



Life cycle profiles of social rights

Tommy Ferrarini

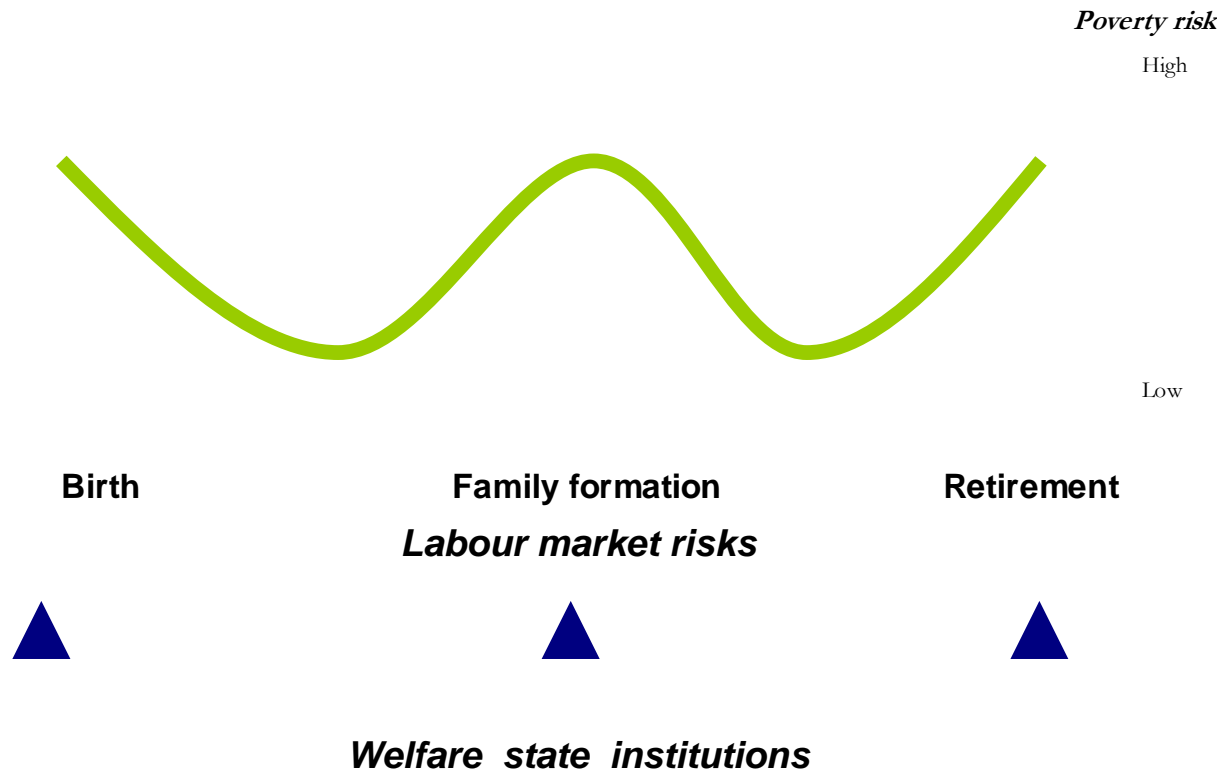
Swedish Institute for Social Research (SOFI), Stockholm University



The purpose of the presentation

- Describe the development of the life cycle profiles of state legislated social rights in 18 longstanding OECD member countries from 1950 to 2000
- The life cycle profile of the welfare state refers to the generosity of social protection during three life phases: infancy, working age and retirement
- Relate the life cycle profiles of social rights to particular poverty risks
- A large literature exists on particular social protection programs – but systematic comparisons of programs related to different risks are lacking

Cycles of poverty



The welfare state shapes socioeconomic risks

- The underlying configuration of “old risks” remain relatively similar, but “new risks” are added
- The welfare state shapes life cycle risks through the design of social protection, which affects the pooling of risks and resources
- State legislated social rights as well as poverty risks vary greatly over time and between countries

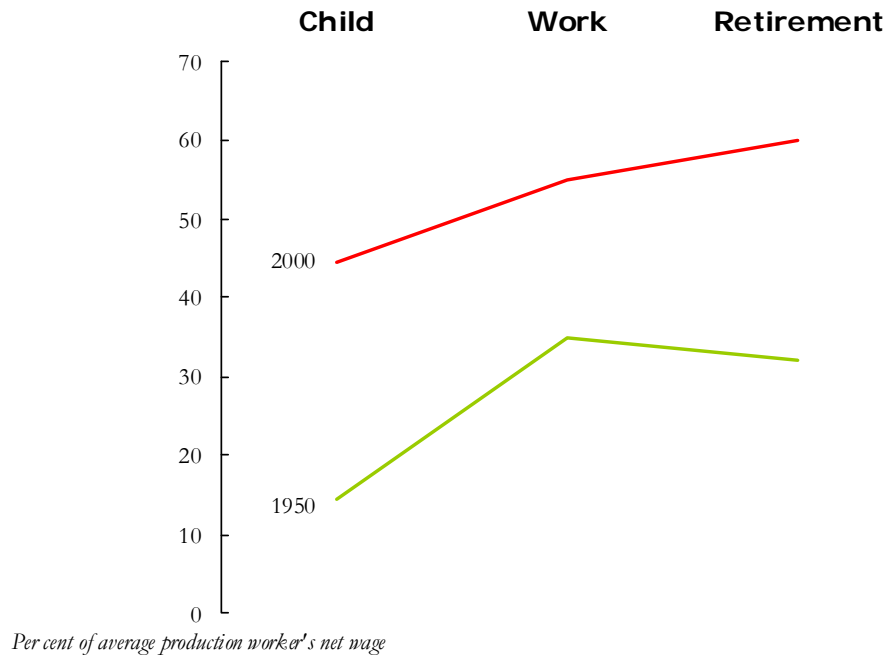
Comparing social protection programs

- Information from the Social Citizenship Indicator Program (SCIP), developed at the Swedish institute for social research, enables a systematic comparison of state legislated social rights over time and between countries
- Data indicates how much different type case families receive in transfers in case of childbirth, sickness/unemployment and old age
- Transfers are expressed in percent of an average production worker's wage after taxes and social security contributions

Social rights during three risk phases

- I. **Infancy:** Parental leave benefits, child benefits and benefits for a dependent spouse. Not only cash transfers, but tax subsidies also included
- II. **Work-life:** Unemployment and sickness benefits
- III. **Retirement:** Old age pensions

Life cycle profiles of social rights in 18 countries 1950-2000

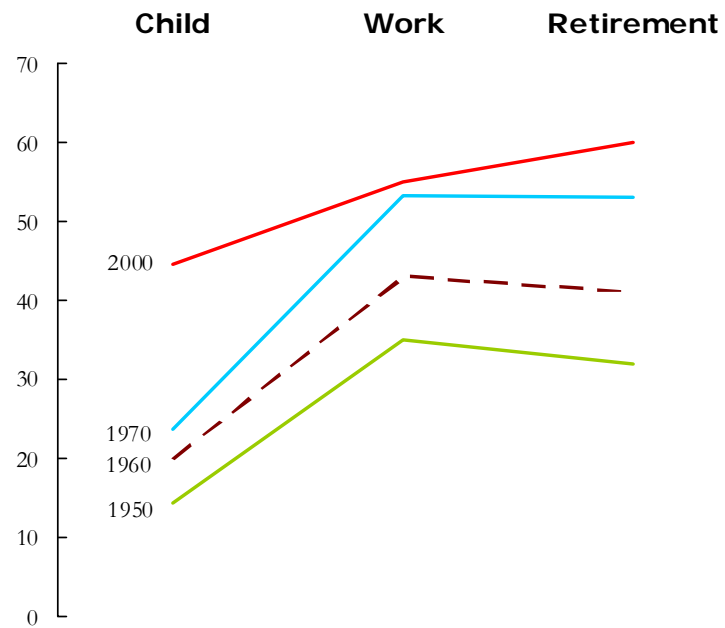


Life cycle profiles of social rights in 18 countries 1950-2000



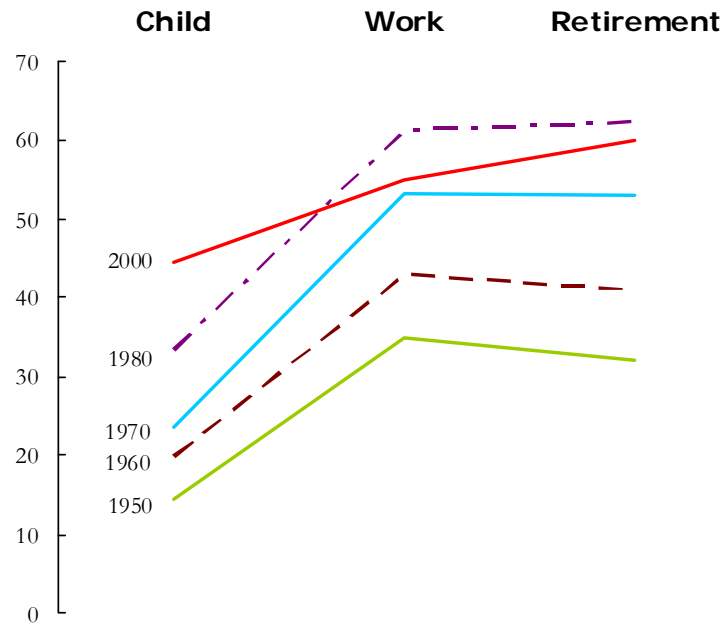
Per cent of average production worker's net wage

Life cycle profiles of social rights in 18 countries 1950-2000



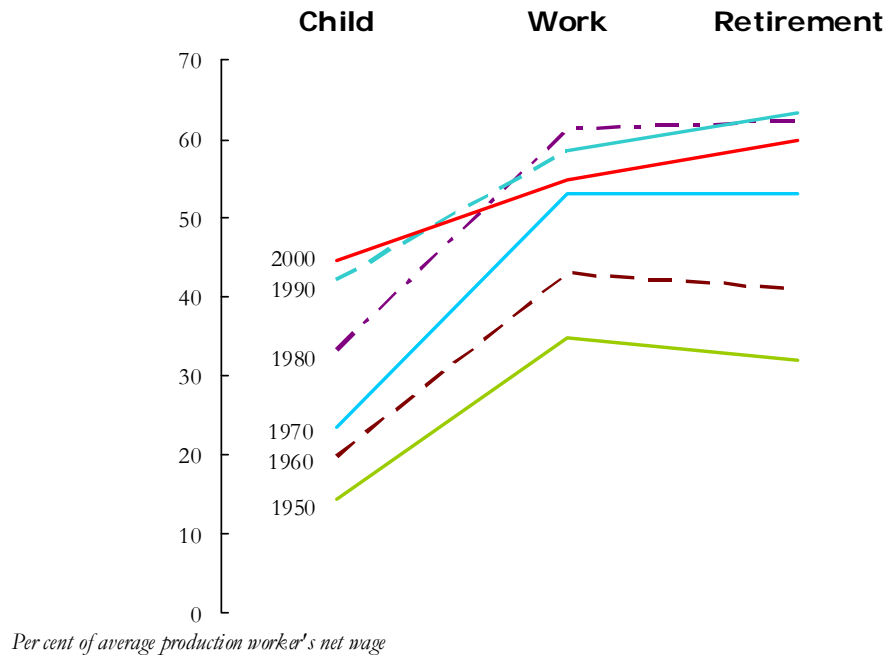
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Per cent of average production worker's net wage

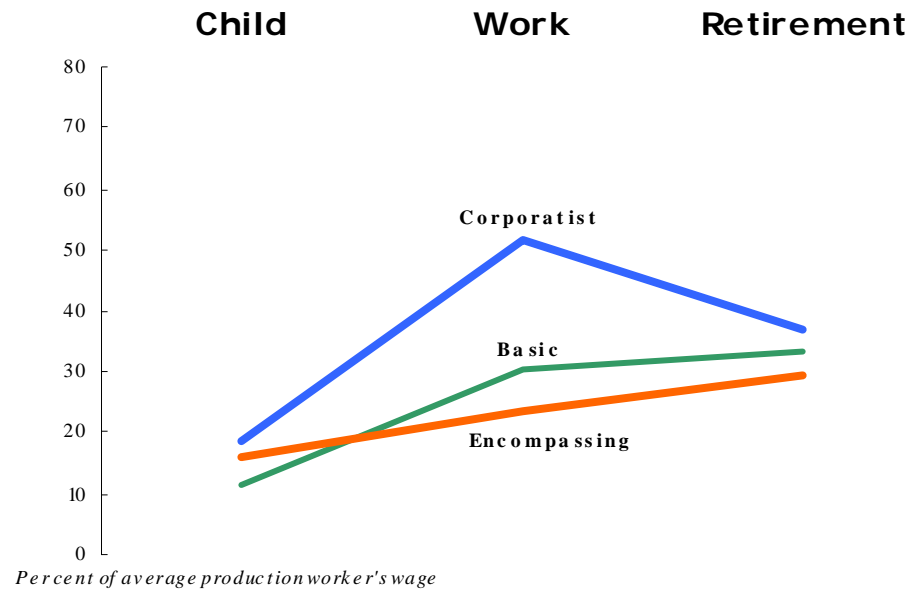
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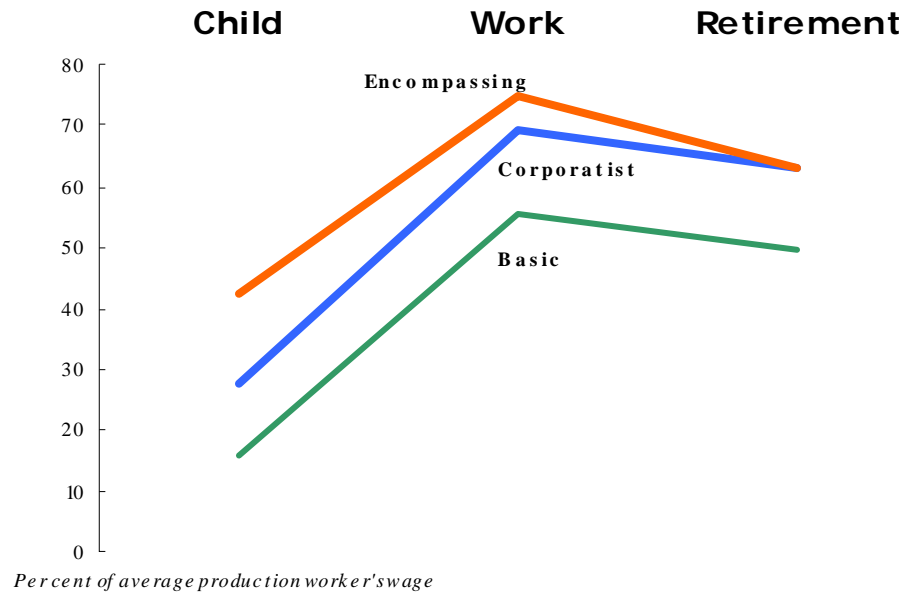
Three different types of welfare states

- **Basic security welfare states** – social insurance programs are in principle paid at flat rate levels; family policies are market oriented (e.g. Ireland, the UK, the US)
- **Corporatist welfare states** – social insurance programs are earnings-related, occupationally stratified and limited to the working population; family policies are traditional (e.g. Continental Europe and Japan)
- **Encompassing welfare states** – social insurance programs are universal and earnings-related; family policies support the dual earner family (Finland, Norway, Sweden).

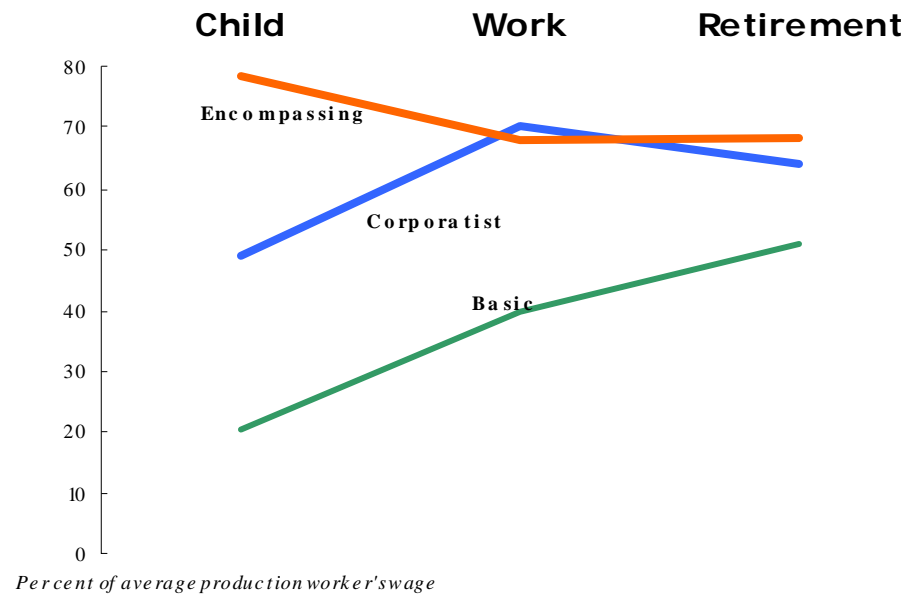
Life cycle profiles of social rights in three different models of social protection 1950



Life cycle profiles of social rights in three different models of social protection 1975



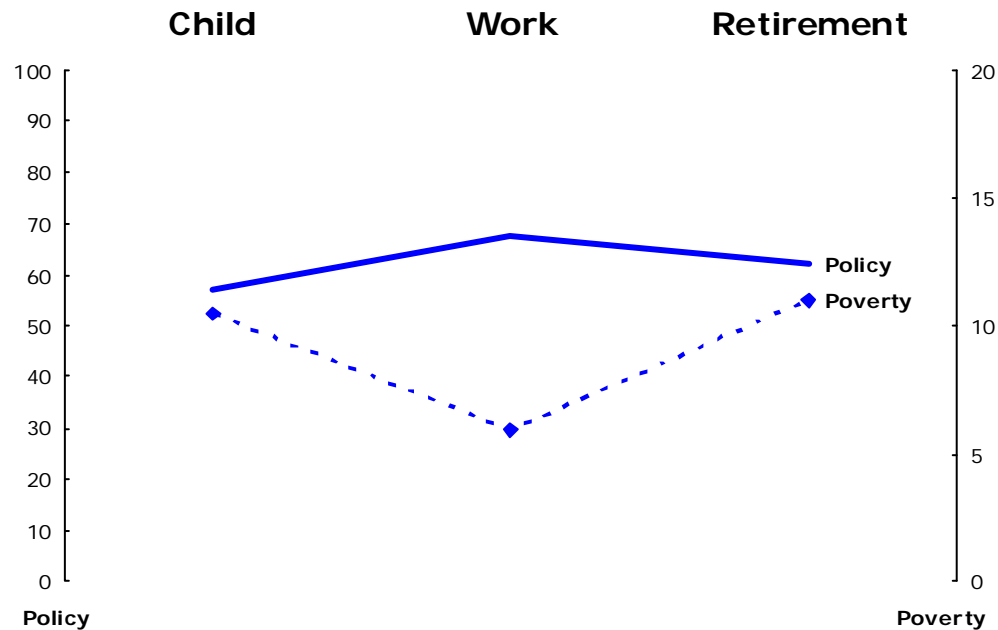
Life cycle profiles of social rights in three different models of social protection 2000



How are life cycle profiles of policy related to poverty in different countries?

- Analysis of institutional information and comparative income data from the Luxembourg Income Study (LIS) for 16 countries
- Poverty limit: 50 percent of median equivalized income in population
- Income measured after taxes and transfers
- Three types of households: with pre-school children, aged 25-59 without children, aged 65+
- Results: higher benefit generosity is related to lower poverty

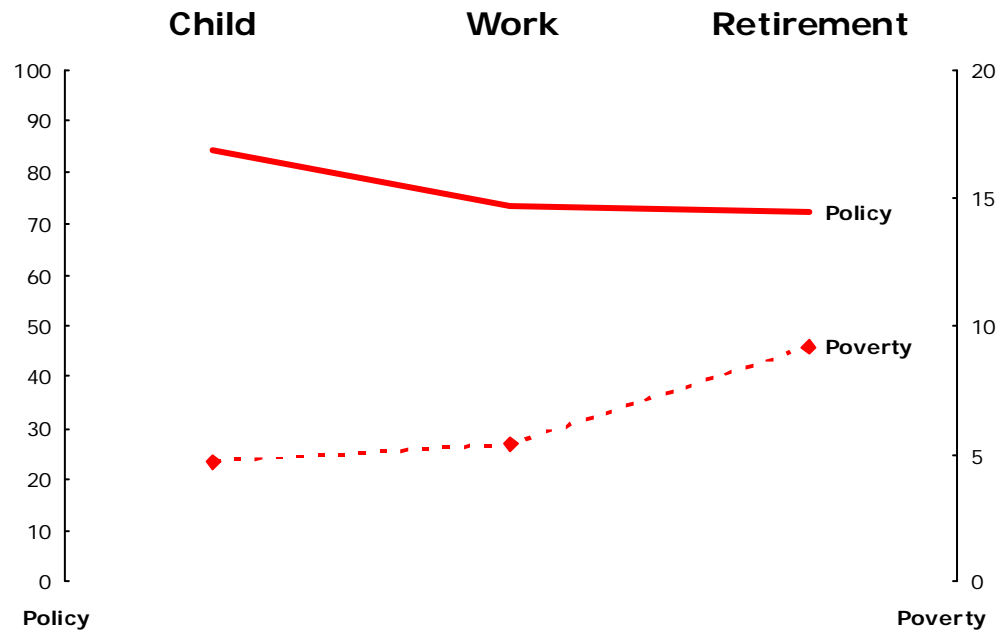
Corporatist welfare states: Life cycle profiles of social rights and poverty in 2000



Austria, Belgium, France, Germany, Italy and the Netherlands

Benefit generosity in per cent of average production worker's net wage. Poverty among children (0-5); working age individuals (25-59) and elderly (65+). Poverty level: 50% of median equivalized income.

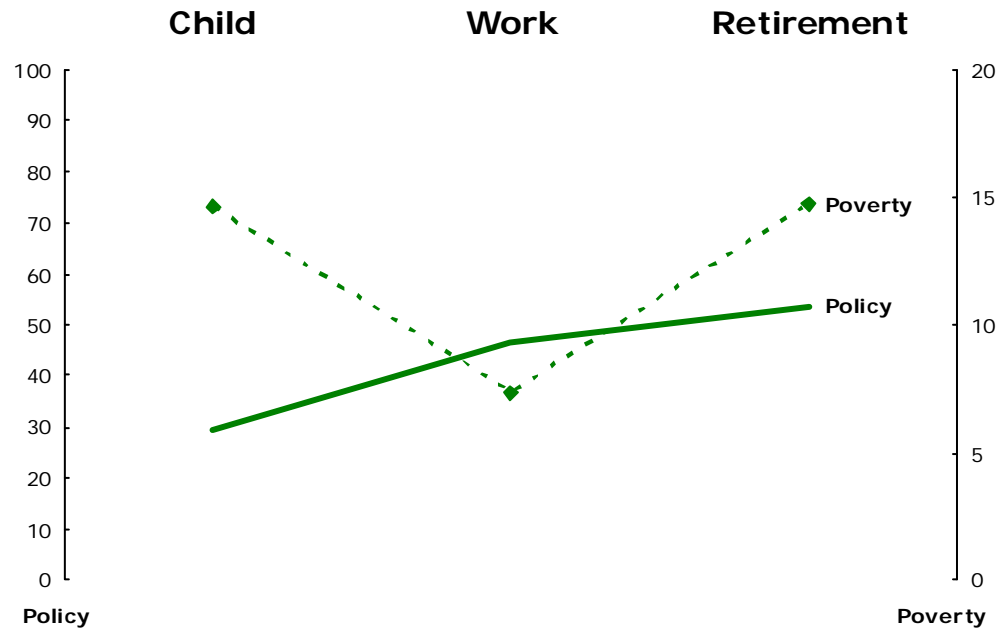
Encompassing welfare states: Life cycle profiles of social rights and poverty in 2000



Finland, Norway and Sweden

Benefit generosity in per cent of average production worker's net wage. Poverty among children (0-5); working age individuals (25-59) and elderly (65+). Poverty level: 50% of median equivalized income.

Basic security welfare states: Life cycle profiles of social rights and poverty in 2000



Australia, Canada, Denmark, Ireland, Switzerland, the United Kingdom and the United States
Benefit generosity in per cent of average production worker's net wage. Poverty among children (0-5); working age individuals (25-59) and elderly (65+). Poverty level: 50% of median equivalized income.

The Cases of Ireland and Sweden in 2000

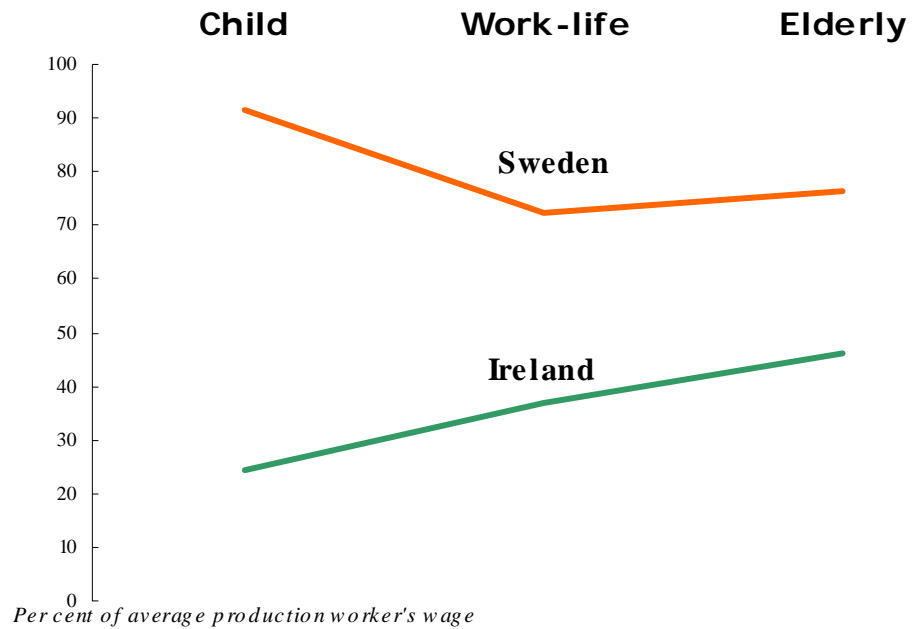
- **Ireland:** basic security social insurance programs and market-oriented family policy

45 percent of life cycle income is redistribution among individuals, 55 percent between individuals (OECD 2007).

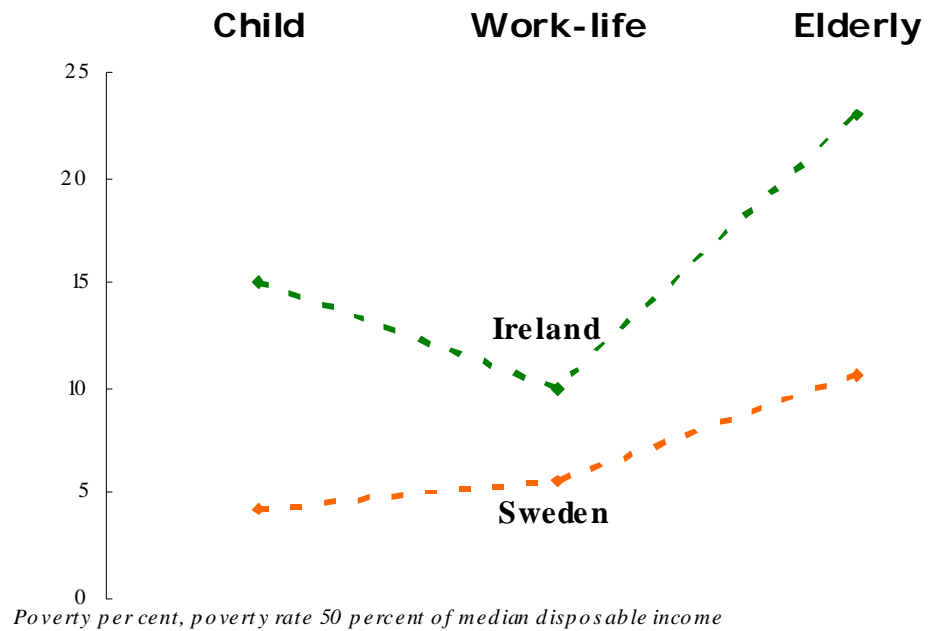
- **Sweden:** encompassing social insurance programs and dual earner family policies

82 percent of redistribution among individuals occurs over the individual life span (self financed transfers), 18 percent between individuals (OECD 2007).

Ireland and Sweden: Life cycle profiles of social protection in 2000



Ireland and Sweden: poverty during three different risk phases in 2000



Conclusions

- Large differences exist in the life cycle set-ups of welfare states both between countries and over time
- The generosity of benefits is related to particular poverty risks
- More research is needed on other factors contributing to the observed pattern of poverty: e.g. the impact of public service provision, labour market organization as well as private transfers
- A multi-dimensional approach could also be useful. Benefits with similar generosity may have opposing effects on poverty, e.g. family policy



Tommy Ferrarini

tommy.ferrarini@sofi.su.se

Swedish Institute for Social Research (SOFI), Stockholm University