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AND THEIR IMPACT ON RECONCILING  
FAMILY LIFE AND WORK LIFE**

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**SOCIAL SECURITY SYSTEMS IN THE EU AND THEIR IMPACT ON  
RECONCILING FAMILY LIFE AND WORK LIFE**

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April 2004



# **SOCIAL SECURITY SYSTEMS IN THE EU AND THEIR IMPACT ON RECONCILING FAMILY LIFE AND WORK LIFE**

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**INTRODUCTION**



Reconciliation of work and family life has been recognised by the European Parliament and European Commission as an important area that Member States should foster and facilitate to its citizens<sup>1</sup>. The importance of different areas of social security in achieving this goal is highlighted in this study. The importance of these themes are not only related to the EU space, but have been identified as issues in a much wider context of globalisation (reduced intervention of the State) and the efforts worldwide, in particular by UN conventions and conferences, on the rights of women and gender equality.

As many researchers in the social sciences recognise, the massive entry of women into the paid labour force during the past century, and particularly after WWII has been one of the major social developments in industrialised countries. The reasons for this entry have not always been the same across countries as poverty or economic crises have been the reasons in some cases, whereas the preference by employer of this specific workforce has also been identified in other cases. However there is one unifying trend that is related in all of these countries which is the struggle for equality between men and women.

In this context the drive towards globalisation and reduced intervention by the State produces an important gap in ensuring the rights of women as citizens given the gender roles that persist in spite of their higher educational attainment and full participation in the labour force (Waerness, 2001 and Orloff, 2002). These roles are related to the caring activities within the household and which are crucial for social reproduction, but that have not been recognised as having a market value when carried out by the female family members. The most obvious of these activities around child birth and care for children have been equalised in importance to those of caring for dependent adults as the ageing of society (the flip-side of lower fertility) has become a reality and not only a demographic projection to be considered for future debate.

On the other hand all EU countries (including the newly acceding countries) have signed the Convention on the Elimination of All forms of Discrimination against Women (CEDAW) which explicitly obliges government to actively reduce inequalities affecting women and to protect their social and economic rights. The Beijing platform for action and the Beijing+5 follow-up also carry strong commitments by governments around these issues.

Given the pressures on governments to reform their social security systems in the face of ageing, but also to reduce their spending and follow strict macroeconomic guidelines, these rights have been subsumed into the economic need for women to have an even stronger participation in the labour market in order to cover the costs. The use of immigrant women in

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<sup>1</sup> References to documents written and/or adopted by the European institutions will be given throughout this study.



some of these countries to cover the caring needs in an informal setting is yet one more link in the globalisation chain, as is the payment of social security by immigrants working in formal jobs which in some countries have helped to record historical surpluses in the Social Security accounts (as is the case of Spain).

In this context, the reconciliation of work and family life is an area where different social security benefits which have been reformed out of economic or demographic necessity, are having a decisive impact in realising women's social and economic rights in the area of paid work.

The following chapters attempt to give a very broad view of four areas of social security benefits as they affect women's labour market prospects and reconciliation of work and family life as well as freedom of movement of household with care responsibilities (Chapter 2), the situation with respect to rights (Chapter 3) and the effects of fiscal systems on reconciliation of work and family life (Chapter 4). In order to place these issues in the adequate context, we begin by giving an overview of women's labour market situation in the EU15 and also providing a map of the benefits being analysed in the following chapters (Chapter 1). We also offer a selection of good practices (Chapter 5) and close with final thoughts and conclusions (Chapter 6).



**CHAPTER I. RECONCILIATION OF FAMILY AND WORK LIFE AND SOCIAL  
BENEFITS. THE SITUATION OF WOMEN IN EUROPE**



## **1. The concept of reconciliation of family and working life**

### **1.1. The evolution of this concept in the EU**

The idea of reconciliation of work and family life has had an interesting evolution in a variety of EU documents. From the Council proposals and recommendations on child care (1991 and 1992) to the most recent documents describing reconciliation models in small and medium enterprises, which are the major employers in Europe, the concept has gained importance. This has been both from an equality perspective as well as from that of reaching the Lisbon objectives.

The Charter of Fundamental Social Rights of Workers, adopted in Strasbourg Council in 1989 explicitly recognised the need for measures to allow women and men reconciliation of “occupational and family obligations”. This was followed by the inclusion of this concept in the Third Medium-Term Action Programme on Equal Opportunities for Women and Men (1991-1995) where the Commission also recognised the need to “reduce barriers to women's access to, and participation in, employment, by reconciling the family and occupational responsibilities of women and men”. Although council recommendation of 31 march 1992 on child care (92/241/EEC) further recognised the “sharing of occupation, family and upbringing responsibilities arising from the care of children between women and men” where not only government is responsible, but also social partners and all of those in charge of the structure and organization of work “to make them responsive to the needs of workers with children”.

The European Employment Strategy and the introduction of the National Action Plans for Employment on the basis of the new provisions in the Employment title of the Treaty, included from 1998 to 2003 a pillar on equal opportunities. Under this pillar those areas affecting gender gaps, reconciliation of work and family life and care services were to be addressed by Member States. However, it was recognized that gender is an issue that permeates all other pillars and that there are explicit links between employability, entrepreneurship and adaptability and equal opportunities that could not be ignored and that many had a direct impact on reconciliation of work and family life. In this sense working time, organization of work and training were particularly relevant. Under the new guidelines and recommendations of 2003 coming under three overarching objectives: full employment, quality and productivity at work, cohesion and an inclusive labour market, the gender equality guideline addresses the reduction of gender gaps and reconciliation of work and family life. It considers both the need to encourage sharing of responsibilities, while it also makes an explicit call for the reduction of barriers to women's participation, in particular the need to cover demand for child care and for other dependants.

In addition Council Resolution 2000/C 218/02 of 29 June 2000 declares that the balanced participation of men and women in family and working life and in the decision making process are relevant conditions for equality between the sexes and that an integrated and



global approach is needed in order to achieve this. The monitoring of measures through appropriate indicators and the involvement of social partners in the process are important advances spelled out by this resolution and that have influenced both the EES and also the European Social Inclusion Process. This resolution also calls on the European Community as employers to review their human resource policies but also calls on public and private sector workers and social partners at national and European level to “ensure balanced participation of men and women in family and working life, notably through the organisation of working time and the abolition of conditions which lead to wage differentials between men and women”.

During the French Presidency a set of indicators was developed that are to be included in the future follow-up of the Beijing Platform for Action. “On the basis of replies given by the Member States and the European Institutions to a questionnaire, the French Presidency submitted a report containing information on the relationship between family life and working life, and proposed 9 qualitative and quantitative indicators”. (See Box 1 for the full list). The most interesting characteristic of these indicator is that time use is the basic unit in 6 of the 9 indicators, the others measuring quantity and quality of child care and care for adult dependants and one addressing, generically, “comprehensive and integrated policies, particularly employment policies, aimed at promoting a balance between working and family life”. The importance of time use is at the heart of understanding the basic challenges of changing work cultures and attitudes that will enable men to reduce their inequalities in the sharing of family responsibilities and that will allow women to reduce their inequalities in work.



## **BOX 1. Family Life and Working Life. Qualitative and Quantitative Indicators**

1. Employed men and women on parental leave (paid and unpaid) within the meaning of Directive 96/34/EC on the framework agreement between the social partners on parental leave, as a proportion of all employed parents.
2. Allocation of parental leave between employed men and women as a proportion of all parental leave.
3. Children cared for (other than by the family) as a proportion of all children of the same age group:
  - before entry into the non-compulsory pre-school system (during the day);
  - in the non-compulsory or equivalent pre-school system (outside pre-school hours);
  - in compulsory primary education (outside school hours).
4. Comprehensive and integrated policies, particularly employment policies, aimed at promoting a balance between working and family life.
5. Dependent elderly men and women (unable to look after themselves on a daily basis) over 75
  - living in specialised institutions
  - who have help (other than the family) at home
  - looked after by the family as a proportion of men and women over 75.
6. Normal opening hours of public services (i.e. local authority offices, post offices, crèches, etc) during the week and at weekends.
7. Normal opening hours of shops during the week and at weekends.
8. Total "tied" time per day for each employed parent living with a partner, having one or more children under 12 years old or a dependent:
  - paid working time,
  - travelling time,
  - basic time spent on domestic work,
  - other time devoted to the family (upbringing and care of children and care of dependent adults).
9. Total "tied" time per day for each employed parent living alone, having one or more children under 12 years old or a dependent:
  - paid working time,
  - travelling time,
  - basic time spent on domestic work,
  - other time devoted to the family (upbringing and care of children and care of dependent adults).



## 1.2. Analysis scope

This report addresses the reconciliation of family and working life **at individual level**. This involves that such a reconciliation means, for each person, a relatively balanced distribution, in terms of preferences, of time devoted to paid work and family responsibilities, particularly of those responsibilities related to care of children and care of dependent adults. In accordance with the above terms, for certain persons, the fact of having the possibility of devoting more hours to paid work and of reducing their devotion to family tasks and responsibilities will mean an improvement, while for others this improvement would mean just the contrary situation.

The scope to which the analysis is discussed (the individual or the family) is not neutral. To a large extent, the assessment of measures and politics supporting the reconciliation of family and working life may be altered. Measures encouraging the temporary abandonment of employment and promoting working inactivity, for example, in order to facilitate the care of children and of dependent adults are likely to decrease the conflict between family and working life in the household as a whole; but, if the person concerned wishes a time balance, this conflict increases at individual level.

For the analysis of this report, we have selected the individual level for two main reasons. In the first place, because this level is increasingly becoming more important among the indicators of conflict's measurement and follow-up and, in the second place, because most of the rights and allocations of social security systems are individualized.

This idea of reconciliation of family and working life as an equal sharing of paid working time and family seems to reflect also European citizens' preferences. Most women and men living together as a couple in the EU would prefer a more equal participation of both partners in the labour market, this involving that both man and woman should have access to a job. However, even if most European women living in a couple (married or not) show their satisfaction with a dual family model in which both partners have a job, they show a very reduced interest for a full-time job and they are more willing to have a part-time job both for them and for their partners <sup>2</sup> (European Foundation, 2000).

## 1.3. Difficulties of measurement

The importance achieved by the reconciliation of family and working life in the EU's political agendas can be explained by citizens' preferences, stated in the above-mentioned

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<sup>2</sup> Results obtained from the Survey on Employment Options for the Future, submitted in the working document "Combining family and work: work sharing among men and women" from the European Foundation for the Improvement of Living and Working Conditions.



paragraph, towards a more equal sharing of time as well as by the need of increasing employment rates, especially for women, in order to move forward towards the European economic and social model.

Reconciliation increasingly appears as a challenge for our societies, but the design of efficient policies requires quantitative and qualitative approaches to this phenomenon and these approaches necessarily need the transformation of theoretical definitions into operative definitions. Efforts are under way in order to have in the short-term<sup>3</sup> uniform current and comparable statistical information, which would allow us, for example:

- a) To know the extent and significance of the conflict between family and working life (how many citizens have an unsatisfying time distribution between family and working life, which they would like to change) and their differences in terms of sex and other variables.
- b) To identify the main reasons that hold back a higher participation in paid working time.
- c) The incidence of working conditions in the modulation of the devotion to family responsibilities.
- d) The use of some of the measures for supporting reconciliation.

Until this information is available, the approach to this subject is limited as it can only be carried out through indirect indicators, as in the present chapter. We must emphasize at this point the importance of having uniform current and suitable statistics as soon as possible for the EU.

## **2. Situation of the reconciliation of family and working life in the EU**

### **2.1. The conflict between family and working life**

Due to the lack of direct data allowing us to approach, at EU's level, the significance of the conflict between family and working life and some of their characteristic elements (most affected groups, causes, effects, citizens' assessment and preferences for different supporting measures), reference is made below to an indirect indicator for this, such as the differences of

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<sup>3</sup> With regard to this, see the Eurostat developments for the introduction of an "ad hoc" module about reconciliation of family and working life" in the Survey about Working Forces in 2005 and the indicators proposed by the French Presidency (Box 1).



“tied” time per day between sexes, and to a very interesting approach, in our opinion, to its effects and costs.

### 2.1.1. “Tied” time per day

If we insist on the approach to the reconciliation between family and working life as a more equal sharing of the time devoted to paid work and family responsibilities and if we define the conflict as the non-coincidence, at individual level, between real and desired time distribution, then “tied” time per day approaches us to one of its dimensions.

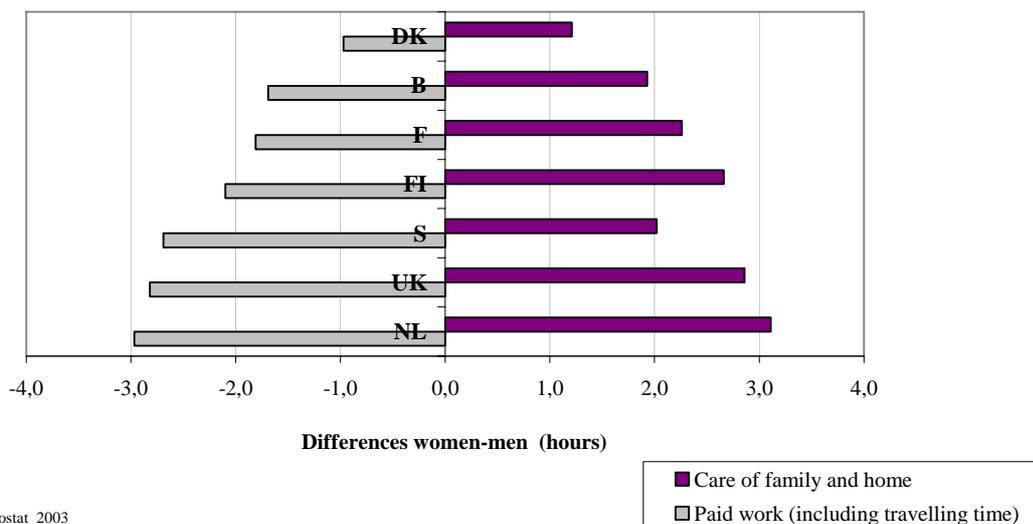
Sex differences in “tied” time per day<sup>4</sup> highlight that women devote more time to family and home care. On the contrary, their devotion to paid work is lower. Therefore, the development towards a better reconciliation, towards a more balanced time distribution, involves a higher participation of women in employment and a higher participation of men in family responsibilities. In addition to this, the differences in “tied” time between men and women in some countries (Graph 1) suggest a positive relation between the women’s employment rate and a more equal time distribution between sexes. The latter is likely to be one of the pillars supporting the developments in reconciliation, although underlying cultural factors make it difficult to reach short-term achievements.

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<sup>4</sup> For a synthetic overview of these differences, please, refer to Eurostat (2003): *How women and men spend their time. Results from 13 European Countries*.



Graph 1. “Tied” Time per day



Source: Eurostat 2003

### 2.1.2. The effects and costs of the conflict

The acknowledgement of the existence of conflict between family and working life and the developments in its delimitation have given rise to other research that tries to determine its prevalence, to make progresses in the identification and measurement of its main effects and to obtain first measures on the individual and social costs of it. These approaches to costs may play an important role in the development of the social debate on conflict and they improve both the knowledge of its effects and its scope.

The conflict between family and working life has very important effects at individual level, and on the companies, employers and health systems. At individual level, effects on physical and mental health (stress, depression, de incentives and dissatisfaction with life styles) have been identified. The effects on employers are materialized in higher absenteeism rates, drops in productivity, the reduction of the satisfaction rate of workers and the deterioration of working relations. Finally, the effects on the physical and mental health of individuals also have an important economic impact on health systems.

One of the more extensive works<sup>5</sup> devoted to the identification and measurement of conflict's effects and costs (Duxbury, L. Higgins, C and Johnson, K, 1999) highlights that in Canada

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<sup>5</sup> The research is based on four “ad hoc” surveys carried out among 1991-1998 and collects information of almost 30,000 workers, in total.



the conflict affects workers in a very significant percentage of (35%-40%), this percentage being higher among those with responsibilities in the care of dependent persons. The results of this study confirm that Canadian society and organizations are paying a high cost for the conflict between family and working life.



## 2.2. Women and time devoted to paid work

### 2.2.1. Participation in the labour market

One of the most recent phenomenons with a higher significance in Europe, due to its economic and social consequences, is the massive participation of women in the labour market. In the last twenty-five years, the evolution of the activity rate of women shows that women have stopped being considered as a “labour reserve” and that their participation in the labour market has become permanent. Two facts are likely to explain a major part of this phenomenon. In the first place, in our societies, employment is the main access route to financial resources for achieving honourable living standards, therefore it guarantees the economic freedom of women; but, in addition to this, in the second place, most citizens consider employment as a way of social participation. These factors have affected women’s reality and expectations as concerns employment. The increase in women’s education has also played a central role in explaining this phenomenon.

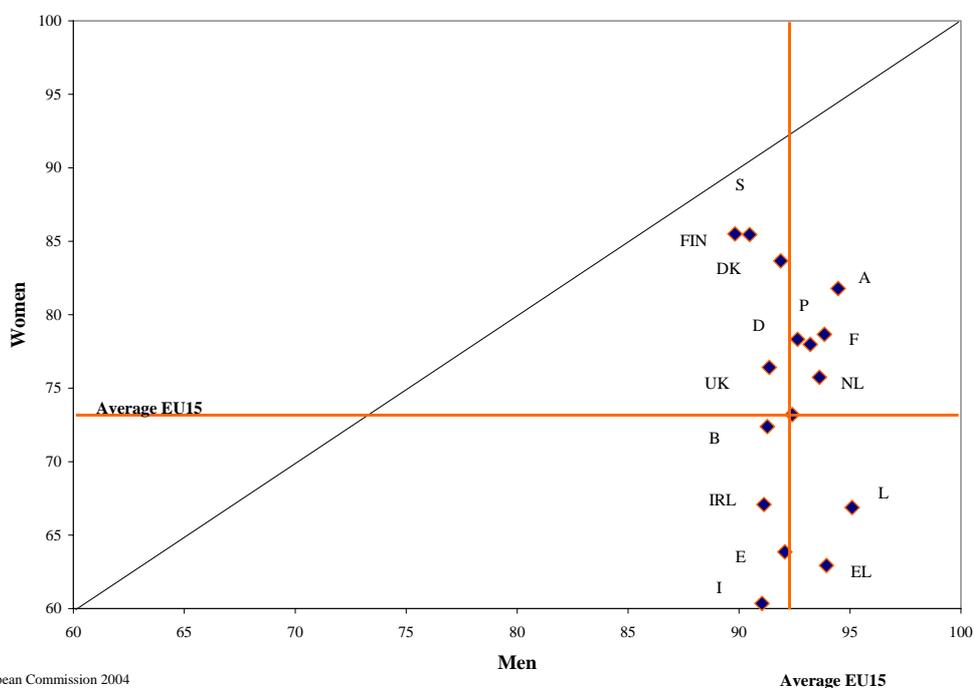
Activity rates for both women and men, in the age range from 25 to 54 years (possibly that most affected by conflict in family and working life) show that while men’s participation in the labour market is 93%, that of women hardly reaches 74%. But perhaps, the most significant data is the wide variation range of women’s activity rate among Member States (MS). The lowest values belong to South European countries (Italy, Spain and Greece), where activity rate stands around 60%, almost 30 percentage points lower than men’s rate. On the contrary, the highest participation values are shown in Nordic countries, with women’s activity rates close to 85% and very close to those for men. Only in Sweden and Finland, the activity rates for both sexes are similar <sup>6</sup> (Graph 2).

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<sup>6</sup> Note for readers not familiar with the reading of scatter graphs (as graph 2): these graphs represent the position of a country in terms of a pair of values, in this case of values assuming two variables: the activity rate for men aged 25-54 and the activity rate for women aged 25-54. The straight lines drawn on variables’ mean values divide the area in quadrants. Countries situated on the top left quadrant have activity rates lower than the EU15 average for men, but higher for women. Countries situated on the top right quadrant have activity rates higher than average for men, but lower than average for women. Finally, countries situated on the bottom left quadrant show activity rates lower than EU15 average, both for men and women. The diagonal shows equality between sexes. The nearer position to the diagonal, the lower differences between activity rates for men and women.



**Graph 2. Activity Rates (Persons aged 25-54). 2002**  
(% of active persons on total population aged 25-54)



Source: European Commission 2004

### 2.2.2. Employment situation

The situation of women with respect to employment also shows how gender gaps in the working conditions are still important, especially in certain MS.

The reconciliation of family and working life, addressed both individually and as a balanced sharing of time as the present study does, involves the access to a paid work. In spite of the advances of last decades, employment continues being a remote reality for many European women. If we take into account total employment rate (the percentage of persons of working age with a work) for 25-54 years age range, we observe that the differences among MS are relatively small for men, but they are very important for women (Graph 3). In fact, in this age range around 87% of European men of working age are employed and the disparities among MS are relatively small. However, the percentage of women employed in the same age group



drops to 67% for EU15 as a whole. In all MS total employment rate for women is lower than that of men and the differences are also very significant<sup>7</sup> and go from 54%, value for Spain, Italy or Greece, to 82%, value for Sweden.

Another of the characteristic elements of women's participation in the European labour market is the importance of part-time employment (Graph 4). While only 7% of employed men have part-time employment, in the case of women, this percentage goes up to 33%. Furthermore, the indicator is higher than that of men in all MS (all countries are above the graph's diagonal) and shows a wide variation range that goes from 8%, value for Greece, and 73%, value for the Netherlands.

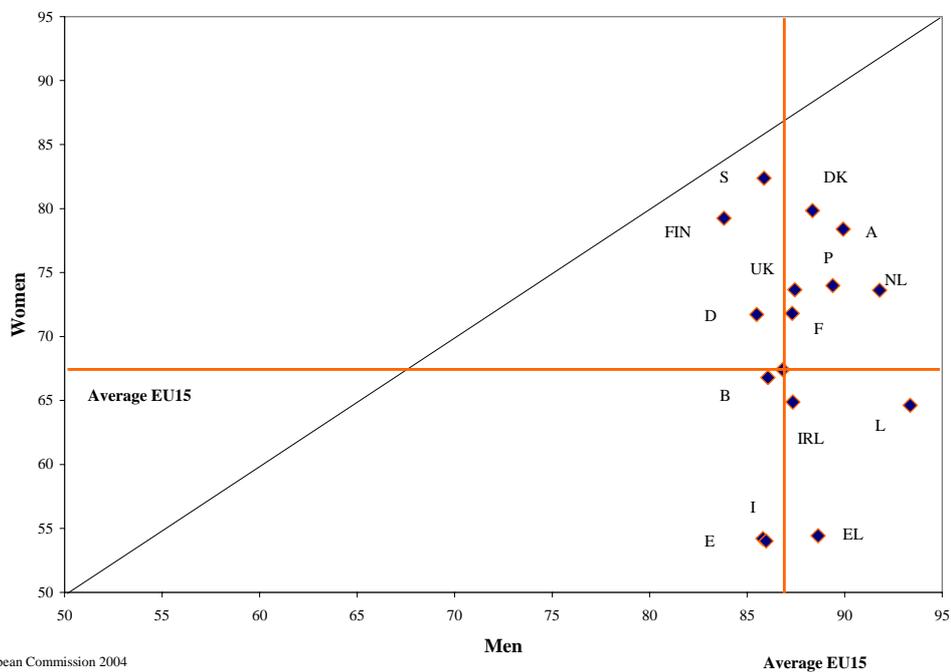
The temporality of work, approached by the percentage of salaried employees with a fixed term contract, also affects women more widely than men in Europe. In almost all MS, women have the most unfavourable positions as concerns temporality, although these positions are not so marked in comparison to other indicators in the labour market.

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<sup>7</sup> Considering the coefficient of variation, measurement of the statistical scattering which is defined as the cocient between typical deviation and arithmetic mean, the scattering of employment rates for women is five times higher than that of men (0.132 against 0.028).

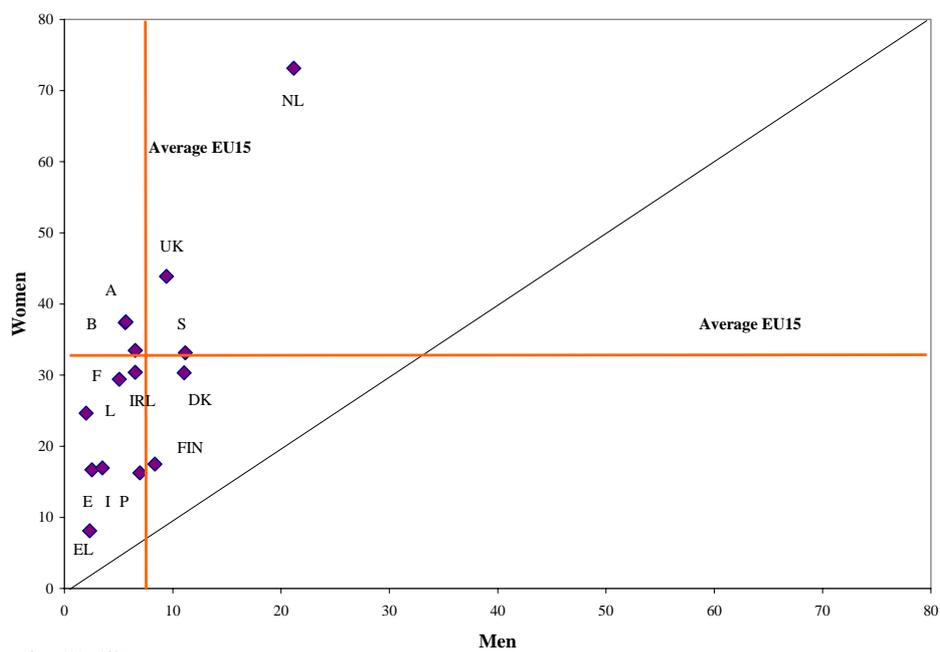


**Graph 3. Employment rates (Persons aged 25-54). 2002**  
(% of employed persons on total population aged 25-54)



Source: European Commission 2004

**Graph 4. Part-time employment. 2002**  
(% on total employment)





### 2.2.3. Salaries

Women's inequality in the labour market can also be found in salaries. The average hourly salary for women is around 85% of that for men in the whole EU15<sup>8</sup>. Per MS, this salary gap goes from 78% in the United Kingdom to 95% in Portugal.

Among the phenomena that explain these differences we can find aspects linked to women's discrimination in salary retribution (for the same type of work) as well as the phenomenon of the "occupational segregation by sexes"<sup>9</sup>. This last aspect makes reference to the concentration of women in certain types of jobs, and sectors, normally worst paid, either because of the lower educational content required or because of other factors related to company's size and market conditions.

In this respect the paper on mainstreaming and the gender pay-gap produced by the Expert Group on Gender and Employment (EGGE) has been extremely useful in mapping most, if not all, the recent research at Member State level on the *gender pay gap* and also international comparisons of the gender wage gap and in linking the situation to what has been done so far in policy. While the educational attainment and work experience aspects seem to be well advanced, there are other factors that influence the gap which also need to be influenced by gender mainstreaming. These are basically the general wage structure (and its determinants such as wage negotiations) and specific characteristics of the workplace. Furthermore, this paper points to "three perhaps most important elements of pay policy over recent years- trend declines in the minimum wages, moves towards more decentralisation and individualisation [of wage determination], and the restructuring of the public sector [which] have been and are being carried out with little or no reference to the gender effects." (p. 114)

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<sup>8</sup> Eurostat (2003): Structural Indicators

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#### 2.2.4. Participation in training

Another aspect very much related to women's participation in the labour market is their access to education. The achievements towards higher gender equity in the labour market are marked by the access of women to medium and high educational levels. Schooling rates in these two levels highlight, for most countries, fairly equal positions in gender terms.

Adults' participation in other training mechanisms<sup>10</sup>, linked to working life, also reaches very similar values for both women and men in the EU15 (around 10%). In Nordic countries, the percentages of women under training exceed those of men<sup>11</sup>.

Nevertheless, other indicators, also related to the access to education, show a more adverse position for women. If we consider the percentage of persons abandoning schooling too early and not following any type of education or training (Indicator of access to education<sup>12</sup> included among the *Laeken* Indicators for the follow-up of the European Strategy for Social Inclusion), the situation of European women is more unfavourable than that of men. This indicator reaches, for EU15, 21% for women and 16% for men (Graph 5). This indicator warns about the risk of social exclusion for this group of persons who leave the regulated education system with a low educational level and who do not improve their qualifications through other types of training. This situation classifies this group of persons as labour force with low or very low qualifications for the access to employment, above all, to high quality employment.

**Graph 5. Persons with an early abandonment of school and without following any type of education or training. 2000**

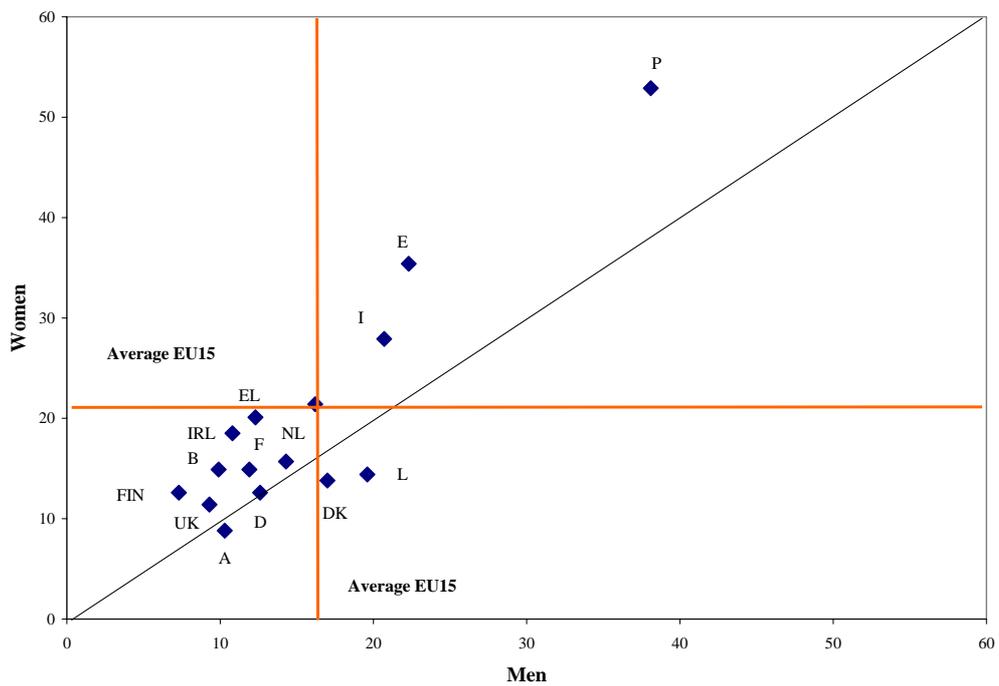
(% of persons aged 18-24)

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<sup>10</sup> This indicator is defined as the percentage of women (or men) aged 25-64 who has participated in any educational or training programme four weeks before (the interview).

<sup>11</sup> Eurostat (2003): Structural Indicators.

<sup>12</sup> This indicator is defined as the ratio of population aged 18-24 who has not reached the 2 CINE level, or a lower level, and who does not carry out any type of education or training.





## 2.3. Women and time devoted to family

### 2.3.1. Care of children and dependent persons

The interest on dependency as a social and economic problem in Europe is relatively new and is linked to the acceptance of the population's ageing as one of the main social challenges and to the objectives and compromises acquired regarding employment, more precisely as concerns the so-called Lisbon Objective regarding employment<sup>13</sup>. The objective of increasing employment rates for women requires, necessarily, a good supply of services and mechanisms for the care of dependent persons that partially release women from these tasks.

The recent interest and the difficulties in statistical homogenisation of social issues are likely to be determining factors in explaining the lack of comparable statistics at European level<sup>14</sup>. Most recent statistics refer to the beginning and mid-nineties<sup>15</sup> and, according to the social demographic dynamic of many MS, these statistics are likely to be obsolete and not very suitable for improving the knowledge of the current situation. There is a lack of essential and homogeneous information for the EU<sup>16</sup> about informal carers, such as their sex or working situation, and about the scope of formal care structures (public and private offer of care services for dependent persons). These aspects are especially interesting for the knowledge of the unequal position of European women in the labour market and their relation with social security systems.

Some very recent data<sup>17</sup>, only indicative and not comparable<sup>18</sup>, highlight that most informal carers of dependent adults are women (80% in Germany, 74% in Spain, 67% in Ireland or 64% in France, for example). As concerns age, informal carers show an important concentration in the 45-64 years age range and considering their working situation it seems

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<sup>13</sup> This objective sets out that the EU should reach an employment rate of 70% by 2010 and, that in the case of women, this employment rate is as near as possible to 60%.

<sup>14</sup> European Commission (2003): Comparable Statistics in the Area of Care of Dependent Adults in the European Union. Feasibility Study. *Working Papers and Studies*.

<sup>15</sup> Jacobzone, S. (1999) "Ageing and care for frail elderly persons: An overview of international perspective", Labour Market and Social Policy, *Occasional Paper* n° 38, OECD.

<sup>16</sup> Some MS do have information with a certain level of detail.

<sup>17</sup> Information concerning years 1999, 2000 and 2002 (European Commission, 2003, Comparable Statistics in the Area of Care of Dependent Adults in the European Union. Feasibility Study. *Working Papers and Studies*)

<sup>18</sup> These data come from non-homogeneous national sources.



that a low percentage works full time, although figures are different depending on the country. The introduction in the 2005 Labour Force Survey of a module concerning the reconciliation of family and working life, at present under way, will be a remarkable development for the analysis of the relations between the carer of dependent adults and the working situation of European women.

Across the nineties, the need of having comparable and current statistics about the care of children in the EU has been a recurring theme. The need for these statistics has been emphasized for the design of efficient policies and for the follow-up of the developments in the field of reconciliation of family and working life. Nevertheless, there is not available an homogeneous database that allows comparisons among countries and that provides information on the main fields of interest: availability and accessibility to the services (diversity, level of use, needs satisfied, etc.), economic accessibility (costs, prices, differences per beneficiary, etc.) and service quality (quality, satisfaction, etc.)<sup>19</sup>. The existence of a good service supply for the care of children at relatively low prices, at least for families with lower income levels, seems to be a determining factor for the increase of female labour, especially for that with a lower qualification<sup>20</sup>.

The lack of suitable statistical information makes notably difficult the knowledge of the situation of children care services in MS, a difficulty that in the case of this type of services is greater due to the decentralization of competences on this matter. Some partial indicators, as the percentage of children aged 0-3 years who are users of some kind of assistance mechanisms, either in a public or private organization, highlight that the disparities among MS are very important (Graph 6). In South European countries, this indicator never exceeds 6%, while in Sweden, or Denmark it reaches 64% and 48%, respectively.

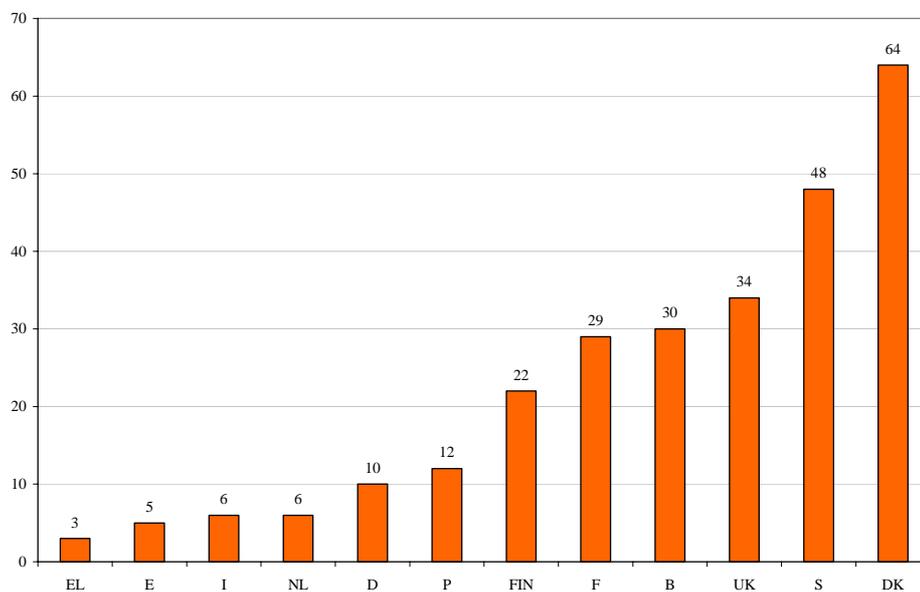
**Graph 6. Children aged 0-3 under foster care mechanisms (institutionalised)**

Percentage on total

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<sup>19</sup> European Commission (2000): Comparable Statistics in the Area of Care Children in the European Union. Feasibility Study. *Working Papers and Studies*

<sup>20</sup> OCDE, Perspectives de l'emploi 2001, Paris, 2002



Source: OCDE 2001



### 3. Social benefits and women in the EU

The inequality of women as concerns social protection systems in the EU15 is partly reflected by their situation as subscribers and as beneficiaries. The differences observed in employment (lower participation in paid work, higher presence in part-time work, salary differences, etc.) also cause differences, that continue along life-time with regard to social benefits (right to retirement benefits and their amounts, unemployment subsidy, temporary or permanent disability benefits, etc.). This is a very important part of the inequality of women in relation to social protection in the whole EU. However, the lack of homogenous and comparable data regarding variables such as beneficiaries of the different benefits per sex, does not allow a more thorough analysis of this dimension of the inequality.

However, there is another important interaction of social protection systems with women which is derived from the effects of certain social benefits on the labour market and in particular on the women's employment rate, their access and their permanence in a paid work, after child birth.

Under this heading, and through their expenditure and definition, we carry out a dual approach to benefits that, *a priori*, are more related to the two lines of inequality stated in the above-mentioned paragraphs.

#### 3.1. The expenditure in social benefits

Some of the benefits that, *a priori*, can have a higher incidence on the reconciliation of family and working life are described below. These benefits have been grouped around four areas or blocks of interest: birth and upbringing of children, education and work, health and prevention of disabilities and aids for the care of dependent persons.

One first and important approach to the situation of these benefits in the EU can be explained through the expenditure made by MS. This information is obtained from the European System of Integrated Social Protection (ESSPROS). The ESSPROS methodology classifies social protection benefits in eight areas of protection called functions: illness-health care, invalidity, old age, survivors, family-children, unemployment, housing and social exclusion. The benefits of interest for this study correspond totally or partially to some of these functions.

The differences in the expenditure in social protection are very significant among MS and although these differences may be due partly to demographic differences, these do not seem to be so important, although they do affect unequally the different functions.

##### 3.1.1. Birth and upbringing of children

We include in this group both monetary benefits and benefits in kind (except for those related to health) allocated to support the situations of pregnancy, birth and adoption of children and their care. Among the most common monetary benefits, we can find: the benefits for the birth

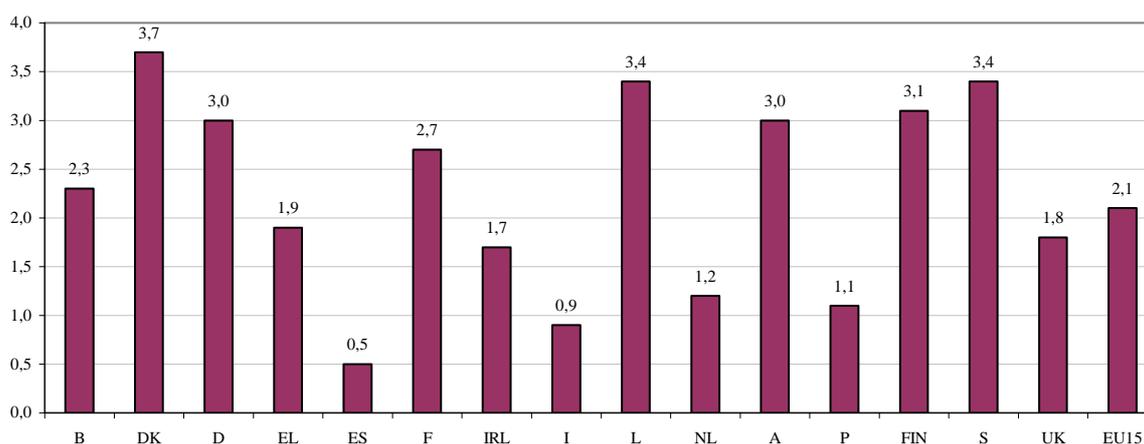


or adoption of a child, parental paid leaves and in cash child allowances. Benefits in kind, in general much less developed, include services for the care of children, home help and other in-kind benefits.

This area of social protection corresponds, in broad outlines, with the function “Family and children” of the ESSPROS methodology. Taking into account this methodology, the expenditure in social protection<sup>21</sup> devoted by MS to this group’s benefits is very different (Graph 7). In relative terms (expenditure as a percentage of GDP), the lowest figure in this social protection area corresponds to South European countries (Spain, Italy and Portugal) and the Netherlands, that allocate from 0.5 to 1.2% of the GDP to social benefits related to the birth and upbringing of children. On the contrary, Nordic countries (Denmark, Sweden, Finland), Luxembourg and Austria are in top positions, with a expenditure in this area from 3% to 4% of GDP.

**Graph 7. Expenditure in social protection for birth and upbringing of children**

(Expenditure as % of GDP)



Source: Eurostat and own making

<sup>21</sup> They include “all those interventions of public or private organizations for alleviating the burden for households and individuals represented by a series of risks or needs, previously determined, whenever there is no simultaneous or mutual counterpart for the beneficiary”.



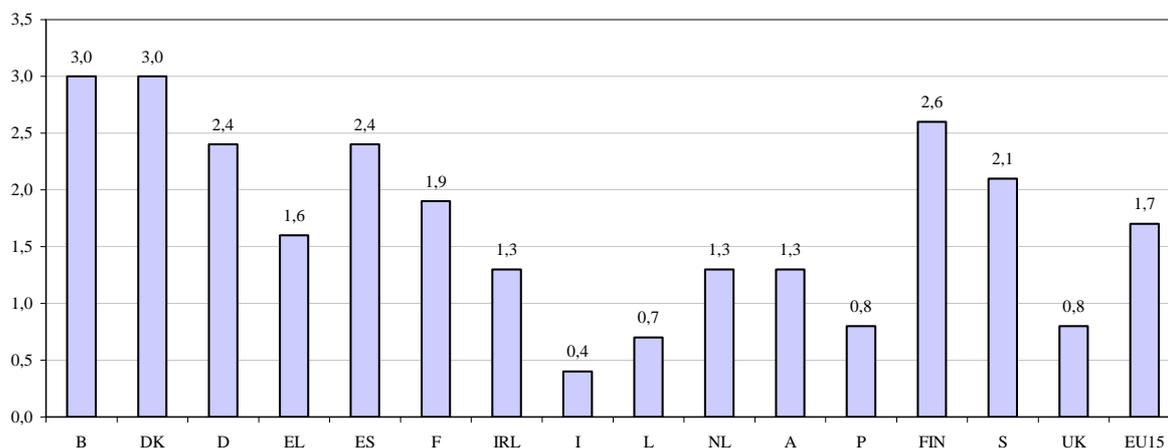
### 3.1.2 Training and work

This area includes benefits provided for income maintenance and support, monetary or in kind, related to unemployment situations. Among the most generalized monetary benefits we can find unemployment benefits, benefits to early retirement and the allocations for occupational training. The most important benefits in kind are professional training and mobility aids.

This area corresponds basically to the function “Unemployment” in ESSPROS System. The expenditure that the different countries devote to this area is greatly influenced by the unemployment levels, as well as by the resources devoted to active policies (Graph 8). Belgium, Denmark, Finland, Spain and Germany are the countries with the highest expenditure, in GDP terms. On the contrary, Italy, Luxembourg, Portugal and United Kingdom show lower figures.



**Graph 8. Expenditure in social protection for training and working**  
(Expenditure as % of GDP)



Source: Eurostat and own making

### 3.1.3. Health and disability prevention

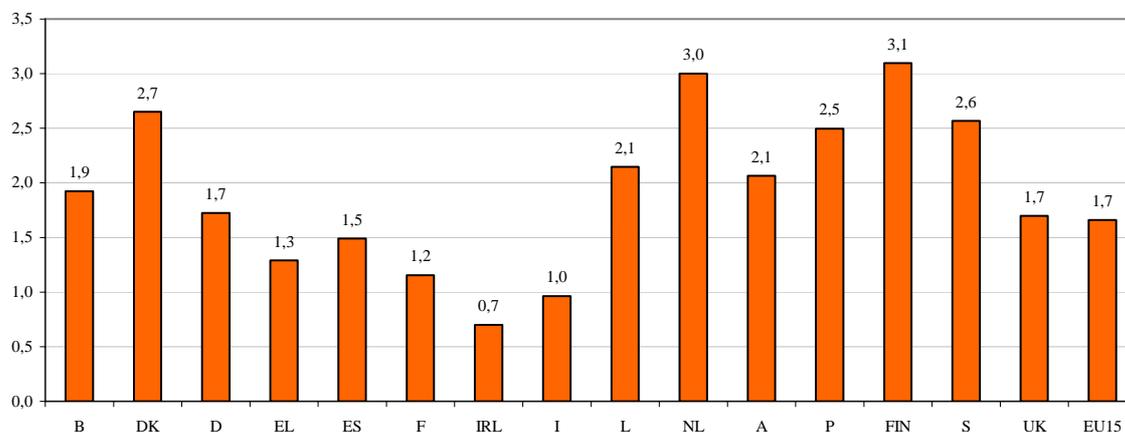
This group includes income maintenance and support, either monetary or in kind (except for health care services) for persons with a temporary or permanent physical or mental disability. Among the most common economic benefits in the EU we can point to the monetary allocations for temporary or permanent disability linked to working accidents and professional illnesses and other benefits derived from the limitations for work. In our opinion, this area corresponds partially to the social protection function called “Disability” (ESSPROS).

Monetary allocations for the care of dependent persons, placement in care establishments and the benefits devoted to the support for “daily life” tasks, allocated to persons with any disability are considered in the following area, aid to carers.

The expenditure devoted by MS to these benefits goes from 0.7% to 3.1% of GDP. Most part of it is allocated to the payment of disability-related retirements (Graph 9).



**Graph 9. Expenditure in social protection for health and disability prevention**  
(Expenditure as % GDP)



Source: Eurostat and own making

#### 3.1.4. Aid to dependency (long-term care)

This area corresponds to monetary benefits and benefits in kind allocated for the improvement of the care of dependent adults (old and disabled persons). Among the former, we must point out the allocations for the care of dependent persons and among the latter, the stays in collective establishments and the so-called “home-help aid” for the carrying out of daily care tasks.

The expenditure in this area<sup>22</sup> is the one representing the highest differences<sup>23</sup> among MS (Graph 10). Resources devoted to dependency situations go from figures near 0.1% of GDP (Ireland, Holland, Spain, Portugal and Greece) to 3.7% of GDP (Sweden).

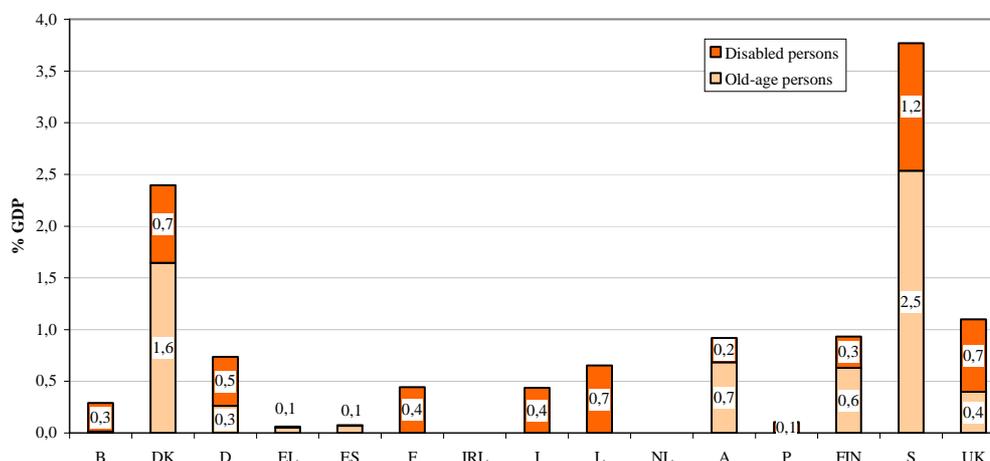
<sup>22</sup> This expenditure has been obtained from the functions “disability” and “old age” adding the inputs of the headings: allocations for the care of dependent persons, lodging in collective establishments and help for the carrying out of daily care tasks.

<sup>23</sup> The variation coefficient, for example, is almost four times the variation coefficients observed in the other three areas considered.





**Graph 10. Expenditure in social protection for the care dependent persons**  
(Expenditure as % of GDP)



Source: Eurostat and own making

### 3.2. Identification of main differential situations

The most recent literature points out clearly the influence of social security systems on the reconciliation of family and professional life and more precisely on the participation of women in paid work. On the other hand, there is no doubt about the important differences in social protection among MS. These differences focus both on the expenditure devoted to one or another benefit and on the definition in each MS. The previous section has shown the expenditure differences and in this paragraph we intend to go deeper into the differences of the definitions of benefits. These two aspects are not only related but they also give rise to complementary meanings.

The definition of benefits, considering the entitlement conditions, period and net amount of the benefit, mostly affects two significant aspects that will be dealt with in more detail in next chapter: the incorporation and permanence of women in paid work and workers' mobility among MS. With regard to the first subject, we must point out that in spite of recent efforts for avoiding the disincentive effects of benefits, the definition of some of them does not favour the incorporation and permanence in work of working women with family responsibilities. On the other hand, with respect to mobility, we must point out that the different definition of social benefits that theoretically have similar effects in all MS affects the overall workers' and citizens' mobility. The same objective situation can have a different coverage and also generate widely different rights, both as concerns the validity period and the amount of such benefits. Current diversity in the definition of benefits is very important, and in some cases so complex, that an average citizen should find it difficult to assess the loss or gain associated, for example, to an individual or family change of residence.



Below, we go deeper into the definition of those benefits more linked to the reconciliation of family and working life. The information comes from MISSOC (Mutual Information System on Social Protection in the European Union), but an in depth analysis and summary of it has been carried out around the benefits relevant to the subject of discussion of this project.

The information on the above-mentioned benefits offered in this chapter must be considered as a first approach to them; that it is likely to contain inaccuracies, due mostly to certain inconveniences and limitations from the information source used<sup>24</sup>. Among the main limitations, the following can be highlighted:

- The information may not be updated to December 2003.
- There is no homogeneous information for some benefits.
- In many States, administrative decentralization is very high and this source does not come down to the important variety of benefits developed by regional and local governments.
- The information may contain inaccuracies due to errors or deficiencies by national correspondents in submitting reports to the MISSOC database.
- The incorrect interpretation that an analyst may make due to unclear or incomplete aspects of the specific benefits being analysed

In spite of this, we consider that this section illustrates in a very good degree the heterogeneity in the definition of the different social benefits in MS and it goes more deeply into the elements affecting workers' mobility and women's participation in the labour market.

### 3.2.1. Birth and upbringing of children

The most generalized and important benefits regarding children are child allowances, childcare allowances and parental leaves.

The benefits per child<sup>25</sup> in the different MS show an important level of heterogeneity, due, above all, to the differences observed in the elements defining them (Table 1). This

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<sup>24</sup> This source has important limitations derived both from inaccuracies in the structure of the information and from the lack of homogeneity. Linguistic inaccuracies also affect the information's quality. In spite of all this, this is the only source that brings together, in a standard format, information about social security systems in MS. The importance of this fact should encourage its continued improvement.

<sup>25</sup> Entitlement to these benefits is based on the existence of children in the household and their aim is to help in the upbringing and education of the children. Child benefits are generic ones and are in most cases compatible



heterogeneity, as we pointed out in previous sections, possibly makes workers' mobility difficult and reduces the transparency of social protection systems in the context of freedom of movement within the EU. Among the most significant differences, the following ones are highlighted:

1. The possibility of being a beneficiary of these benefits is conditioned in most cases to the residence in the country (in some States, it is also required to be a contributor). The situation in relation to the labour market also determines the eligibility for this benefit, as some countries require the person to be employed in order to become a beneficiary.

2. In relation to the event that gives right to the subsidy, which in this case is the existence of a child, normally depending economically from the beneficiary, we can also observe that the conditions significantly vary among MS. In most of them the residence of the child in the country is required, although in some of them the residence in the EU or in the European Economic Area (EEA) is enough. This aspect, as well as the requirement of the father's residence, theoretically limits the mobility of citizens in the European area. The age's limit for the child is a relatively homogeneous element and it is placed around 18 years; although this limit can be exceeded in the case of children still studying and with disabilities. Finally, some countries put as conditions for this benefit not to exceed a limit of family income while in others this benefit does not depend on income. This diversity in the definition of the fact that gives rise to the subsidy determines that one and the same objective reality gives rise to the benefit in some States but not in others. On the other hand, as we shall see in the following chapter, the condition of the income for the benefit can act as a disincentive to the participation of women in the labour market as it reduces the potential net income increase for the household that this decision would involve.

3. The amount of the child allowances shows, in absolute terms, an important variation range among MS. But in addition to this, in some countries, this amount varies depending on the number of employed, on the number of children in the household and/or on the child's age and/or on the household income. Once more, the same objective situation gives rise to benefits with different amounts depending on the MS. Furthermore, the complexity in the determination of the amount makes it difficult the *a priori* assessment of the income loss or gain associated, for example, to a change of residence.

**Table 1. Benefits related to the birth and raising of children**

CHILD ALLOWANCES
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with other more specific benefits, such as child-care benefits, usually for children under three, special benefits for children with disabilities, etc.



Country	Beneficiaries			Subsidized event			Amount of Benefit		
	Condition of residence	Condition of employed	Preference for payment	Residence of the child	Age's limit	Income's limit	Variable according to n° of child	Variable according to child's age	Variable according to income
B	-	Yes	-	Yes	18 (1)	-	Yes	No	No
DK	Resident (2)	No	-	Yes	18	No	No	Yes	Yes
D	Resident (2)	No	-	Yes (3)	18 (1)	No (1)	No	Yes	No
EL	-	Yes	-	Yes (3)	18 (1)	No	Yes	No	No
E	-	-	-	-	18 (1)	Yes	No	No	No
F	Resident	No	-	Yes	20	Yes	Yes	No	No
IRL	Resident		Mother	Yes	16 (1)	No	Yes	No	No
I	-	-	-	-	18 (1)	Yes	Yes	No	Yes
L	Resident	-	-	Yes	18 (1)	No	Yes	No	No
NL	Resident (2)	Yes	-	Yes (3)	17	No	No	Yes	No
A	Resident	-	-	Yes	18 (1)	No	Yes	Yes	Yes
P	Resident	Yes	-	Yes	16	No	Yes	Yes	No
FIN	-	-	-	Yes	17	No	Yes	No	No
S	Resident		Mother	Yes	16	No	Yes	No	No
UK	Resident	-	-	Yes	16 (1)	No	Yes	No	No

Source: Own making from MISSOC information

(1) There are certain exceptions related to children still studying and with disabilities.

(2) Resident and contributor

(3) Residence in the EU or in the EEA

Parental leaves<sup>26</sup>, especially maternity leaves, are also important benefits in relation to the birth and raising of children EU wide. As well as in the case of child benefits, the heterogeneity is very important, especially in shared leaves. We highlight below the most different elements among MS:

1. The possibility of being beneficiary of parental leaves is linked in most MS to the condition of subscriber to the social protection System. Nevertheless, in others, it is an universal right. In some countries, and in certain circumstances, the employer continues to pay for the worker who is enjoying the leave while in others he has no obligation to do so. Finally, we must highlight that specific paternal leaves are very few. The possibility that the

<sup>26</sup> Parental leaves consist in periods of time a worker may be off-work, with a reserve of his job post, after the birth, adoption or foster of a child or in order to care after him. Parental leaves may be remunerated or not. In this chapter, we refer solely to remunerated parental leaves. We consider three sorts of parental leaves: maternity leave (where only the mother is entitled to it, usually immediately after the child birth), paternity leave (to be profited from only by the father, without possibility of transfer to the mother) and shared leave (to be taken up by both the father and the mother, as they decide it).



father enjoys the leave remains, up to a few exceptions, subordinated to the mother's use of it or to the sharing that both parties decide on shared leaves.

2. The right to the leave arises from the birth of a child and, in most countries, also adoption and foster care situations are considered. On the other hand, in some countries the right to this benefit is conditioned to a minimum period of payment to the social protection system or to the permanence in the job, while in other countries these conditions do not apply.

3. Very significant differences are also observed in the validity period of maternal leaves, which range from 3 to 28 months, but especially in paternal leaves. This specific leaves for fathers, as well as shared leaves, only exist in a reduced number of MS and their validity period is very different.

4. The amount of the benefit received varies depending on the validity period of the leave in some MS, while in others this is a fixed amount along the period. Finally, the tax treatment is also different. Some MS consider these benefits as totally or partially exempted (in many cases the exempted limit also varies with the type of home) while in others they are taxed as any other income.

As well as in the above-mentioned benefit, the same objective fact (the birth, the adoption or the foster care of a child) gives rise, or not, to a benefit with a very different validity period and net amount depending of the MS. On the other hand, the possibility that fathers participate more widely in these leaves means a higher equality between sexes and a development in the reconciliation of family and working life, but at present, this is only a real possibility in a reduced number of MS.



**Table 2. Benefits related to the birth and upbringing of children. Parental leaves**

PARENTAL LEAVES												
Country	Beneficiaries				Subsidized event		Benefits					
	Condition of subscriber	Payment by the employer	Mothers	Fathers	Adoption and foster care	Minimum period of payment or occupation	Period (weeks)			Variable amount according to time	Tax treatment	
							Maternity leave	Paternity leave	Shared leave		Tax-exempted limit	Differing according to household type
B	Yes	No	Yes	-	Yes	-	Up to 15	18 (1)		Yes	No	Yes
DK	No	Yes (1)	Yes	Yes	Yes	Yes	18	2	32	No	No	No
D	Yes (2)	Yes	Yes	-	-	Yes	14	-	-	No	Yes	Yes
EL	Yes	No	Yes	-	-	Yes	18	-	-	No	Yes	Yes
E	Yes	No	Yes	-	Yes	Yes	6	-	10	No	No	No
F	Yes	Yes (1)	Yes	Yes	Yes	Yes	16	2	-	No	Yes	Yes
IRL	Yes	No	Yes	-	-	Yes	18	-	-	No	No	No
I	Yes	Yes	Yes	-	-	-	16	-	24	Yes	Yes	Yes
L	-	No	Yes	-	-	Yes	16	-	-	No	No	No
NL	Yes	No	Yes	-	-	No	16	-	-	No	-	-
A	Yes	Yes (1)	Yes	-	Yes	No	8	-	-	No	Yes	No
P	Yes	No	Yes	Yes	Yes	Yes	16	1	-	No	Yes	No
FIN	No	Yes (1)	Yes	Yes	Yes	No	14	3	23	-	No	No
S	Yes	No	Yes	Yes	Yes	Yes	9	9	50	Yes	No	No
UK	Yes	Yes	Yes	-	-	Yes	18	-	-	Yes	-	-

Source: Own making from MISSOC information



- (1) In certain circumstances
- (2) Exceptions are considered



### 3.2.2. Training and work

The main social benefits in this respect are the so-called unemployment benefits, that cover the risk of loss of work through the maintenance of income for the worker and other benefits in kind allocated in order to favour their return to work.

The composition of these benefits also shows remarkable differences in the various MS (Table 3), focused on the following aspects:

a) The possibility of being a beneficiary requires in all countries to be covered by the corresponding insurance, but while in some countries this insurance is compulsory for all workers in other countries it is not. Another important difference regarding the beneficiaries is the possibility that workers under training and/or students have access to this benefit. These groups can be beneficiaries of this benefit only in seven of the fifteen MS. Differences from one country to another may also be observed in the coverage of self-employed workers.

b) The possibility of having access to this benefit is conditioned to a minimum previous period of contributions to the social security system that goes from 6 to 18 months depending on the MS. Furthermore, in some countries there is an established waiting period after the loss of work for having access to this benefit, while in others it is immediate.

c) The validity period of the benefit is another very heterogeneous element. The maximum period of collection of payment of these benefits goes from half a year in the United Kingdom to three years and a half in Sweden. Although in all countries the amount of the benefit is related to the salary collected in the previous jobs, the formulas for the calculation of these benefits are very different (in some cases, for example, the average salary in the last twelve months is taken into account and in others the last five years). On the other hand, in some MS the amount of this benefit varies depending on the beneficiary's age or on the period of time worked.

d) Family situation is taken into account in some MS through a family complement to the unemployment benefit and/or through the possibility of having access to the so-called assistance unemployment benefit. In other countries, however, these benefits do not seem to take into account explicitly the situation of the families.

e) Finally, in most countries, but not in all, the accumulation of this benefit to other working income is allowed, whenever the work is a part-time work or complies with certain characteristics.

Benefits related to work, that theoretically try to cover similar risks and objective situations, also give rise to rights and benefits with very different validity periods and amounts depending on the MS.





**Table 3. Benefits related to training and work**

UNEMPLOYMENT BENEFITS											
Country	Beneficiaries		Subsidized event		Benefits						
	Compulsory insurance	Workers under training	Waiting period	Minimum period of contributions (months)	Maximum period for collection of payment	Variable period according to time worked	Variable period according to age	Variable according to salary	Welfare benefit	Accumulative with other working income	Family complement
B	Yes	Yes	No	11	No	Yes	Yes	Yes	-	Yes (2)	No
DK	No	Yes	Yes (1)	12	4 years	Yes	Yes	Yes	-	Yes (2)	No
D	Yes	Yes	No	12	Variable	-	No	Yes	-	Yes (2)	-
EL	-	-	Yes	4	1 year	-	Yes	Yes	-	Yes (2)	Yes
E	Yes	No	No	12	2 years	Yes	No	Yes	Yes	Yes (2)	-
F	Yes	No	Yes	6	3.5 years	Yes	Yes	Yes	Yes	Yes (2)	No
IRL	Yes	Yes	Yes	9	1 year	-	No	-	Yes	No	Yes
I	-	No	No	12	0.5 year	-	No	Yes	-	No	No
L	-	Yes	No	6	1 year	-	No	Yes	-	Yes (2)	Yes
NL	-	No	No	6	5 years	-	Yes	Yes	-	Yes (2)	-
A	Yes	Yes	No	12	1.5 years	Yes	Yes	Yes	-	Yes (2)	Yes
P	Yes	No	No	18	2.5 years	-	Yes	Yes	Yes	Yes (2)	Yes
FIN	-	No	Yes	10	1.5 years	-	Yes	Yes	Yes	-	Yes
S	-	Yes	Yes	6	1.5 years	-	No	Yes	-	No	No



UK	Yes	No	Yes	-	0.5 year	-	No	Yes	Yes	No	No
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Source: Own making from MISSOC information.

(1) Only for self-employed workers.

(2) Only in special cases.



### 3.2.3. Health and prevention of disabilities

The benefits that we consider in this area are those whose main objective is income maintenance and support through benefits in kind in situations with physical or mental, and temporary or permanent disabilities.

The benefit for temporary disability and the benefit for permanent disability are the two main monetary benefits related to working accidents and professional illnesses. The benefit for temporary disability differs from one MS to another in the following aspects:

1. The coverage of workers under training and students. While in some countries, these groups have access in case of a working accident or professional illness to this benefit in other countries they do not.
2. The maximum validity period for this benefit is very different from one MS to another.
3. In some countries, the amount is fixed while in other countries, this amount varies according to the salary or the disability level.

The monetary benefit for permanent disability also shows very different definitions from one country to another:

1. Although the possibility of being a beneficiary is subject to the condition of subscriber to the social security system, in some MS, workers under training and students can have access to this benefit while in other countries they cannot.
2. The minimum disability level for obtaining this benefit also varies remarkably from one country to another.
3. With regard to the amount perceived, the most important differences focus on the existence or not of a maximum limit or on the existence of supplements for dependent persons cared after by the beneficiary or on supplements so that these persons may be cared by third parties.
4. Tax treatment for this benefit is also very different in the EU. In some MS this benefit is totally exempted, in other countries there is a limit that may vary depending on the beneficiary's type of household and in other countries this benefit is totally taxed.

Once more, similar objective situations related to professional accidents and illnesses give rise to rights and benefits of a net amount different from one MS to another. Furthermore, it is also worth pointing out the complex definition of benefits, aspect that makes it significantly difficult its transparency in the context of freedom of movement.



**Table 4. Working accidents and professional illnesses**

TEMPORARY DISABILITY – MONETARY BENEFITS									
Country	Beneficiaries		Subsidized event			Benefits			
	Compulsory insurance	Workers under training, students and other groups	Professional illness or working accident	Waiting period	Minimum period of payment	Monetary	Validity period	Variable amount according to salary	Variable amount according to disability level
B	Yes	Yes	Yes	15 days(1)	-	Yes	Without limit	-	-
DK	Yes	Yes	-	-	-	Yes		-	Yes
D	Yes	Yes	-	-	-	-	78 weeks	-	-
EL	Yes	No	-	-	-	-	-	-	-
E	Yes	No	-	-	-	-	12-27 weeks	-	-
F	Yes	No	-	-	-	-	Without limit	-	-
IRL	Yes	Yes	-	3 days	-	-	22 weeks	No	-
I	Yes	No	-	3 days	-	-	Without limit	Yes	-
L	Yes	Yes	-	-	-	-	Without limit	Yes	-
NL	-	-	-	-	-	-	-	-	-
A	Yes	Yes	-	3 days	-	-	Without limit	-	-
P	Yes	No	-	-	-	-	Without limit	Yes	-
FIN	-	Yes (1)	-	-	-	-	52 weeks	-	-
S	Yes	-	-	-	-	-	Without limit	-	-
UK	-	No	-	3 days	-	-	28-52 weeks	-	-



Source: Own making from MISSOC information.

(1) In the case of professional illness



**Table 5. Working accidents and professional illnesses 2**

PERMANENT DISABILITY – MONETARY BENEFITS											
Country	Beneficiaries		Subsidized event	Benefits						Tax treatment	
	Compulsory insurance	Workers under training, students and other groups		Minimum level of disability	Maximum limit	Supplement per dependent person	Supplement for care by third parties	Variable amount according to salary	Accumulation with other working income	Accumulation with other retirement payments	Exempted limit
			B								
DK	Yes	Yes	15%	Yes	No	No	Yes	Yes	With limitations	No	No
D	Yes	Yes	20%	Yes	No	Yes	Yes	Yes	Yes	No	No
EL	Yes	No	50%	-	Yes	Yes (2)	Yes	-	With limitations	Yes	Yes
E	Yes	No	33%	-	No	Yes (2)	Yes	Yes	With limitations	Yes	Yes
F	Yes	No	No	-	No	Yes	Yes	Yes	With limitations	Yes	No
IRL	Yes	Yes	-	No	Yes	Yes	No	Yes	Si	Yes	Yes
I	Yes	No	11%	Yes	Yes	Yes (2)	Yes	Yes	With limitations	Yes	Yes
L	Yes	Yes	No	Yes	Yes	No	Yes	Yes	With limitations	No	No
NL	-	-	-	-	-	-	-	-	-	-	-
A	Yes	Yes	20%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
P	Yes	No	-	-	Yes	Yes	Yes	Yes	Yes	Yes	No
FIN	-	Yes (1)	10%	-	No	Yes	Yes	Yes	With limitations	Yes	Yes
S	Yes	-	-	Yes	No	No	Yes	Yes	With limitations	No	No
UK	-	No	14%	No	No	Yes (2)	No	Yes	With limitations	-	-

Source: Own making from MISSOC information



- (1) Only certain groups
- (2) Only total disability





### 3.2.4. Aid to dependency (long-term care)

In this area, we consider the benefits devoted to dependency situations, also called “long-term care”. These benefits, especially the monetary ones, are relatively recent and they are becoming extremely important due to the ageing of the European population and to the incorporation of women to the labour market. These situations demand a wide number of hours for care that were provided traditionally by women of the same family and other informal carers, and that in the last years they are becoming professional even in South European countries, where care is culturally deeply rooted in the family environment.

The definition of these benefits in the different MS differ widely (Table 6), as well as the amount of resources allocated to them (see previous sub-paragraph). Most remarkable differences focus on the following aspects:

1. Entitlement is limited in some MS to the condition of insured person, while in other countries these benefits have a universal character. The possibility that the beneficiary may be the carer of the dependent person is an innovation recently introduced into the benefits of some countries. Finally, we must point out that the countries more advanced in the development of benefits for dependency have also developed specific laws.
2. The situation that gives rise to the benefit's right is defined in all countries similarly: considerable difficulty to carry out daily life tasks. There are no important differences regarding the beneficiary's age, which does not present specific limits, but in some countries there are limits as concerns the minimum period of payment to the public social security system required, though not in other MS.
3. Benefits in kind, either home-help aids, lodging or day-light foster care mechanisms are very generalized. However, monetary benefits for the care of dependent persons are very different as concerns access and amounts.
4. In general, benefits in kind are subject to taxation. Monetary benefits are taxed in some countries and are not in others.



**Table 6. Dependency Situations and Long-Term Care**

DEPENDENCY SITUATIONS AND LONG-TERM CARE											
Country	Beneficiaries			Subsidized event			Benefits				
	Condition of residence	Specific legislation	Carers	Condition of dependency	Age	Minimum period of payment	Monetary	Home-help	Other benefits in kind	Variable according to income	Taxable
B	Subscribers	No	No	Yes	> 21	Yes (1)	Yes	-	Yes	Yes	No
DK	Resident	-	No	Yes	Without limit	No	-	Yes	Yes	Yes	No
D	Resident (2)	Yes	No	Yes	Without limit	Yes	Yes	Yes	Yes	Yes	No
EL	Subscribers	No	No	Yes	Without limit	Yes	Yes	Yes	Yes	-	No
E	Subscribers	No	No	Yes	Without limit	Yes (1)	Yes	Yes	Yes	-	No
F	Resident	Yes	Yes	Yes	Specific	No	Yes	-	-	Yes	No
IRL	Resident	No	Yes	Yes	Specific	Yes	Yes	Yes	Yes	Yes	Yes (3)
I	-	-	No	Yes	Without limit	Yes	Yes	Yes	-	No	No
L	Subscribers	-	No	Yes	Without limit	No	-	Yes	Yes	No	No
NL	Resident	-	No	Yes	Without limit	No	No	Yes	Yes	Yes	No
A	Resident	Yes	No	Yes	Without limit	No	Yes	Yes	Yes	Yes	No
P	Subscribers	No	Yes	Yes	Without limit	No	Yes	Yes	Yes	Yes	No
FIN	Resident	-	No	Yes	Without limit	No	No	Yes	Yes	Yes	No
S	Resident	No	No	Yes	Without limit	No	No	Yes	Yes	Yes	No
UK	Resident (2)	No	-	Yes	Specific	Yes (1)	Yes	Yes	Yes	Yes	Yes (3)

Source: Own making from MISSOC information

(1) There are certain exceptions

(2) Resident with certain requirements



(3) Monetary benefits do pay taxes





### 3.3. Position of women as subscribers (or contributors) and as beneficiaries of social security and tax systems.

The different position of women in the labour market, especially concerning their condition of employed, gives as well rise to important differences in their situation as contributors and beneficiaries of certain benefits called contributive; that is to say, conditioned to a minimum period of contribution to the social protection system.

Although many countries take into account the beneficiaries of the main benefits, even considering the differences by sex, there are no homogeneous statistics at European level. At present, ESSPROS is carrying out an important methodological effort for collecting the number of beneficiaries, in some cases by sex, but these data are not yet available.

## 4. Social security and reconciliation of family and working life

It has been stated along this chapter that women's situation in relation to social protection systems reflects partly their unequal position in the labour market; additionally, the rules affecting certain benefits may also be affecting the decision of participation of women in employment.

As it has already been pointed out, there are no homogeneous data allowing a comparison among MS on women's situation as contributors and beneficiaries of the benefits. But we do can point at a relationship between the importance of MS expenditure on the benefits analysed above and women's participation in the labour market.

The correlations (Table 7) show that a positive relation seems to exist between women's activity and employment rates and the expenditure allocated to social benefits linked to the birth and upbringing of children and to dependency. In addition, countries occupying the first positions in relative expenditure (in terms of GDP) devoted to these two social protection areas also are those with higher female activity and employment rates.

Although these simple correlations may show a high degree of spurious relations between the variables chosen, it is worth noting that more elaborate models of women's participation rates and public spending on some of the benefits described here show similar results (Jaumotte, 2003, Powel, 1998). In the following chapters, supported by a wide revision of academic literature regarding these aspects, we will go deeper in such a relationship and, in some cases, causation. In fact, the remaining part of the study is devoted to the understanding of the relationship between social benefits and time distribution between family and work, especially in the case of women.



**Table 7. Social benefits and women's participation in the labour market . Pearson's and Spearman's correlations.**

		Family (Expenditure as % of GDP)	Unemployment (Expenditure as % of GDP)	Disability (Expenditure as % of GDP)	Dependency (Expenditure as % of GDP)	Total 4 Areas (Expenditure as % of GDP)	Employment rate	Part-time (% of female workers )	Self- employment (% of female workers)	Activity rate	School abandonment rate
Family (Expenditure as % of GDP)	Pearson Corr	1	0.407	0.373	0.638	0.843	0.628	0.024	-0.526	0.626	-0.673
	Spearman's rho	1	0.401	0.481	0.74	0.881	0.576	0.235	-0.706	0.631	-0.744
Unemployment (Expenditure as % of GDP)	Pearson Corr	0.407	1	0.282	0.302	0.654	0.268	-0.031	-0.257	0.408	-0.271
	Spearman's rho	0.401	1	0.288	0.207	0.64	0.313	0.051	-0.155	0.424	-0.213
Disability (Expenditure as % of GDP)	Pearson Corr	0.373	0.282	1	0.42	0.652	0.703	0.345	-0.245	0.701	-0.061
	Spearman's rho	0.481	0.288	1	0.39	0.661	0.742	0.244	-0.231	0.652	-0.352
Dependency (Expenditure as % of GDP)	Pearson Corr	0.638	0.302	0.42	1	0.817	0.608	0.068	-0.487	0.601	-0.428
	Spearman's rho	0.740	0.207	0.390	1.000	0.713	0.617	0.230	-0.656	0.633	-0.790
Total 4 Areas (Expenditure as % of GDP)	Pearson Corr	0.843	0.654	0.652	0.817	1	0.735	0.118	-0.522	0.776	-0.513
	Spearman's rho	0.881	0.64	0.661	0.713	1	0.695	0.387	-0.607	0.75	-0.736
Employment rate	Pearson Corr	0.628	0.268	0.703	0.608	0.735	1	0.438	-0.572	0.972	-0.344
	Spearman's rho	0.576	0.313	0.742	0.617	0.695	1	0.415	-0.503	0.951	-0.575
Part-time (% on female workers)	Pearson Corr	0.024	-0.031	0.345	0.068	0.118	0.438	1	-0.44	0.319	-0.435
	Spearman's rho	0.235	0.051	0.244	0.23	0.387	0.415	1	-0.516	0.365	-0.624
Self-employment (% of female workers)	Pearson Corr	-0.526	-0.257	-0.245	-0.487	-0.522	-0.572	-0.44	1	-0.505	0.515
	Spearman's rho	-0.706	-0.155	-0.231	-0.656	-0.607	-0.503	-0.516	1	-0.546	0.672
Activity rate	Pearson Corr	0.626	0.408	0.701	0.601	0.776	0.972	0.319	-0.505	1	-0.303



	Spearman's rho	0.631	0.424	0.652	0.633	0.75	0.951	0.365	-0.546	1	-0.601
School abandonment rate	Pearson Corr	-0.673	-0.271	-0.061	-0.428	-0.513	-0.344	-0.435	0.515	-0.303	1
	Spearman's rho	-0.744	-0.213	-0.352	-0.79	-0.736	-0.575	-0.624	0.672	-0.601	1

\* Correlation is significant at the .05 level (2-tailed).

\*\* Correlation is significant at the .01 level (2-tailed)





**CHAPTER II. IDENTIFICATION OF DIRECT AND INDIRECT EFFECTS OF THE  
SITUATION OF WOMEN IN SOCIAL SECURITY ON THE LABOUR MARKET  
AND ON FREEDOM OF MOVEMENT IN THE EU**



## 1. Introduction

The preceding chapter gave an overall picture of the changes and recent situation of women with respect to participation and employment in the framework of reconciliation of work and family life and also highlighted the differences among EU countries and, most importantly the inequalities between women and men. The chapter also offered an overview of the social security or social protection system benefits and provided some indications of how these can affect reconciliation.

In the present chapter the focus now turns to the theoretical effects (and to some extent the empirical findings) that the different benefits -from the areas of interest in this study- have on labour market behaviour of women as well as on geographical mobility (freedom of movement) in general. This will allow for the construction of a series of matrices which will facilitate the information and summarise the comprehension of the direct effects on women, the household, men, employers and the public sector and also of possible indirect effects on these agents.

In the first section of this chapter the direct and indirect effects of social security benefits on women's situation with respect to the labour market and geographical mobility are addressed. In the subsequent sections each one of the areas of interest are described in detail as far as the effects on the labour market and geographical mobility in each case. The correspondence to the MISSOC main areas is also followed here, and SEEPROS functions if relevant.

## 2. Effects on the labour market and freedom of movement

### 2.1. Basic elements of the effects on the labour market

The preceding chapter highlighted a very important change in the establishment of women in the labour market as a structural and not as a cyclical or sporadic phenomenon. This is extremely important in understanding the way social protection systems, that may have been designed on the assumption of an irregular presence of women in the labour market, are now being reformed, or not, to accommodate this new situation<sup>27</sup>. The so called "male breadwinner" models or elements of the same can restrict women's choices very severely while those moving towards a more individualised model of both taxes and benefits recognise the importance of allowing women to take decisions in a more independent manner and are usually more advanced in terms of reconciliation of both men and women's work and family

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<sup>27</sup> In this sense the research team has read, or known through its network, of changes to benefit rules in the course of writing this study and of some that have occurred during 2003. However, these have not been included as not enough information (such as the one presented in MISSOC) was able to be gathered on all of the aspects of these recent changes that are relevant to this study.



responsibilities. The use of time, again, becomes a central issue. The implication of these models in terms of rights is discussed in the following chapter.

The way social protection systems affect decisions in the labour market can be best understood through the diagram below. This diagram is used widely in introducing basic labour market theory concepts as well as to structure labour force surveys. Although the diagram does not show in full detail all of the outcomes (sectors, occupations, quality of jobs, atypical work, pay, etc), and it assumes a given level of education and demographic structure, it is useful in simplifying the labour market choices and, for the purposes of this study, can show where, theoretically, the social protection system can have an impact on women's choices<sup>28</sup> in the labour market. Although decisions are taken at one point in time, here the idea is to theoretically deconstruct the process.

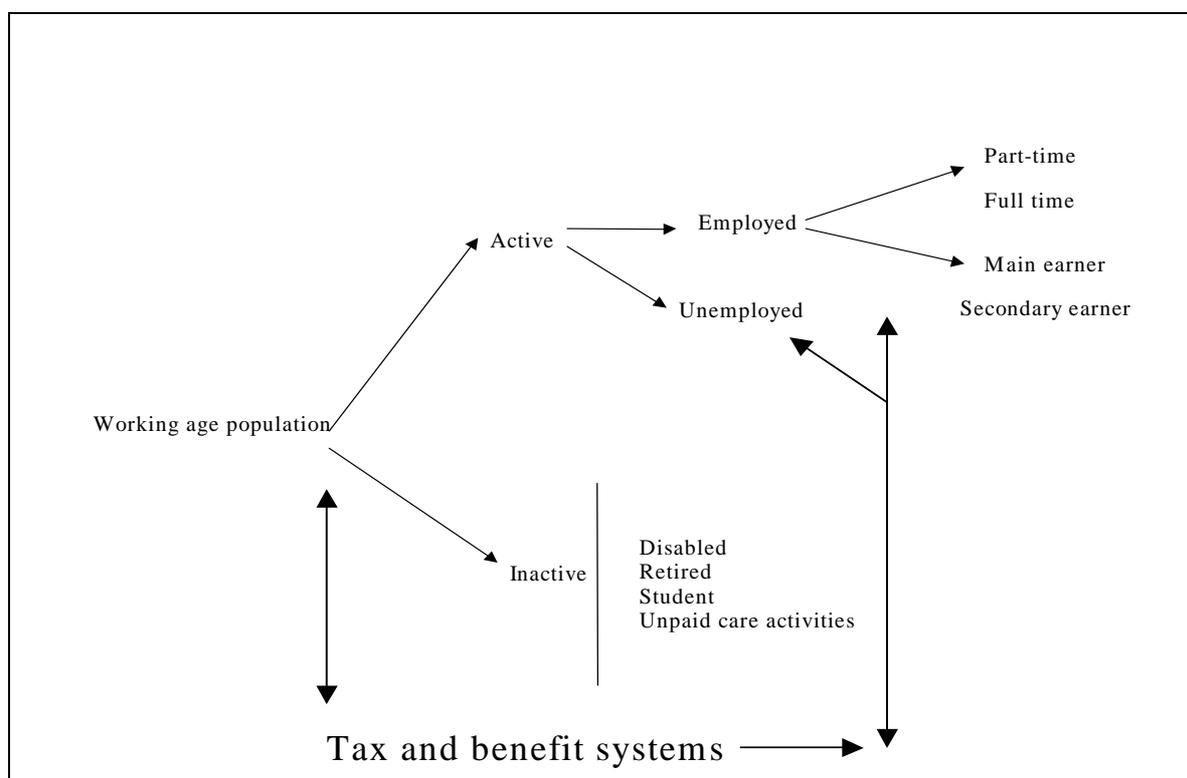
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<sup>28</sup> We will refer here to “choice” as in the theoretical labour market theory term. The model is useful in determining how in fact this choice can be affected by the different and complex relations of the individual decision to participate or not in the labour market and, subsequently, to the type of job that individuals will finally have. Furthermore, most models analysing the effects of tax-benefit systems on labour market outcomes usually take the household as the unit of observation assuming the secondary role of one of the spouses (usually women) to observe effects on household labour supply. Here we will continue to focus on individual effects. Furthermore, inactivity with respect to the labour market does not necessarily mean that the “choice” to remain at home or inactive (which can also mean disabled or student) was taken in an entirely independent manner. Situations ranging from general conditions of the labour market to weak care systems all affect participation decisions but are not solely determining this participation.



## Diagram 1 Labour market choices

### Links to the social protection system that affect choices and influence main indicators



In essence, social protection system benefits can have an incidence on the choice of participation, and on the choice of the type of employment, particularly in terms of time (not only part-time but also atypical work arrangements). At different stages in the life-cycle women and men will be revising this choice and the corresponding benefits from the social protection system will be influencing those choices. It is also important to note that some of the choices have irreversible effects on future amounts and duration of benefits (pensions and unemployment most visibly but others such as disability and secondary rights as well) which in the case of women are mostly derived from extended absences from the labour market or reduced working time<sup>29</sup>. These absences or reductions are related to the birth and care of children (career breaks), but are also increasingly related to the care of dependent adults and also to labour market flexibility demands (part-time work and atypical work). Total labour supply and the distribution between women and men is, therefore, influenced by the social protection system, but it is not its main determinant.

The classical labour supply model (Becker, 1965) assumes that men have a choice between work and leisure, while women chose between leisure, labour and home production of goods

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<sup>29</sup> The negative effects of these phenomena can be, and in fact are, diminished through specific policy instruments in different countries as will be detailed for each of the areas below.



and services<sup>30</sup>. Thus, women's labour market participation in objective terms should materialise if the earnings derived from work can purchase more goods and services than those home produced. A feminist response to this model is, precisely, that men should also partake in the home production and also to extinguish the assumption that home produced goods and services have no monetary value. This unpaid work in fact does have a market value and the efforts to include it in social accounting matrices have been an ongoing work in recent years (Taylor, 1995, OECD various years).

Furthermore, the classical model predicts that higher education will be a basic element to raise potential earnings of women and to limit specialisation between home and market work within the couple or household members. Indeed, higher educational levels have explained to a great degree the higher participations rates of women and, more importantly, their higher attachment to the labour market in most studies (Leibowitz and Klerman, 1995; Reubert, *et al*, 1999 and see Bachu and Smith, 2003 for recent review of literature). However, this has not been accompanied by greater participation of men in the caring activities which are still carried out mostly by women as the brief overview of the statistics of time use showed in the preceding chapter.

On the other hand, the arrow in the diagram is also pointing to an influence of the labour market outcomes on the tax and benefit systems. This is particularly true with respect to the type of benefits that women and men have access to and the amounts received. Given that the statutory basis for many of the social protection benefits is employment<sup>31</sup> (either as a salaried or self-employed worker) the distribution of benefits among different groups of the population will depend on how employment is distributed among women and men (and also by age, race, etc.). Thus, lower employment rates of women will effectively mean less access to these benefits and also higher dependency on secondary rights (widows, orphans, etc.) or non-contributory benefits (such as old-age pensions, invalidity pensions or others). Distribution of benefits in demographic, gender and monetary terms is thus influenced by labour market outcomes<sup>32</sup>.

In addition, some very complex interrelations emerge as the rules for these benefits are further combined with tax system rules, as they are claimed or designed through the tax system in many instances, particularly as deductions on income tax. Whether transfers or deductions, these are still considered part of the social security or social protection

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<sup>30</sup> There are on-going theoretical efforts to take into account individual preferences within the household.

<sup>31</sup> The implications of residence as a statutory basis will be reviewed in the following section.

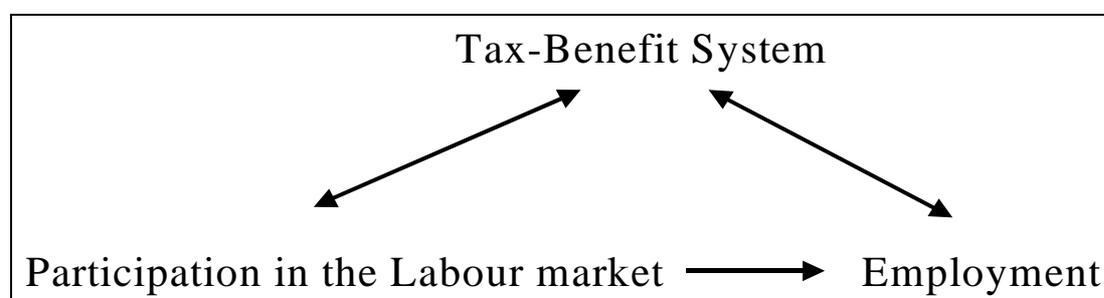
<sup>32</sup> It is important to note that in repeated cases in the last three decades of the XXth century during harsh economic restructuring of developed economies the appearance of vast numbers of persons (mostly men) receiving disability benefits was linked to the use of this benefit (and not unemployment) to reduce workers from affected firms. On the other hand, in countries where other type of social protection was not developed (such as minimum income benefits) many women appeared as receiving non-contributory disability benefits.



expenditures<sup>33</sup>. The impacts of the tax system will be more fully expounded on in a separate chapter below in the context of women’s dependency and reconciliation of work and family life, whereas here the following sections will present the theoretical effects (and available empirical evidence) of the different type of benefits from the Social Security system on the labour market.

According to our diagram, the effects can be basically divided into two very general groups: those that will increase women’s incentives to enter and remain in the labour market and those that will represent an obstacle or reduce incentives. Once in the labour market, the benefits can also have incentives to work full-time or under other working time arrangements and, in a life-cycle perspective, also affect the total number of years women decide to work. In turn either of these effects will have further effects on the amount and length of time that women can receive these benefits. This amount and length of time will also influence the decision to return to the labour market. This revolving scheme is illustrated in the following diagram.

**Diagram 2**



## 2.2. Basic elements of the effects on freedom of movement

The right to freedom of movement within the EU is protected by Article 39 of the Treaty of Amsterdam. This includes the right to move to another Member State and work as an employee or as a self-employed person. The expected effects of opening up labour markets across the borders of EU Member States is to increase the opportunities of workers and at the same time to allow employers to access a greater pool of skills to cover their human resource needs and by this means increasing and improving both employment and economic growth<sup>34</sup>. In article 42 there is an express obligation to adopt measures in the area of social security to allow freedom of movement and to guarantee migrants and right holders the accumulation all

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<sup>33</sup> And have thus been recognised by the European Court of Justice in a series of cases (Case C-169/98, Commission vs. France ECR[2000] I-1049 and C-34/98, Commission v. France ECR [2000] I-995) and by the Commission (com (2002) 694 FINAL “free movement of workers – achieving the full benefits and potential”).

<sup>34</sup> This is in fact what is behind the idea to encourage migration from unemployment regions to those that have skills shortages.



periods under different legislations for the enjoyment of social benefits as well as to calculate their amounts, and the payment of benefits to residents of Member States.

In the proposal for a Communication from the Commission (COM 2003 yyy final<sup>35</sup>) on streamlining social protection we read also that “as a corollary of freedom of movement, there are coordinating mechanisms covering social security for migrant workers in Regulations 1408/71 and 574/72, which ensure that they do not lose entitlements when exercising their right to free movement. Similarly, Directives 79/7/EEC and 86/378/EEC deal with the application of the principle of equality between men and women in statutory and occupational social security” (p. 3) However, the practical issues of applying his legislation are still being adjusted and perfected as case law develops and effective rules are applied. In developing the effects of the areas chosen for this study in the subsequent sections below, some references to recent case law will be made.

In reality, the amount of cross border mobility continues to remain in low levels. Eurostat estimates for 2000 show that only 0.1% of the total EU population officially changed residence between two Member Sates (approximately 225,000 people).

However, geographical mobility between regions (NUTS 2 level) has been shown to be on the increase (1.2% of the population in 2000). Moreover, women and men with family responsibilities are very likely to be affected in different ways by the existing rules depending on variables derived from their life-cycle stage<sup>36</sup> and other relevant characteristics<sup>37</sup>, one of which is if they are a dual career couple or a dual earner couple<sup>38</sup> (Green, 1992, p 108). In this regard, there is little research or statistical information found on these categories of households and even less so in how tax-benefit system rules affect women’s mobility in particular in these different “models”, although there are some recommendations to employers to take into account the special characteristics of dual-career couples (High level Task Force, p.19). There are also differences in how some Commission documents treat this question.<sup>39</sup>

Given the approach in this study to consider the issues surrounding reconciliation from an individual rather than a household perspective, the approximation to the problems surrounding cross border mobility and its link to the labour market will also be contemplated from this approach inasmuch as the literature scanned allows. In general, geographical

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<sup>35</sup> [http://www.europa.eu.int/comm/employment\\_social/news/2003/may/lisbonstratIP280503\\_en.pdf](http://www.europa.eu.int/comm/employment_social/news/2003/may/lisbonstratIP280503_en.pdf)

<sup>36</sup> Students, family formation, career consolidation, retirement, etc.

<sup>37</sup> Educational level, family composition (number and age of children), etc.

<sup>38</sup> This expert further argues that the distinction between dual-earner and dual-career households is critical in understanding different outcomes in migration patterns and in the differences in the complexity of the decisions to migrate.

<sup>39</sup> This communication on the Action plan Skills and Mobility (com (2002) 72) is much more sensitive to the issues that can affect women than COM (2002) 649 Final on Free movement of workers. In this latter communication only families as units are considered.



mobility related to employment, including that within a country, requires taking into account a number of issues that have been identified in the EU debate. Issues such as housing markets (and also costs of moving), language skills, official recognition of skills across Member States, wage differentials, price differentials and differences in tax-benefit systems all play an important role in the decision to emigrate and have been recognised, for example, in the context of upgrading skills to enhance mobility (COM (2000) 72). As with the labour market decision of participation, mobility is not uniquely determined by social security systems, but can influence, decisions to move from one Member State to another.

Moreover, little attention has been given to the effects of increasing labour market participation of women on general rates of migration within countries (Owen and Green, 1992, p. 36 and Green, 1992, p 108) and much less between Member States. This is a very complex issue which involves not only direct costs and benefits for individuals and households but can also have longer term effects on the part of the couple who “loses out” from moving in terms of career advancement or can strain relations as part of the family moves and the other stays behind (dual location households) as to not interrupt career advancement, when referring to dual-career couples, or schooling of children. In the case of dual-earner couples women are less likely to take independent migration decisions and may be affected less in their chances of finding another job in a new location<sup>40</sup> but, again, there is a gap in the research on this question.

Although the recommendations made by the High Level Panel concerning free movement of workers in 1997 called for a series of changes, among others, in the family rights in order to accommodate for the changes in society (increasing single parent households, separations, participation of women in the labour market, etc.) these changes must also be accompanied by effective rules that allow geographical mobility. In this sense the development of case law and the understanding of effects of different social security schemes on geographical mobility are essential to improving the harmonisation of schemes as well as their simplification. In this sense the SLIM initiative produced some concrete suggestions to advance in the simplification of social security. Perhaps one of the most important in this context is with regard to the principles of *lex loci laboris* and *lex loci domicilii* in determining applicable legislation and that this be applied without discrimination to citizens of other Member States<sup>41</sup>.

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<sup>40</sup> According to Savage (1988) jobs in which occupational segregation is given that their occupations are more likely to be more evenly spatially distributed such that migration would not pose many problems to find another job in the event the husband is forced to move in the UK. However, when talking labour cross-border mobility such issues as official recognition of qualifications may be necessary in areas such as nursing, teaching or care related activities. The importance of language skills in either career or more traditional jobs is also unaccounted for. Impact of Social Security obligations and benefits on migration are also very scarce in the literature since most of this literature refers to internal mobility where the rules are the same within one country.

<sup>41</sup> The High Level Task Force on Skills and Mobility further states that “The EU should intensify efforts to remove legal, administrative and other barriers to geographical mobility. They should ensure the correct application of the provisions of **Regulation 1612/68** relating to free movement, the updating of those provisions and the updating of **Directive 360/68/EEC** concerning the abolition of restrictions on movement and residence within the Community for workers of Member States and their families. **Regulation 1408/71** on social security coordination should be extended to all statutory branches of social security and to all persons covered, and its



The practical guides published by the Commission in 1995 and 2002<sup>42</sup> give information on how citizens are ensured protection by Community law in the event that national laws or their application are felt to be discriminatory. Although this protection in itself can already be considered as a positive element when considering the move to another Member State, it is, we repeat, almost impossible for an average citizen to actually calculate with precision the costs and benefits, other than those strictly deriving from improvement in net wages, of moving to another Member State. Situations of unemployment, maternity (paternity), disability, death or others that are in some degree unforeseen and that affect receipt of social security benefits based on employment, residence, or either (what is known as insured), are usually not taken into consideration when deciding to move for reasons of employment to another Member State. It can be said, judging from the information gathered on the Internet on case law and on questions raised by citizens to their own embassies or to the Commission that these questions arise as the specific situations present themselves<sup>43</sup>.

There are two very important exceptions to this which are the cases of cross-border workers and recurring seasonal workers. These workers, because of the reduced costs in obtaining the information for any of the events that can trigger the receipt of benefits, will have a much better calculation of the costs and benefits of working in another Member State. In addition cross-border or frontier workers have clearer rules as far as where their entitlements are enjoyed (residence of host country) in Regulation 1408/74<sup>44</sup>.

However, as in the previous section that addressed the labour market, the decision to migrate to another EU Member State can also be theoretically modelled to include the different aspects that individuals and households will need to take into account when deciding to migrate to another EU Member State. As in the decision to participate in the labour market, the main variable will continue to be the net economic gains which include taking into consideration the effects of taxes and benefits in the host country (however difficult these may be to actually consider while taking the decision in reality). In this study we are applying this exclusively to working age population and excluding those who are migrating for studies<sup>45</sup> or early retirement reasons. Also, given the focus on reconciliation of work and

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implementation simplified.” (Final report, December 2001). This task force also recommends that a EU-wide social security card should be introduced in order to facilitate transferability of social security rights, including pensions.

<sup>42</sup> The second edition is much more extensive and gives detailed information on each Member State.

<sup>43</sup> For example *Free movement and social security* bulletins produced by DG Employment and Social Affairs and FAQs such as that found on the web-site of the Spanish Embassy in the Netherlands: [http://www.claboral.nl/es/ss/faq.htm#\\_Toc22441887](http://www.claboral.nl/es/ss/faq.htm#_Toc22441887). We also read in the COM (2002) 649 Final on Free movement of workers that in 2002 the unit of the Directorate-General for Employment and Social Affairs responsible for free movement of workers and the co-ordination of social security schemes received nearly 2000 letters, the majority of which concerned problems encountered by individual citizens (p.4).

<sup>44</sup> See COM (2002) 694 final on Free Movement of Workers, achieving the full benefits and potential, pp.16-17.

<sup>45</sup> Some studies have pointed out that higher propensities to move from one Member State to another is found among those who as students were able to experience living briefly in another country (see COM(2000) 72 “Commission’s Action Plan for Skills and Mobility”).



family life the effects for those who have dependents to their care are given most of the attention.

Therefore, the theoretical effects of benefits can also be divided mainly into those that will increase the incentives for persons with family responsibilities to migrate or those that will lower them. Those benefits that are statutorily based solely on residence will necessarily need to also take into account the type of job being offered. Short term jobs, for example, will most likely reduce the possibility of having the entire family migrate, while those with longer term prospects will increase this possibility. In reality the MISSOC database reveals that there is a mix of benefits based on employment and those based on residence.

The sections below follow the four main areas identified as relevant in this study, which are: employment and training (education); birth and child care; health and prevention of disabilities; and aid to dependency. The analysis will be based on the existing available information found in MISSOC supported by available research on the effects of the various benefits found in an international scan of literature on the subjects of labour market and geographical mobility.

### **3. Employment and training (education)**

#### **3.1.Labour market effects**

Benefits supporting employment or training are encompassed in those benefits that usually fall under unemployment in MISSOC and SEEPROS. These benefits have been widely reformed across the EU to become instruments in what is commonly know as active employment policies. Based on the brief background above, we analyse the effects according to each type of benefit and who they are most likely to affect (i.e. women, the household, men, employers and the public sector).



**Table 8. Identification of the effects on free movement of workers and labour markets in the EU. Employment and training**

<b>IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU</b>				
<b>AREA: EMPLOYMENT AND TRAINING</b>				
	<b>Labour market effects</b>	<b>Effects on each of the different agents</b>		
		<b>Household</b>	<b>Women</b>	<b>Men</b>
			(mothers, daughters carers, etc.)	(fathers, sons carers, etc.)
<b>Situation ° 1.</b>				
Non-contributory unemployment benefits	Incentive and disincentive effects depending on the level and the duration of benefits	Income is partly covered. May have positive or negative effects on the receipt of other benefits	Lower wages may create large incentive on remaining unemployed or inactive	
			Caring responsibilities with no support may impede transition into employment	
			Reduced incentives is husband's benefits are contingent on wife's employment	
<b>Situation ° 2</b>				
Contributory unemployment benefits	Incentive and disincentive effects depending on the level and the length of benefits	Income is partly covered. May have positive or negative effects on the receipt of other benefits	Lower wages may create large incentive on remaining unemployed or inactive	
			Caring responsibilities with no support may impede transition into employment	
			Reduced incentives is husband's benefits are contingent on wife's employment	
<b>Situation ° 3</b>				
Allowance to undertake studies	Incentives to return to work in order to increase income	Increased income from higher human capital accumulation	Reconciliation of work and family life increased	



In the table above we attempt to summarize the effects from the different benefits on the labour market and in the context of reconciliation of work and family life. The effects of unemployment benefits on both reducing and increasing incentives to look for work have been widely documented and have been the base for many of the reforms undertaken in recent years across the EU (Layard and Nickell, 1986; Newell and Symons, 1985; Clamfors, 1990; and Toharia, *et al*, 1995 among others). The analysis of longitudinal data bases (individual records of registered unemployed or panel type surveys) offering the possibility of studying transitions among different labour market states (in most cases from unemployment to employment) gave indications that the length and the amount of unemployment benefits could have both positive and negative effects on the probabilities of looking actively for work depending on individual characteristics and on other variables<sup>46</sup>. Studies also showed that making work pay, especially for those in situations of poverty or very low incomes was very important if reductions in benefits (both in terms of time and of money) were to have the desired effects of inducing unemployed persons to actively look for work. As the table also shows, there are also some cross-effects with the receipt of other benefits which are contingent on being employed (such as child allowances or family credits). These have been documented by Bingley and Walker (1997) in the context of changes in the rules for receiving income support in the UK (in cases of prolonged unemployment) contingent on the wife's employment (which reduced amount of benefits received) and thus reduced possibilities for the wife to seek work.

A second important element that gained importance in the analysis was the issue of employability. Those who had become dependant on unemployment benefits had usually been out from the labour market for extended periods were certain to need training or re-training. This was particularly true in regions where extensive structural changes took place and the skills from the old jobs were no longer on demand. Long-life learning has thus become an important part of employment policies within the framework of the European Employment Strategy, and although we do not find many examples of linking opportunities for training with social security benefits, the examples that are mentioned and analysed in the table (mainly Denmark) also have the expected result of increasing reconciliation with family life ( Missoc, 2001, p.7).

Although individual characteristics in practically all the studies where women and men were accounted for separately showed that women had fewer possibilities of exiting unemployment during the time they received benefits. There are no studies that also include other variables such as availability of care for dependents or take into considerations payments for this care in calculating the return rates to the unemployment benefit. In fact there are no studies showing the importance of taking into account the unequal distribution of unpaid care work when designing active policies. However, there are studies that look into

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<sup>46</sup> The positive effects come through the incentives of working enough time as to be able to collect benefits (substitution effect), the negative effects come through the incentives to remain unemployed given the high replacement rates of income (income effect) which are exacerbated if employment is of low pay (which on average affects more women than men).



the wife's behaviour contingent on the husband's unemployment situation.<sup>47</sup> In this case we find that the rules for receiving the benefits are the main determinants of whether or not the wife is encouraged to be employed. In summary, these studies point to negative effects on women's participation in the labour market if receipt of unemployment benefits by the husband take into account the wife's earnings.

### 3.2. Geographical mobility effects

With regard to freedom of movement, benefits associated with unemployment will have different effects depending on the type and, again, on the rules of the benefits. Although there is not complete information on the Missoc database (Table 3 in the preceding chapter), workers are covered on the basis on having worked varying periods in the different countries. Moving to another country, particularly in the case of families, will entail knowing that jobs will last at least as long as minimum periods of contribution, given the high costs of moving to another Member State. Given that most of the literature is based on internal migration at the moment, and that in most cases the debate has been centred on the exportability of pension schemes (in particular for professional groups<sup>48</sup>) the effects on all of the agents as was done for labour market is not possible here. In the following table we attempt to reflect the effects of the contributory and non-contributory benefits on geographical mobility or freedom of movement. In contrast to the analysis on the labour market, the main determinant here is the situation with regard to residence and the rules affecting receipt of benefit contingent on residence.

**Table 9. Identification of the effects on free movement of workers and labour markets in the EU. Employment and training (2)**

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<sup>47</sup> See Bingley and Walker (1997) for a wide review.

<sup>48</sup> Eurocadres, which represents interests of professionals and managers across EU Member States is mainly concerned with occupational pensions and mutual recognition of qualifications and diplomas <http://www.eurocadres.org/en/index.cfm?target=/EN/action/mvt/default.cfm>.



<b>IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU AREA: EMPLOYMENT AND TRAINING</b>				
	<b>Geographical mobility effects</b>	<b>Effects on each</b>		
		<b>Household</b>	<b>Women</b> (mothers, daughters carers, etc.)	<b>Men</b> (fathers, sons carers, etc.)
<b>Situation° 1.</b>				
Non-contributory unemployment benefits	Reduced mobility according to non-exportability Regulation 1408/71	Ensures income in case of prolonged situations of unemployment	Reduces options to seek employment in other countries	
	Might cause undesired benefit tourism			
<b>Situation° 2</b>				
Contributory unemployment benefits	Increases mobility as migrant workers are covered under the same rules as nationals	Ensures income in case of unemployment	Increases incentives to seek work in other countries	
	Rules on participation in active labour market programmes may induce return to original Member State		Through the use of the correct procedures, nationals of other Member States can return to their countries to claim unemployment benefit having contributed in another Member State	

In general, given existing rules of receipt of contributory unemployment benefits, these can be said to be positive in the decision to move to another member state since they are based on having been employed in the host Member State. The problems may arise when the receipt of such benefits is contingent on the recipient's willingness to participate in active labour market policies, given the option of returning to the original Member States and collecting unemployment insurance there, these rules should, in principle be the same in order to have the desired effect on the continuity in the labour market.

As far as reconciliation of work and family life, the specific rules in each Member State regarding receipt of other benefits for the care of children or other dependents contingent on employment will also have an effect on the situation of a family who has already moved and is affected unexpectedly by unemployment. Given that rules reducing incentives for wife's or the employed partners in some countries, the effect here might be that the family decides to return to their original Member State. Again, there is no available research to base this claim, but the strong income effect of such situations makes this plausible.



## 4. Birth and child care

### 4.1. Labour market effects

These benefits usually fall under the maternity and the family allowances functions in MISSOC and SEEPROS. These benefits are generated from the birth or adoption of children and are quite varied across the EU in their scope and in the rules affecting the receipt of benefits. The most important difference lies in whether the benefits are derived from residence or from being employed. While the first option can be positive for geographical mobility, it may not have strong effects on the incentives to work, which is clear when the benefits are derived from an employment relation.

The first thing to note is that even in the empirical work, the contingent situations can have a most decisive effect on the observed labour market situation of women. The complexity of the effects found in the literature further reinforces the idea of the difficulties faced when deciding between moving or remaining in one Member State or another, but this will be dealt with in more depth below. In the table below the main type of benefits are deconstructed by their effects on labour markets

The first of the benefits analysed is parental leave. This leave is based on the woman's situation as an employed person (self-employed or employee). Parental leave for extended periods can deteriorate skill and also affect negatively career opportunities and earning (Edin and Gustavsson, 2001). These leaves have been extended also to fathers in an attempt to balance the caring responsibilities within the household. However, some other studies have detected that long parental leaves can also have negative effects on the probabilities of women returning to the labour market (Ondrich, *et al*, 1998). As indicated in the table below, this situation is especially dramatic in countries where parental leave is not accompanied by the guarantee of returning to a job or in the case of women with low educational levels (Ruhm, 1998 and OECD, 2002). In addition, as is also the case with unemployment benefits in some Member States, level of benefits can depend on family income (means-tested), which can have the same negative effects on the continuity of employment.

The table also shows the effects of child care provisions differentiating between cash or in kind. Here the studies show that there are clear differences between the two.



**Table 10. Identification of the effects on free movement of workers and labour markets in the EU. Parental and family benefits**

IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU						
AREA: PARENTAL AND FAMILY BENEFITS						
		Effects on each of the different agents				
		Household	Women (other effects)	Men (other effects)	Firms and employers	Public Sector
Labour market effects			(mothers, daughters carers, etc.)	(fathers, sons carers, etc.)		
<b>Situation 1</b>						
Parental leave	Incentives for women to remain in the labour market depending on duration and wage situation	Income effect may dominate and if woman's wage is low can induce exit from the labour market	Future lower pension and other benefits based on accountable days	If partly obligatory for men, increases reconciliation with family life	Reduces turnover if leave is contingent on the woman returning to work	Maintains tax revenue and social security contributions of women who remain in the labour market
			Increases reconciliation with work			
			Reduction in relative female wages if leave is for extended duration		Increases productivity via better balance of family and work responsibilities	
<b>Situation 2</b>						
Parental leave	Incentives for women to exit the labour market if duration is long	Income effect may dominate and if woman's wage is low can induce exit from the labour market	Future lower pension and other benefits based on accountable days		Reduces turnover if leave is contingent on the woman returning to work	Maintains tax revenue and social security contributions of women who remain in the labour market
			Reduction in relative female wages if leave is for extended duration			
<b>Situation 4</b>						
Child care allowances (cash)	Can increase participation of women depending on wage dispersion and availability of carers	Increases in the disposable income of families depending of the rules for number of children	Allows for improving work and family life.		Increases productivity via better balance of family and work responsibilities	Increases tax and SS contributions if linked to spending on formal market care
<b>Situation 5</b>						
Child care in-kind	Increases participation of women, but publicly provided will affect lower income more	Can increase labour supply of households and their incomes	Allows for improving work and family life.		Increases productivity via better balance of family and work responsibilities	Increases tax and SS contributions if linked to spending on formal market care



## 4.2. Geographical mobility effects

In the case of freedom of movement, these benefits are particularly important for families and can have a decisive effect on the decisions to move to another Member State. Although we have pointed out that these are particularly difficult to fully determine *a priori* given their complexity, the attempt here is to have a minimum theoretical understanding of the effects as there are no empirical studies here to which we can make reference to. Here there is a split in those based on residence or those based on employment. Child care allowances are based on the residence of the parents or of the children as well as on the age of the children and can also vary with the number of children in some cases (see Tables 1 and 2 in the preceding chapter). In addition, in a few cases, it is income tested. On the other hand parental leaves are, logically, based on employment. In both cases the decision to move to another Member State, as the table below shows, is an exercise of measuring the differences between the amounts and restrictions of receiving the benefits.

**Table 11. Identification of the effects on free movement of workers and labour markets in the EU. Parental and family benefits (2)**

<b>IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU</b>		
<b>AREA: PARENTAL AND FAMILY BENEFITS</b>		
	Geographical mobility effects	Household
Situation 1		
Parental leave	Differences in duration and level between countries can affect mobility	Couples can benefit from longer leaves to improve reconciliation of work and family life.
		Couples can have the option of splitting leaves in some countries but not in others
Situation 2		
Child care provisions	Differences in duration and level between countries can affect mobility	May cause negative effects on dual career couples who have children studying in another Member State when benefits are based on residence of the child

Member States with better leave provisions in terms of pay and duration can be said to have more attraction than those where these provisions are lower. However, rules on the age of children number of children and the application of means-testing can have varying effects on final decisions. It is important to note that in this area case law that has been applied refers to



nationals of other Member States that have been either long-time residents of host countries or of seasonal or frontier workers<sup>49</sup>.

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<sup>49</sup> C-69 /98 and C-34/98, C-85/96.



## **5. Health and disability prevention**

### **5.1. Labour market effects**

These benefits usually fall under health care, invalidity and employment injuries and occupational diseases functions in MISSOC and SEEPROS. In tables 4 and 5 of the preceding chapter the disability function was referred to exclusively for those in employment and so non-contributory disability pensions will be dealt with in the following section under dependency. In the following table the main effects on the labour market and the effects on some aspects of reconciliation are reflected.

**Table 12. Identification of the effects on free movement of workers and labour markets in the EU. Health and disability prevention**



IDENTIFICATION OF THE EFFECTS ON LABOUR MARKETS IN THE EU						
AREA: HEALTH AND DISABILITY PREVENTION						
	Labour Market effects	Effects on each of the different agents involved				
		Household	Women (mothers, daughters carers, etc.)	Men (fathers, sons carers, etc.)	Firms and employers	Public Sector
<b>Situation 1</b>						
Professional illness or working accident (temporary disability)	Incentive and disincentive effects depending on the rules allowing to combine benefit and paid employment	Allows maintenance of income but can restrict entry of others members into the labour force depending on rules for dependents	May create disincentive if means tested		Turnover costs of those who become disabled	Loss of tax revenue and social security contributions
			May place burden on women who are already employed or reduce possibilities of those not in employment			
<b>Situation 2</b>						
Permanent disability	Incentive and disincentive effects depending on the rules allowing to combine benefit and paid employment	Allows maintenance of income but can restrict entry of others members into the labour force	May create disincentive if means tested		Turnover costs of those who become disabled	Loss of tax revenue and social security contributions
		In some cases supplements per dependent person and for care by third parties is allowed	May place burden on women who are already employed or reduce possibilities of those not in employment			



In this case there is some basic literature that concentrates on the use of disability pensions during very harsh restructuring periods, on the one hand, and another group of studies that have attempted to show the benefits of including disabled persons into the main thrust of active labour market policies. Here we shall concentrate on the latter<sup>50</sup>. The main message from the literature is that allowing to combine the receipt of benefits with employment encourages disabled persons to seek paid employment. The fact that the receipt of such benefits is not means tested is one of the most important elements in achieving this positive result in terms of labour market participation (Delsen 1996, European Commission, 1999). It is important to remember that disabled persons face, on average, lower educational levels and professional status. This has important implications for their effective return to the world of work and also has important implication on the level of benefits received. The need for other family members to continue in employment is crucial for maintaining a certain level of income for the household. The implications on the reconciliation of work and family life are very dramatic as the situation of both temporary and permanent disability can reduce labour market participation of other family members, in particular of women.

## 5.2. Geographical mobility effects

In the case of freedom of movement, health and disability prevention benefits also have no reflection on available research. Again, the event causing the receipt of this benefit is largely unforeseen and has little effect on the decision to move *a priori*. Considering that we are focusing on mobility based on employment, the question here is to know if the return to the original country after the disabling event will be detrimental to the level and duration of coverage and also in the rules allowing to receive the benefit and the taxing of those benefits.

In the following table we have attempted to identify, mainly through the rules and the principles laid down by EU legislation and regulations<sup>51</sup> the possible effects on mobility. In the first place the fact that all countries have compulsory insurance for permanent or temporary disability is an encouragement for families to migrate as it ensures protection of household income in the case of a disabling event. On the other hand, the basic principles in the EU ensure that differences in systems where the benefit is based on period of contribution (Type B) compared to those independent of this period (Type A) will be in any case favourable to the recipients of the benefits.

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<sup>50</sup> See Delsen (1996) for a good review of the use of disability pensions under crisis periods.

<sup>51</sup> Title III, Chapter 2 (Articles 37 to 43a) of Regulation 1408/71 (OJ L 28, 30.1.1997).



**Table 13. Identification of the effects on free movement of workers and labour markets in the EU. Health and prevention of disabilities (2)**

IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU		
AREA: Health and prevention of disabilities		
	Geographical mobility effects	Household
Situation 1		
Professional illness or working accident (temporary disability)	Coverage in all countries increases incentives to move	Ensures family is protected in case worker falls ill
Situation 2		
Permanent disability	Calculation of benefits in one Member State should include years of work in another Member State. This is also an encouraging signal to move.	Ensures income is in accordance to what is being calculated for those who have never left the country, the main principle is that no discrimination occurs for those who have worked in another Member State

In the following box we reproduce the arrangements applicable under EU legislation and regulations and that can be used depending on whether the person has been working under type A or B situations.



- **You have always been insured in a country of which you are not a national:** the amount of your invalidity pension will be calculated in accordance with the legislation of that country, in the same way as for its nationals.
- **You have been subject to two or more legislations of type A only:** your benefit will be calculated in accordance with the legislation applicable at the time when you become unable to work, with the competent institution under that legislation being wholly accountable. You are thus entitled to the full amount paid by the competent institution of the last country in which you worked, whatever the period of your social insurance cover in that country, and without involving the authorities of other countries in which you were previously insured.
- **You have been subject exclusively to type B legislation:** in this case, you will receive separate pensions from each of the countries in which you have been insured, on a pro rata basis determined by the duration of your contributions.
- **You have been insured first under type A legislation, then under type B legislation:** in this case, you will receive two separate pensions corresponding basically to the insurance periods completed in the different countries in which you have been insured. The same rules governing old-age pensions and death benefits (see Flash No 3) are applied. Thus, the institutions of each country where you have been insured calculate a national pension and a pro rata pension, compare the two results and give you the amount which is most favourable for you.
- **You have been subject successively to type B legislation then to type A legislation:** in this case, two possibilities must be distinguished. In general, you will receive two pensions, as in the preceding situation. Two methods of calculation are used. Firstly, benefit is calculated on the basis of the applicable national law, independently of other legislations to which you have been subject. A pro rata amount is then calculated. The two amounts are compared and you are entitled to the higher of the two. However, in certain cases covered by Community legislation, it may be that instead of two pensions, you will receive only one, paid by the last country in which you were insured. The net effect is the same as having always been insured under type A legislation only.

Source: "Free Movement and social security: Citizen's rights when moving within the European Union – Bulletin No 5, p. 3, 2000

## 6. Aid for carers

These benefits usually fall under old age or long term care functions in MISSOC and SEEPROS. The importance of these benefits in decisions to participate in the labour market and to reconcile work and family life can be of extreme importance for women (or men) with



dependent adults (disabled children or long-term sick adults) under their care. However, in this area we find that European legislation as it presently stands does not allow for non-contributory benefits to be exported, and at present this type of benefits can not be claimed if the person moves to another Member State. This is clearly an area that has been identified as needing changes since it has been a “subject on which the Commission receives many complaints and requests for information” ((COM (2002)694 final, p. 12) and is also the cause for a great deal of litigation.

### 6.1. Labour market effects

In theory these benefits should allow other members of the household increase their incentives to seek paid employment as in a very few cases (see Table 5 in the preceding chapter) the benefits are taxable and the benefits are not only monetary but also include home-help and other benefits in kind. However, there are some studies showing that these households have higher propensities of unemployment and/or inactivity and that they are affected more by situations of poverty (buscar la referencia). In principle the same effects that apply to disability can also be applied here, but it is important to note that the event for receipt of benefit is in this case residence or subscription to the benefit (in other words they are derived from the person having been employed or paid into an insurance scheme) and only in a few cases these are for carers. Nevertheless, we do point out that in most countries (see table 5 in the preceding chapter) they are based on residence (non-contributory).

**Table 14. Identification of the effects on free movement of workers and labour markets in the EU. Dependency and long term care**

IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU	
AREA: DEPENDENCY AND LONG TERM CARE	
<b>Labour market effects</b>	
	Participation of carer can increase if outside care can be paid for
	Participation of carer can increase if outside care can be paid for
	Allows maintenance of income but can restrict entry of others members into the labour force depending on rules for dependents
	May place burden on women who are already employed or reduce possibilities of those not in employment



## 6.2. Geographical mobility effects

The main consideration for a household in the context of geographical mobility, and in particular for the main carer, which is in most cases female, will be the exportability of these benefits. On the other hand, the establishment of the person receiving the benefit in another Member State, when the benefit is based on residence, should have a positive effect contingent on the amount received and if it properly covers the needs for care of the person.



**Table 15. Identification of the effects on free movement of workers and labour markets in the EU. Dependency and long term care (2)**

<b>IDENTIFICATION OF THE EFFECTS ON FREE MOVEMENT OF WORKERS AND LABOUR MARKETS IN THE EU AREA: DEPENDENCY AND LONG TERM CARE</b>
<b>Geographical mobility effects</b>
Will depend on exportability of benefits
Coverage in all countries increases incentives to move
Calculation of benefits in one Member State should include years of work in another Member State. This is also an encouraging signal to move.



**CHAPTER III. RECONCILIATION OF WORK AND FAMILY LIFE: EFFECTS OF  
SOCIAL BENEFITS ON EQUALITY BETWEEN MEN AND WOMEN AND ON  
ACCESS TO THE RIGHTS**



## 1. Introduction

Equal treatment between women and men and non-discrimination on grounds of sex are fundamental principles of Community law. The European Union's approach to equality has developed considerably over time, so that the original emphasis on equal pay and on avoiding distortions of competition between Member States has been replaced by a concern for equality as a **fundamental right**. The European Community Treaty enshrines the promotion of equality between men and women as one of the Community's essential tasks and requires the Community to aim to eliminate inequalities and to promote equality between men and women in all its activities. It also confers on the Council the power to adopt appropriate action to combat discrimination on a number of grounds, including sex. The draft Constitutional Treaty makes the promotion of equality between men and women an objective of the Union as a whole.

Legislation has over the years dealt with equal pay for women and men<sup>52</sup> and with equal treatment in employment, occupation, vocational training and related areas<sup>53</sup>, so that sex discrimination in the labour market is comprehensive and well established. Yet it is clear that sex discrimination takes place not only in the labour market, but also in many other areas of everyday life and that, in spite of progress made over the last thirty years, discrimination based on sex still occurs in many areas of life inside and outside of employment<sup>54</sup>. To be sure, as will be shown below, in many cases the rules governing some social benefits not only reflect but also keep alive disparities based on sex and limit the access of women to some rights and benefits.

As stated in previous chapters, policies in the fields of the social security and taxes have direct and indirect effects on the participation of both women and men in the labour market

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<sup>52</sup> Council Directive 75/117/EEC of 10 February 1975.

<sup>53</sup> Directive 2002/73/EEC of the European Parliament and the European Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.

<sup>54</sup> Explanatory memorandum to the proposal for a Council Directive implementing the principle of equal treatment between women and men in the access to and supply of goods and services. In COM (2003) 657 final.



and, thus, on the ways they (re) conciliate their working and family lives. This chapter goes beyond these effects and searches in the literature for other kind of effects of these policies, and the rules governing them, namely their effects on the access of men and women to different rights. The first section reproduce briefly the evolution in the literature on the different family models and their relation with the respective national institutional framework; and is followed by a discussion in the second section about the individualisation of the social rights in the different family models. The two subsequent sections put forward two aspects on which social policies should pay attention: the new family structures that gain progressively quantitative and qualitative importance (third section) and the need for individuals to have been occupied in the labour market to be entitled to some social benefits, and the consequences this requirement has for women (section fourth). Last section, finally, states the relevance of the rules governing specific social benefits to women's access to some benefits and rights.

## **2. National institutional frameworks and family models**

During the fifties, T.H. Marshall typologized the rights involved in his concept of citizenship as civil rights (such as individual liberty, freedom, right to free speech and the right to own property and undertake contractual agreements, mainly developed during the eighteenth century), political rights (as the right to participate in the political process, as an elector or as an active participant, developed during the nineteenth century) and social rights, described as the right to share in the social and cultural heritage of society, and to experience a “modicum” of economic and welfare security, based on prevailing standards. Marshall argued that any civilised advanced democratic industrial society would develop these elements of citizenship. Yet, one of the main critics from both the literature of the feminist scholarship and the mainstreaming approach is that Marshall's assumption that civil, political and social rights exist and that they can freely be used by all citizens ignores the nature of gender and power relationships within the society and neglect the private sphere and its implications for women citizenship<sup>55</sup>. Kessler-Harris puts forward the concept of “economic citizenship”, since without the ability to be self-supporting, one cannot “attain that independent and relatively autonomous status that provides full access to power and influence that defines participation in democratic society”<sup>56</sup>.

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<sup>55</sup> Gayner Bramhall, 2003, “Social rights, citizenship and social exclusion”

<sup>56</sup> Kessler-Harris, 2001, “In pursuit of Equity: Women, men and the Quest for economic citizenship in twentieth-century America”



Certainly, family, work and welfare state are connected in a variety of ways in women's everyday lives. Feminist scholarship assesses the need for policy and equality legislation to take into account both private and public sources of inequalities. *Women's position in the family is determining of, and cannot be separated from, their relationship to the public sphere and their status as citizens* (Hanmer et al. 1994). The familial situation impacts not only on women's private lives but also on their public responsibilities and options.

On the other side, one of the main feminist criticisms of the work on the changes of welfare states and on the mainstreaming literature was that they focused on the relationship between the state and the labour market, and that *the position of women was considered only when they entered paid work*. This scholarship highlights the contradiction inherent in policies which focus on Europeans rather as workers than as citizens, thus the efforts to increase women's autonomy concentrating only on paid female workers as citizens (Duchen, 1992; Leira, 1996; Lewis, 2002). These feminists would prefer what is often thought of as a strategy of "equality in difference", by which women's traditional domestic and caregiving activities are valorised and serve as a basis for citizenship rights and political standing. Most feminists would agree that employment on the male model can not serve for gender equality for the majority of employed women<sup>57</sup>.

Yet, European welfare states are based, as pointed out repeatedly in other parts of this study, on the model of a "typical" family so that public policy is designed to support the nuclear family and exhibits institutional features that derive from the assumption that the wife still bears the primary responsibility for care and reproductive labour, only occasionally functioning as a secondary breadwinner<sup>58</sup>. The different models of relationship between welfare states and gender can be classified into three categories: firstly, "the universal-breadwinner strategy", that aims to integrate women into labour market by the means of state provided employment-enabling services; secondly, the "caregiver-parity model", that places care work on a par with waged work in terms of social rights, the state providing caregiver allowances; and thirdly, the "universal-caregiver model", which is a combination of the other two models and that defends the rights of women and men to share caring and earning equally<sup>59</sup>. This later model shall be best suited for gender equity<sup>60</sup>, and would necessitate

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<sup>57</sup> In Ann Shola Orloff (2002): "Women's employment and welfare regimes. Globalisation, export orientation and social policy in Europe and North America". Social Policy and Development. Programme Paper Number 12, June 2002. United Nations Research Institute for Social Development.

<sup>58</sup> Ann-Charlotte Stahlberg (2001), "Gender and Social Insurance. Lessons from Europe"

<sup>59</sup> Béatrice Manjón d'Intignano (1999): "Egalité entre femmes et hommes: aspects économiques"



changing workplaces to accommodate caregiving, and would call on income security systems to ensure that people can take time to care and have access to care services. Encouraging men's caregiving is essential, as it is encouraging women's integration into labour market (Orloff, 2002).

León (2002) draws on the variations by Sainsbury (1999) of the male breadwinner model and the examination of the national institutional frameworks to establish a framework of reference of four gender policy regimes (see Table 16):

- The **male breadwinner or general family support**: this model encourages partial reconciliation between work and family, the state assuming a certain degree of responsibility for the family and facilitating caring duties through subsidies and tax deductions. Leave provisions are relatively long and child care provisions for children under three relatively scarce, for women have the main responsibility to care, so that their participation/employment rates are middle/low and they access labour market through (short) part-time, often as secondary earners. In general terms, this model suits best to continental Europe.
- **Separate Gender roles or market oriented**: under this model, from Anglo-Saxon countries, the family is considered private and the state does not regulate the relationship between public and private spheres, therefore with a small provision of public childcare or leave arrangements. Under this model, employment rates are high but women tend to leave the labour market for birth of children, which has negative effects for female professional careers in terms of income and social rights.
- **Individual earner-carer or dual earner**: basically Scandinavian countries under this regime, in which reconciliation between work and family is considered a social and public issue, so that great emphasis is put on public childcare services and long leave provisions. High female employment rates and continuity coexist with segregation in the labour market, mainly in which concerns part or full time and public or private employment.
- **“Gathering breadcrumbs”**: public intervention in, typically, Mediterranean countries is rather limited as an outcome of low political and social commitment, and low public resources, where the family is implicitly given a very important role. The main income in the family is provided by the male partner, women still maintaining

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<sup>60</sup> Fraser, N. (1997), *Justice interruptus*. Critical reflections on the postsocialist condition



their role as full-time carers. Individuals gather minor sources of income from various types of benefits and earnings both from the informal and formal economy. The result is low female employment and birth rates, though increasing thanks to informal family support and individual strategies.

Though great variations exist between countries, and difficulties arise when trying to classify some of them<sup>61</sup>, the table shows interesting features of each model that condition the access of women to the labour market and to other rights. A first insight into the table points at significant gender differences in entitlement and its basis, in the recipients of benefits as well as in caring work. As will be shown in the following sections, these differences actually limit the access of women to certain rights.

**Table 16: Four Gender Regimes**

	<b>Male breadwinner or General Family Support</b>	<b>Separate Gender Roles or Market Oriented</b>	<b>Individual earner-carer or dual earner</b>	<b>“Gathering breadcrumbs”</b>
Location	Continental Europe	Anglo-saxon countries	Scandinavian countries	Mediterranean Europe
Conciliation model	Combination	Choice	Continuity	Choice without support
Ideology	Husband= earner Wife= carer	“Flexible” division of labour Husband= earner Wife= ½ earner/carer	Shared tasks Father = carer-earner Mother= carer-earner	“Blurred” division of labour Father= earner Mother= carer/earner
Entitlement	Unequal among spouses	Differentiated by gender role	Equal	Unequal among spouses and among workers
Basis of entitlement	Principle of maintenance	Family responsibilities	Citizenship or residence	Principle of maintenance/ of need
Recipient of benefits	Head of household + supplements for dependants	Men as family providers; women as caregivers	Individual	Individual
Taxation	Joint Taxation Deduction for dependants	Joint Taxation Deduction for dependants	Separate taxation Equal tax relief	Individual Minor deductions

<sup>61</sup> León (2002) points at France, Portugal and the Netherlands as countries difficult to classify in light of their female participation rates.



Employment policies	Priority to the main income provider. Flexibility for secondary earners	Segmented Full time/part-time	Aimed at both sexes Full time/part-time Public/private sector	Dualistic Core/periphery No flexible arrangements
Female labour force participation	Middle/low High discontinuity Short-time work	Middle/high High discontinuity Short/medium part-time work	High High continuity Long part-time work	Low High continuity Full-time
Sphere of care	Partial state involvement	Weak state involvement	Strong state involvement	Weak state involvement
Caring work	Paid component to caregivers in the home	Paid component to caregivers in the home	Paid component to caregivers in the home and outside the home	Unpaid
Political tendency	Corporatist/conservative	Liberal	Social-democratic	Corporatist-left

Source: León, M. (2002), Reconciling work and family: Impact on Gender and Family, based on Sainsbury (1999), Trifiletti (1999), León (2000) and Daly (2000).

During the last years, research has revealed the extent to which the male breadwinner model no longer describes the behaviour of a significant proportion of families. However, these families have not become fully individualised, with both partners engaged in paid employment and fully independent from one another. The former model no longer suits but women still perform the core of the unpaid work and men have hardly changed with respect to their relationship to paid work. Whereas the pattern of paid work between men and women is now much more difficult to predict, the patterns of unpaid work have not changed so much<sup>62</sup>.

Depending on each country's starting point, the objectives of increasing women's employment, reducing economic vulnerability and ensuring that caregiving activities are supported can be attained differently. In anglo-saxon countries, where women's employment and opportunities are well established, it is caregiving that needs attention, with more generous parental leaves and more extended provision of services, particularly among low wage workers; in Scandinavia and France, with excellent support to caregivers, but employers discriminate on the basis on caregiving responsibilities, the objective must focus on women's employment, rather than simply their participation in the labour force, while

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<sup>62</sup> Lewis (2002), Gender and Welfare State



continuing to make clear that men should be carers as well. Finally, in the many European systems with women's low participation in paid work and high support to women's care work in the family, the provision of services, leave protection that allow women's employment, and enhancement of employment opportunities must be built up<sup>63</sup> (Orloff, 2002).

### 3. The social policies from the perspective of the individualisation of rights

The concept of individualisation of rights is related both to the incorporation of women into the labour market and to the changes occurred in the traditional family structures. However, in the majority of the countries of the European Union, the social security system is based on the breadwinner model as the social organisation of the family, and has not been able to adapt to these changes.

The individualisation of rights refers to the need of regarding each adult as autonomous and independent of family ties as regards social rights and income tax<sup>64</sup>. It thus eliminates any reference to the family situation when it comes to social benefits rights, for, such as they are instrumented at present, the family situation can affect the amount of benefits and assistance it can claim, both positively through for example the complements for dependants, or negatively (e.g. a reduction of the unemployment benefits in the case of co-habitation in Belgium). The concept of individualisation of social rights is thus opposed to a system based on the notion of dependence and derived rights<sup>65</sup>.

Indeed, it is important to differentiate between **individual** and **derived** social rights. Whereas the former are acquired through the contributions the individual makes to the system of the social security by virtue of his/her paid labour, the latter refer to benefits that do not depend on contributions but that are due exclusively to the relationship that one person has to

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<sup>63</sup> In Ann Shola Orloff (2002)

<sup>64</sup> De Villota (2001), The impact of the tax/benefit system on women's work

<sup>65</sup> Jepsen et al. (1997), Individualisation of the social and fiscal rights and the equal opportunities between women and men.



another. The holder of the derived rights receives the social benefits by virtue of his/her relationship to the holder of the individual right<sup>66</sup>.

This feature of social rights defines two models of welfare state that resume the four models presented above, namely the **family** and the **individual model in the welfare state**<sup>67</sup>. In the family model, the wife's entitlement to benefits in the social insurance system is generally based on her status as a dependent family member and on her husband's insurance entitlement. On the contrary, in the individual or dual-earner model, both the social insurance and the tax system are based on the individual and offer neither tax relief nor special allowances for a spouse working in the home.

The coexistence of these two types of rights in EU countries generates indirect discrimination:

- Although derived rights cannot be said to be directly discriminative, because they apply both to men as to women, in fact, the different socio-economic situation of women, including among others their access to the labour market and their also different participation in the domestic sphere, entails an indirect discrimination by the existence of derived social and fiscal benefits.
- Discrimination against new family structures, since derived rights very rarely extend to persons who are not bound through traditional family structures.
- Discrimination against two-earners families, since families with two earners will pay double amount of social security contributions as compared to families with one earner, while the social benefits and the derived rights are similar in both cases. This causes disincentive for women to work in formal economy without *individual* social protection, but *derived* one.

The **non individualisation** of rights perpetuates the family model of welfare state, obstructing both the incorporation of women into the labour market and their independence in terms of social benefits. On the contrary, the **individualisation of social rights** would in fact imply a new concept of work including unpaid work, in which the years spent providing care qualify for social security contributions that do not generate derived, but individual rights. However, this individualisation of rights without any offsetting, if then, should take hold

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<sup>66</sup> de Villota, (2001), *ibidem*

<sup>67</sup> Stahlberg (2001), *ibidem*



gradually in order to avoid its dangers, which are reflected at present in the disparities between men and women as regards old age pensions<sup>68</sup>. As Steinhilber (2004)<sup>69</sup> puts forward, individualisation of benefit entitlement accumulation and closer links between contributions and benefits is advantageous to women and men with higher incomes, and hurts all workers, women and men, with lower ones. In a system based on individual accumulation of pension rights, gender inequalities have a substantial impact on pension rights and the future level of benefits. Women have lower incomes than men on average and tend to have more irregular working lives with longer breaks.

#### 4. New family structures in the European Union

There is consensus about the changes experienced by family forms over the last few decades that affect both the institutions of marriage and parenthood<sup>70</sup>. Fewer and later marriages, more marital breakdowns, a marked increase in non-marital unions and a rise in births outside marriage are signs of rapid transformations.

Besides the traditional breadwinning father model where the woman stays at home to look after the house and home, which is still a very popular –though declining in quantitative terms– stereotype, particularly in southern countries, other forms have been acquiring quantitative and qualitative importance over the last years. From the point of view of the access to rights, the recognition or not of these new family structures will ease or limit the rights of an increasing share of the population. So, **recognition of co-habiting couples**, increasing in the EU (see Table 17), varies greatly throughout the EU, with countries that do not count on an official method of registering co-habiting couples, and others (eg. Spain), that counts on registers on cohabiting couples. **Homosexual partnership** is recognised as a marital status only in very few EU countries (Holland), though others such as Spain count on the mentioned register. Because their paternity is rarely recognised, when homosexual couples separate, solely individual rights are taken into account in the decision about child custody or visitation rights. After parental break-ups, more frequent in a context of increasing

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<sup>68</sup> de Villota (2001)

<sup>69</sup> Silke Steinhilber (2004): “Gender dimensions of social security reforms in transition countries”, presented in Regional Symposium on Mainstreaming Gender into Economic Policies, January 2004.

<sup>70</sup> Berit Bareksten et. Al. (2002): Women and the family in Europe in Women in the European Union



life expectancy, which could give pace to “**serial monogamy**”, **stepfamilies** arise, which are economically and legally complex when children are involved. There has been a marked increase in the number of households consisting of one adult and at least one child (**single parent families**), whereby the overwhelming majority of these lone adults are women. In parallel with these changes, higher male mortality and greater women’s longevity is resulting in an increasing share of people living alone, of whom more than one third are women.

On the one hand, individualisation of rights helps these no longer atypical family structures to benefit from social benefits as individuals; however, as put forward above, the recognition of the new family structures would enhance the access to rights to all members of the family as such. However, social security systems in the EU have in most cases failed to adapt to this new situation, in particular with respect to benefits such as parental leaves or survivors pensions<sup>71</sup>.

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<sup>71</sup> Information on access available through MISSOC does not allow for a country-based analysis of this aspect of the social benefits.



**Table 17: Population living in private households by household type (%)**

	EU-15	B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
<b>Total population</b>	<b>100</b>															
<b>Year 2000</b>																
1 adult without dependent children	12	12	17	16	8	5	13	7	9	10	14	12	5	17	20	13
Male	5	5	8	7	3	2	5	4	3	4	6	5	1	7	10	6
Women	7	8	9	9	5	3	8	4	6	5	8	8	3	10	10	7
2 adults without dependent children	24	25	28	29	22	17	25	14	18	19	29	23	16	26	25	27
3 or more adults without dependent children	14	11	8	10	21	23	8	13	21	12	10	15	18	5	1	11
1 adult with dependent children	4	5	3	4	2	2	5	3	2	3	3	3	3	5	7	8
2 adults with dependent children	35	40	35	33	34	34	42	39	36	44	35	33	38	41	45	32
3 or more adults with dependent children	11	7	10	7	13	20	8	24	13	12	9	14	20	6	1	8
<b>Year 1998</b>																
1 adult without dependent children	10	11		15	6	3	11	6	8	9	11		4			10
2 adults without dependent children	21	21		25	18	13	22	13	18	21	23		15			25
3 or more adults without dependent children	14	10		14	15	17	9	12	18	16	11		15			16
1 adult with dependent children	3	3		3	2	1	3	3	2	2	3		2			4
2 adults with dependent children	38	46		33	42	37	46	46	40	38	41		34			35
3 or more adults with dependent children	14	8		10	18	29	9	21	14	15	10		29			11

Source: Eurostat- European Labour Force Survey 2000 and 1998. European Community Household Panel. The Social Situation in the European Union, 2003.

## **5. The access to social benefits through the employment**

As commented above, and will be seen in more detail in following sections, participation in the labour market determines the level of access to various social benefits that require



contributions to the social security system both for men and women. Taken into account the differences in the participation of men and women in the labour market, it can be concluded that this mechanism reinforces masculine social rights because a larger number of women are excluded from these benefits. In this context, the dichotomy between the individualisation of unemployment benefits and the consideration of the family as the unit for the social services should be revised.

Moreover, besides the different incorporation of women into the labour market, it is necessary to assess their acceptance of anomalous work conditions prevailing more frequently among women, such as working hours (more part-time), job contracts (more fixed-term contracts) or the number of years or months they pay contributions.

The following sections will examine the rights women and men have access to (or lack access to) through their (lack of) participation in the labour market and the way they do it. Rules for accessing to the various benefits will be revised along with the theoretical effects of these conditions.

## **6. Relevance of welfare state rules to women's access to benefits**

As a corollary of previous sections, we can conclude that there are several ways in which access to social benefits are more limited for women, compared to men's. It very much depends on the conditions of the benefits, much more than on the benefits themselves, particularly:

- Depending on whether the entitlement to social benefits is based on the women's status as an independent family member or on her husband's insurance entitlement, i.e. whether we talk about individual or derived rights;
- Depending on whether the entitlement to social benefits requires participation of the women in the labour market and on how the atypical forms of work, more widely used by women, affect the rights they are entitled to.



- Depending on whether the new family structures are treated similarly to traditional ones<sup>72</sup>.

Social protection benefits revised in the framework of this study deal with reconciliation of work and family lives and are identified as: unemployment benefits and training (education); birth and child care; employment injuries and occupational diseases; and financial support for dependants (long-term care). The next sections draw on the information presented in Chapter one about the main and various features of the different benefits analysed.

### 6.1. Unemployment protection and training

As stated in Chapter I, the main benefits considered in this area are unemployment benefits, either in their contributory (insurance) or assistance versions. Unemployment benefits are individual rights, though some countries have complements depending on the family composition.

In all countries (table 3) access to unemployment benefits requires to be insured, which in some of them is compulsory but in others is voluntary. Moreover, it requires a minimum period of contributions to the social security, which ranges from 6 to 18 months. The amount of contributory benefits perceived is related to previous earnings, and in some countries (Spain, UK, Finland, Portugal, Ireland, France, Germany), assistance benefits might be means-tested. The duration of the benefits depends also on the time previously worked.

These qualifying rules are intended to prevent moral hazard, but they can have negative effects for women. The requirement of a period of payments of contributions discriminates against women, for whom this condition is more difficult to fulfil on average. If the duration of the contributory benefits is related to the period of previous contributions, the disadvantage for women plays in the same direction. In some countries, minimum working hours requirement exist, which again plays against women who work part-time. (the case of Spain is a case in point)

As shown in Chapter II, an **income related insurance system**, thus linked to employment, may be more successful in making gainful employment an attractive option than a system of basic protection paid out equally to all citizens or residents of a country. However, this type

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<sup>72</sup> Information available through the MISSOC does not allow for an analysis of the access of new family structures to social benefits in the different countries. We just want to put it forward here as the third element of possible discrimination.



of benefits reproduces the differentials in women's and men's paid work. Women in Europe have lower incomes than men, so that the benefits they receive on average are also lower. This is so both because they work fewer hours than men –they tend to work more on part-time basis and spend more frequently periods of time in unemployment- but also because they have lower hourly wages. Women also often work in low paid jobs and in lower positions than men. All this is mirrored in earnings-related benefits. As Stahlberg (2002) points out, if there is a ceiling on benefits, a certain evening out occurs since it is considerably more common for men to have incomes above the ceiling than for women. Many EU countries have set ceilings for the contributory part of their unemployment benefits (Belgium, Germany, Spain, France, Netherlands, Luxembourg, Austria).

Another consequence in terms of inequalities between men and women is related to access to **income-related old-age pensions**. Either if they are calculated on a life-cycle or using a selected number of years, they replicate the inequalities found in the labour market. Men receive higher old age pensions, for these reflect wage differentials. Furthermore, the replacement rates are lower for women, since women spend fewer years and fewer hours at work. More women are usually entitled to assistance old-age pensions because they do not fulfil the qualifying conditions for contributory ones.

On the contrary, **means-tested assistance** has the advantage that it is more accurate in terms of re-distribution effects. However, the reduction of the allowance when income increases may have negative impact effects on the participation in the labour market, as stated in Chapter II, especially among low qualified and part-timers. In some countries, workers are entitled to means-tested unemployment assistance only when contributory benefits are exhausted; as long as long-term unemployment affects more severely to women, these are more prone to resort to these benefits and to be caught in the poverty trap it may generate, especially if low qualified or if they work part-time, since they cannot improve their income substantially through paid work. Independently of the fact that this is a very valuable social security tool particularly for women, in order to encourage gender equality, means-tested allowances must entail incentives to access to gainful employment.

An important point to be handled in the context of employment and social protection refers to the treatment of part-time work, which is used more by women than by men. It has already been said that the requirement of a fixed amount of worked time to access to some social benefits and earnings-related benefits play against women. In at least two countries, France



and Spain, part-timers are legally treated as equal to full-timers<sup>73</sup>, at least in access to some social benefits<sup>74</sup>.

## 6.2. Family, birth and childcare

All countries provide a series of cash benefits and benefits in kind:

### 6.2.1. Child benefits

As stated in Chapter I, child benefits in EU members differ considerably according to the elements that define them. In terms of the models discussed above, the claimant of these benefits is typically the family with children itself, and not the father or the mother of the child<sup>75</sup>. However, according to the available information, two countries (Ireland and Sweden) give priority for the mother to claim for the benefits, unless the child lives and is supported by the father. The entitlement conditions for these benefits (see Table 1 in Chapter I) in some countries refer to the residence of the beneficiary or to be paying social security contributions; in at least four of fifteen EU countries, the more restrictive condition of being in employment applies also. As far as women's participation in social security contributions and in the labour market is lesser than men's, their access to these benefits might be limited, compared to that of men's. When these subsidies are not related to income of the household, income redistribution is achieved between households with and without children. In some countries and under some circumstances these benefits are related to income, which, as stated above, is even better in terms of their re-distributive effects and, when the eligibility criteria of being in employment applies, does not deter people from entering the labour market.

In most countries, but in three (Spain, France and Italy), according to the information, there is no income limit when applying for this kind of benefits. Though, theoretically, the limit could have significant redistribution effects, still more significant for women than for men account

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<sup>73</sup> O'Reilly and Spee, (1997): "Regulation work and welfare of the future: towards a new social contract or a new gender contract?", Discussion Paper, WZB.

<sup>74</sup> See Chapter V on Good Practices, the Spanish case on treatment of part-time work.

<sup>75</sup> Korpi (2000) ranks eighteen OECD countries according to their level of "family model support" and "Individual model support": Nordic countries (Denmark, Sweden and Finland) suits worse in the "family model support" but better in the "individual model support"; on the contrary, Belgium, Germany or France are ranked on the top of the "family model support" list of countries and in the middle of bottom of the "individual model support".



taken of their average lower level of income, if this ceiling is too low (e.g. 8.264,28€ a year in Spain), the result is the exclusion from the measure of large share of potential beneficiaries.

### 6.2.2. Parental leave

Chapter one (Table 2) showed the variety of ways in which parental leaves are set in the EU countries<sup>76</sup>. Paid parental leave has in some EU countries a contributory component (parental benefits), i.e. prior contributions are required and benefits are related to prior earnings; but also an allowance, usually no earnings-related, to insured persons not entitled to the contributory component: so Germany, Luxembourg and United Kingdom. In other countries, Finland, Sweden and Denmark, there is a “parental allowance” paid after expiry of the parental leave.

The duration of the maternity leave ranges from 14 to 18 weeks and the replacement rate varies also greatly.

In the case of the United Kingdom, one condition for the mother to be entitled to statutory maternity leave is that she has been continuously employed by her employer for 26 weeks by the end of the 15<sup>th</sup> week before having given birth and has earnings which average at least GBP 75 (€115) a week. Entitlement to maternity allowance, when no entitlement to statutory maternity leave, requires having been continuously employed or self-employed during at least 26 weeks over the 66 weeks period before the baby is born and having earned at least GBP 30 (€46) a week on average. Account taken of more irregular participation of women in labour market, the first condition in both cases (continuous employment) seems of disadvantage for women; the second one (minimum earnings requirements) seems moreover anti-distributive, and discriminatory, not just for women, but for low income women. Whereby the objective looked after is to prevent low-income women to be trapped out of employment (see above), this eligibility condition puts women clearly at disadvantage, for they are usually forced to change jobs during the period when they have young children.

Paternity allowances generally constitute a **replacement income**, whose rate varies greatly between countries. They are usually previous earnings related, which, as commented above,

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<sup>76</sup> See footnote 25 in Chapter one establishing three sorts/parts of a generic parental leave: maternity leave (only the mother is entitled to it), paternity leave (only the father is) and shared parental leave (both the mother and the father can take it up).



gives incentive to take up gainful employment but reflects the disparities found in the labour market between women and men.

With respect to the **duration of the leave**, long periods of absence from the labour market may cause difficulties for the beneficiary when returning to his/her post (Chapter 2). Whereas they are seen as adequate to reconcile work and family lives, emphasis should be put on the need for measures to be taken to facilitate a smooth return to the post held by the parent after parental leave has been used.

From the point of view of **the person entitled** to this benefit, it is worth to pay attention to the fact that the right to parental leave is in most cases an individual one and belongs to the mother, provided that she has previously worked. All countries foresee the possibility for men to share parental leave with women, but they are not entitled *individually* to the right. This possibility does not guarantee the right for the father to take up the leave, being subject to agreement within the family and, in any case, in detriment of mother's right. Moreover, the right for the father to take up the leave simply does not exist when the mother has not previously worked<sup>77</sup>. Very few countries, as stated in Table 2 in Chapter1, count on a **paternity-leave, i.e. exclusively** for men, as an individual right.

Evidence shows that fathers still use their right to parental leave much less than mothers, in both cases. Unless special provisions are foreseen to encourage or force men to claim the right to leave, there is no reason to think that disparities will be reduced: in this context, higher reimbursement levels for parental leaves would enable more fathers to take this option; besides, a leave of longer duration would make it more possible for families to share the leave.

### 6.2.3. Child-raising allowances and other benefits

Child-raising allowances are benefits paid to either the mother or the father in case of interruption of work or reduction of working time in order to bring up a child. According to the available information, only in six EU countries would parents be entitled to these paid benefits (see Table 18).

According to the European Directive 96/34/EC on parental leave, any man or woman in paid employment is entitled to parental leave on the grounds of the birth or adoption of a child, in

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<sup>77</sup> In a very recent decision, the Social Security authority in Spain has conceded this leave to the father upon death of the mother who was not employed at the time of giving birth.



order to enable them to care for that child for at least three months. It may be taken by the mother, the father or both parents at once, and they are guaranteed reinstatement in their job or in a comparable post after the period of the leave. In many countries this leave is unpaid. It is important in this context whether the period spent caring after the child is recognised in the social security contributions of the person, typically women, as a worked period<sup>78</sup>.

As commented above, attention has to be paid to the return of, admittedly, mothers (or fathers to a little extent) to the labour market after a long period leave for caring after their children. Countries favouring the option for the mother or the father to interrupt work or reduce working time in order to care after their children should consider to complement them in order to guarantee a normalised participation in the labour market after the leave.

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<sup>78</sup> The information of the MISSOC does not allow for this analysis.



**Table 18: Child raising allowance**

Country	Beneficiaries	Requirement of minimum period in employment	Earnings related	Means-tested
Belgium	No allowance			
Denmark	Parents with children under 9	-	No. 60% unemployment insurance	No
Germany	Non working or part-time working mothers or fathers	-	No	Income ceiling
Greece	No allowance			
Spain	No allowance			
France	Families with at least 2 children, of whom at least one under 3 and the parent reduces or interrupts activity	Proof of previous activity	No	
Ireland	No allowance			
Italy	No allowance			
Luxembourg	Person dealing with child under 2 upbringing	-	No	Income ceiling
Netherlands	No allowance			
Austria	Fathers entitled to child benefit (1)	Regardless of prior unemployment or compulsory insurance	No	Income ceiling
Portugal	No allowance			
Finland	Partial child care allowance to parents of children under 3 who reduce working hours	Yes	No	No
Sweden	No allowance			
United Kingdom	No allowance			

(1) In exceptional cases, also without this condition. Source: MISSOC



As regards **child-care allowances**, according to the information consulted<sup>79</sup>, only Denmark, France, Finland and the United Kingdom provide special allowances. Chapter II revised the effects of the alternative elements of child-care allowances on participation of women in the labour market. From the point of view of access to the rights, it seems that the challenge relies on guaranteeing the access to these allowances to all new family structures, especially to single parents.

In fact, very few countries have specific benefits for single parents, and then mostly limiting themselves to accrue some supplements to ordinary child benefits. Only seven countries recognise this new possibility, of which four merely foresee supplements. The remaining three countries (Denmark, France and Ireland) provide specific support for single parents who maintain their children. As repeatedly put forward in this study, it is important that benefits adapt to the new forms of family.

#### 6.2.4. Benefits in kind

The Barcelona Council took into account the demand for childcare facilities, referring back to the Lisbon Council, which established the objective of increasing female employment rate to more than 60% by 2010. In line with national patterns of provision, member states should provide childcare to at least 90% of children between three years old and the mandatory school age and at least 33% of children under three by the same date, 2010.

As recognised the European Commission in its Draft Joint Employment Report 2003/2004, “*childcare* is a policy priority in practically all Member States, even though the approach varies in focus and ambition. (...) only SE, DK and BE (Flanders) reach the target for the young age group. For children above three the situation improves, but many countries exclude after-school care, which has a decisive role for parents' possibility to take up work. Those countries still facing the *greatest challenges for increasing childcare provision*, especially for 0-3 year old children, are IT, DE (old Länder), AT, LU, the UK, ES, EL, IE and PT. Many Member States set *national targets* for increasing childcare provision (BE, FR, EL, IE, PT, the UK). Policy often lacks a *link between childcare expansion and the needs of the labour market*, and little attention is given to quality and affordability. The potential traps in policies, which reinforce gender roles, like childcare allowance schemes or home care subsidies, do not seem to attract attention. *Care of other dependants* generally lacks concrete

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<sup>79</sup> MISSOC, Mutual Information System on Social Protection



initiatives”<sup>80</sup>. Childcare coverage for younger children ranges from 7% in Italy and Germany to 28.3% in Belgium and 73% in Sweden. As for children over three, the coverage in UK is 29.4% and goes up to 100% in Spain and Belgium<sup>81</sup>.

There are great differences between the MS with respect to the number and types of services offered. Some studies have reported up to 136 types of service, whereby Greece lists only 4 and the United Kingdom 14 different types each. Not all the needs of families are satisfied, and there is evidence that there are very few services operating full time and few services for children with special needs (usually children with disabilities). It seems that the challenge lies on ensuring a wide range of reasonably priced high-quality and varied childcare services geared to local needs<sup>82</sup>.

### 6.3. Long-term care

These provisions include both cash and in kind benefits for persons who are not able to perform the basic activities of the daily life. The accession conditions to these benefits may as well give way to disparities between men and women.

As other benefits, in many cases a previous contributory period is required to be entitled to cash or in kind benefits. As argued above, as long as women’s participation in the labour market is more irregular and they work less than men, their access to these benefits is hampered. Moreover, when they are income tested, account taken that women’s earnings are less than men’s, women are again at disadvantage as they are likely to abandon or not enter paid work.

As put forward in chapter one, some countries consider as beneficiary of the benefits not the person to be cared FOR, but the carer, such as in Ireland (Carer’s benefit for insured

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<sup>80</sup> COM (2004), 24 final/2, Draft Joint Employment Report. It is significant the beginning of the paragraph that resumes the assessment of the European Commission: “Some [countries] still consider *reconciliation a women's issue*, whereas others recognise the role of men in care and family responsibilities, mainly by encouraging take-up or improving paternity leave schemes”.

<sup>81</sup> COM (2004), 24 final/2, Draft Joint Employment Report

<sup>82</sup> European Parliament, Committee on Women’s rights and equal opportunities (2004), Report on reconciling professional, family and private lives 2003/2129 (A5-0092/2004).



employees who care for a dependent person for a period between 6 weeks and 15 months; carer's allowance for carers of ill persons over 16) and in the United Kingdom (Invalid care allowance, where there is no qualifying period for the carer, but the person receiving care must be in receipt of a specific disability benefit). In these cases, and in order not to perpetuate the differences between men and women, two elements are important: on the one side, where the carer is entitled to benefits, then social security contributions during the period he/she is out of the labour market should be ensured, so as not to endanger carer's access to old-age pensions or other benefits. Secondly, measures that ease their transition back to labour market, once the need to care is over, are also needed. Attention should be further paid if the benefit is means-tested, so as to avoid the carer to enter a poverty-trap.

#### 6.4. Employment injuries and occupational diseases

With respect to the benefits under this section, described in Table 4 and Table 5 of Chapter I, and their effects on the access to rights, the first remark is that individual rights are considered in this case. Comments made in previous sections referring to more limited access of women if previous contributory period is required apply also here. Similarly, when cash benefits are earnings-related, then participation in employment is promoted, though gender inequalities in labour market will be reflected.



**CHAPTER IV. TAXES AND RECONCILIATION OF FAMILY AND WORKING  
LIFE**



## **1. Introduction**

The tax system and the social security system play an important role in parents' decisions on how to distribute their time between paid work and the care of children. In fact, literature on this subject points out that the tax system significantly influences two decisions: that of participating in the labour market, especially in the case of women, and the number of hours devoted to paid work.

Although the main determinants of women's participation in the labour market are the educational level, the general conditions of the labour market and cultural attitudes, some empirical analyses have also shown the importance of certain tax aspects and of certain social benefits. In fact, the results obtained for 17 OECD countries show that, in the last decade, women's participation in paid work has also been very much influenced by the tax treatment to the second income earner in a household, by the incentives for the sharing of paid work between both partners, by the subsidies for the care of children and by parental leaves (Jaumotte, F. 2003).

Beside these aspects related to the employment, the tax systems are also a main instrument of the social policy. Through tax benefits, private provision of certain social goods and services can be fostered and some familiar situations can be treated more favourably than others. Certainly, most Member States combine in-cash or in-kind social benefits, referred to widely in Chapter I, with fiscal benefits that support the family as the main redistributive agent of income and personal care.

This chapter analyses the relationship between tax systems, the dependency status of women, and the work-life balance of men and women. It also examines the role tax systems have as an instrument of the social policy, mainly through their treatment of the families.

## **2. Tax levels and women's situation**

### **2.1. Tax system's effects of the dependency status of women and the reconciliation of family and working life**

The tax system is an outstanding instrument of macro-economic policy and of the income redistribution policy (equity policy); additionally, it can also be an instrument in favour of gender equality.



The effects of the tax system on the economic dependency status of women and on reconciliation of family and working life are mainly channelled through the labour market. The relations between taxes and paid work for women are synthesized in three main aspects:

a) Taxes reduce the net salary of women and, for that reason, affect negatively their labour supply. Although there are a great number of factors affecting women's labour supply, the wage is the main factor. The economic rationality of the household, as a decision-taking unit, considers the net income increase for the household as the main argument in favour of women's participation in paid work. The more reduced is this increase, the less attractive the decision of participating in the labour market becomes. In some cases, the attempt to maximize the increase of net income for the household favours the acceptance of irregular jobs or in the economy's informal sector.

On the other hand, as it is further analysed in this chapter, in some MS the most important tax, the income tax, has elements within its design that penalize the existence of a second income earner in a household. Furthermore, as we could see in Chapter I, some social benefits are conditioned to a maximum income limit or its amount is negatively related to the household's income. In addition, due to the scarceness of free services for children care and due to unsuitable tax benefits in the income tax for the expenses caused by children and dependent adults care, the net salary increase obtained by the participation of women to the labour market may result excessively low or negative, thus creating disincentives to the incorporation of women into the labour market.

b) In the second place, taxes contribute to the demand of female work, if they are devoted to purposes implying the expansion of the service sector. We can see a positive correlation between a country's tax level and the employment rate for women, while men's employment seems to be independent from tax level (Löfström, 2001). The expansion of social expenditure (education, health, social services, etc.) has a positive effect on the demand of female work because in the whole EU15 the employment in these sectors show a high participation of women. Furthermore, this effect shows an expansive or enlarging trend, as the participation of women in the labour market also favours the creation of new jobs in the service sector. The elasticity of new jobs in the services sector against the increase of female work has been calculated in 0.15 (Esping-Andersen, 1999); that is to say, for each 100 women incorporated to paid work, 15 new jobs are created above all in education, health and social services.

c) Finally, taxes devoted to the improvement of infrastructures and of social benefits, especially those devoted to care of children and dependent adults, favour participation of women in the labour market. In this context, two interesting aspects may be highlighted. Firstly, the price of children care services significantly influences women's labour supply, especially of those with a low education level. In consequence, direct subsidies for children care services are considered a high-valued measure, at least as concerns the objective of increasing women's labour supply in all social groups (Blau and Robins, 1988). The



improvement of social infrastructures also favours the reconciliation of family and working life, both for women and men.

Income taxes have negative consequences on women's labour supply and positive ones on the demand of female work, but it is difficult to highlight "a priori" which effect does dominate. When factors determining relations are considered as a whole, we cannot estimate that the total tax effect on female activity is negative. On the contrary, in EU countries there is a positive relation between tax level and female activity, thus showing that tax policy is not gender neutral (Löfström, 2001).



### **3. The fiscal treatment of the family**

#### **3.1. Fiscal expenditures**

Social expenditure, widely understood, comprises the resources allocated to social goals from the public, private and non-lucrative sectors. Under this definition, social expenditure consists in three main components: public expenditure on social protection, private expenditure on social good and services and fiscal expenditure<sup>83</sup> with social aims. This latter consists of tax deductions a citizen obtains when he/she fulfils certain objective criteria, such as having dependent children or caring after dependant adults.

Social and fiscal benefits comprise different components that entail marked disparities. Direct beneficiaries of social benefits, for instance, do not necessarily coincide with beneficiaries of fiscal benefits. In order to profit from the latter ones, the citizen must be tax-payer of the specific tax. Moreover, when tax benefits are related to income, then fiscal savings are greater among higher income tax-payers.

When social and fiscal benefits coexist, then both instruments should be integrated in order to reinforce reciprocally the social aims.

The importance of fiscal expenditure as an instrument of social policy among the Member States is based on historical and institutional reasons as well as on the existence of different models of public finance and tax systems. Recent progress towards the individualisation of rights in both social protection and fiscal systems (i.e. independently of the family situation) leave certain fiscal benefits, such as those on family care, senseless.

In general terms, most Member States make use of these two instruments in order to address social issues (care of children and dependant adults, housing, etc). Therefore, a global approach to social expenditure requires considering not only expenditure on social protection

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<sup>83</sup> We refer to this concept both as fiscal expenditure and fiscal benefit, depending on the agent, since they are expenses for the Public Administration and benefits for the tax-payers.



but also fiscal benefits<sup>84</sup>. However, a comparative analysis on fiscal expenditure of EU countries face noteworthy obstacles<sup>85</sup>:

a) Efforts through public social expenditure are relatively easily identified and quantified. On the contrary, fiscal expenditure with a social aim is neither so transparent, nor so easily quantified, nor is it easy to assess its efficiency.

b) Given the complexity of its calculation, only a few countries estimate it, but these estimates are not comparable, due to lack of homogeneity in the criteria.

c) Different concepts of fiscal expenditure are used. In a wide sense, it should include any fiscal benefit to a tax-payer as result of an objective situation. It would then include tax exemptions (income excluded from the tax base), tax allowances (amounts deducted from gross income to arrive at taxable income), tax-credits (amounts deducted from tax liability), rate relieves and tax referrals.

d) There is not a single methodology for quantifying fiscal costs. There are three main ways of calculating them: the first one draws on the lost fiscal revenue resulting from the fiscal benefits; the second one on the revenue increase that could be raised if existing fiscal benefits were removed<sup>86</sup>; the last one estimates the equivalent cost of a direct provision of the social services supported by the fiscal expenditure.

These obstacles render the comparison among countries almost impossible. It is however of utmost importance to consider the efforts made by the countries through their fiscal systems as regards social issues<sup>87</sup>.

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<sup>84</sup> See in Ruiz-Huerta (2004) the controversy between the Government and part of the academic community that took place in Spain at the end of 2003 with respect to the evolution of social expenditure over the last decade and its divergence with the EU.

<sup>85</sup> De Villota, P. (2001)

<sup>86</sup> These two first methods produce different results, since the first one makes an ex-ante assessment, whereas the second one makes it ex-post.

<sup>87</sup> De Villota (2004)



### 3.2. The Fiscal treatment of social benefits

As stated above, social protection and fiscal expenditure ought to be integrated in order to reciprocally reinforce themselves in the consecution of social aims. A particular element of this coordination refers to the fiscal treatment of certain social benefits, especially of in-cash benefits. It could be asked to what extent they are considered as part of the taxable income. If not, it is said that social benefits are exempted. On the contrary, if they do, then in-cash benefits are taxed, as do other income sources, and it becomes necessary to differentiate between gross and net in-cash social benefits.

Chapter I highlighted that fiscal treatment of in-cash social benefits differ widely among Member States, depending also on the kind of benefit. In some countries these benefits are completely exempted, in others they are taxed as any other income source, and in most of them they are exempted up to a certain ceiling, being taxed above this level.

In spite of important differences among countries, it can be assessed that, in general terms, benefits related to dependency and long-term care are exempted in almost all Member States whereas child benefits are usually taxed as a normal income.



**Table 19. Fiscal treatment of some in-cash social benefits. Existence of an exempted ceiling (not taxed)**

	Child benefits	Parental leave	Permanent disability	Dependency and long-term care
B	Yes	Yes	No	Yes
DK	No	No	No	Yes
D	Yes	Yes	No	Yes
EL	No	Yes	Yes	Yes
E	No	No	Yes	Yes
F	No	Yes	Yes	Yes
IRL	Yes	No	Yes	No
I	No	Yes	Yes	Yes
L	No	No	No	Yes
NL	No	-	-	Yes
A	Yes	Yes	Yes	Yes
P	Yes	Yes	Yes	Yes
FIN	No	No	Yes	Yes
S	No	No	No	Yes
UK	Yes	Yes	-	No

Source: Own elaboration with MISSOC information

### 3.3. Fiscal benefits related to the marital status and the presence of children

Most occidental countries acknowledge the important re-distributive role played by the family among its members, sharing both labour income and the benefits of non-paid work. With the aim of fostering this redistributive role, most Member States count on standard fiscal benefits related to the marital status and the presence of dependant children (Table 20 and Table 21). These benefits take the form of tax allowances depending on the marital status of the tax-payer and some features of his/her household and of child benefits, in some countries increased with the number of children or in the cases of disabled children.

**Table20. Standard tax relieves related to marital status and dependent children, 2001**

	Marital status	Dependent children
Austria	Sole earner's (if married) and sole parent's tax credit: the sole earner's credit is not given when a spouse's income exceeds a certain amount, and is different if there are dependent children.	Children's tax credit for each child.



Belgium	<p>The amount of basic credit depends on the marital status of the taxpayer.</p> <p>Deduction related to particular family status, as for example dependent persons other than children, spouse without income or with handicap, single parents.</p>	Deduction related to the number of dependent children: the amount is doubled for children with a handicap.
Denmark	Each person is granted a personal allowance, which is converted to a wastable tax credit by applying the marginal tax rate of the first bracket of the income tax schedule. If a married person cannot utilise the personal allowance, the unutilised part is transferred to the spouse.	None
Finland	None	None
France	The “prime pour l’emploi”, is a tax credit for low wage employees: the basic threshold to obtain the “prime pour l’emploi” changes according to the family status. Also, the “prime pour l’emploi” has a supplement for an inactive spouse and a single parent.	<p>The system of “quotient familial” provides tax relief to taxpayers with children.</p> <p>If the taxpayer has dependent children, the amount of “prime pour l’emploi” increases.</p>
Germany	An allowance is provided for single parents.	A tax credit is provided for children: its amount depends on the number of children.
Greece	None	Tax credit: its amount depends on the number of children.
Ireland	<p>Married taxpayers are allowed an additional tax credit equal to the basic tax credit.</p> <p>An allowance is provided to single parent families, and its amount is equivalent to that of the basic tax credit.</p>	Exemptions from income tax are available to individuals with small income. The exemption limit is increased by a fixed amount per child for the first two qualifying children and by a higher amount for the third and subsequent children.
Italy	<p>Dependent spouse tax credit: provided if the spouse’s income does not exceed a certain amount.</p> <p>The amount of tax credit is calculated according to income brackets.</p>	Children tax credit: the amount is related to the number of children



Luxembourg	An extra deduction is designed for a spouse who receives a positive wage.	A tax credit is available for each dependent child.  The amount is fixed.
Netherlands	All taxpayers are entitled to (at least) a general tax credit. The tax credits are wastable. If, however, a spouse/partner with insufficient income to fully exploit his/her tax credit has a partner with a surplus of tax & premiums payable over his/her own tax credit, the tax credit of the first mentioned taxpayer  is increased by (at most) the surplus of tax & premiums payable of his/ her fiscal partner. As a consequence, the tax credit of the first mentioned taxpayer will exceed his/her tax & premiums payable, resulting in a pay out of the residual tax credit to the taxpayer by the tax authority;  A single parent is under certain conditions entitled to the single parent credit;  A single parent who is entitled to the single parent credit receives an additional credit of 4.3 per cent of his or her income from work, with a maximum.	A single parent or the highest earner of a couple receives a child credit if the taxpayer supports a child below 16 years of age if his or her income does not exceed a certain amount.  If a person receives the ordinary child credit and the joint income does not exceed a certain amount, he or she is also entitled to the additional child credit.  A taxpayer with a child below the age of 12 years is entitled to a combination credit if the individual income from work exceeds a specific threshold.
Portugal	The basic tax credit provided to taxpayers depends on the family status. The tax unit is the family and the tax evaluation is based on the splitting method.	A tax credit is available for each dependent child. If there is a child with handicap, this tax credit is increased by 50 per cent.
Spain	An allowance is provided to married taxpayers (twice the basic allowance) if one spouse has no income.  An allowance is provided to single parent families (approximately 1.64 times the basic allowance).	An allowance per child is provided for the first two dependent children under 25 years. This allowance is increased for subsequent children (3rd and 4th). A supplementary allowance is provided for each child between 3 and 16 years of age to cover part of the costs of education.
Sweden	None	None
United Kingdom	None	The Children's Tax Credit is a wastable tax credit for families who have at least one child under 16 living with them. If an adult in the family is a higher rate taxpayer, the credit is reduced at the rate of GBP 1 for every GBP 15 of the highest



		<p>earner's income in the higher rate band.</p> <p>Working Families' Tax Credit (WFTC): A non-wastable tax credit available to low and middle income families where one earner works at least 16 hours a week and who have at least one child under 16 (or 19 if still in full time non advanced education). The amount depends upon the hours worked, the number and ages of children. This credit is reduced by 55 pence for each GBP 1 of net income above a weekly threshold.</p>
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Fuente: Taxing Wages 2001-2002/Les impôts sur les salaires 2001-2002 OECD/OCDE 2003

Note: Not all reliefs for children are included in the tax equations because of the age of the children to which they apply. Also, no additional reliefs for disabled people are included in the tax equations.



**Table 21. Standard cash transfers related to dependent children, 2001**

Austria	A family allowance is granted for each child: the monthly payment depends on the number of children. This allowance is increased for children above 10 years of age and for students.
Belgium	The annual amount of cash transfer for children depends on the number of children (up to the 3rd child) and on the age of children.
Denmark	Cash transfers for dependent children, independent of the parents' income. The amount of the transfer is related to the age of children. Special amounts for single parents and a state transfer per year for each dependent child in case an "absent parent" does not contribute to the family.
Finland	The government provides an allowance for dependent children. The amount depends on the number of children. The child subsidy is increased for single parents.
France	Cash transfers for dependent children: the amount depends on the number of children. There is also an allowance for young children under 3 years old.
Germany	None
Greece	None
Ireland	Cash transfers are available for children under the age of 16 (or under 19 years, if the child is undergoing full-time education or is incapacitated). These payments do not depend on any insurance or on the means of the claimant. Transfers for low income families: payable where either the principal earner and/or the spouse are in fulltime employment. The level of this cash transfer is dependent on the amount of family income and the number of children, and there is a fixed ceiling.
Italy	The cash transfers for dependent children take into account both family income and the number of dependent persons: transfers are reduced when family income increases.
Luxembourg	Cash transfers are provided for dependent children: the amount of these transfers is related to the number of children.
Netherlands	Families with children receive a tax exempt benefit, depending on the number and age of the children.
Portugal	A cash transfer is provided for each dependent child. The amount of this transfer is related to the family income, to the age of children (first 12 months of life, and subsequent age) and to the number of children. A special cash transfer is available for children with handicap.
Spain	A cash transfer is provided for each dependent child, to taxpayers with annual gross earnings below a fixed amount. This transfer is not taken into account in the tax equations because the APW gross wage earnings level (and even 67 per cent of the APW wage level) is always higher than the threshold.
Sweden	A cash transfer is available for each dependent child. The amount depends on the number of children.
United Kingdom	Child benefit is paid in respect of each child in the family up to the age of 16 (or 19 if still in full-time non advanced education). The amount of this benefit is related to the number of children. For eligible one parent families there is a higher rate of child benefit in respect of the first child. None of these payments is subject to tax.

Fuente: Taxing Wages 2001-2002/Les impôts sur les salaires 2001-2002 OECD/OCDE 2003



*Note:* Not all cash transfers for children are included in the tax equations because of the age of the children to which they apply. Also, no additional cash transfers for disabled people are included in the tax equations.

A recent study by the OECD<sup>88</sup> estimates the impact of fiscal benefits related to marital status and to the presence of dependant children and the impact of child benefits on the fiscal treatment of different types of family. The results show that the *real* fiscal treatment, estimated through what the tax-payer actually pays (Table 22), varies widely depending on:

- the presence or absence of two parents in the household,
- the presence or absence of children,
- income level,
- the presence of one or two income earners

Single parent families are treated favourably in all EU countries, with the exception of Greece, whereby the resulting fiscal savings vary greatly, ranging from 35% of labour costs in the UK and 5,1% in Spain. As regards fiscal saving, single parent families are followed by those formed up by couples with children and only one income earner. In general, the existence of a second income earner penalises fiscal savings, as does the income increase resulting from the gainful work of this second earner. Even so, fiscal treatment to a couple with children is in all countries more favourable than the one to a couple without children with the same income level and equal number of earners.

However, focusing only on fiscal benefits, thus excluding in-cash benefits, fiscal savings are much smaller and the differences between different types of families are not so accused (Graph 11). Indeed, the Nordic countries, with greatest progress in the individualisation of fiscal rights, do not consider any special treatment. Only Germany and the UK seem to be treating more favourably single parent families through solely fiscal benefits.

**Table 22. Fiscal treatment of families, 2001**

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<sup>88</sup> Taxing Wages 2001-2002/Les impôts sur les salaires 2001-2002 OECD/OCDE 2003



	Single parent earning 67% of APW	Couple with children earning 100 and 0 % of APW	Couple with children earning 100 and 33% of APW	Couple with children earning 100 and 67% of APW	Couple without children earning 100 and 33% of APW
Austria	24,4	15,5	10,8	8,6	0,0
Belgium	16,1	12,2	6,6	5,2	-0,5
Denmark	25,6	8,5	6,3	4,0	1,4
Finland	14,3	7,1	5,3	4,3	0,0
France	7,5	8,9	10,0	9,1	4,6
Germany	16,3	15,4	13,4	12,9	6,8
Greece	0,0	1,2	1,0	0,8	0,0
Ireland	18,9	13,0	11,6	13,3	7,9
Italy	16,5	10,7	3,0	2,0	0,0
Luxembourg	23,7	22,4	22,0	22,1	9,8
Netherlands	18,1	9,8	4,2	3,4	0,0
Portugal	10,4	6,3	4,9	5,0	-0,2
Spain	5,1	6,8	1,2	1,7	0,0
Sweden	11,1	7,4	5,6	4,5	0,0
United Kingdom	35,3	11,3	6,9	5,4	0,0

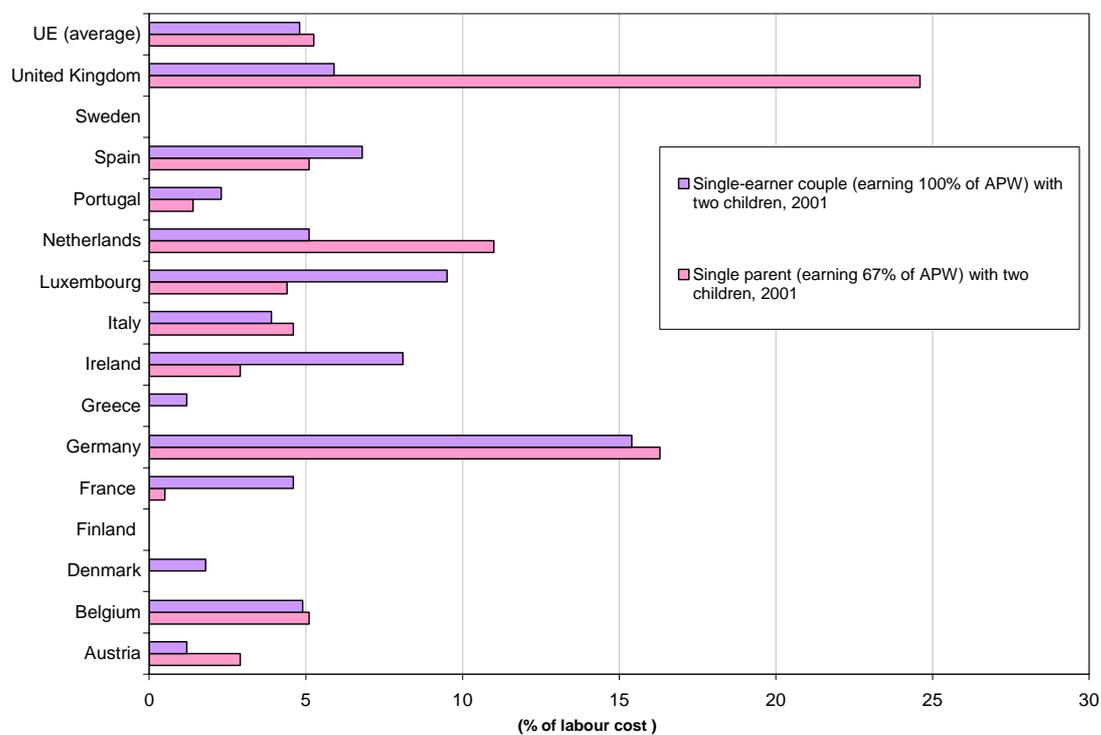
Source: Taxing Wages 2001-2002/Les impôts sur les salaires 2001-2002 OECD/OCDE 2003

Note: The tax rates correspond to the "total tax wedge": income taxes plus employee and employer social security contributions (and payroll taxes) minus cash transfers, expressed as a percentage of labour costs (gross wage earnings plus employer social security contributions). Increase in average tax rate if fiscal provisions for families were removed (% of labour costs)

### Graph 11. Fiscal treatment of families, 2001



**FISCAL TREATMENT OF FAMILIES, 2001**  
Increase in average tax rate if special tax treatment were removed  
(% of labour costs)



Source: Taxing Wages 2001-2002/Les impôts sur les salaires 2001-2002 OECD/OCDE 2003



#### 4. Direct taxes

The choice of the contributing unit in progressive personal income taxes (on income, on patrimony, on succession) has been an issue widely discussed in literature, although the analysis has been especially focused on income tax due to the importance of this tax in most developed countries

The discussion has focused on the advantages and disadvantages of both two possibilities of treatment of the household unit: individual taxation of each family member who is a tax payer of a certain tax (due to income collection, patrimony ownership, etc.), or the joint taxation of all members. A good part of the analysis has been devoted to the over-taxation introduced by tax progressiveness in the case of accumulation of incomes from different family members and that is also known as “matrimonial tax”.

The choice of the contributing unit must face theoretically the following criteria <sup>89</sup> (Meade, 1980):

- a) Tax neutrality contingent on civil status of the contributor, that does not affect the decision of getting married.
- b) Households with the same household income must pay the same taxes.
- c) Family tax considerations must not affect the individual decision of each family member as concerns income collection (tax neutrality against participation in employment).
- d) Tax considerations must not determine the economic organization of the family.
- e) Neutrality towards the main source of income for the household. The tax system must handle in the same way families with similar income, independently of the fact that such an income comes from work or capital.
- f) The paying capacity of two persons living together and sharing expenses is higher than those living separately.
- g) The choice of the tax unit must not mean substantial collection losses.

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<sup>89</sup> Taken from de Alvarez and Prieto (2003)



h) The system chosen must be comprehensible and easy to manage.

Although the above-mentioned criteria are almost unanimously accepted, there is no progressive tax, in practice, that meets them simultaneously. The main conflict takes place between the criterion of equality among similar families and that of the neutrality of marriage. In practice, the choice of a system for the treatment of the family unit has meant the abandonment of one of these criteria.

The problem of taxation of family units focuses on two primary issues:

1. How to consider the incomes obtained by the different family members, that is to say, to choose an individual tax system or a joint one, and
2. How to consider family charges that fall upon the tax-payer and how to apply the principle of capacity to pay of families with a different size and composition.

#### 4.1. Tax systems and treatment of the second income earner

The complexity involved by the choice of the contributing unit with regard to the family lies to a great extent on the juxtaposition of horizontal equity principles (equality on tax treatment for families with the same capacity to pay) and neutrality to the civil status of individuals. As it has already pointed out, the choice of an individual tax system or of a joint tax system means to a great extent the abandonment of one or another principle.

The joint tax system favours the principle of an equal treatment for families with equal capacity to pay but affects family decisions, mainly those related to the labour market. Other additional arguments, different from horizontal equity, concerning this system have an effect on the following aspects<sup>90</sup>:

- a) Decisions on the use of resources (and time) in the family are commonly taken jointly.
- b) The application of the tax is easier as it neither needs the allocation of ownership rights for assets generating incomes nor includes the complex treatment of intra-family donations.

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<sup>90</sup> Alvarez and Prieto (2003)



Individual taxation, the consideration of each family member as an individual and independent tax-payer, is neutral to the decision of getting married although it affects equity between families negatively. The arguments in favour of this system are focused on:

- a) Its neutrality to the civil status of the tax-payer and therefore, to the new types of family.
- b) Its non-discrimination of second income earners, meaning, in fact, that it is neutral to the decisions of married women's participation in the labour market.
- c) Its lower administrative costs.

In recent years, most of the EU15 countries have modified their tax systems towards the individual tax model and at present only four of the fifteen MS continue to use a joint tax model (

Table 23). This evolution is due to a great extent to the fact that the individual model adapts better to the current social situation, with more families in which both partners are working and with a significant increase of new forms of family. Moreover, the need to correct disincentives to paid work for the second income earner, women in most cases, have been intensified.

Table 23. Evolution of tax systems for the personal income, 1970-1999			
	Taxation system		
	1970	1990	1999
Austria	Joint	Separate	Separate
Belgium	Joint	Joint	Separate
Denmark	Joint	Separate	Separate
Finland	Joint	Separate	Separate
France	Joint	Joint	Joint
Germany	Joint	Joint	Joint
Greece	Separate	Separate	Separate
Ireland	Joint	Joint	Optional/Joint
Italy	Joint	Separate	Separate
Luxemburg	Joint	Joint	Joint
Netherlands	Joint	Separate	Separate
Portugal	Variable	Joint	Joint
Spain	Joint	Optional	Separate (Joint)
Sweden	Joint	Separate	Separate
United Kingdom	Joint	Separate	Separate



Source: Employment outlook from OECD (2001)

However, the taxation model for personal income does not determine in itself the incentives to paid work of other family members, different from the main income earner. Tax deductions and social benefits, however, do result in countries with different taxation models end up with taxing similarly the second earner's income.

The relevant variable for the participation of women in paid work is the average effective rate<sup>91</sup> of the second income earner. The analysis of this variable in MS allows us to point out some interesting aspects (Table 24):

In most countries, the second income earner bears an average rate higher than the one that he or she would bear if they were taxed at individual level (if that same income should have been obtained in a single household). Only Greece, Finland and Sweden offer the same treatment as that given to an individual contributor. In the case of Sweden, this is even more favourable.

The differential goes from 10% to 130%; that is to say, a second income earner may be obliged to pay 2.3 times the amount paid at individual level (Table 24).

The tax differential also depends on the structure of the household income. In general, the discrimination of the second earner is higher whenever the difference between the incomes of both household contributors is higher. In case that both partners earn similar amounts, the tax treatment for the second earner is more neutral<sup>92</sup> (see in Table 24 as the ratio between the average tax rates applied to the second earner, with regard to an individual treatment, is lower when a woman's income approaches 100% of Average Production Worker in all MS). This result points out the possibility that the discrimination of the second earner may be higher for those workers with a lower qualification, thus additionally penalizing the access of low-qualified women to the labour market.

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<sup>91</sup> Average effective rates show the average percentage of the actual tax paid per income unit. Unlike nominal rates, effective rates already consider all possible tax reductions (for characteristics of the family unit, for certain expenses and investments, etc.) that the taxed unit might apply.

<sup>92</sup> This result is contradictory with those obtained from previous empirical analyses showing a lower discrimination when the second earner had a low income. From this, the incentive to part-time work for women was assumed.



The taxation model, by itself, does not determine the discrimination of the second income earner. As we can see in Table 24, the treatment is similar in countries with different taxation models (for example: Germany and Belgium).



Table 24. Comparison of tax rates of single persons and second earners, 2000-2001 (1)

	Women earning 67 per cent of Average Production Worker (APW), 2001			Women earning 100 per cent of APW, 2000		
	Second earner	Single	Ratio second earner/single	Second earner	Single	Ratio second earner/single
Austria	25	22	1,1	29	28	1,1
Belgium	51	34	1,5	53	42	1,3
Denmark	50	41	1,2	51	44	1,2
Finland	26	26	1,0	34	34	1,0
France	26	21	1,2	26	27	1,0
Germany	50	34	1,5	53	42	1,3
Greece	16	16	1,0	18	18	1,0
Ireland	24	10	2,3	31	20	1,5
Italy	38	24	1,6	39	29	1,4
Luxemburg	20	19	1,0	28	27	1,1
Netherlands	33	27	1,2	41	36	1,1
Portugal	17	13	1,3	20	18	1,1
Spain	21	13	1,6	23	18	1,3
Sweden	30	30	1,0	28	33	0,9
United Kingdom	24	19	1,3	26	24	1,1

Source: Jaumotte (2003)

(1) The relevant “marginal” tax rate for a married woman’s decision to participate or not in the labour market is the average tax rate on the second-earner’s earnings, defined as the proportion of these earnings that goes into paying increased household taxes. The husband is assumed to earn 100 percent of APW and the couple is assumed to have two children. This tax rate is compared to average tax rate for a single individual with same gross earnings as the second earner. The tax rates include employee’s social security contributions and are netted from universal cash benefits. But they do not include employer’s social security contribution, indirect taxes, nor means-tested benefits (except some child benefits that do vary with income).

#### 4.2. Tax progressiveness on income tax

Personal income tax has a progressive tax rate in MS and this fact introduces over-taxing effects when incomes from two or more household earners are accumulated; but, in addition to this, progressiveness also affects two other aspects related to the reconciliation of family and working life:



- The decision on the number of hours that each individual devotes to paid work and
- The tax treatment for women as a whole against that for men

With regard to the first item, we must highlight that tax progressiveness affects negatively the quantity of hours voluntarily devoted to paid work, which *a priori* favours a more balanced sharing of time between employment and family.

The differential tax treatment for women as a group is very much linked to the fact that not only their average salary is lower than that of men but, in addition to this, salary distribution is concentrated on certain intermediate income ranges, while that of men has a more homogeneous distribution. Considering that the net household earning is the variable determinant of the participation of women in the labour market, it is suitable that taxation pays attention to three complementary aspects of the second earner's treatment:

The relative treatment granted to the income ranges in which women concentrate and the relation with undeclared employment.

The consideration of the potential effect that a reduction of average effective rates on medium-low salary ranges should have on women's labour supply (Graversen and Smith, 1998).

The detailed consideration on how these ranges are affected, and indirectly women's labour supply, by any variation introduced in the personal income tax. The incorporation of this criterion may alter the choice among the different reform options. (Frederiksen, Krogh and Smith, 2001).



## **CHAPTER V. GOOD PRACTICES**



## 1. Choice criteria

This chapter is the result of the overview realised on the huge amount of programmes, practices, and different social benefits related to the reconciliation of work and family in the EU-15. A previous task for the choice of good practices is the discussion and decision on the criteria that should guide the search for these good practices. Four criteria have finally been followed:

1. Benefits should incentive women's participation in the labour market and men's participation in domestic tasks. According to the definition of reconciliation of work and family lives used in this study, reconciliation means that, on average, women work more and men care more.
2. Which means that benefits should promote the existence of two earners in the family. As stated earlier in this study, economic independence of women is a necessary condition to attain that independent and relatively autonomous status that provides full access to power and influence that defines participation in democratic society (Kessler-Harris, 2001).
3. Fiscal policies and social benefits should be neutral with respect to the type of family, attending also to new family structures, particularly single parent families.
4. They should respond to an individualised model of social and fiscal rights and obligations and guarantee equality in access to rights.

Occasionally, some of these criteria could collide with others, so that a good practice may not fit all of them simultaneously. In general terms, the individualisation of fiscal rights and duties is considered a positive factor, because it does not hamper the existence of a second earner in the family, which is usually linked to the wife's access to a job. Moreover, the existence of certain in-cash benefits related to the income of the family may also deter women's participation in gainful employment, especially full time. However, these criteria might be relaxed in some very particular cases, where the disincentive effect on women's employment becomes senseless or come first in second term, due to objective circumstances. This would be the case, for instance, of single parent households, where the discussion about the second earner is senseless; or the case of beneficiaries of long-term care benefits, a good share of whom is formed up by older persons, most of them out of the labour market.

The "good practices" presented in this chapter are examples of changes that are being progressively introduced in the social protection systems in order to adapt to the new social environment –such would be the case of the benefits for single parent families in France; these changes aim also to foster greater participation of men in family responsibilities – paternity leave in Sweden-; their objective may also be to reduce women's burden in the responsibilities of caring after their adult dependents –Austrian benefits and services in long-



term adult care-; and to avoid the disincentives cash-benefits and fiscal systems may have on women's participation in labour force –Spanish benefits for care services for children under three or Finnish income tax.

However, among these “good practices” we have also chosen programmes and measures that aim to compensate, to a certain extent, for the disparities of women in the social protection systems, disparities originated in their lesser participation in gainful employment and in their more irregular professional paths. Such would be the treatment of part-time in Spain and of permanent disabilities in Ireland.



## 2. Spanish child care allowance: 100 €/month

Spanish working mothers with children under three years of age are now entitled to a tax reduction of 1.200 euros a year in their income tax bill. Alternatively, they can ask for an advance payment equal to 100 euro a month.

The most important features of this social benefit concerns:

- It is an **individual** right to **women**,
- Only **working** mothers are entitled;
- Earnings have to exceed the minimum wage: the limit of this benefit is the contributions made to personal income tax;
- Previous contributory work of at least 15 full days within the previous month or 30 part-time working days.

Critics have arisen with respect to the earnings bottom limit imposed as well as to the condition that the mother is occupied. The enhancement of the collective also to working women with lower incomes would be an important measure, with little additional costs, to compensate and help women working part-time, fixed-term with frequent periods in unemployment, etc, who are with highest probability the ones not reaching the mentioned ceiling.

The enhancement of the measure also to unemployed women, though with higher costs, would be also an important step for helping them in their search for a job.



### 3. Benefit for single parent households in France

In France, single parent households, where only one parent with one or more children in charge, are entitled to an in cash benefit called “Allocation de parent isolé (API)” its aim being to guarantee a minimum income for this type of households.

This benefit can be received by any widow, divorced, separated in fact or by right or any single person living in France and who is pregnant or who is in charge of at least one child. This benefit is compatible with a paid work.

The maximum amount of this benefit amounts to approximately €707.19 per month for a single mother or father with one child in charge and €530.39 for a pregnant woman. For each additional child, this benefit is supplemented with €176.80. These amounts are reduced according to the beneficiary’s resources.

This benefit covers a period of 12 months; but, if the children are less than 3 years old, this period is extended until the child reaches that age.

In our opinion, this benefit can be highlighted as a best practice because:

a) Single parent households are an increasing reality across Europe and they seem to show greater difficulties than other types of families. These difficulties are linked to the limitations suffered by the parent who is responsible for the daily care of the children when he/she tries to access a job, especially a full-time job, long-life learning mechanisms or the continuation of his/her professional career. Lower working and training opportunities are exacerbated in some cases by the failure of the other parent to comply with the maintenance payment. As a result, single parent households show in the EU a much higher poverty risk than the average<sup>93</sup>.

b) It focuses on a type of family - single parent households - which has not been the “referring” family model on which the design of social security and tax systems are based. For this reason, the answers of these systems are not always suitable for their realities, although in the last decades some modifications have been introduced in order to deal with this type of family in a neutral way.

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<sup>93</sup> Eurostat, *European Union Households Panel*.





#### 4. Paternity leave for fathers in Sweden

In Sweden, one of the aims of family policies is to support the role of fatherhood. One of the measures introduced has been to encourage fathers to take parental leave. Parental leave in Sweden is payable for 390 days at 80% of parent's qualifying income (a minimum of SEK 150/day is guaranteed) plus 90 additional days at a flat rate of SEK 60 a day. It has several features worth noting:

- All these 480 days are divided equally between the parents, 240 for each one, i.e. it is about **individual rights**, though a parent may transfer up to 180 of her/his days to the other one. This would result in too few fathers having used his individual right to leave.
- In order to **force** fathers to take up his leave, there is a period of one month's paid paternity leave that the father is encouraged to take and **is not transferable to the mother**. This means that the father must take 30 days of the paid parental leave; otherwise the parents will lose their entitlement of compensation for that month.

It therefore does not discriminate against fathers, in the cases when the mother has not previously been in paid work, since it is the father himself who is entitled to take up half the leave period. Moreover, it **forces** fathers to take at least one-month leave, without the possibility of transferring to the mothers. From the employer's point of view, these two possibilities should contribute to place women and men in a more similar situation with respect to paternity.

Besides, the National Board of Social Security has run several advertising and information campaigns over the years in order to emphasise the importance of both parents claiming the parental benefit. Written material is distributed to all fathers highlighting the importance of early and close contact between father and child. All parents are invited to information meetings about the parental insurance scheme before having their child.



## 5. Part-time work in Spain

The employment contract is considered to be a part-time contract when the services rendered over a given number of hours per day, week, month or year is less than the working time of a comparable full-time worker or, barring that, less than the maximum legal working time. Social protection under part-time contracts is governed by the principle of establishing the comparability of part-time workers to full-time workers.

In order to promote the still limited use of this type of contracts, different regulations have improved the social protection part-time contracts entail for the workers. Accordingly, part-time dependent workers (i.e. not self-employed), regardless of the duration of working time, are protected against all situations foreseen for full-time workers. However, in order to ease their effective access to benefits, specific rules have been established: contributions to social security are based on the earnings actually perceived by the worker, be they ordinary or complementary hours (complementary hours cause similar contributions as ordinary hours); to determine the contribution periods necessary to provide entitlement to social benefits the equivalent of the hours actually worked by the part-time worker is calculated in terms of full days. To determine the **number of theoretical days of contributions**, the working hours are divided by five, equivalent to dividing 1.826 annual working hours among the 365 of the year. Finally, in order to ease the determination of minimum contribution periods and secure therefore entitlement to the retirement pension and permanent incapacity for work pension, this number of theoretical days of contribution is multiplied by a coefficient of 1.5.

Though part-time employment in Spain is underdeveloped compared to other EU countries, the reasons are to be found elsewhere<sup>94</sup>, and such as it is protected in Spain, it could get a valuable tool not only to increase women's participation in the labour market, but also to foster men's participation in the domestic sphere, without disregarding the need for full and adequate social protection.

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<sup>94</sup> It has been widely accepted that the reasons behind the low development of part-time in Spain lie on the changes in the definition of part-time that have affected the relevant legal regulations, the level of earnings, employment security, lower expectations of career growth, the prevalence of temporary contracts and the prevailing business culture. Gómez, S et al (2002), "Part-time work: its evolution and results".



## **6. Permanent disability benefit in Ireland**

Active workers and workers under training, whenever they are secured, can be entitled to this benefit.

The amount of the permanent disability benefit depends on the level of disability, and it does not depend on the beneficiary's salary. The amount is increased according to the existence or not of children or dependant adults in the beneficiary's household. Furthermore, this benefit can be accumulated to other benefits.

As concerns tax treatment, it must be pointed out the establishment of a tax exemption limit and also that the tax treatment given to this income is conditioned to the type of household.

In our opinion, the following arguments can be considered in favour of the consideration of this benefit as a best practice:

1. The amount of this benefit is not subject to the contribution period or to the beneficiary's salary. Generally, when the amount is established taking into account those two conditions, working women receive lower amounts due to their lower average salary and to the higher number of interruptions along their working life. The risk covered by this benefit - a certain level of permanent disability - gives rise to material and moral costs both for men and women equally, and therefore, we consider positive that they receive similar benefits.
2. In addition to this, by allowing its accumulation with other types of benefits and above all, and by granting to this benefit a favourable tax treatment through the establishment of a minimum tax exemption, all these are facts are to be positively valued, as the tax system strengthens the objectives of the benefit through a favourable tax treatment for it.



## 7. Dependency benefits in Austria

Social benefits devoted to the support of dependent situations in Austria include in-kind and cash benefits, through tax benefits<sup>95</sup>.

Residents who cannot carry out their daily life tasks can be entitled to these benefits. In the case of cash benefits, the beneficiary must have a need of care and help of more than 50 hours per month and this need must stretch out during six months, at least.

No age limit is established for being entitled to these benefits. And the two types of benefits (in-kind and cash) can be accumulated to other social or tax benefits.

Among in-kind benefits, the following services are included: home-help aids (qualified assistance, escort services, organized neighbouring aids, therapeutic mobility services, assistance to families and advice to family members, laundry, food and transport services), care services in collective premises, for example, day centres and home-nursing services.

We consider that some elements defining these benefits are arguments in favour of their consideration as a best practice:

a) The condition of resident is enough for accessing the benefits. This condition improves the access for all citizens in need of this care.

b) The non-requirement of a minimum contribution period in order to be entitled to this benefit allows that those collective groups who have had a lower participation in labour market along their lives can also have access to these benefits

c) Tax benefits supplement in-kind benefits.

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<sup>95</sup> Federal agreement on tax benefits for long-term cares (Bundespflegegeldgesetz, BPGG)



d) These benefits are not subject to taxation, thus meaning a certain coordination among social and tax benefits.



## 8. Finnish personal income tax

As other EU countries, Finland has changed over the last 30 years its type of taxation system, going from a joint taxation system towards an individual one. This means that the tax unit is no longer the family but the individual. This consideration of every member of the family as an individual and independent tax payer has, at least, two positive advantages with respect to reconciliation of family and work lives:

- a) Its neutrality as regards civil status and, thus, as regards new family structures;
- b) Its non-discrimination as regards second earners, which means in fact its neutrality with respect to the decision of married women's participation in the labour market.

However, there are two additional criteria that support the election of the Finnish fiscal system as a good practice:

- c) As already said, from the fiscal point of view, the key point when deciding women's participation into the labour market is not the type of taxation system but rather the average effective tax rate to be charged to the second earner. The Finnish system treats identically two different persons with the same income, no matter if the first one is single and the second one is part of a family as the second earner (Jaumote, 2003). Another important issue is that this neutrality is not related of the income. This means in fact:
  - Neutrality with respect to the choice between part- or full time employment;
  - Neutrality with respect to qualification (and, therefore, with respect to potential earnings) of the second earner. It thus does not discriminate against low-qualified women.
- d) Finally, Finnish personal income tax favours participation into paid work of both members of the family. Fiscal savings are greater when the income of the whole family is earned by both members than by only one (Jaumotte, 2003).



**MAIN FINDINGS, CONCLUSIONS AND PROPOSALS**



The identification of the links between social security and taxing systems and reconciliation of work and family life in the MS of EU15 is an extremely complex task. This complexity has been present throughout the completion of this study and can be summarised as follows:

1. The great number of benefits that are found in the EU15 social security systems (noting that, as an example, there are over 140 different benefits in the area of child birth and caring, see MISSOC database)
2. The substantial differences between MS in covering the same objective situations or that have similar social protection objectives. This characteristic linked to the first one mentioned here forces a high degree of synthesis and systematizing of the information available in order to get an orderly view of the situation.
3. The quality of the available information is not always the ideal one. It would be very advisable, in this case, to make a substantial investment to have an updated and reliable database (based on the present MISSOC). This is a fundamental aspect in order to monitor the impact of social security systems on reconciliation of work and family life, but also in order to facilitate research that enhances knowledge of the links between these two areas.
4. The links between social security and reconciliation are multi dimensional; therefore the approach to the issue should be holistic. In addition, the varieties of life situations which are contemplated in the social security systems require a high degree of specialisation. This requires using multi-disciplinary teams given how the effects of the different benefits impact upon very different matters, that an analysis of rights is necessary and that the links to taxation are very important.

This said, the first and main conclusion of this study is that social protection and tax systems in EU countries are mostly outdated and have failed to adapt to socio-economic changes, such as increasing participation of women in the labour market, thus the increasing number of two-earners households; and the existence of new family structures, particularly single parent families. The old “male-breadwinner” model, and its possible variations, is in many cases still behind this mismatch.

In this context, a need for a certain harmonisation between EU countries as regards social benefits could be put forward. However, the upgrading of the above mentioned model seems more urgent in order to facilitate women’s access to paid work and guarantee equal access to rights and services of women and men. The reference to the individuals -and not to the family any longer- seems essential to this transformation process, though especial account has to be transitorily taken of older women, particularly of low qualified ones, and particularly in countries with low female employment rates. The individualisation of rights could hamper the access of these women to, for example, old-age pensions.



In this study, reconciliation of family and work lives has been understood as increasing, on average, women's participation in paid work on the one hand; and on the other hand, as increasing, on average, men's participation in family issues. The study puts forward the need to revise the social benefits and tax systems so as to eliminate the perverse effects some of them have on the participation of women in paid work and their access to some rights. On the other side, the study also states the need to adopt measures that ease –or force– men's participation in care activities, such as the paternity leave for fathers in Sweden. Again, the individualisation of rights seems a valid solution for this purpose. Additionally, it seems necessary to take consideration of the need for reconcile work and family lives from a life-cycle point of view, i.e. paying attention to the different situations all along the vital cycle, when families have to care after children, after older dependants, etc.

The next sections develop these general ideas, each one explaining the main findings of the respective chapter in the study.

### **The situation of women in Europe**

This report addresses the reconciliation of family and working life **at individual level**. This involves that such a reconciliation means, for each person, a relatively balanced distribution, in terms of preferences, of time devoted to paid work and family responsibilities, particularly of those related to care of children and of dependent adults. In accordance with the above terms, for certain persons the improvement will come from devoting more hours to paid work and reducing their devotion to family tasks, while for others this improvement would mean just the opposite.

### **Situation of the reconciliation of family and working life in the EU**

Sex differences in “tied” time per day<sup>96</sup> highlight that women devote more time to family and home care. On the contrary, their devotion to paid work is lower. In addition to this, the differences in “tied” time between countries suggest a positive relationship between women's employment rate and a more equal time distribution between sexes. The latter is likely to be one of the pillars supporting the developments in reconciliation, although underlying cultural factors make it difficult to reach short-term achievements.

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<sup>96</sup> For a synthetic overview of these differences, please, refer to Eurostat (2003): How women and men spend their time. Results from 13 European Countries.



In spite of the advances of last decades, employment continues being a remote reality for many European women. If we take into account employment rate (the percentage of persons of working age with a work) for 25-54 years age range, we observe that the differences among MS are relatively small for men, but they are very important for women. In fact, in this age bracket, around 87% of European men of working age are employed and the disparities among MS are relatively small. However, the percentage of women employed in the same age group drops to 67% for EU15 and the differences between MS are also very significant and range from 54% in Spain, Italy or Greece, to 82% in Sweden.

Another of the characteristic elements of women's participation in the European labour market is the importance of part-time employment. While only 7% of employed men have part-time employment, in the case of women, this percentage goes up to 33%. Furthermore, the indicator shows a wide variation range that goes from 8%, value for Greece, and 73%, value for the Netherlands. Fixed-term employment also affects women more widely than men in Europe. In almost all MS, women have the most unfavourable positions as concerns temporality, although these positions are not so marked in comparison to other indicators in the labour market.

Women's inequality in the labour market can also be found in salaries. The average hourly salary for women is around 85% of that for men in EU15. Besides the phenomenon of the "occupational segregation by sexes", we can find aspects linked to pay policy over recent years, the restructuring of the public sector, and pure women's discrimination in salary retribution (for the same type of work). Finally, schooling rates in medium and high educational levels highlight, for most countries, fairly equal positions in gender terms. Adults' participation in other training mechanisms<sup>97</sup>, linked to working life, also reaches very similar values for both women and men in the EU15 (around 10%). Nevertheless, the percentage of persons leaving schooling prematurely and not following any type of education or training places women worse off with 21% in EU15, but 16% for men.

### Social benefits and women in EU15

The most recent literature points out clearly the influence of social security systems on the reconciliation of family and professional life and more precisely on the participation of women in paid work. There is no doubt either about the important differences in social protection among MS. This differences focus both on the expenditure devoted to the different

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<sup>97</sup> This indicator is defined as the percentage of women (or men) aged 25-64 who has participated in any educational or training programme four weeks before (the interview).



benefits and on their definition in each MS. However, the lack of homogenous and comparable data regarding variables such as beneficiaries of the different benefits per sex, does not allow for a more thorough analysis of this dimension of the inequality.

The rules governing social benefits, i.e. the set of conditions linked to entitlement to the right, the period and net amount, mostly affects two significant aspects: the incorporation and permanence of women in paid work and workers' mobility among MS. The study goes deeper into the definition rules of the benefits more linked to the reconciliation of family and working life and concludes:

- The most generalized and important benefits regarding children are **childcare benefits and parental leaves**. Child allowances in the different MS show an important level of heterogeneity, which makes workers' mobility difficult and reduces the transparency of social protection systems in the context of freedom of movement within the EU. Parental leaves also show an important degree of heterogeneity. The same situation gives rise to benefits with different entitlement periods and net amounts. On the other hand, the possibility that fathers participate more widely in these leaves means a higher equality between sexes and a development in the reconciliation of family and working life, but at present, this is only a real possibility in a reduced number of MS.
- Rules governing **unemployment benefits** also show remarkable differences in the various MS: the eligibility criteria include in all countries the requirement to be insured, but in some countries this insurance is compulsory for all workers; the access to this benefit is conditioned to a minimum period of payment that goes from 6 to 18 months depending on the MS; entitlement period is another very heterogeneous element; in some MS the amount of this benefit varies according to the country and depending on the beneficiary's age or on the period of time worked; family situation is taken into account in some MS through a family complement to the unemployment benefit and/or through the possibility of having access to the so-called welfare unemployment benefit.
- Similar objective situations related to **professional accidents and illnesses** give rise to different rights and benefits in the MS. Furthermore, the complex definition of these benefits makes its transparency in the context of freedom of movement significantly difficult.
- Benefits devoted to care in dependency situations are also called "**long-term care**" **benefits**. These benefits, especially the monetary ones, are relatively recent and they are becoming extremely important due to the ageing of the European population and to the incorporation of women to the labour market. The definition of these benefits widely differs among MS, as well as the amount of resources allocated to them. Most remarkable differences focus on the following aspects: the beneficiary's condition is



limited in some MS to the condition of insured person, while in other countries these benefits have a universal character; the possibility that the beneficiary may be the carer of the dependent person is an innovation recently introduced into the benefits of some countries; there is a limit as concerns the minimum period of payment required into the public social security system in certain MS but not required in others; benefits in kind, either home-help aids, lodging or day-light foster care mechanisms are very generalized. However, monetary benefits for the care of dependent persons are very different as concerns access and amounts.

Women's situation in relation to social protection systems reflects partly their unequal position in the labour market, but the definition of certain benefits may also be affecting the decision of participation of women in employment. Evidence shows that there is a positive relationship between women's participation in paid work and the expenditure allocated to social benefits linked to the birth and upbringing of children and to dependency. Countries spending more in these two social protection areas are also those with higher activity rates and women's employment.

### **Social benefits and women's participation in the labour market and geographical mobility**

The effects of some of the social security benefits which are the focus of this study on women's labour participation and on freedom of movement have been analysed in Chapter 2. The literature points to some very marked effects in the rules of unemployment benefits and family benefits on women's labour market participation, but there is less available research on the implications of disability benefits and financial aid for carers. There is also scarce literature on the effects of all of these benefits on geographical mobility.

The main disincentives for women's labour market participation in the area of unemployment and training come from their higher propensity to receive lower wages and also to be working in part time jobs. If this is not taken into consideration, some of the rules on the receipt of unemployment benefits that apply to the household and not to the individual can have negative effects on the participation of women in the labour market.

In the area of family benefits, women may also find that the duration of leaves may have negative effects on their career prospects and on future pension payments or other benefits that depend on the accrual of time in the determination of the level of payments. As to child care allowances the literature points to two main effects, depending on whether the support is in cash or in-kind. Cash benefits seem to have a negative effect on participation, especially in the case of women working part-time. In-kind child care seems to have better results on the participation of women and also reduces the scope for informal work that can also be



detrimental for women in relation to the lack of rights to other benefits from social protection. In addition these benefits are, for the most part, geared towards improving reconciliation of work and family life, but they are centred more on women than they are on men. This shows that there is still much to be done in terms of sensitising MS and also businesses in changing the *status quo* of the use of time in gender terms

With respect to disability benefits, women's position as carers in the household and their higher propensity to receive lower wages or be in part-time employment may reduce their incentives to work as the economic burden of having a disabled person in the household can lead to poverty traps as the costs of entering employment may not fully cover the extra costs of specialised care for the disabled person (whether at home or at an institution).

Benefits covering long-term care or dependency can solve, if sufficient, the possible disincentive effects of disability benefits mentioned above. Given the higher propensity of households with dependent adults in their care to be in a situation of poverty or social exclusion, the support in kind and cash must be enough to counter the income effects that can lead to disincentives to enter paid work by the other family members, in particular women.

As to freedom of movement, these four different types of benefits can also have incentive or disincentive effects. The literature here is scarce and the study has made efforts to tease out the possible effects but keeping in mind that the complexity of the rules to receive benefits in some cases and the high cost of obtaining all the information to make an objective calculation of the costs and benefits of moving to another MS *a priori* in terms of the benefits is almost impossible.

While unemployment and disability benefits are deemed to have positive effects in that they cover the workers much the same as in their own country, the differences in duration and level of benefits may deter those moving to MS with lower coverage. On the other hand, benefits covering child birth and caring could have negative effects if they are based on the residence of the children and not of the worker. This is particularly important in the case of dual location households, but could have overall positive effects in the case of dual earner families where higher or more extensive benefits in another MS can be an added incentive to move. These issues seem to affect dual career couples less in that their mobility is somewhat eased by support from their own firms and where the main concerns lie in the recognition of qualifications across MS and in making their private pension plans portable from one MS to another and from one firm to another.

### **Social Benefits and equal access to rights**

The coexistence of individual and derived rights in EU countries generate gender discrimination because of the different socio-economic situation of women and their different participation in the domestic unpaid activities, perpetuating the family model of the welfare state; it also discriminates against new family structures and two-earners families. Whereas complete individualisation of rights would diminish these inequalities, without complete



equality in labour market (including pay), and without any offsetting, it could bring about disparities as regards, for example, old-age pensions.

Social security models have failed to adapt to new family structures, to the incorporation of women to labour market, and to the changes in the roles the members of the family now play in it. A country's strategy when aiming at increasing women's employment, supporting care activities and promoting equal opportunities depends upon its starting point and institutional framework. In Anglo-Saxon countries, where women's employment and opportunities are well established, it is care giving that needs attention, with more generous parental leaves and more extended provision of services, particularly among low wage workers; in Scandinavia and France, with excellent support to caregivers, but employers discriminate on the basis on care giving responsibilities, the objective must focus on women's employment, rather than simply their participation in the labour force, while continuing to make clear that men should be carers as well. Finally, in the many European systems with women's low participation in paid work and high support to women's care work in the family, the provision of services, leave protection that allow women's employment, and enhancement of employment opportunities must be built up (Orloff, 2002).

An income related insurance system linked to employment might be more successful in making work pay, but reproduces disparities between women's and men's paid work that reflect, for instance, on old-age pensions. On the contrary, means-tested assistance is more accurate in terms of redistribution, though it can engender the so-call poverty trap, by deterring women from entering the labour market.

Whereas all EU countries foresee the possibility for the father to share parental leave with women, they are not entitled *individually* to this right. This possibility does not guarantee his right to take up the leave, being subject to agreement within the family and, in any case, in detriment of the mother's right. Moreover, the right for the father to take up the leave simply does not exist when the mother has not previously worked. Very few countries count on a paternity leave, i.e exclusively for fathers, as an individual right. Longer leaves and higher reimbursement rates would besides enable more fathers to choose this option. Emphasis should be put on the need for measures to be adopted to ease transition from long parental leaves to gainful employment.

Countries favouring the option for the mother or the father to interrupt work or reduce working time in order to care after their children or other dependants should consider to complement them in order to guarantee a normalised participation in the labour market after the leave or the reduction of working time. It is important also in this context whether the period spent caring after the child or other dependant is recognised in the social security contributions of the person, typically women, as a worked period.

There are great differences between the MS with respect to the number and types of services offered. Some studies have reported up to 136 types of service, whereby Greece lists only 4 and the United Kingdom 14 different types each. Not all the needs of families are satisfied,



and there is evidence that there are very few services operating full time and few services for children with special needs (usually children with disabilities). It seems that the challenge lies on ensuring a wide range of reasonably priced high-quality and varied childcare services geared to local needs<sup>98</sup>.

In countries where the beneficiary of long-term care is not the person cared but the carer, typically a female member of the family, two important issues arise in order to avoid the perpetuation of gender disparities: social security contributions during the period the carer is out of the labour market should be ensured; besides, measures to ease his/her transition towards the labour market once the need to care is over are needed. Attention should be paid if the benefit is means tested, so as to prevent the carer from entering the poverty-trap, especially among low-income.

### **Taxes and reconciliation of work and family lives**

The tax system may be an important instrument at the service of gender equality. The relations between taxes and the reconciliation of family and working life are established from the potential effects that the former have on the participation of women in the labour market and on the sharing of time between paid work and family.

To the extent that taxes and social benefits alter the net salary, they affect a woman's decision regarding her participation in the labour market. At this respect, at individual level, there is a negative relation between taxes, above all the personal income tax, and female employment. However, at an aggregate level we can see a positive relation between the average tax level and the employment rate for women; that is to say, the countries with a higher taxation also are those with a higher percentage of working women. This apparent contradiction is explained by the positive effects that public expenditure has on the demand and supply of female labour. Higher taxes allow a higher public expenditure in services such as health, education or social services that are considered the female-type job. But, in addition to this, higher tax levels are associated with higher social infrastructures, especially for the case of children and dependent adults that favour women's labour supply.

The choice of the taxation unit in direct taxes, especially in the income tax has been an issue widely discussed in literature. The choice of the individual or of the family unit as tax unit is conditioned by the contraposition of two important criteria to be considered as concerns this

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<sup>98</sup> European Parliament, Committee on Women's rights and equal opportunities (2004), Report on reconciling professional, family and private lives 2003/2129 (A5-0092/2004).



tax: horizontal equity (families with the same family income must pay the same taxes) and tax neutrality against participation in the labour market (family tax considerations must not affect the individual decision of participating in the labour market). The joint taxation model, in which the tax unit is the family, faces better the horizontal equity criterion; but the separate taxation model introduces less distortions in a woman's decision of participating in the labour market and in the organization and of sharing family time.

The importance reached in all MS by the households with two income earners, the increase of new family forms and the consideration of a woman's employment as a social and political objective are three determining factors for the evolution observed in MS as concerns the taxation model or treatment of the family unit. In the last thirty years, most MS have moved from a joint taxation model to an individual one.

The taxation model is important for the different conceptions of a woman's role underlying one or other modality, but it is not in itself determinant. In some cases, the individualization of tax duties has been only formal, because certain tax deductions and social benefits allocated to the family and conditioned to family income still persist. The relevant variable, from a tax point of view, in women's participation in the labour market is the average effective rate applied to the second income earner in the household. Most recent data point out that most MS still penalize the second income earner, as this latter bears higher tax rates between 10% and 130% than those borne if he or she were an individual. However, we can also observe in most MS significant advances towards a more neutral treatment of the second income earner.

Other aspects linked to the progressiveness of the income tax require a continuous follow-up so that this tax favours or at least does not prevent the access of women to the labour market. In this aspect, we must point out the need of observing the relative treatment granted to the income ranges in which women concentrate and to the incentives introduced so that both partners share the paid work and indirectly the non-paid work.



## Proposals

The review of the social security and fiscal systems carried out in this study has pointed out that the family model that supported its design –a heterosexual couple in which the man used to take up gainful jobs, and the woman used to care after the family- has lost weight in all EU countries. The emergence of new social realities, such as the incorporation of women to paid jobs or the new forms of family (couples cohabiting, homosexual or single parent families) has not been accompanied by a quick and adequate answer of the social protection systems, which has resulted in their obsolescence.

Although important reforms have been introduced over the last twenty years, especially in the fiscal systems, these have not been wide enough. It seems necessary to speed up the revision of the European social protection systems with the aim of eliminating their negative effects on the participation of women in gainful employment and of better contributing to reconcile family and labour lives of both men and women. Three main elements may help to explain, and in some cases even to justify, why the advances have been so limited so far:

a) Some concrete measures/benefits that make social protection systems more conciliation-friendly, such as the elimination of the means-tested condition or the negative relationship between their amount and the income, are in many cases contrary to the equity of the systems.

b) The coexistence of the traditional model with new family forms does not always allow for thorough reforms, because they could hamper social protection of a great share of the population (e.g. elimination of derived rights could affect negatively aged and low qualified women, who have fewer opportunities of employment and thus of generating their own individual rights).

c) Generalisation and improvement of certain benefits that could favour conciliation are frequently limited by budgetary restrictions.

These three elements hamper the statement of general recommendations that guide the reform of the systems; the important existing differences between social protection systems of the MS makes it also difficult. However, the results obtained through this study give pace to some general recommendations:

1. It is necessary to improve the information related to the social protection systems in the MS. The present MISSOC should be ameliorated through more precision, homogenisation of terminology and updating of the information. Nevertheless, the most important lacks of



information refer to statistics about beneficiaries of social and fiscal benefits, detailed by sex and age. The improvement of the information is a key issue for the adoption of decisions and for the follow-up of the impact of the politics and reforms carried out.

2. Harmonisation of social protection systems should be deepened, focusing particularly in issues related to conciliation of family and labour lives. The revision of the systems should consider conciliation as a central objective, besides a complementary one in order to achieve the Lisbon objective.

3. Accessing countries to the EU, as well as the new comers, should also strive themselves to harmonize their systems with the aim of fostering the conciliation of family and labour lives.

4. Efforts should be made to promote investigation on the relationship between the social protection systems and geographical mobility between MS of citizens. There is at present only very scarce literature on this topic.

5. MS should develop action plans in this field that include the revision of those aspects that most hamper the conciliation, and the selection of good practices. They should also incorporate an on-going evaluation, supported by surveys on the use of time and by the indicators on conciliation.

6. Among the guidelines that should make systems more conciliation-friendly, the following are pointed out:

a) Conciliation requires a holistic approach with sufficiency of budgetary resources. It is not only about correctly defined benefits, so as not to provoke negative effects; it is also about a wide range of benefits that incorporate large share of collectives and about an adequate budgetary provision. Moreover, an adequate coordination is needed between programmes and instruments, such as social and fiscal benefits, with similar objectives.

b) Social expenditure in benefits related to childbirth and -raising and to dependency (long-term care) shows a positive relationship with female activity and employment rates. Thus, MS with lesser employment rates should increase expenditure in these benefits, especially through better provision of children and adult dependent care services at affordable prices.

c) It is necessary to further advance in the development of an individual model of social protection supported in the individualisation of rights and duties. Individualisation avoids the discrimination of the new family forms and of two-earners families. Nevertheless, reforms ought to be gradual so as not to damage protection of an important number of women who have never taken up gainful jobs.

d) Adequate fiscal treatment of the second earner in the family results in a more equitable time distribution between men and women.



e) In general terms, the link of social benefits to family income deters women participation in gainful employment.

f) Social protection systems should incorporate new family forms (cohabiting couples, single parent families, etc). It requires removing any discrimination originated in the definition of social benefits or in the fiscal treatment. However, in certain cases, it also requires introducing new specific benefits in order to improve the social protection of the most vulnerable groups.

g) It would be advisable to further advance in the simplification of qualifying rules of social and fiscal benefits, so as to increase transparency of the social protection systems and the geographical mobility between MS.

The following concrete recommendations may guide the reforms, so as to avoid certain negative effects of social protection and fiscal systems on the participation of women in the labour market and in order to favour more devotion of men to family responsibilities.

1. In cash benefits related to child raising and children care should not be conditioned to income and its amount should also be independent from income.
2. Long parental leaves should be accompanied by training and guidance measures that ease the return to a gainful job.
3. Paternal leaves should be generalised as an individual right of the father, not transferable to the mother. In order to increase its attractiveness, it would be advisable that the remuneration of these benefits should be similar to the salary and that they are accompanied by publicity campaigns.
4. Unemployment benefits should not be linked to family income or to that of other members of the family.
5. Disability benefits should be accumulable to other sorts of income and should not be conditioned to family income.
6. New benefits in the area of long-term care, such as allowances for carers, improve the election capacity of the citizens, who can now choose to care after their dependents, renouncing to a gainful job. It is nevertheless very important that these benefits are also accompanied by a formalisation of this employment, guaranteeing the contributions of the carer to the social security systems and maintaining them -and the labour rights- when the carer gives up temporally his/her job.
7. The accumulation of periods of contributions to social security systems in different countries should be eased and improved.



8. The disadvantageous fiscal treatment to the second earner in the family, still common in most MS, should be removed.
9. The neutral treatment of the second earner should be independent of his/her income level; this means in fact neutrality in the decision of part- or fulltime working and neutrality in the low qualification level of the second earner.
10. Fiscal systems should be neutral as for the civil status of the tax payer and thus the new family forms.



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