

Impact of Income Transfers on Poverty Reduction in Korea

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ABSTRACT As a policy evaluation research, this study investigates the relationship between income transfers and the income security of the poor in Korea. Employing Beckerman's poverty reduction effect model, this study examines the impact of social and private income transfers on poverty rate and poverty gap reduction. Particularly, this study compares poverty reduction dynamic between working poor and non-working poor. This study analyzes a representative panel data, Korean Labor and Income Panel Study (KLIPS). Results reveal that income transfers show a relatively higher poverty reduction among the non-working poor than the working poor, indicating that both social and private income transfers have been concentrated on the non-working poor. However, the difference in the poverty reduction effectiveness of income transfers between the non-working poor and the working poor has decreased over time. The result also indicates private income transfers play more important role than public income transfers in Korean society.