 354 thousand persons (3.6% of the population) were then current beneficiaries. The total expenditure on minimum income benefits reached its maximum in 2000, amounting 284 million euros (0.25% of GDP), and accounted for 235 million euros (0.19% of GDP) in 2001 (Matsaganis et al, 2003).

Rodrigues (2004) used 2000 Household Budget Survey to simulate the application of the programme and to estimate its effects in inequality and poverty. Comparing simulation results with official data, he estimated a take-up rate of 72%. Due to the combination of two facts, that the minimum value of resources which the programme aims to supplement/complete is lower than the estimated poverty line and that the income considered in the process of determining the actual benefit is not the full household's income[11], the estimated impact in reducing the incidence of poverty is only 1.6%. However, the estimated effects in reducing

[10] The analysis does not adopt the standard Eurostat definitions on equivalence scales (it uses OECD original equivalence scale) and poverty threshold (defined as 50% of the median equivalised income) but its results are consistent with the ones produce by other studies.

[11] Individual factors for the determination of the minimum value of resources for each household are also higher than scale equivalence factors used in poverty analysis (OECD modified scale).

intensity and severity FGT indices are of much more broad scope: 17.7% and 36%, respectively.

Since 1995, Portugal introduced a new generation of social policies aiming to activate individuals back to labour market with accrued competences, as well as to forge in individuals and institutions a new culture of citizenship rights. Despite the positive and innovative developments, Portuguese safety nets are still rather 'frail' and many persons and families descend into poverty (Matsaganis et al, 2003) because they are not aware of their entitlements or fail to fulfill social benefits conditions (long-term unemployed, new entrants in labour market, informal economy workers, immigrant workers and families, ethnic minority families, isolated rural families) or because the inadequate amount of support received (social pensions, family allowances, disability or dependency supplements).

Further, political support and legitimacy to a broader scope in social policy and its universal rights foundations are not definitively acquired in Portuguese society, as shown by the policy inflexions introduced by the new centre-right government that came into power in 2002.

Poverty inertia in Portugal can be associated more generally with social and income dynamics. In a recent paper Ferreira (forthcoming) assesses income and poverty dynamics in Portugal over the period 1994-1997 using ECHP data[12]. The study reveals a declining income mobility in the period under analysis, measured by several mobility indicators based on transition matrices and a strong level of inertia in the extreme deciles of the income distribution. Due to the combined evolution of entry and exit poverty rates, there is also a decrease in poverty turnover with a sharp increase in the probability of staying poor after having experienced more than one year in poverty. Persistent poverty amount to near 40% of cross-section poverty rate and chronic poverty amounts to near 50% of total panel poverty (ever poor). The high levels of persistent poverty are one of the facets of a highly segmented society with a relatively low degree of social mobility[13].

Income and social inequalities in Portugal also seem to be reinforced by welfare provision stemming by informal relationships and particularly by family support (Wall et al, 2001). In fact, based on the 1999 national survey on Structure, Dynamics and Social Networks of Families with Children, Wall et al (2001) found that a high proportion of families wishes for, and obtains, systematic transfers of resources between relatives ('familialism'), although this

[12] The adopted methodology is the same as Ferreira (2002). See footnote 10.
[13] Ras et al (2002) found that Portugal as the highest inertia of income distribution, and that income mobility is of a shorter range, in EU 15 in the same period.

appear to be strongly and systematically related with social factors such as socio-educational and income positions. More diversified, sustained and higher volume of support is to be found in the wealthier classes and there is evidence not only of day-to-day support but also intergeneration transmission of wealth. Thus, in line with other family studies in Portugal, the authors conclude that there are clear imbalances in informal support networks, which suggests "not a welfare situation but a system that reproduces social inequalities and asymmetries" (Wall et al, 2001: 222).

Therefore, rather than compensating for inadequate public provision in promoting social welfare, the idea of the existence of a strong welfare society in the southern Europe, or at least in Portugal, has to be reinterpreted carefully in its equity implications.

4. CONCLUSION

The paper tried to assess the extent to which social policies address chronic poverty in south European Union countries. The Southern European regime type was retained because it seemed to be more convenient to lay a theoretical background where political and institutional factors would play a determinant role in explaining high levels of poverty and social protection inefficiencies. As Arts and Gelissen (2002) point out, welfare typologies are to be preferred if they can lead to a more satisfying and empirical fruitful comparative analysis; the more relevant question is not just about what different configurations of welfare regimes emerge, but also why.

In Southern European countries' levels of social expenditure are relatively lower; there are significant differences between the pension system and other benefits; there are generous benefits associated with work positions and fragmented and frail minimum protection safety nets; social benefits other than pensions are relative scarce, not well targeted and present low level of efficiency in reducing poverty; social benefits management system is open to some particularism and discritionarities which translates into a clientelist model that leads to inequities; consequently, levels of poverty incidence, intensity and persistence are relatively high; and even if there is social support to welfare state values, there is a remarkable social and political inertia about inequality and poverty.

The Southern European regime also shares a special interplay of state institutions 'softness' and the strong presence of family in the welfare mix. However, the importance of family as welfare provider is not only putting a tremendous weight in women's ability to cope with multiple family and economic roles (Matsaganis et al, 2003; Trifiletti, 1999) as well as could prove to be a system of social inequalities reproduction (Wall et al, 2001).

New developments in social policy were introduced in south European countries in the late 1990's, especially through centre-left governments (Guillen and Matsaganis, 2000; Matsaganis et al, 2003), whose social impact are not yet take into full account in most of the data presented. In consequence of new political ideas, there has been a clear social policy agenda update with increase and restructuring of social expenditure in Southern Europe. Programmes of income support and activation, such as minimum income schemes, were introduced in several Spanish regions during the 1990s, nationwide in Portugal in 1997, and in Italy in 2000. Only Greece as not yet implemented a social security programme of the kind (Matsaganis et al, 2003).

However, facing socioeconomic specific characteristics (extended households, large shadow economies, high rates of self-employment, labour market segmentation, low administrative capacity, clientelist tensions and generalized tax evasion) and times of economic slowdown and restructuring, the construction of social safety nets and a more effective and fair social security system in Southern Europe can not simply rest in the transfer of more developed systems of social assistance of Northern Europe (Matsaganis et al, 2003). In Southern Europe, as elsewhere, policy-makers need to search for original and better-fitted solutions, because politics is neither an ahistorical nor acultural process.

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