

Welfare compensation for unemployment in the Great Recession

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This paper examines the implications for the living standards of those who became unemployed at the onset of the Great Recession, assessing the extent to which the tax-benefit systems provide an automatic stabilisation of income for this group of people potentially most vulnerable to its adverse effects.

In order to assess the impact of the unemployment on household income, counterfactual scenarios are simulated by using EUROMOD, the EU-wide microsimulation model, integrated with information from the most recent EU-LFS data.

This paper provides evidence on the different degrees of relative and absolute resilience of the household incomes of the new unemployed due to the variations in the protection offered by the tax-benefit systems, according to whether Unemployment Benefits are payable or not, the family circumstances of the unemployed persons and across countries.

Keywords: unemployment, European Union, household income, microsimulation.

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