

## Social Protection in the Nordic Countries 1997



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*Scope, expenditure and financing*

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The basic data for this publication's tables on income distribution, typical cases, social expenditure, and the specifications hereof, may be downloaded from the NOSOSCO home page:

**<http://www.nom-nos.dk/nososco.htm>**

You can navigate through the statistics by clicking on the 'Statistics' menu. Data may also be obtained from NOSOSCO's Secretariat (please refer to the address at the top on this page).

# Preface

The Nordic Social-Statistical Committee (NOSOSCO) is a permanent Committee under the Nordic Council of Ministers and the Nordic Committee on Social Policy. Set up to coordinate the Nordic countries' social statistics, it analyzes and describes comparatively the scope and content of social welfare measures.

The Committee is composed of three representatives from each country as well as a number of substitutes. The Committee is chaired by the countries in turn for three years with Denmark having the chairmanship for the period 1999-2001.

In its report, *Social Protection in the Nordic Countries*, NOSOSCO publishes its findings regarding current social developments.

As all Nordic countries are obliged, as a result of their EU membership or as participants in the EEA cooperation, to report data on social security to EUROSTAT, the EU's statistical office, NOSOSCO has decided to follow the specifications and definitions in ESSPROS, EUROSTAT's nomenclature.

In the present report, a theme section concerning early retirement from the labour market has been included. The theme was prepared on the basis of the report *Förtida utträde från arbetslivet 1987-1996*, NOSOSCO 10:1999, published earlier this year. The theme section, which was written by Hannelotte Kindlund, National Board of Health and Welfare, EpC, Sweden, was updated to 1997.

In connection with the preparation of the present report, NOSOSCO set up an editorial group to assist the Committee Secretariat in its work.

## PREFACE

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Nordic Social-Statistical Committee, 1999.

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## *Symbols Used in the Tables:*

Data not available .....	..
Data non-existent .....	.
Less than half of the unit used .....	0 or 0,0
Nil (nothing to report) .....	–

## *Chapter 1*

# Changes in Nordic Social Policies since 1996

**DENMARK:** Since 1994, the Danish economy has been characterized by relatively high growth with an average annual increase of the GDP of 3.6 per cent from 1994 to 1998. The unemployment rate dropped markedly from 10.1 per cent in 1993 to 5.5 per cent in 1998.

The positive economic development has resulted in a surplus in the total public economy since 1997. The structural reforms in the labour market have furthermore contributed to the unemployment rate dropping without any large price and wage development taking place.

The growth in production and employment, as well as in the national demand, resulted, however, in 1998 in clear tendencies towards balance problems in the Danish economy. The capacity pressure on the labour market increased and the pay increases rose. The balance of payments was reduced considerably.

In order to consolidate the Danish economy, the fiscal policy was tightened to curb growth in both public and private demand and to boost the propensity to save. A new pension accumulation scheme to the Danish Labour Market Supplementary Pension Scheme (ATP) of 1 per cent of a person's income was also introduced and the structural reforms were continued in both the tax and labour market areas with a view to increasing job availability.

The labour market reform from 1994 will be continued; its third phase results in the right and obligation of adult recipients of unemployment benefit to activation as from 1999 gradually being brought forward to activation after one year of unemployment. The total period of unemployment benefit will also be further reduced, from five to four years, and all young recipients of unemployment benefit will be entitled and obliged to receive activation after an unemployment period of six months. Such an early activation so far included only young people who had no qualifying training or education.

For cash assistance recipients, the activation scheme was extended as

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from 1 July 1998, so that all recipients of cash assistance become entitled and obliged to receiving an activation offer, including people with social problems other than unemployment. Furthermore, the age limit concerning fast activation after three months was raised from 25 to 30 years.

In 1999, a reform of the withdrawal system was implemented with a view to increasing job availability by way of a slower and more gradual withdrawal from the labour market. A number of changes were implemented in the voluntary early retirement benefit scheme which, on one hand, maintain the possibility of retiring early, i.e. from the age of 60 years, but, on the other hand, make it more favourable financially to continue working and postpone the transition to voluntary early retirement benefit or old-age pension.

The reform of the voluntary early retirement scheme resulted in the setting-off of the pension accumulation against the voluntary early retirement benefit becoming more rigorous if one retires at the age of 60 years. If one postpones one's transition to voluntary early retirement till the age of 62 years, such a rigorous setting-off can be avoided and the voluntary early retirement benefit will be increased to 100 per cent of the unemployment benefit, against otherwise 91 per cent. A tax premium will also be earned if one works for more than two years after having become entitled to voluntary early retirement benefit. A special voluntary early retirement contribution will be introduced and the requirement for qualifying for voluntary early retirement benefit will be tightened.

The qualifying age for old-age pension will be lowered from 67 to 65 years for people turning 60 years after 1 July 1999, i.e. with effect from 2004. The pensionable age will thus be adapted to the actual withdrawal pattern in the labour market. Concurrently, it will be more advantageous for old-age pensioners to work, as the setting-off of income from work against the old-age pension will be reduced.

Job availability must also be increased by means of the continued efforts to create a more flexible labour market for people with reduced working capacities. As part of this effort, all local authorities must from 1998 set up a co-ordinating committee for the preventive labour market activities and as from 1999, preventive rehabilitation activities have become enhanced, primarily the company-related rehabilitation. Furthermore, initiatives have been taken with a view to creating more flexijobs, i.e. pay-subsidised jobs for people with permanently reduced working capacities.

In order to increase municipal incentives to enhance activities to get sickness benefit recipients back into the labour market, government co-financing of the expenditure on sickness benefits after 52 weeks shall be dis-

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continued as from 1999. Government reimbursement of local authorities' expenditure on any new accession of anticipatory pension recipients was also reduced, from 50 to 35 per cent, in order to induce local authorities to encourage people to choose active and preventive offers in preference to passive allowances in the shape of anticipatory pension.

As to children, fathers' entitlement to paternity benefit was extended by two weeks in 1998 and a new scheme regarding child care was introduced in 1998 enabling local authorities to grant financial assistance to parents who choose private child care in preference to a public day care institution. As from 1999, the income limit for places partly free of charge in day care institutions for children was increased considerably to improve financial circumstances for families with children from the low income brackets as well as to increase the financial advantages of working.

With a view to adapting rent subsidies to the increasing number of elderly and to induce a more cost-conscious choice of housing, a gradual restructuring of the housing benefit scheme will be implemented as from 1999. The share of the rent payable by the rent subsidy recipients will be increased, just as the recipients themselves will have to pay an increasing part of any rent increase. The maximum income to which rent subsidy shall be granted, will be reduced and any large amount of funds shall result in a reduction of the rent subsidy. Consequently, rent subsidies will be granted more often to low income households.

As from the end of 1999, a new subsidy system for medicine based on need will be introduced, where the subsidy amount will depend on a patient's consumption of reimbursable medicine. Subsidies to medicine consumption under DKK 500 a year will no longer be granted, whereafter the subsidy will be gradually increased to 85 per cent of costs exceeding DKK 2,800 a year. User charges may amount to no more than DKK 3,600 a year and will increase for the many consumers who have a relatively moderate consumption of medicine, whereas the few people who have a relatively large consumption of medicine as a rule will face a reduction of their medicine costs.

Activities in the hospital sector, including in particular out-patient treatment, have increased considerably during recent years, contributing to a reduction of waiting periods for examinations and treatment. In some areas, there are, however, still unacceptably long waiting periods. During 1999, a treatment guarantee will be introduced in the shape of maximum waiting periods for pre-examinations, treatment and post-treatment of certain fatal diseases such as cancer and serious heart problems. Furthermore, the Government presented a health plan to ensure maximum quality and efficiency

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as well as shorter waiting periods within the health sector by for example gathering treatment in fewer and larger units.

**FINLAND:** In recent years, Finland's gross domestic product has increased rapidly (4 - 6 per cent annually). The growth is expected to continue further, on average by 3 per cent a year. The rapid economic growth has increased the number of workplaces and the unemployment rate has declined from 16.4 per cent in 1994 to 11.4 in 1998. This favourable economic development is clearly reflected in the public economy, which showed a surplus in 1998. Nevertheless, the state economy still shows a deficit, as it is encumbered by huge debts incurred in the years of depression, as well as interests payable on them.

The reforms concerning social security that were agreed in 1995 - 1996 have been gradually introduced and the related savings in expenditure are beginning to show. According to forecasts, the ratio of social expenditure of the GDP will be reduced to 27 per cent by the year 2000.

The main concern is further long-term unemployment, which is falling only slowly. The Government continues with its measures to improve the employment situation, and ways to activate older long-term unemployed people have especially been sought. A programme started in 1997 involves an assessment of the opportunities of every long-term unemployed person for re-employment, training, rehabilitation or voluntary early retirement.

A National Programme for Ageing Workers (1998 - 2002) has been initiated to promote continued employment of ageing employees. The chief goals of the programme are to maintain working capacity, to have an impact on attitudes and atmosphere in workplaces and to revise legislation so that it becomes more favourable for the participation at work of ageing employees.

Finland has tried to raise the average retirement age by revising pension schemes. Older employees are encouraged to retire on partial pension instead of full pension. Therefore, the age limit for entitlement to partial pension was lowered first to 58 years and then to 56 years from July 1998 to the end of 2000. The significance of partial pension is not very great yet. At the end of 1998, the number of partial pensioners was about 10,900 people. The retirement age of state and municipal employees will gradually rise from 63 to 65 years, which is the general retirement age in the private sector. In July 1998, the grounds for determining pensions were revised for those over 55 years so that acceptance of short-term jobs does not weaken the future pension cover although the level of earnings would be lower than that of earlier years of employment.

Since 1996, basic pension has been payable only to people who have not

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earned employment pension or whose employment pension is lower than the average employment pension. The goal is to clarify the relationship between the basic pension and the employment pension so that the latter will be the primary income for those who have earned their living by working, whereas the basic pension guarantees a basic income for others. In 1997, the basic pension and supplementary pension were merged. The child and spouse supplements included in basic pension will be gradually removed.

Fixed-term and short jobs have increased considerably in recent years. Consequently, from the beginning of 1998, all employment periods under one month as well as those not exceeding the earlier minimum earnings limits have been covered by employment pension insurance. Thus, the pension accrues at present on the basis of almost all paid work.

In 1997 several changes were made in the unemployment benefit scheme, the most important of them being the following:

1. the condition for entitlement to unemployment benefit was extended from 26 to 43 weeks of work;
2. the qualifying period was extended from 5 to 7 days;
3. the age limit for receiving unemployment benefit until entitlement to unemployment pension was raised from 55 to 57 years;
4. the co-ordination of income and other benefits was changed so as to make the earning of extra income more appealing.

The first phase of the so-called training insurance scheme started on 1 August 1997. This scheme makes it possible for older long-term unemployed people (with at least 12 years' work experience and one year's unemployment) to study and participate in training during periods of unemployment. They are entitled for that period to the same daily cash benefit as when unemployed. Before this reform, the unemployed were not allowed to study during the period of entitlement to unemployment benefit. The scheme was extended on 1 August 1998 to apply to people with a minimum of 10 years' work experience who have been unemployed for a minimum of 4 months.

In order to clarify the relationship between housing subsidy and social assistance, an own-liability share of housing costs, which is 7 per cent, has as of 1 March 1998 been deducted from the social assistance. At the same time, the level of housing benefit was raised and the basic amount of social assistance for children was somewhat reduced. In consequence of the reform all recipients have to pay a certain part of housing costs themselves.

All children under school age have, since the beginning of 1996, had a statutory right to municipal day care. The system of support for the care of

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small children was reformed as of 1 August 1997. The right to choose between municipal day care and home care allowance for children under three years remained in force. A new form of support is that given for private day care, payable to service providers. At the same time, the municipal day care fees were revised so that the highest payment class was lowered to FIM 1,000 a month (before FIM 1,430). These reforms increase parents' options to arrange day care in ways most suitable for each family.

The reimbursement from the sickness insurance scheme for the costs of dental treatment applies to those born in 1956 and after. There have been several attempts to extend the reimbursement to apply to the whole population, but owing to the weak economic situation they have not been successful. A minor improvement was made in October 1997: those born in 1955 or earlier are reimbursed every third year with 75 per cent of the costs of examinations and preventive oral care by a dentist. This law is in force until the end of 1999.

Minor changes have been made in user charges payable for health care. Since May 1997, the charge for short-term psychiatric in-patient treatment has been FIM 70, whereas before FIM 125 was charged for all bed-days. The charge was reduced because many psychiatric patients had to resort to social assistance in order to be able to pay their hospital fees. Another change was introduced in November 1998: the charge for day surgery replaces the charge for treatment at a hospital out-patient department. Compared with the earlier charge it was more than doubled, being now FIM 250. The reason for introducing this charge was that with developing methods of treatment the periods of treatment have become shorter, which has considerably reduced patients' charges. At the same time, user charges for dental treatment at health centres were raised by 10 per cent.

The financing of social protection has also undergone some changes for the purpose of clarifying the system and improving the relationship between expenditure and benefits. Earnings-related benefits are mainly financed by employers' and employees' obligatory social security contributions, whereas basic security is mainly financed by tax revenues.

**ICELAND:** The economic development in Iceland has been very favourable during recent years with a growth in the GDP of 5 per cent per year for the period 1996-1998, or a little above the average calculated for the OECD countries. In 1997, the Government saw a surplus on its budget for the first time since 1994. In its economic forecast, the Icelandic Economic Institute expects growth to drop to 3-4 per cent per year for the period

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1999-2001.

In 1996 and 1997, inflation rates were 1,7 - 1,9 per cent, respectively, and in 1999, inflation is estimated to be about 2,5 per cent. The purchasing power of the Icelandic currency is increasing each year, and in 1998, the increase was 9 per cent. Estimates for 1999 indicate an increase of 5.5 per cent. Social investments are increasing and the development seems to continue. Most indicators seem to point to a continued positive development in government finances.

The unemployment rate is still going down and in 1998, this corresponded to 2.3 per cent of the labour force being out of work, which again corresponded to a decrease of 5,200 people in 1997 and a further 3,600 in 1998. There is, however, a difference in the unemployment rates concerning men and women, respectively, and the difference is getting larger from year to year. Unemployment among young people is also considerably higher than the average unemployment rate. In return, the unemployment situation in the Reykjavik area is now almost the same as that in the rest of the country; it was considerably higher for the most part of the 1990s than it was in the rest of the country.

In the social insurance field, the development concerning the elderly and the disabled has been better than ever. Government allocations to pensions and other services and benefits increased by 9.5 per cent from 1997 to 1998. During that same period, the number of pensioners increased by 3 per cent and disabled people receiving financial support increased by 2.9 per cent. The Economic Institute found that pensions and other supplements during that period increased by 1.2 per cent more than did the average pay in the general labour market. Disabled people and pensioners who have had no other income than their pension, were furthermore awarded an extra supplement. As from 1998, pensions and supplements will again be index-linked.

As per 1 September 1997, the Act and the rules concerning benefits to parents who have a disabled or chronically ill child were altered. Benefits may now both be monthly cash benefits and a discount card for use when buying pharmaceutical products and medical aid. The most significant change is that now the cash benefit will not be reduced if parents make use of services such as day-care institutions, family day care and schooling for their child. Furthermore, the maximum amount was increased by approximately 11 per cent.

For several years, mothers and fathers have been offered to share the leave period of six months granted in connection with pregnancy and child-

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birth. In 1998, a new law entered into force entitling new fathers to take leave from work with some compensation for an extra two weeks within the first eight weeks of their children's birth. Should problems arise as to the health of the mother or the child during the first period after the confinement, this period may be prolonged to four weeks.

The Act on Benefits and Services to Disabled People has remained unaltered for half a century, why a reform will now be implemented. Previously, benefits and services to disabled people were connected with other systems so that those receiving disability benefit were charged less for medical treatment, medicine, etc., but disabled people who earned an income from work paid more.

As from 1 September 1999, benefits and services to disabled people shall be based solely on medical factors, so that any other income will not be taken into consideration and social factors will no longer be sufficient grounds for award of disability benefit, whereas any illness caused by social factors may be sufficient grounds.

In addition to the above, disabled people must partake in a rehabilitation programme before being awarded disability benefit. The Directorate for Social Insurance participates actively in the evaluation of whether or not the people in question shall be able to work.

From the Prime Minister's report to the Icelandic Parliament in 1996, it appeared that charges payable by patients for medicine had increased from about 18 per cent in 1991 to about 32 per cent in 1996. During the past three years, the new right for pharmacists to set up business has, however, resulted in increasing competition within the pharmaceutical area, which has again lead to lower prices on pharmaceutical products. Hospitals have also to a higher degree joined forces in the negotiations concerning purchasing of pharmaceutical products. These measures have resulted in the rate of increase concerning prices for pharmaceuticals dropping to the advantage of both the population and the health care sector.

The user charges paid by the population for services within the health care sector increased for some time; from 1991 to 1996, they increased by an average of 3.7 per cent. During recent years, the increase has lessened, so that it is now lower than the general price development. Besides, a maximum user charge has been introduced offering special compensation to those with low incomes.

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**NORWAY:** Following a serious setback of the economy during the years 1988-1993, the GDP has lately shown an upturn. It grew by about 2 per cent from 1997 to 1998, and Norway thus saw its sixth continuous year of recovery.

During 1998, a slight increase in the export of traditional goods as well as a decrease in investments in the economy and a decline in household consumption were registered. Besides, the employment rate seemed to be more constant and the unemployment rate to stabilise. This may indicate that the recovery is about to end. Reduced oil prices contributed to the trade balance showing a deficit as against other countries in 1998, for the first time in the 1990s. Furthermore, the interest level doubled during that year.

The upswing in the economy has resulted in considerable growth in the employment during recent years. In 1998, the number of employed people increased by 2.3 per cent after an increase of 2.9 per cent the previous year. From 1992 to 1998, the number of people in employment increased by 240,000, corresponding to an annual increase of about 2 per cent. In 1998, almost 71 per cent of the population in the age group 16-74 years were gainfully employed. This is the highest employment rate ever registered in Norway, just as it is also high compared with international figures. One of the reasons for the increase in the employment rate is the high participation rate among women.

From 1997 to 1998, the unemployment rate fell by 0.9 percentage points to 3.2 per cent. Since the recovery set in in 1993, the number of people receiving daily cash benefits in the event of unemployment has decreased. During the past two years, the number of people receiving social assistance also dropped.

The aim of help to self-help is a basic notion in the Norwegian welfare system based on a wish for the individual to be able to provide for himself for as long as possible, and the best way of doing so is by being gainfully employed. By means of employment-related activities endeavours are made to get more people into the labour market and to maintain more people in general employment rather than for them to become permanent benefit recipients. The employment-related activities are still a central factor in the Norwegian welfare policy.

As from 1 August 1998, cash benefits for one-year-olds became payable in the event that a child only makes use of day care facilities part time, or not at all. The scheme will be extended to comprise two-year-olds as from 1 January 1999. The full amount was NOK 3,000 per month in 1998 and from 1999, it will be reduced to NOK 2,263 per month. The cash benefits

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will be reduced in concordance with the time spent by a child in a kindergarten.

The benefit scheme for single providers has been restructured as from 1 January 1998 aiming at giving single providers with small children a better economy and to encourage them to provide for themselves after a transition period. The restructure results in higher benefits for a shorter period of time.

Absence due to illness has increased every year since 1994. In 1997 and 1998, absence due to illness was more extensive than it was in 1988 which so far was the year with the highest absence due to illness. The increase in the absence due to illness is mainly found in long-term absenteeism (i.e. absence for more than eight weeks) as well as in an increasing number of people who have several sickness benefit periods during one year. As from 1 April 1998, the employer period is extended from 14 to 16 calendar days and from 1 January 1999, the minimum income basis for entitlement to sickness benefit increased from  $\frac{1}{2}$  of the Social Security Scheme's basic amount to  $1\frac{1}{4}$  of its basic amount. This implies that a person must have an annual income from work of at least NOK 56,700 in order to be entitled to sickness benefit from the Social Security Scheme. Employees who have a lower income shall still be entitled to sickness benefit from their employers for the first 16 calendar days.

The number of invalidity pensioners continues to increase, and in 1998, the access was historically high. Only in 1987 and 1989 was it higher. In 1998, invalidity pensioners made up 9.1 per cent of the population aged 16-66 years as against 8.6 per cent the year before.

Recently, the Government set up a public committee to identify the reason for the increase in the access of anticipatory pensioners as well as in the absence due to illness, and initiatives to curb the increase have been planned.

As from 1 May 1998, the minimum pension amount increased by NOK 1,000 per month. The minimum pension for single people now amounts to NOK 81,260 per year.

In the years to come, the number of people over 80 years will soar. The action plan for care for the elderly forms the basis of improvements to ensure a good and flexible service to the elderly. Central Government contributes to the increase of the number of places in care institutions and residential care as well as earmarked funds for the nursing and care sector. These measures are aimed at enabling local authorities to extend offers to the elderly concurrently with the number of elderly increasing as well as at contributing to improve the quality of existing options.

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The Norwegian Parliament has decided to extend and improve options for the period 1999-2006 for people with mental disorders. This plan shall result in a considerable strengthening of options for people with mental disorders as well as in user-oriented measures both in counties and local areas. Prevention, early assistance and rehabilitation are in focus.

**SWEDEN:** The growth in the Swedish economy continues due to a large national demand, but the export development is now somewhat slower. During the coming 2-3 years, the increase is expected to be approximately 3 per cent per year. Inflation is still low and the interest rate has fallen further. Conditions in the labour market have improved considerably, compared with previous years, although the unemployment rate is still very high. The previous drop in the unemployment rate is a result of a lower supply due to a surge in the number of people in education - the so-called knowledge increase. It is now expected, however, that employment will rise by means of an increased demand for labour, but it is questionable whether the aim of reducing the unemployment rate by half during the period 1997-2001 will be achieved.

Public finances have shown an increasing surplus since 1998 and the public sector's gross debt in relation to the GDP, defined in relation to the Maastricht Criteria, is expected to fall from 77 per cent in 1997 to 56 per cent in 2001. Municipal spending has started to increase again after several years of decrease earlier in the 1990s. According to legislation, local and county authorities are obliged to reach an economic balance by the year 2000, meaning that the revenue must exceed expenditure. This requirement is expected to be met by most local and county authorities. Due to the balance requirement, the increase in the municipal employment shall be limited in years to come by about 10,000 people per year. The cuts in the welfare systems have now been completed. The cost-ceiling system aimed at controlling the development in public expenditure shall continuously be adapted and the Swedish Government has fixed a ceiling for the years 2000, 2001, and 2002. The cost ceilings result in an increase in government expenditure (including the social insurance scheme) for the period 1999-2002 by about SEK 57 billion (7.5 per cent) in current prices.

In order to reinforce the school, nursing and care sectors, the general government grants to municipalities and counties were increased by SEK 16 billion for the period 1997-1999. The Parliament later decided on a further increase of SEK 4 billion and 2 billion, respectively, for the following two years. This results in a total increase of resources of SEK 22 billion in

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the year 2001 compared with 1996. The average municipal tax percentage is expected to remain unaltered.

According to an agreement between the Government and the county authorities, a treatment guarantee was introduced in 1997 aimed at increasing access to benefits and services within the health sector and special funds were allocated to the county authorities for this purpose. An evaluation has, however, shown that the counties have not completely succeeded in meeting the guaranteed time limits. According to the agreement for 1999, further steps shall be taken to meet the requirements. The county authorities have also received a subsidy for having assumed responsibility for the expenditure on pharmaceuticals as from 1 January 1998. Expenditure on pharmaceuticals continues to increase, however, and it is difficult to estimate the long-term development in costs.

During 1999, a number of changes will be implemented within the social insurance sector. On 1 January 1999, a new insurance for dental treatment was introduced, which resulted in an increased subsidy to the general health-improving dental treatment, the so-called teeth-preserving treatment. In addition, a special maximum user charge was introduced. Free pricing within dental treatment was also introduced and subsidies to dental treatment performed by dentists over 65 years were discontinued. Besides, a number of adjustments of the level of the social insurance premiums were made in connection with the reform of the pension system; pensions will increase by about 2 per cent and the housing supplement to pensioners will also increase. The term basis amount will be changed to price basis amount.

Also in the years to come, many changes will be implemented. This applies first and foremost to the pension area where efforts are made to implement reforms in the pension system. The Government also continues working on the drafting of a proposal as to how for example rent subsidies for pensioners and survivors may be adapted to the reformed pension system. Most of these regulations will be implemented during the period 2001-2003. In addition, research is being carried out as to how the future voluntary-early-retirement-pension scheme should be structured, as well as research in certain parts of the sickness insurance scheme.

## *Chapter 2*

# Method

The present report follows the structure and definitions of the ESSPROS<sup>1</sup> nomenclature. The overall definition in *Social Protection in the Nordic Countries* was, however, previously almost identical to that used by EUROSTAT.

EUROSTAT uses the following order: Illness; Disabled People; Old Age; Survivors; Families and Children; Unemployment; Housing Benefits; and Other Social Benefits.

For the sake of continuity, NOSOSCO has chosen to keep the original order in its description of the social protection systems, which is as follows: Families and Children; Unemployment; Illness; Old Age, Disability and Survivors; Housing Benefits; and Other Social Benefits. Old Age, Disability and Survivors are described in one chapter of three sections, as pensions and services provided to these groups are interrelated, both at the regulatory and at the organizational level.

## Further on the ESSPROS Classification

The main features of ESSPROS are the following: the overall classification is made according to *schemes* to illustrate whether these schemes cover all of a population or only part of it. Furthermore, it must be evident who the decision makers are, whether or not the schemes are subject to payment of contributions, and whether the schemes are voluntary or statutory. EUROSTAT has not previously published figures according to *schemes* but merely lists of schemes for each country defined by the countries themselves within the framework of ESSPROS.

ESSPROS classifies schemes that cover an entire population, irrespective of affiliation with the labour market (*universal schemes*), benefit schemes that cover only the labour force (*general schemes*), and special benefit schemes

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<sup>1</sup> ESSPROS = European System of Integrated Social PROtection Statistics.

(*special schemes*) that cover part of a population. The countries define which national schemes fall under the individual *schemes* within the framework of ESSPROS. A distinction is made between *basic schemes* which cover the majority of a population, and *supplementary schemes* which are benefits provided in addition to the basic amounts, etc., or which extend the coverage of a *basic scheme*.

EUROSTAT gathers tables (data) for each function, including subclassifications, which depend on each item of expenditure being classified according to a *scheme*, in addition to two main tables covering revenue and expenditure in connection with social benefits and services.

## Changes in Relation to the Previous Report

In order to make the figures more comparable, some changes concerning social expenditure have been made in the tables in relation to the previous version of *Social Protection in the Nordic Countries*. Endeavours have been made to obtain a more correct statement of the social service costs for illness, the elderly and the disabled, respectively. Where possible, home nursing has been transferred to illness, which has been the case completely, by way of calculation, for Denmark and Finland, and partly for Sweden. Besides, all countries, partly by way of calculation, have broken down service costs on the elderly and the disabled. Some of the calculations have been based on the ages of the service recipients.

## Definitions

Both in the previous versions of *Social Protection in the Nordic Countries* and in ESSPROS, statistics have been based on the notion that they should primarily include all public transfer incomes and service measures aimed at insuring citizens in certain specific situations as well as against the consequences of certain types of social occurrences. Also included are schemes that are compulsory for large groups of people as a result of collective or other kinds of agreements.

The statistics concern current running costs. As a rule, investment spending and tax reductions are not taken into account.

## METHOD

### Social Benefits

The definition of a social benefit is a benefit that is of real advantage to the recipient. This means that the recipient does not pay the market price or the full running costs for services. That the recipient, by being affiliated with an insurance scheme, has paid contributions – and thereby in reality having financed, fully or partly, what he receives – is of no significance in this context.

The benefits must present a direct value to the citizens. Consequently, subvention to trade and industry, e.g. in the shape of subsidies to housing construction, is not regarded as social benefits.

### Registration

Accounts from public authorities and other social administrations are, wherever possible, used in the registration of expenditure and revenue. In some cases, the expenditure and financing will, however, have to be given as calculated amounts. In other cases, the required specification cannot be made on the basis of the national accountancy systems, and consequently the figures have to be broken down on the basis of estimates.

In cases where user charges are payable for social services, the expenditure is registered after deduction of such charges. The expenditure on such social services is consequently not the total running costs, but the net amount for the body in charge of the service in question.

### Financing

Incoming funds or contributions to the financing of social expenditure are made up of means deriving from public authorities, employers and insured people or households. The incoming funds are used for current payments in the course of the year, and in some cases also for the establishment of funds to ensure future payments. According to need and rules, these funds also cover current payments.

Yield on funds in the shape of income from interest and property can first and foremost be found in relation to pensions. Where transfers are made to funds, and where means from funds have been used for the financing of the current social expenditure, these are listed by net amounts in the expenditure statistics.

Benefits from public authorities payable only to their own employees are regarded as benefits payable by an employer. Certain benefits payable by employers to their employees, such as sickness benefit for part of a period of illness, are regarded as being financed by an employer, even though such benefits in other connections are regarded as part of the employees' salaries.

Charges payable by citizens (user charges) for social services have not been included in the social expenditure tables. Yield on real property is included as part of the financing according to ESSPROS' method of calculation.

## Specifications

Specification of the individual expenditure entries can be downloaded from NOSOSCO's homepage (cf. the colophon).

## Administration Costs

In the present report, administrative costs are listed as one single entry. In principle, only expenditure on direct administration of the social expenditure is listed. It is, however, not always possible to separate administrative costs from other wage/salary or running costs.

## Typical Cases

To illustrate the compensation payable in connection with various social occurrences, calculations have been made for different types of families and income levels as to the compensation level of a number of benefits. The calculations are based on the earnings of an 'Average Production Worker' (APW), calculated by the OECD.

A detailed description of the typical cases can be found in Appendix 2 of the present report. The calculations concerning the typical cases can be downloaded from NOSOSCO's home page (cf. the colophon).

## METHOD

### Calculation of Distribution of Income

In order to illustrate further the significance of social cash benefits to the distribution of income, information on the composition and distribution of disposable incomes for households in the five countries have been included in Chapters 3, 4, and 7, respectively. A household consists of adults and any children living at one and the same address, irrespective of the children's ages. This does, however, not apply to Iceland where children over the age of 15 living at home are considered as independent households. The data are (with the exception of Iceland) based on representative samples of the populations in each of the countries. Based on these population segments, calculations have been made of the income distribution. Data have been retrieved in respect of each individual population segment from administrative records and special surveys on income, tax, social benefits and services, family types, etc.

The basis for the calculations for the tables and figures can be seen in Appendix 1.

The spreadsheets, on which the tables and figures in the present report are based, concerning distribution of income can be downloaded from NOSOSCO's home page (cf. the colophon).

### Purchasing Power Parities

Purchasing power parities (PPP) are defined as the currency conversion factor corresponding to the purchasing power of the individual currencies. This means that a certain amount, when converted from different currencies by means of PPP factors, will buy the same amount of goods and services in all the countries.

The PPP calculations have partly been used in the comparison of social expenditure, partly in the comparison of compensation levels in connection with various social occurrences.

The PPP calculations used in the present report are in PPP-Euro. The following estimates have been used for the individual countries: Denmark 9.11; Finland 6.459; Iceland 86.39; Norway 9.86; and Sweden 10.36. In the calculations in the tables of income distribution, which are based on 1996-data, estimates for 1996 have been used.

## Ways of Comparing the Nordic Countries with Europe

In the other Western European countries (the EU Member States), a substantial expansion of the social protection systems has generally taken place during the past decades. Comparing the Nordic countries with the EU Member States presents some difficulties but can be done when it comes to the data on social expenditure gathered by EUROSTAT, the statistical office of the EU.

The introductions to the various chapters contain tables of the social expenditure in the respective fields, seen in relation to the overall social expenditure.

## Miscellaneous

All the Nordic countries are now using the SNA-93/ESA-95 systems when calculating the gross domestic product (the GDP). This shift has resulted in an increase in the GDP - highest in Norway by approximately 10 per cent and lowest in Finland by approximately 2 per cent.

In connection with this shift, the countries, with the exception of Sweden, have adjusted their GDP for the previous years.

### *Chapter 3*

# Population and Income Distribution

## Population

The demographic composition of the populations in the Nordic countries varies somewhat from one country to another, which is significant both in relation to the need for minding options for infants, activities for children and young people, the number of unemployed people and their age groups, number of old-age pensioners, as well as the need for care and nursing of the oldest age groups.

After stagnating for several years, the birth rate has again increased during recent years, but in some of the countries, the birth rates have, however, again started to fall. The increasing number of infants has, to varying degrees, led to an increase in the need for minding facilities.

At the same time, the number of people in the oldest age groups has increased and consequently also the need for care and nursing. There are, however, marked differences both from one country to another and between the two sexes. In all the countries, there are more women than men in the oldest age groups, which naturally results in many of them living alone during their last years.

Of the Nordic countries, Sweden has the oldest population and Iceland the youngest.

In relation to the rest of Europe, the average figures for the EU countries do not show the same increase in population in respect of the youngest age groups, whereas the trend towards there being more people in the oldest age groups, in particular as far as women are concerned, is also found within the EU countries.

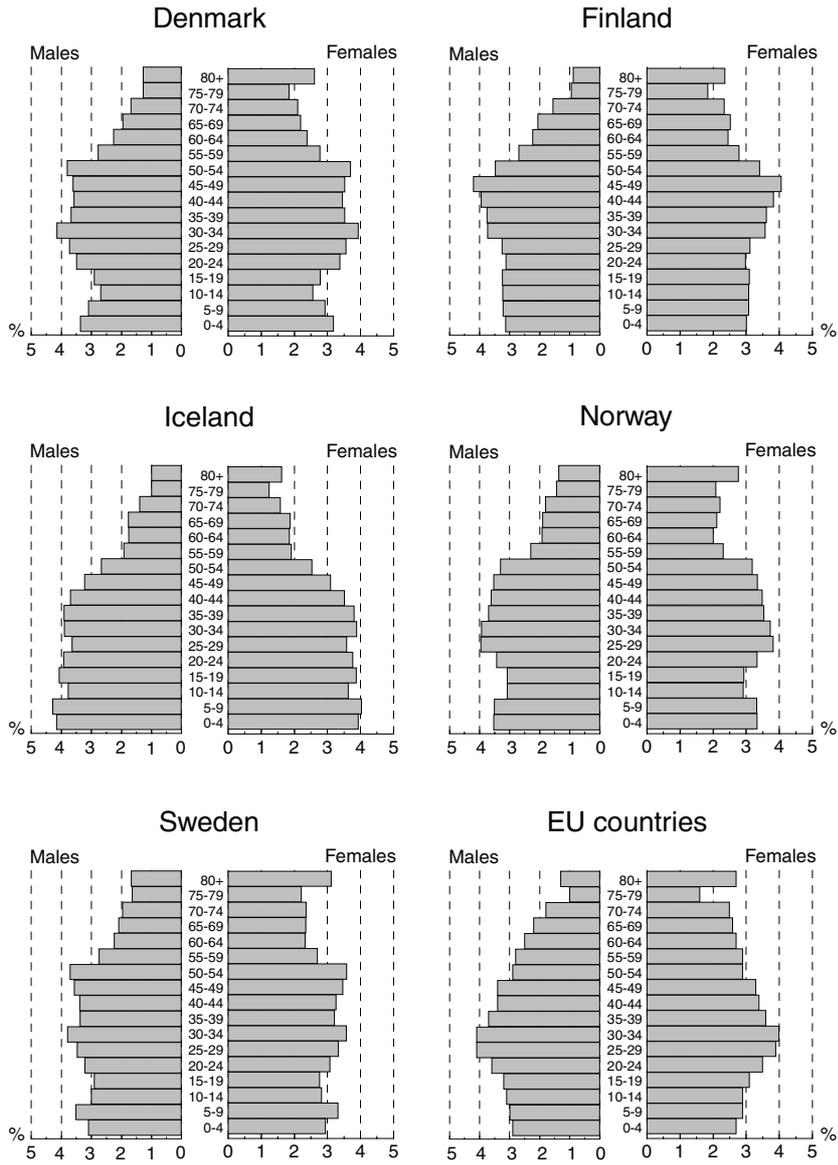
POPULATION AND INCOME DISTRIBUTION

**Table 3.1 Mean population by sex and age, 1997**

	Denmark		Finland		Iceland		Norway		Sweden	
	1,000	Per cent	1,000	Per cent	1,000	Per cent	1,000	Per cent	1,000	Per cent
<i>Males</i>										
0-6 years	247	9	229	9	16	12	219	10	403	9
7-17 »	326	12	364	15	24	18	308	14	603	14
18-24 »	249	10	227	9	15	11	206	10	387	9
25-49 »	992	38	972	39	50	37	826	37	1,557	36
50-64 »	469	18	432	17	17	13	332	15	769	18
65-79 »	260	10	235	9	11	8	227	10	505	12
80- »	68	3	46	2	3	2	60	3	148	3
Total	2,610	100	2,505	100	136	100	2,179	100	4,371	100
<i>Females</i>										
0-6 years	234	9	220	8	15	11	207	9	383	9
7-17 »	311	12	348	13	23	17	293	13	572	13
18-24 »	241	9	217	8	14	11	199	9	371	8
25-49 »	953	36	937	36	49	36	791	36	1,495	33
50-64 »	470	18	446	17	17	13	331	15	764	17
65-79 »	326	12	345	13	13	9	283	13	614	14
80- »	138	5	122	5	4	3	122	6	276	6
Total	2,674	100	2,635	100	135	100	2,227	100	4,475	100
<i>Males and females</i>										
0-6 years	480	9	449	9	31	12	426	10	786	9
7-17 »	637	12	712	14	47	18	600	14	1,175	13
18-24 »	490	9	445	9	29	11	405	9	758	9
25-49 »	1,945	37	1,909	37	98	36	1,617	37	3,052	35
50-64 »	939	18	878	17	34	13	663	15	1,533	17
65-79 »	587	11	580	11	24	9	510	12	1,119	13
80- »	206	4	167	3	7	3	182	4	424	5
Total	5,284	100	5,140	100	271	100	4,405	100	8,846	100

POPULATION AND INCOME DISTRIBUTION

Figure 3.1 Population by sex and age as percentage of the total population, 1997



## Income Distribution

Several studies have shown that the differences in the income level are relatively small in the Nordic countries in comparison with those in most of the OECD countries. Figure 3.2 shows the distribution of the disposable household income for each country in 1996, broken down by quartiles.

The quartiles have been calculated on the basis of the equivalent disposable incomes. The first quartile is composed of the households with the lowest incomes, whereas the households with the highest incomes constitute the fourth quartile.

As can be seen from the figure, the distribution of income among the households is relatively homogenous in the Nordic countries.

In Finland and Sweden, the lowest quartile forms a somewhat larger part of the total household incomes than is the case in the other Nordic countries. It should be mentioned, however, that the Icelandic data are not quite comparable with data from the other Nordic countries (cf. Chapter 2). This may explain the larger income dispersion in Iceland.

Figures 3.3 and 3.4 show the average disposable incomes for single people and couples, respectively, broken down by quartiles, converted into PPP-Euro. They also show the distribution on factor income and social services and benefits in per cent of the gross income, as well as the tax in per cent of the gross income in 1996.

The quartiles have been fixed on the basis of the disposable incomes for the total number of households. As was the case in Figure 3.2, equivalent incomes have been used.

The average disposable income for single people is highest in the first quartile in Denmark and lowest in Finland. In the fourth quartile, it is also highest in Denmark and lowest in Finland. For couples, the disposable income in the first quartile is highest in Denmark and lowest in Iceland. In the fourth quartile, it is also highest in Denmark and lowest in Finland.

The proportion of the social benefits of the gross income is for all countries (with the exception of single people in Iceland) largest for the households with the lowest disposable incomes, and smallest for the households with the highest disposable incomes. The social benefits are in other words contributing to the elimination of differences in the incomes. The very low cash benefits payable to single people in the lowest income bracket in Iceland are due to the fact that this group comprises children over the age of 15 years living at home (cf. Chapter 2). In the other countries, social benefits constitute a relatively large part of the gross incomes in the lowest quartile for single people. For couples with children, social benefits constitute a relatively large part of

## POPULATION AND INCOME DISTRIBUTION

the gross income in the lowest quartile in Denmark, and to some extent also in Finland, Norway, and Sweden. Social benefits also constitute a considerable part of the gross income in the higher quartiles for single people and couples with children in Finland and Sweden and for single people in Denmark.

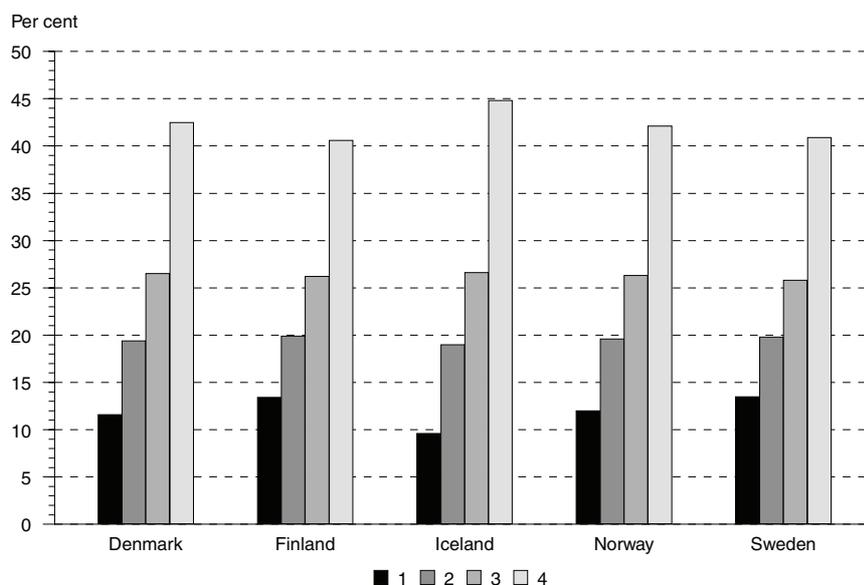
In all the countries, with the exception of Iceland, the social cash benefits constitute a larger part of the gross income for all single people than for all couples with children. This is mainly due to the number of pensioners and other households who receive transfer incomes being larger among single people than among couples with children.

The tax share of the gross income is in all the countries lowest for the households with the lowest disposable incomes and highest for the households with the highest disposable incomes. Consequently, the tax system is contributing to the elimination of the differences in the income levels.

The tax share of the gross income is clearly higher in Denmark than in the other countries. This is, among other things, due to the fact that employers' social contributions play a significantly larger role in the financing of public benefits in the other Nordic countries (cf. Chapter 10). Differences in the taxation of the social benefits from one country to another are also relevant.

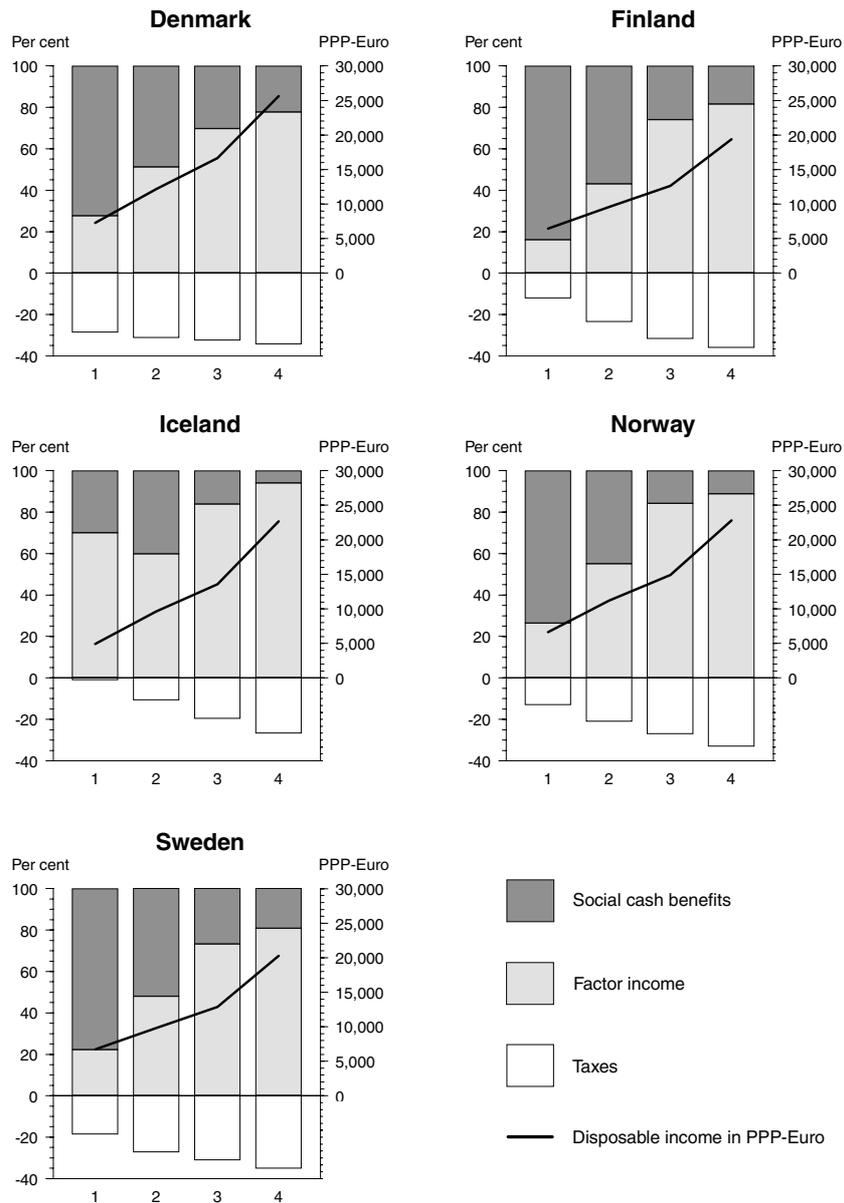
A more detailed description of the calculation basis can be seen in Appendix 1.

**Figure 3.2 Distribution of household incomes by quartiles, per cent, 1996**



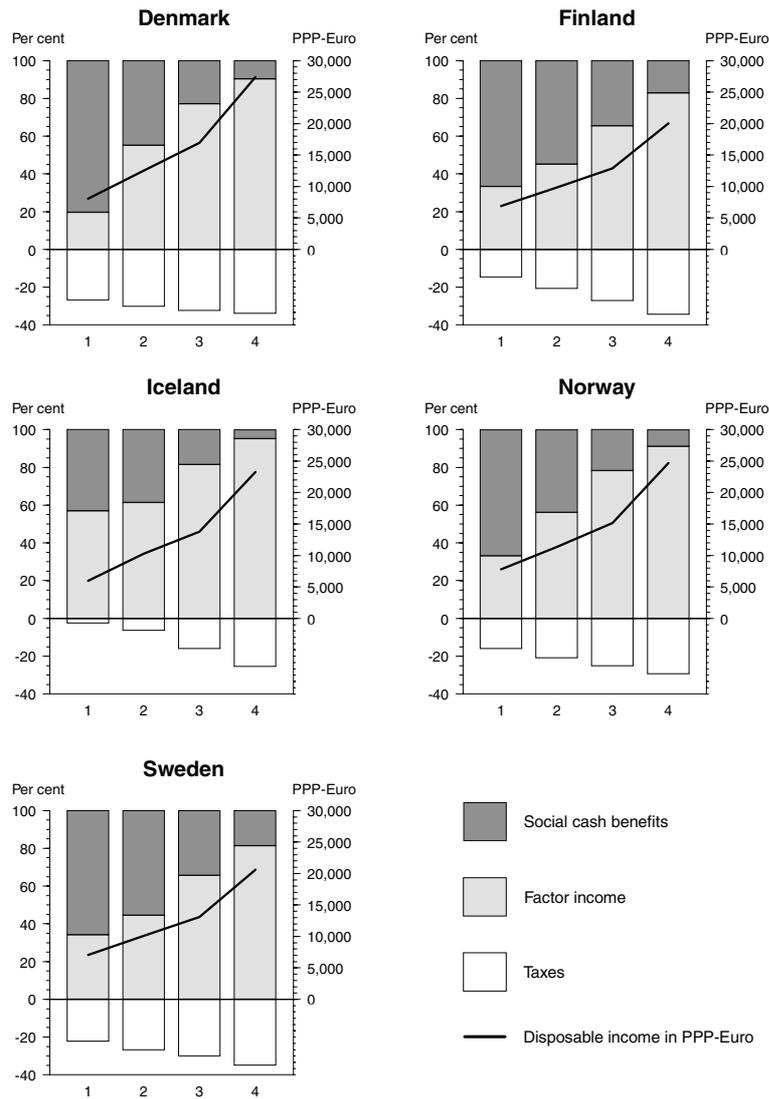
POPULATION AND INCOME DISTRIBUTION

**Figure 3.3 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentage of the gross income, broken down by quartiles, 1996. Single people with or without children**



POPULATION AND INCOME DISTRIBUTION

**Figure 3.4 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentage of the gross income, broken down by quartiles, 1996. Married and cohabiting couples with or without children**



## Chapter 4

# Families and Children

While the Nordic countries spend almost identical portions of the total social expenditure on families and children, somewhat larger differences can be seen in the expenditure patterns in the EU countries.

**Table 4.1 Expenditure on families and children as percentage of the total social expenditure in the EU, Iceland and Norway, 1996**

Denmark	12.4	Austria	11.0	Italy	3.6
Finland	12.5	Belgium	8.0	Luxembourg	13.2
Iceland	12.9	France	8.7	The Netherlands	4.4
Norway	13.8	Germany	9.4	Portugal	5.6
Sweden	10.5	Greece	8.3	Spain	2.0
		Ireland	12.8	United Kingdom	8.7

Note: The source is EUROSTAT: *Social Protection Expenditure and Receipts. European Union, Iceland and Norway. 1999 edition.*

A characteristic feature of Nordic families is that there are relatively many single parents. In all the countries, there are considerably more single mothers than there are single fathers.

The large number of single parents reflects the frequent collapses of the family structure.

The Nordic countries also differ from the other European countries in that the participation rate among women is high (cf. Chapter 5). This increases the need for child-minding options during parents' working hours.

## FAMILIES AND CHILDREN

**Table 4.2 Families by family type, 1997**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
<i>Number of families with children aged 0-17 years (1,000)</i>	644	630	39	570	1,137
Percentage of whom are:					
– Married couples	64	68	55	64	} 81
– Cohabiting couples	18	14	22	14	
– Single people	18	18	22	22	19
Total	100	100	100	100	100
<i>Number of families without children (1,000)</i>	2,226	2,096	106	1,482	2,410
Percentage of whom are:					
– Married couples	27	26	23	32	} 35
– Cohabiting couples	7	7	3	..	
– Single people	65	67	74	68	65
Total	100	100	100	100	100
<i>Number of single people with children (per cent):</i>					
Men	12	12	7	11	21
Women	88	88	93	89	79
Total	100	100	100	100	100
<i>Number of single people without children (per cent):</i>					
Men	50	48	54	48	59
Women	50	52	46	53	41
Total	100	100	100	100	100
<i>Average number of people per family</i>	1,8	1,9	2,9	2,1	2,1

1 Children aged 0-15 years.

2 Cohabiting couples without joint children have been calculated under single people.

3 Figures from labour-force surveys performed by Statistics Sweden. The data have been calculated on the basis of a selection of about 17,000 individuals per month.

The significance of social cash benefits to the disposable incomes of families with and families without children appears from Figure 4.1. The figure shows the distribution of gross income on factor income and social cash benefits for families and single people with or without children, respectively. The relative income level for single people and couples with or without children, respectively, appears from Table 4.3, the average disposable income for all single people and all couples with children having been fixed at 100. A family consists in this connection of adults and children living to-

gether at one and the same address, irrespective of the children's ages. Families with children are defined as families with children of the age group 0-17 years living with their parents. As to Iceland, children over 15 years are, however, counted as independent households. In the comparison, equivalent incomes have been used.

**Table 4.3 Index for disposable incomes for single people and married and cohabiting couples with or without children, respectively, and total disposable incomes in PPP-Euro for all in the age group 20-44 years, 1996 (total disposable income = 100) <sup>1)</sup>**

	Denmark		Finland		Iceland		Norway		Sweden	
	Single people	Couples								
<i>Index for disposable income</i>										
No children	103	112	101	105	102	172	102	114	102	116
1 child	92	100	95	101	90	107	96	104	91	98
2 children	75	96	99	97	83	93	88	93	93	97
<i>Total disposable income in PPP-Euro</i>										
Total	12,283	18,116	9,978	13,431	10,818	11,324	11,838	16,673	10,240	13,026

1 The equivalent disposable income forms the basis of the calculations.

As appears from Table 4.3, the equivalent disposable incomes for childless families are higher than are the disposable incomes for families with children. In Finland, however, cohabiting or married couples with one child have a disposable income that almost corresponds to that of cohabiting or married couples without children. It is furthermore characteristic of both single parents and couples with children that the disposable income is generally lower, the more children there are in a family. This does, however, not apply to single parents in Finland.

In Iceland, where a different family definition is used, the relative income level for couples without children is clearly higher than it is for couples with children, but the income level for couples without children is also relatively high in Denmark, Norway and Sweden.

FAMILIES AND CHILDREN

**Figure 4.1 Income structure in 1996 for single people and for couples aged 20-44 years**

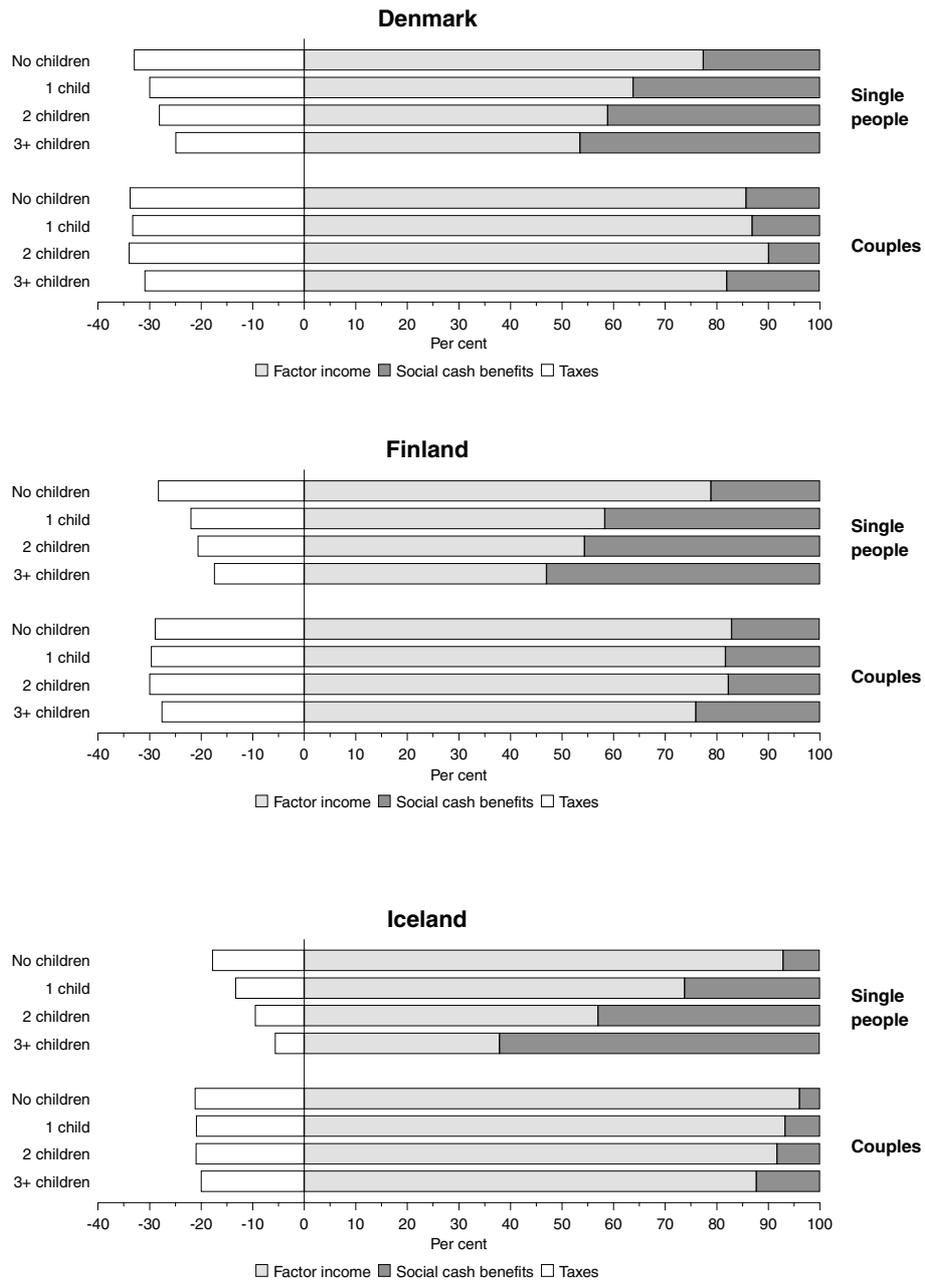
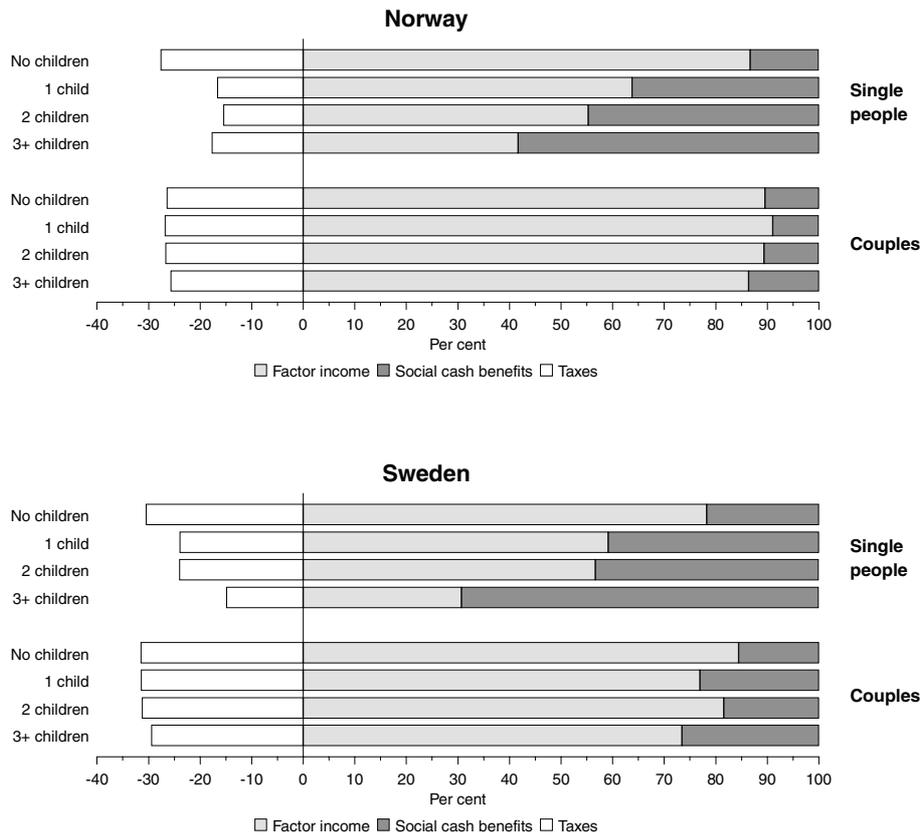


Figure 4.1 continued ...



From Figure 4.1 it appears that in all the countries social cash benefits represent a considerably larger part of the gross income for single people than is the case for couples. In particular for single people, social cash benefits represent a larger part of the gross income for families with children than is the case for families with no children. It is also characteristic that the more children there are in a family, the larger the part of the gross income is represented by social benefits - and similarly, the more children there are in a family, the smaller the part is represented by tax of the gross income.

In all the countries, social benefits and taxes contribute to levelling off the differences in factor incomes between single people and couples, between families with children and families without children, and between families with one child and families with two or more children. For couples

with children, social cash benefits play the most important part in Finland and Sweden and the least important part in Iceland. In all the countries, the social cash benefits constitute a considerable part of the gross income for single providers.

The differences in the significance of social cash benefits to the individual family types are a result of two different factors: firstly, the composition of the social benefits payable to families with children; it is essential that special benefits are granted to single parents in all the countries (with the exception of Sweden), and that the benefits per child in all the countries (with the exception of Denmark and Iceland) increase concurrently with the number of children in a family. Secondly, the differences are consequences of differences in for example the extent of unemployment in the various families. This is significant to the differences between single people and couples, as the unemployment rate is generally higher among single people than among couples. Within the age group 20-44 years, single people are normally younger than are couples, and consequently there are more students receiving student grants among single people.

# Cash Benefits to Families and Children<sup>2)</sup>

## Daily Cash Benefits in Connection with Childbirth or Adoption

### *– Financial support to all in connection with childbirth and adoption*

In all Nordic countries, compensation is granted to cover loss of income in connection with childbirth during the weeks prior to and the months following childbirth. In all the countries, a similar benefit is payable in connection with adoption.

In all the countries (with the exception of Iceland), the benefit payable in the

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<sup>2</sup> Pensions payable to children who have lost one or both parents are described in Chapter 7 together with the other pensions. Special benefits which are granted as supplementary social benefits to families and children are described in Chapter 9.

**Table 4.4 Rules governing payment of income-substituting cash benefits in the event of childbirth as per December, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Working (employees)</i>					
Maximum number of weeks in which maternity benefits are payable	28	44 (47)	26	42/52 <sup>4)</sup>	Approx. 64 weeks <sup>6)</sup>
Of which (weeks):					
– Only the mother	18	18	4	9	4
– Only the father	2 <sup>1)</sup>	3	–	4	4
– Either the mother or the father	10	26	22 <sup>3)</sup>	29/39	Approx. 64 weeks
Of which:					
– Before birth	4 <sup>2)</sup>	5-8	4	12	Max. approx. 9 weeks
– After birth	24	36-39	22 <sup>3)</sup>	39/49	Max. approx. 64 weeks
Benefit taxable?	Yes	Yes	Yes	Yes	Yes
<i>Not working</i>					
Maximum number of weeks in which maternity benefits are payable	–	44 (47)	26	Non-recurrent payment	Approx. 64 weeks
Benefit taxable?	.	Yes	Yes	No	Yes
Leave period sharable with father?	.	Yes, but for a max. of 26 weeks	No	No <sup>5)</sup>	Yes

1 At the same time as the mother within the first 14 weeks after childbirth.

2 The period may be prolonged in case of a difficult pregnancy, or if work is a risk to the foetus. Public-sector employees and some private-sector employees are entitled to maternity leave with pay for eight weeks prior to birth according to collective agreements.

3 The period may be prolonged to the extent that a mother does not avail herself of her right to commence her leave within the four weeks prior to birth.

4 42 weeks with 100 per cent compensation or 52 weeks with 80 per cent compensation.

5 May be divided if the mother dies, and/or the father is awarded custody.

6 Fathers are entitled to 10 days in connection with the confinement. These days are not included in the 64 weeks.

## FAMILIES AND CHILDREN

**Table 4.5 Amount of income-substituting cash benefits in the event of childbirth as per December, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Working (employees)</i>					
Amount of maternity benefit (per week) in per cent of previous income	100	Normally 70	..	100/80	75
Min. amount per week in national currency	–	FIM 360	ISK 6,682	NOK 618	SEK 420
Min. amount per week in PPP-Euro	–	56	67	63	41
Max. amount per week in national currency	DKK 2,625 <sup>1)</sup>	–	ISK 15,362 <sup>2)</sup>	NOK 4,904	SEK 3,913
Max. amount per week in PPP-Euro	288	–		497	378
<i>Not working</i>					
Amount of maternity benefit (per week)	–	FIM 360	ISK 8,680	Non-recurrent payment, NOK 32,138	SEK 420

1 Public-sector employees and some private-sector employees are fully paid during maternity leave according to collective agreements; some private-sector employees, however, for part of the maternity leave only.

2 Public-sector employees and a number of other wage earners are entitled to full pay during maternity leave.

event of loss of income is based on previous earnings. In Denmark, Finland and Iceland, public-sector employees and some private-sector employees receive full pay during the months following childbirth. Non-public employees in Iceland receive a fixed amount irrespective of their income, but the amount depends on the rate of employment (full-time or part-time employment).

Only mothers qualify for the benefit payable prior to childbirth, whereas in all the countries, the benefit payable after childbirth may be granted to the fathers instead of to the mothers, but according to somewhat varying schemes.

In Denmark, one must be affiliated with the labour market in order to receive the benefit, either by being self-employed, a wage-earner or a recipient of unemployment or sickness benefits according to specific rules.

In the other Nordic countries, people who are not affiliated with the labour market also qualify for a benefit. In Finland, Iceland and Sweden, however, only a small amount is awarded, and in Norway, the benefit is a non-recurrent payment.

In Denmark, Finland and Sweden, fathers are also entitled to daily cash benefits for a number of days immediately following childbirth at the same time as mothers receive maternity benefit. In Norway, fathers are also entitled to take leave at the same time as are mothers, but without pay.

The period in which daily cash benefit is payable in connection with birth and adoption is generally relatively long in the Nordic countries. Maternity leave is, however, significantly longer in Sweden than in Iceland and Denmark.

The compensation level in connection with childbirth also varies considerably from one country to another. Figure 4.2 shows the disposable income at five different income levels, i.e. for a single childless employed person and for a single mother receiving maternity benefit.

Figure 4.3 shows the disposable income at four different income levels. The calculation has been made for a couple with no other children than the new-born and for a couple who already has two children. The compensation level is the amount of the disposable income where the person earning the most receives maternity benefit, stated in per cent of the disposable income, where both are gainfully employed.

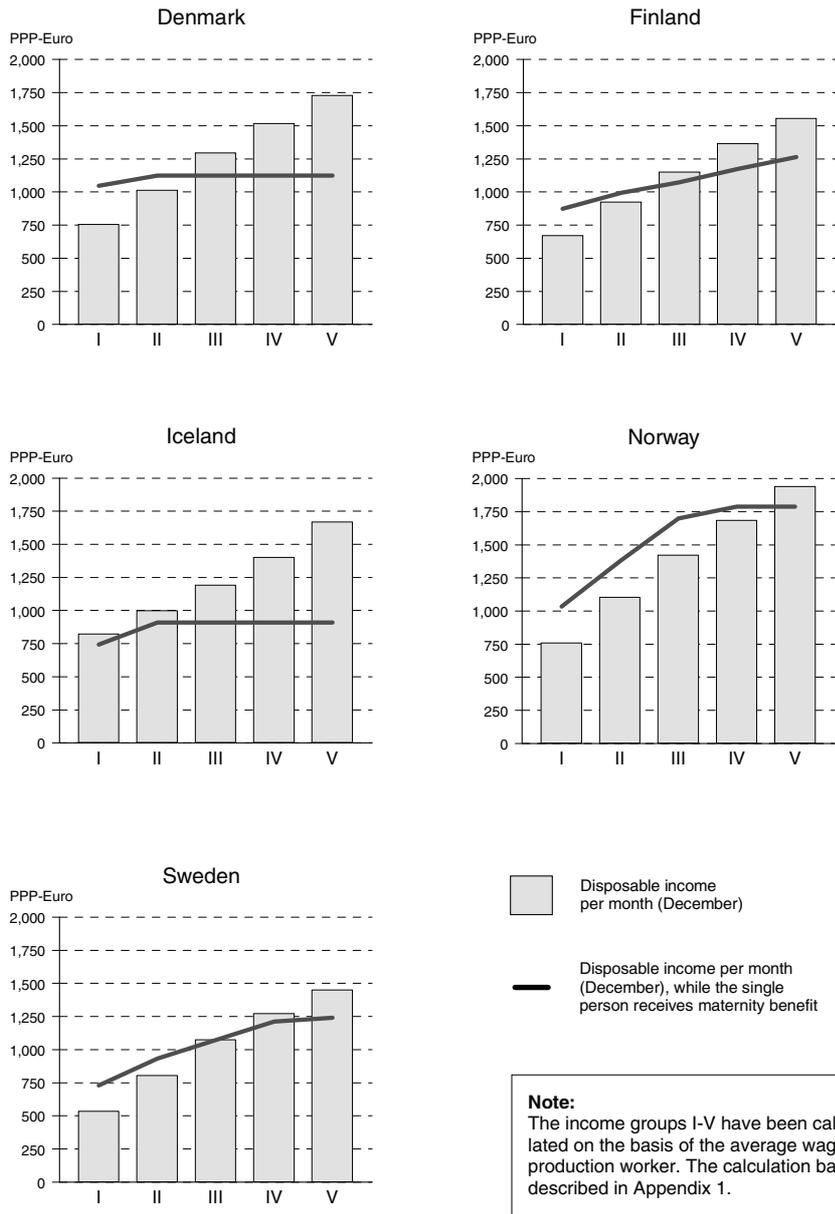
As can be seen from Figure 4.2, compensation is over 100 per cent for single parents in the lowest income brackets in all the Nordic countries, with the exception of Iceland. This is primarily due to the child allowances payable for new-born children, but also to the housing benefit being higher for families with children than it is for childless families. This also applies to couples, cf. Figure 4.3.

In respect of couples with two children besides the new-born, the high compensation level in the lowest income groups (in particular in Finland and Sweden) can be attributed to the payment for places in day care institutions for the other two children being lower when the parent earning the most receives maternity benefit. This is also contributing to the compensation level of the lowest income groups being higher for families with two children than it is for childless families.

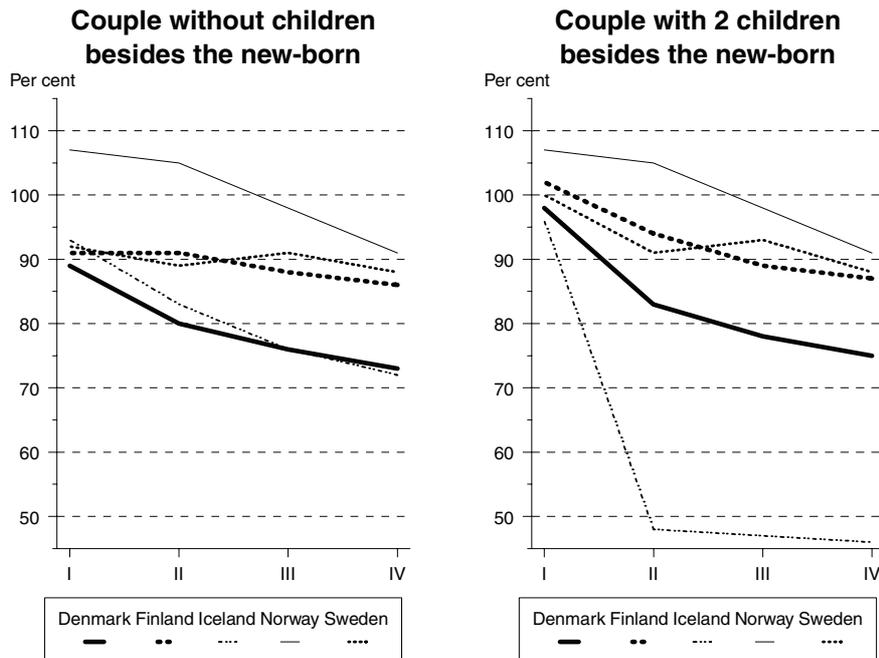
The compensation levels also depend on the level of the daily cash benefits seen in relation to previous income. As mentioned above, in Iceland, a fixed amount is payable irrespective of income. In the other countries, the daily cash benefits are lowest in Finland and highest in Denmark and Norway, measured in relation to previous income (cf. Table 4.5). In Finland, in return, there is no upper limit to the level of daily cash benefits. In the other

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Figure 4.2 Disposable income for a single person with a new-born child, 1997



**Figure 4.3 Disposable income while receiving maternity benefit as percentage of disposable income when working, 1997**



**Note:**  
 The income groups I-IV have been calculated on the basis of the average wage of a production worker. The cash benefit is payable to the person earning the most. The calculation basis is described in Appendix 1.

countries, the maximum daily cash benefit is highest in Norway and Sweden and lowest in Denmark.

These factors contribute to the compensation level generally being highest in Norway, also in respect of the upper income brackets. In Sweden and Finland, the compensation levels are also relatively high for the upper income brackets, whereas the level in Denmark, and in particular in Iceland, is relatively low for those groups.

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**Table 4.6 Recipients of daily cash benefits in the event of pregnancy, childbirth or adoption during the year, 1990-1997**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway	Sweden
<i>Number of beneficiaries</i>					
<i>Men</i>					
1990	34,499	27,338	75	645	104,356
1995	41,003	40,267	10	25,166	130,786
1996	38,835	39,149	15	28,267	146,839
1997	39,138	39,806	13	30,003	133,948
<i>Women</i>					
1990	80,108	110,518	5,404	51,949	295,080
1995	90,335	108,429	5,066	76,088	327,846
1996	87,557	104,824	5,039	76,504	324,873
1997	85,652	101,990	4,943	77,015	299,841
<i>Number of benefit days (1,000)</i>					
1990	12,523	16,900	725	5,149	50,607
1995	14,385	16,947	688	10,699	52,212
1996	13,895	16,238	676	10,926	43,636
1997	13,867	15,981	663	11,043	37,905
<i>Of which percentage of men</i>					
1990	4.1	2.4	..	..	8.8
1995	4.4	3.6	0.1	5.8	10.3
1996	4.3	3.6	0.1	6.3	11.7
1997	4.3	3.8	0.1	6.7	11.1

1 Entitlement to daily cash benefit during maternity leave shall lapse if a mother is entitled to full pay from her employer.

It is characteristic that more and more men make use of the leave schemes in connection with childbirth or adoption. However, both the number of recipients and the number of days in which maternity benefit is received vary considerably from one country to another.

This partly reflects differences in the coverage of the schemes, partly in the duration of the period in which one is entitled to that benefit. Norway has seen a rise in the number of men receiving daily cash benefits. This is due to both a new scheme from 1993 giving men an exclusive right to four weeks of leave with daily cash benefits as well as a 'time-account' scheme that since 1994 has allowed for flexible use of leave of absence with daily cash benefits. The Swedish figures are not comparable with those from the other countries, as the benefit is payable for more days per child than is the case in any of the other countries. Besides, parents are entitled to daily cash benefits until a child reaches the age of 8

years. In 1996, about 75 per cent of the parental daily cash benefit was paid during the first two years of a child's life. Similar data are not available for 1997.

## Cash Benefits to Parents when Minding Children

### *– Entitlement to leave of absence for child minding*

In Denmark, parents with children under the age of nine are entitled to child-minding leave. In 1997, parents were entitled to 13 weeks' leave, but 26 weeks if the child was under one year old. In agreement with one's employer or the public employment service, a leave period may be prolonged to a total of 52 weeks. The leave scheme applies to both wage earners, self-employed and un-employed people. During a parental leave period, a child must not make use of any public day care facility if it is under the age of three years, and may only be in half-day care if it is between three and eight years old. The benefit payable during leave was in 1995 reduced from 80 to 70 per cent of the maximum amount of daily cash benefits and was further reduced to 60 per cent in 1997. Moreover, local authorities may also grant a supplementary benefit of up to DKK 35,000 per year. The average number of people on child-minding leave dropped from 31,000 in 1996 to 22,000 in 1997 and further to 20,000 in 1998.

In Finland, parents are, after having received parental daily cash benefit for a while, entitled to choose between a place in a municipal day care institution or an allowance towards minding of small children. The scheme was continued as per 1 August 1997. The allowance towards child minding in the home is payable if a family has a child under the age of three years. The allowance may consist of a basic amount and a supplement. The basic amount is FIM 1,500 per month for a child under three years and FIM 500 per month for each additional child under three years. For other children of pre-school age, the allowance amounts to FIM 300 per month

The supplement (FIM 1,000) will only be granted for one child and is subject to the family income. At the end of 1997, child-minding allowances were being paid for 118,600 children.

Parents may also choose to work reduced hours if they have children under the age of three. In that case they are entitled to a partial minding allowance of FIM 375 per month.

In Iceland, there are no schemes for parental benefits in connection with child-minding.

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In Norway, there is a so-called time-account scheme. The scheme applies in the event of childbirth or adoption and makes it possible for part of the maternity benefit to be paid in combination with income from work for a period exceeding the standard periods of 42 or 52 weeks. Where 52 weeks of absence from work with 80 per cent of the pay have been chosen, a minimum of six and a maximum of 39 weeks must be used in combination with reduced working hours. Where 42 weeks with full pay have been chosen, between six and 29 weeks must be used in this way. The period of work may be fixed at 50, 60, 75, 80 or 90 per cent, and the rate of the maternity benefit payable as a supplement to the income will consequently be 50, 40, 25, 20 and 10 per cent, respectively. In 1997, two thirds of women chose leave with 80 per cent compensation. About 29,000 fathers received daily cash benefit for the four weeks, or part of the four weeks, that are reserved for fathers.

In Sweden, parents are entitled to a parental benefit for 64 weeks in connection with childbirth. This period may be divided into several shorter periods until a child turns eight or has completed its first year of schooling.

In most of the countries, there are also schemes entitling parents to stay at home without pay to take care of their children.

### *Minding of sick children*

In all Nordic countries, parents are to some extent entitled to stay at home to mind a sick child. In Sweden, this right is governed by law and in the other countries by collective agreements.

In all the countries, parents themselves decide whether the mother or the father shall stay at home to take care of a child. In Norway, single providers are entitled to 20 days of absence and couples to 10 days of absence each to mind a sick child.

As to the length of the period in which one is entitled to stay at home to mind a sick child, the scheme is most generous in Sweden and least so in Denmark and Iceland.

In Denmark, Finland and Iceland, full compensation shall, however, be granted in connection with child minding during short-term illness. In Norway, a benefit corresponding to the amount of sickness benefit is payable, while in Sweden, a compensation corresponding to 75 per cent of the income from work is payable.

In Denmark, Finland, Norway and Sweden, there are also special rules concerning minding of chronically or seriously ill children. Those rules are described in Chapter 7.

## Child Allowance

– *An allowance is payable for all children*

In all five countries, an allowance is payable for children. The allowance is tax free and independent of parents' income, with the exception of Iceland where the child allowance is means-tested. In Denmark, the allowance is payable until a child reaches the age of 18; in Finland, until a child reaches the age of 17; and in Iceland, Norway and Sweden, until a child reaches the age of 16 years - 20 years, however, if a child is receiving education. In all the countries, Central Government finances the child allowance.

**Table 4.7 Annual amount of child allowance as per December, 1997**

	Denmark DKK <sup>1)</sup>	Finland FIM	Iceland ISK <sup>2)</sup>	Norway NOK <sup>3)</sup>	Sweden SEK
<i>Couple with:</i>					
1 child	9,400	6,420	39,448	11,112	7,680
2 children	18,800	14,304	68,216	22,740	15,360
3 children	28,200	23,652	155,271	35,832	25,440
<i>Single parent with:</i>					
1 child	17,400	8,820	176,166	22,740	7,680
2 children	31,336	19,104	331,481	35,832	15,360
3 children	45,272	30,852	496,946	49,572	25,440
Average amount of child allowance per child (KR/FIM)	9,938	7,682	67,317	13,930	8,150
Average amount of child allowance per child (PPP-Euro)	1,091	1,189	779	1,413	787

1 Calculations have been made on the basis of a general family allowance for the 3-6 year-olds of DKK 2,350 per quarter to both single parents and couples. The allowance for the 0-2 year-olds amounted to DKK 2,625 per quarter and for the 7-17 year-olds to DKK 1,775 per quarter.

2 In Iceland, the child allowance is in two parts. The first part is a fixed amount payable to all having children of the age group 0-15 years as well as a supplement of ISK 30,176 for children of the age group 0-6 years. The second part is income-adjusted. The maximum amount for couples is ISK 93,164 and ISK 100,999 for single parents. In the table, calculations have been based on the average income of couples and single parents with one child under the age of 7 years.

3 The calculation has been based on child allowances for children of the age group 3-16 years plus the supplement for Northern Norway. A supplement of NOK 657 per month is granted for children aged 1-3 years plus the supplement for Northern Norway of NOK 316 per month.

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In Denmark and Iceland, the family allowance is higher for children between the ages of 0 and six years than it is for children over the age of six years. In Denmark, the allowance is higher for the 0-2 year-olds than for the 3-6 year-olds. In Norway, a supplement is payable for children aged 1-3 years, as well as supplements for children living in the Finnmark and in certain municipalities in Troms County.

In all the countries, apart from Sweden, special child allowances are payable to single providers, so that the allowance per child is higher for single parents than it is for two-parent families.

In Finland and Norway, the child allowance per child will be increased for each child in the family. In Denmark and Norway, an extra child allowance will be granted to single providers. In Sweden, no new multiple-birth supplements were granted in 1996 and 1997. As from 1998, allocation of new multiple-birth supplements will be granted again to families with three or more children.

In Denmark, special child allowances may also be granted where one of a child's parents is a pensioner, or where one of the parents has died, or where paternity has not been established. In Iceland, a non-income regulated supplement is granted in the shape of maternity or paternity wages to widows and widowers, unmarried or divorced women who provide for two or more children under the age of 18 years. If the parents are old-age or anticipatory pensioners, the child allowance will be paid as a supplement to the pension. The amount is tax free and not subject to the amount of any income.

## Advance on Maintenance Allowance for Children

– *The allowance is paid in advance by the public authorities*

For children whose parents do not live together, a maintenance allowance will normally be payable by the parent not living with the child. A maintenance allowance for children will be fixed in connection with dissolution of marriage and as part of the legal proceedings in connection with birth of a child out of wedlock. The allowance will be fixed either according to agreement between the parents by way of a court decision or a decision rendered by the local authorities.

Where the party liable to pay does not comply on time, the party entitled

to the allowance may, in all the Nordic countries, be paid the allowance in advance by the public authorities. The age limit for entitlement to advanced payment of the maintenance allowance is 18 years. In Iceland, Finland and Sweden, the period may be extended to 20 years if a child is receiving education.

In all the countries, a minimum has been fixed for the amount of the maintenance-allowance advance. In Finland, Norway and Sweden, the public authorities pay the difference up to the minimum amount if the party liable to pay is unable to do so. In Norway, the number of children receiving maintenance-allowance advances as percentage of the number of children entitled to allowances has decreased. This is due to an amendment of the law to the effect that maintenance-allowance advances will now only be payable where the party liable to pay does not pay or does not pay on time.

**Table 4.8 Amounts of maintenance-allowance advances in 1997**

	Denmark	Finland	Iceland	Norway	Sweden
Maximum amount per child per year, KR/FIM	8,700	7,682	137,950	12,600	14,076
Maximum amount per child per year, PPP-Euro	955	1,189	1,597	1,278	1,359

**Table 4.9 Number of children receiving maintenance-allowance advances as percentages of the population under 18 years, 1990-1997**

	Denmark	Finland	Iceland	Norway	Sweden
1990	14	7	16	12	15
1995	15	10	17	15	16
1996	15	10	18	11	16
1997	15	11	19	12	16

## Other Benefits

In Norway, the regular child allowance is supplemented with tax relief for children. The expenditure on this relief is, however, not included in the social expenditure statistics. Single providers may also be granted a so-called transition allowance for maintenance by the Social Security Scheme.

In Finland, Iceland, Norway and Sweden, a child pension has been in-

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roduced in the shape of a basic pension and a supplementary pension. In Denmark, a special child allowance is granted.

Child pension is payable to children in the event that one or both parents are deceased. Child pensions are described in detail in Chapter 7.

# Services to Families and Children

In the Nordic countries, it has been decided to provide children and families with an extensive service. The responsibility for the operation of these services rests primarily with the local authorities who provide day care institutions for children and young people, pre-school classes, family day care, child-minding in the homes, and child and youth welfare schemes.

Children who are physically or mentally disabled shall, as far as possible, be integrated in the general care schemes.

In all the countries, families with children may, in exceptional cases, be granted home help. This applies for example if the person taking care of the home and the children is unable to do so due to illness, childbirth or the like.

Families may furthermore be granted assistance in order to avoid that children and young people be placed outside of their homes.

## Day Care Institutions and Family Day Care

*– Children are looked after in both public and private institutions*

### *Day care institutions for pre-school children*

Children at pre-school age are received in day care institutions. In all the countries, most institutions provide both full-time and part-time places, but separate full-time institutions and part-time institutions also exist.

In all the countries, local authorities must ensure that there are a sufficient number of places available. In Denmark, 68 per cent of the municipalities provided a child-minding guarantee in 1997 for children aged 0-9 years, whereas another 5 per cent guaranteed child-minding for the age group 1-5 years and an additional 8 per cent for children at the age of six or more years. In Finland, all children under seven years have since 1996 been entitled to a place in a municipal day care institution or in family day care.

Families with children under three years may instead of municipal day care choose to receive a benefit for staying at home to look after their children themselves. Since 1 August 1997, parents may also have their children looked after in a private home with municipal subsidies. The municipalities pay the amount direct to the institution/private individual looking after the child/children. The subsidy consists of a basic amount of FIM 700 and a supplement of FIM 800, where the supplement is subject to parents' income. By the end of 1997, subsidies to private minding of 9,700 children was paid.

In Iceland, 88 per cent of all children aged 3-5 years and 64 per cent of all children aged 0-5 years had places in public day care institutions for children or in family day care. In Norway, 51 per cent of all children aged 0-5 years had places in a kindergarten or in family day care. In Sweden, children whose parents are actively employed or study are given priority to a child-minding facility. Besides, there are minding schemes for children with need for special support.

In Denmark and Finland, the child-minding option may be replaced by various schemes allowing parents to stay at home to look after their children.

### *Family day care*

Municipal family day care exists in all Nordic countries. This scheme mainly covers pre-school children. Municipal child-minders are employed and paid by the local authorities and receive the children in their own homes. As is the case with places in day care institutions, parents pay for having their children minded in family day care. In all the countries, there is also private family day care that is run without any subsidies from public authorities. Such child-minding options are not included in the Nordic social statistics.

### *Pre-school classes*

In both Denmark, Finland and Norway, there are special classes preparing young children for school. These classes have been established according to somewhat differing rules.

In Denmark, local authorities are obliged to offer children a place in a pre-school class for at least 20 hours per week – an offer that is accepted by 98 per cent of all children. After school hours, children may spend time in either day care institutions or after-school club schemes.

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In Finland, the scheme is not compulsory but about half of the children participate in measures preparing them for school.

In Iceland, all 6 year-olds must attend school and are consequently not included in these statistics.

In Norway, children start school at the age of six where they are receiving education adapted to their age.

In Sweden, there are no special measures preparing children for school, but the school start is flexible. Since 1997, 6 year-olds are entitled to start school if their parents so wish. All 6 year-olds have previously had a statutory right to spend 525 hours in a kindergarten class. As from 1998, this entitlement has been replaced by entitlement to 525 hours in the new school structure, pre-school class.

### *Children of school age*

In all the countries, there are day care options for children of school age. Minding may either take place in special youth centres for children of school age or may be integrated in the minding of pre-school children in the day care institutions. In Norway, the responsibility for the development of after-school club schemes is placed with the school sector. This also largely applies in Denmark, Iceland and Sweden. The range of offers varies from one municipality to another.

There are different age limits for the granting of places at youth centres/after-school-club schemes. In Denmark, the age limit is 10 years in some municipalities and 14 years in others. In Finland, there is normally no age limit, but in special cases it may be 10 years. In Iceland, it is 9 years, in Norway 10 years, and in Sweden 12 years.

The number of children who are covered by day care schemes in day care institutions and family day care varies significantly from one country to another. Some of the reasons for this are the extent of the unemployment and the fact that children in pre-school classes in Denmark also spend time in day care institutions after having attended their pre-school classes. The low figures for the 0-2 year-olds in Finland are due to the home-care allowance option. In Sweden, the long maternity-leave period also plays a significant part.

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**Table 4.10 Children enrolled in day care institutions and family day care (thousands) by age, 1990-1997**

	Denmark	Finland <sup>1)</sup>	Iceland <sup>2)</sup>	Norway <sup>3)</sup>	Sweden
<i>1990</i>					
0-2 years	88	55	3	19	103
3-6 years	161	141	10	120	263
0-6 years, total	248	196	13	139	367
7-10 years	74	17	1	..	146
0-10 year-olds, total	322	213	13	..	512
<i>1995</i>					
0-2 years	101	34	5	39	123
3-6 years	218	145	12	149	367
0-6 years, total	319	179	17	188	490
7-10 years	123	11	–	..	198
0-10 year-olds, total	441	190	17	..	688
<i>1996</i>					
0-2 years	107	41	5	42	124
3-6 years	231	165	12	150	408
0-6 years, total	338	206	17	192	532
7-10 years	135	11	–	..	209
0-10 year-olds, total	474	217	17	..	741
<i>1997</i>					
0-2 years	114	45	5	50	118
3-6 years	244	175	12	134	404
0-6 years, total	358	220	17	184	522
7-10 years	152	10	–	..	223
0-10 year-olds, total	511	230	17	..	745

1 Figures from 1995 and 1996 include children in private day care institutions receiving public subsidies.

2 As from 1995, only children between 0 and 5 years as the after-school-club schemes were taken over completely by the school sector in 1995 (no statistics available).

3 As from 1997, only children between 0 and 5 years.

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**Table 4.11 Children enrolled in day care institutions and family day care, by age as percentages of the respective age groups, 1990-1997**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden
<i>1990</i>					
0-2 years	48	31	24	11	29
3-6 years	73	58	60	57	64
0-6 years, total	61	44	43	33	48
7-10 years	34	7	3	..	38
0-10 year-olds, total	52	30	28	..	44
<i>1995</i>					
0-2 years	48	18	37	22	37
3-6 years	83	55	64	61	74
0-6 years, total	68	39	53	44	59
7-10 years	53	5	–	..	45
0-10 year-olds, total	63	27	35	..	54
<i>1996</i>					
0-2 years	51	22	37	23	40
3-6 years	86	63	64	61	83
0-6 years, total	71	46	53	45	66
7-10 years	56	4	–	..	46
0-10 year-olds, total	66	31	34	..	59
<i>1997</i>					
0-2 years	55	25	39	28	41
3-6 years	89	67	66	73	84
0-6 years, total	74	49	55	50	68
7-10 years	61	4	–	..	68
0-10 year-olds, total	70	33	35	..	60

1 Figures from 1995 and 1996 include children in private day care institutions receiving public subsidies.

2 As from 1995, only children between 0 and 5 years.

3 As from 1997, only children between 0 and 5 years.

## Child and Youth Welfare

### – *Preventive measures are in focus*

In all the Nordic countries, various forms of preventive measures are taken to further the upbringing of children and youth in safe and comfortable environments. These may comprise both general measures and measures specifically aimed at individual children or youths.

Legislation in the various countries also allows for the public authorities stepping in to lend support if the risk arises of children or young people growing up in adverse circumstances.

In Denmark, 28,553 families made use of one or more preventive measures during 1997 in the shape of advisory services, practical educational support in the homes, family treatment, stays in residential institutions for both parents and children, or financial support with a view to avoiding placing children outside of their homes. Furthermore, by the end of 1997, 5,638 children and youths had been placed in residential care, with foster families or in other relevant places, to relieve their parents from taking care of them for a while. 1,427 children and youths had had a personal advisor appointed to them, and 1,715 children and youths received financial support to stay at boarding or continuation schools without that being an actual placement outside of their own homes.

In Finland, the preventive child welfare service is responsible for influencing the development of children's well-being as well as to prevent the risks to which a child may be exposed. Such measures may be support staff or support families, support to getting a job, a place to live, or support to hobby activities. In 1997, 35,809 people received support. 91 per cent of these were children under 18 years, whereas the remaining 9 per cent were between 18 and 20 years. In 1997, there was an addition of 9,243 new clients, corresponding to 26 per cent of all those receiving assistance.

In Iceland, 1,080 children made use of one or more preventive measures during 1997. Of these, 652 were placed outside of their homes for short or long periods.

In Norway, 23,941 children made use of one or more preventive measures in 1997. 8,028 were placed in respite homes; 5,813 were allocated support contacts. Support and contact people are employed by the local authorities to follow up on the young people in order for them to function socially. 8,555 people received financial or other support. Some of the children were also placed outside of their homes as part of the preventive scheme. The Child Welfare Service cared for 5,643 children in 1997, all of whom were placed outside of their homes, either with families or in institutions for children.

In Sweden, preventive measures consist of initiatives for families with infants with a view to improving the interaction between parents and children. Measures may also take the shape of group activities for young people and/or single mothers as well as for children of alcoholics or extended pre-school classes combining daily work with visits to the homes aimed at providing families with practical and psycho-social support in the homes.

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For criminal young people, misusers or young people with other psychosocial problems, measures have been developed to the effect that a youth in the course of a day participate in a number of structured activities, usually work/studies and organized leisure activities.

Another kind of activity is the so-called contact staff. A child or youth is assigned an adult contact person or family whom they see regularly. About 12,400 children and youths had, as at 31 December 1997, been assigned such a contact person.

In all the countries, it may become necessary to place a child outside of its home. The reasons may be that parents need help to bring up a child, or that a child's health or development is threatened due to lack of proper care. Measures may also be taken if young people themselves expose their health or development to grave danger, e.g. through alcohol and/or drug abuse or crime.

In all the countries, children may be removed from their homes without the consent of their parents. In Finland and Sweden, this is done following a court decision. In Denmark and Iceland, special municipal child and youth committees decide whether or not a child is to be removed from its home. In Norway, special committees under the county authorities decide whether the child welfare service must assume care of a child and place it outside of its own home, but the law also allows that a child be placed outside of its home without any decision being made by the welfare service about assuming care.

The number of children placed outside of their own homes varies from one country to another, but one trait common to all the countries is that more preventive measures are taken in the homes in respect of children and families. In Denmark, the decline in the number of placements is furthermore due to a number of young people who are at boarding or continuation schools – as a result of an amendment of the law in 1993 – no longer being considered to be placed outside of their homes. The number of placements is nevertheless still somewhat higher in Denmark than in the rest of the Nordic countries. This mainly applies to the 15-20 year-olds. Even after the amendment of the law in 1993, a relatively large number of young people in Denmark are placed outside of their homes, e.g. at boarding schools or continuation schools, in lodgings or in socio-instructional communal housing. This is only the case to a limited degree in the other Nordic countries.

The development in Norway is i.a. due to an enhanced effort on the part of the local authorities which has led to cases being dealt with faster, and that more children and youth have – for a period of time – been placed outside of their own homes.

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**Table 4.12 Children and young people placed outside of their own homes during the year, by age and per 1,000 inhabitants in the respective age groups, 1990-1997**

	1990	1995	1996	1997
<i>Denmark</i>				
0-6 years	6.8	3.9	3.8	3.9
7-14 years	14.9	11.9	11.8	11.6
15-17 years	34.2	29.3	29.3	29.8
18-20 years	17.9	15.0	15.9	15.2
0-20 years	16.1	12.0	11.9	11.7
<i>Finland</i>				
0-6 years	4.9	5.1	5.0	5.6
7-14 years	6.8	8.3	8.6	9.3
15-17 years	11.4	12.7	13.3	13.5
18-20 years	5.0	8.7	9.3	9.2
0-20 years	6.5	7.9	8.2	8.7
<i>Iceland<sup>1)</sup></i>				
0-6 years	5.5	3.6	4.8	5.3
7-12 years	16.9	9.2	8.7	9.4
13-16 years	8.2	11.7	13.4	14.7
0-16 years	10.2	7.4	8.2	8.9
<i>Norway</i>				
0-6 years	3.7	3.4	3.3	3.3
7-14 years	6.6	7.9	7.5	7.6
15-17 years	10.2	14.2	14.0	14.2
18-19 years	3.8	7.4	8.3	8.3
0-19 years	5.8	7.1	6.9	7.0
<i>Sweden</i>				
0-6 years	3.7	3.6	3.3	3.6
7-14 years	7.9	7.0	7.1	7.1
15-17 years	14.5	14.4	14.2	15.2
18-20 years	5.8	5.1	5.2	6.0
0-20 years	7.1	6.5	6.4	6.9

1 Children and young people of the ages 7-12, 13-16 and 0-16 years.

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## Expenditure on and Financing of Cash Benefits and Services for Families and Children

**Table 4.13 Expenditure on and financing of cash benefits and services for families and children, 1997**

	Denmark	Finland	Iceland	Norway <sup>1)</sup>	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Daily cash benefit in the event of childbirth and adoption	4,623	2,874	673	6,097	10,642
B. Birth grants	-	56	612	570	20
C. Parental leave benefits	1,867	2,076	-	480	2,640
D. Family allowances	11,162	8,384	4,813	12,835	14,456
E. Supplements	-	-	-	-	-
F. Other	15	484	547	3,075	3,023
a. Of which advance on maintenance allowance to children	15	484	547	482	3,023
Cash benefits, total	17,667	13,874	6,644	23,057	30,781
<i>Services, million KR/FIM</i>					
A. Child day care	17,678	6,929	3,730	9,092	26,842
B. Accommodation	4,868	729	784	1,095	5,117
C. Home help	197	185	32	-	-
D. Other	1,259	1,091	650	4,157	4,356
Services, total	24,002	8,934	5,197	14,344	36,315
Total expenditure, million KR/FIM	41,669	22,808	11,841	37,401	67,096
Expenditure as percentage of GDP	3.7	3.6	2.2	3.4	3.8
<i>Financed by (per cent)</i>					
- Public authorities	85.5	87.9	93.0	80.7	74.3
- Employers	0.3	4.6	7.0	11.0	11.5
- The insured (contributions and special taxes)	14.2	7.5	-	8.3	14.3
<i>Changes 1995-1996 in terms of 1996 prices</i>					
- Million KR/FIM	429	81	228	510	2,849
- Per cent	1.0	0.4	1.9	1.4	4.2

1 Under expenditure on day care institutions, NOK 1,335 million for after-school-club schemes have been included.

**Table 4.14 Expenditure on cash benefits and services for families and children, PPP/capita 1997**

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total	367	418	284	531	336
Services, total	498	269	222	330	396
Families and children, total	865	687	506	861	732

The amounts calculated in PPP per capita spent by the Nordic countries on families and children vary highly. Denmark spend the most and Iceland the least. The low figure for cash benefits spent in Iceland can partly be explained by the public authorities paying wages and salaries in connection with childbirth which has not been included in the calculations.

A more detailed picture appears from the distribution on the individual benefit areas.

Sweden and Norway, who have the largest expenditure on daily cash benefits in connection with childbirth and adoption, also have the longest leave schemes. In return, Iceland spend the largest amount on benefits payable on childbirth. Such also exist in Norway, but are almost non-existent in the other countries.

Both Finland and Denmark spend relatively large amounts on parental benefits for child minding, but the benefits are granted to different schemes. In Denmark, it is leave schemes for child-minding, in Finland, allowances for minding children in the home, and in Sweden, where a somewhat lower amount is spent, it is temporary parental benefits. In Norway, the amount covers expenditure on a child-supervision scheme. This is a scheme aimed at single providers who are granted a financial subsidy for minding children; the subsidy shall enable the single provider to be professionally active. Similar allowances do not exist in the other countries.

The expenditure on child allowances is highest in Norway and lowest in Sweden. This should be seen in relation to the allowance per child clearly being highest in Norway and lowest in Iceland and Sweden (cf. Table 4.7). Expenditure on other cash benefits is mainly public authorities' advance payment of maintenance allowances for children where Sweden spend the highest amount. Norway spend more on transition allowances and study grants to single, divorced and legally separated providers. Such benefits are not payable in the other countries.

When it comes to services, Denmark spend the most and Iceland the least.

In Denmark, the expenditure on both day-care institutions and residential institutions, preventive measures, etc. is considerably higher than in the

## FAMILIES AND CHILDREN

other countries, followed by Sweden. There are parallels in the expenditure on day-care institutions and the degree of coverage in the various countries (cf. Table 4.11). As the expenditure on after-school-club schemes are not included in the social expenditure, there is no direct connection between expenditure and the degree of coverage. It should be mentioned, however, that Norway has included the after-school-club schemes.

The considerably higher expenditure on residential institutions, preventive measures, etc., in Denmark is due to the number of children and young people placed outside of their own homes being relatively high in Denmark (cf. Table 4.12).

In Denmark, the expenditure on the child-minding leave scheme decreased from 1996 to 1997 as a result of a decrease in the leave benefit from 70 to 60 per cent of the daily cash benefit maximum as well as in the number of parents on leave from 31,000 to 22,000. In return, the expenditure on day initiatives increased as a result of an increase in the number of enrolled children of about 35,000 from 1996 to 1997 including children in the after-school club schemes. The expenditure on after-school schemes that is not included in the Nordic expenditure statistics increased from about DKK 2.0 billion in 1996 to about DKK 2.1 billion in 1997.

In Finland, the expenditure on child minding during the day time has continued to increase as the need for minding has increased. At the same time, the cash benefits have decreased slightly as the number of new-born children has decreased by 1,400.

In Iceland, the expenditure on cash benefits to families and children has remained almost the same since 1995, but the expenditure decreased slightly from 1996 to 1997. This is due to a decrease in the expenditure on allowances for child provision, as the amount is income-regulated and the pay development during that period was relatively high. The expenditure on services to families and children increased, and the expenditure on day care institutions covered the largest amount.

In Norway, the expenditure increased by 4 per cent from 1996 to 1997. The expenditure on cash benefits increased somewhat more than the expenditure on services. The expenditure on cash benefits payable in connection with childbirth and adoption increased by 6.7 per cent although the number of births dropped by about 1,200 compared with the previous year. Payments of paternity cash benefits to fathers increased by 13.7 per cent from 1996 to 1997. The basic for the calculation of maternity benefit was on average NOK 50,000 higher for men than it was for women.

In Sweden, the drop in the number of children has resulted in a reduction in the expenditure on the parent insurance, but the expenditure on cash

benefits increased nevertheless due to a continued extension of the child welfare schemes.

### *User charges payable for child-minding*

In all five Nordic countries, parents pay part of the costs for having their children minded in day care institutions. When charges are calculated, the family income is normally taken into account, just as discounts may be given for siblings. In Iceland, only single providers and students pay a reduced rate. Children of parents who have a very low income may in all the countries (with the exception of Iceland) be granted a place free of charge.

In Denmark, rules governing the maximum amount of payment, places free of charge and sibling discounts are laid down centrally. In Finland, user charges are fixed centrally whereas the local authorities decide whether or not they will grant places free of charge. In Iceland, Norway and Sweden, user charges are fixed by the local authorities. In Sweden, parents normally pay a rate based on both their incomes and the period of time which their child spends in the institution, but there is also a fixed charge independent of income and period of time. The charge payable for child-minding in one of the private care schemes ought in principle to be the same as the charge payable in the municipal schemes. In none of the countries may the charges exceed the actual costs of a place in an institution.

In Denmark, the total amount of user charges amounted to approximately 23 per cent of the running costs. In Finland, user charges were about 15 per cent of the running costs for municipal day care. In Iceland, user charges for places in municipal day care institutions amounted to about 34.3 per cent of the total running costs, and user charges for after-school club schemes amounted to 33.9 per cent of the total running costs. In Norway, the user charge payable for private kindergartens amounted to 46.4 per cent and for the municipal kindergartens 29.2 per cent of the total running costs. Also after-school club schemes are mostly based on user charges adjusted by local authorities. It is, however, not possible to calculate how large a share parents pay themselves. In Sweden, user charges amounted on average to about 15 per cent of the total running costs.

*Chapter 5*

# Unemployment

In countries where the unemployment rate is high, the expenses for prevention of unemployment form a considerable part of the total social expenditure.

The rules governing both income-substituting benefits to the unemployed as well as the extent of activating measures for the unemployed vary considerably from one country to another. Consequently, there is no strict correlation between the extent of unemployment and the expenditure on unemployment.

**Table 5.1 Expenditure on unemployment as percentage of the total social expenditure in the EU, Iceland and Norway, 1996**

Denmark	13.8	Austria	5.7	Italy	1.9
Finland	13.9	Belgium	14.5	Luxembourg	3.5
Iceland	3.7	France	8.1	The Netherlands	12.0
Norway	5.7	Germany	9.6	Portugal	5.8
Sweden	10.3	Greece	4.3	Spain	14.5
		Ireland	16.7	United Kingdom	5.8

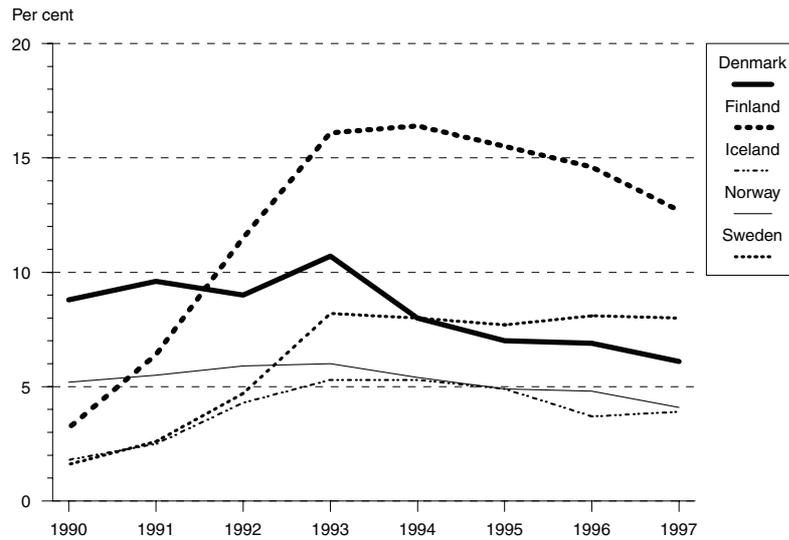
Note: Cf. Table 4.1.

Generally, the Nordic countries have a high participation rate, but there are significant differences from one country to another.

The unemployment rate was very high in some of the Nordic countries during the 1990s, but recent years have seen a declining trend, cf. Figure 5.1.

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**Figure 5.1 Development in the unemployment rate, 1990-1997**



**Table 5.2 The population aged 16-64 years by activity, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
The population aged 16-64 years (1,000)	3,486	3,426	165	2,795	5,549
<i>Of whom (per cent):</i>					
Employed, total	75.8	62.9	82.1	76.9	70.7
– Full-time employed	61.0	56.1	59.7	..	54.2
– Part-time employed	14.8	6.7	22.4	..	16.3
Unemployed	4.9	9.2	3.3	3.3	6.2
Outside of the labour force	19.4	27.9	14.6	19.8	23.2
Total	100.1	100.0	100.0	100.0	100.0

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**Table 5.3 Development in the unemployment rate by sex, 1990-1997**

	Total number of unemployed people	Unemployed people as percentages of the labour force					
		Total	Men	Women	16-24 year-olds		
					Total	Men	Women
<i>Denmark<sup>1)</sup></i>							
1990	258,000	8.8	8.2	9.6	12.1	11.8	12.4
1995	197,000	7.0	6.1	8.2	9.7	8.8	10.6
1996	195,000	6.9	5.7	8.3	9.7	8.2	11.4
1997	174,000	6.1	4.9	7.6	7.8	6.6	9.2
<i>Finland<sup>2)</sup></i>							
1990	82,000	3.2	3.6	2.7	9.3	10.2	8.2
1995	382,000	15.5	15.8	15.1	29.7	30.7	28.6
1996	363,000	14.6	14.4	14.9	28.0	29.5	26.3
1997	314,000	12.7	12.4	13.1	25.2	25.4	25.1
<i>Iceland</i>							
1990	2,255	1.8	1.4	2.2	..	..	..
1995	7,200	4.9	4.8	4.9	11.0	13.1	8.6
1996	5,500	3.7	3.4	4.1	8.4	9.2	7.6
1997	5,700	3.9	3.3	4.5	7.7	8.3	7.1
<i>Norway<sup>3)</sup></i>							
1990	112,000	5.2	5.6	4.8	11.8	12.7	10.7
1995	107,000	4.9	5.2	4.6	11.8	12.2	11.5
1996	109,000	4.9	4.8	4.9	12.4	12.1	12.8
1997	93,000	4.1	4.0	4.2	10.9	10.4	11.5
<i>Sweden</i>							
1990	75,100	1.6	1.7	1.6	3.7	3.8	3.6
1995	333,000	7.7	8.5	6.9	15.3	16.7	14.0
1996	347,100	8.1	8.5	7.5	15.7	16.7	14.5
1997	341,900	8.0	8.5	7.5	15.4	16.3	14.4

1 The data are based on the labour-force surveys. By 'young men and women' the 15-24 year-olds are meant. The surveys in 1990 were conducted according to methods different from those used in other years, and the results are therefore not directly comparable.

2 15-24 year-olds; unemployment pensioners not included.

3 The statistics were restructured in 1996, for which reason the figures are not comparable with those from previous years. Had the gathering methods been the same, the unemployment figures would have been lower for men, women and young people of the ages 16-24 years.

## Cash Benefits in the Event of Unemployment

– *All unemployed people are entitled to income-substituting benefits*

The actual extent of the unemployment cannot be measured merely by focusing on the number of unemployed people. The ways in which the individual countries have designed their labour market measures vary considerably in relation to active help (employment measures, etc.) and passive help (unemployment benefit and the like).

With the exception of Iceland, the activating measures amount to approximately one third of the total expenditure on labour market measures in the Nordic countries. In Iceland, the amount is about 10 per cent.

A special trait of the Nordic countries is that most unemployed people are entitled to cash benefits. In Norway, unemployment insurance is compulsory for wage earners; in Iceland, all wage earners and self-employed people are automatically insured in case of unemployment and in Denmark, Finland and Sweden, unemployment insurance is voluntary. In those countries, non-insured people are, however, entitled to cash benefits. In Denmark, they are entitled to cash assistance (social assistance) if they meet the requirements, whereas they in Finland and Sweden are entitled to a special labour-market benefit.

Unemployed people, who are not members of an unemployment insurance fund, are in Finland entitled to the basic amount of the daily cash benefits. People who have received income-related daily cash benefit or the basic amount for the maximum period of two years, and who are still unemployed, are paid a so-called labour market assistance. This also applies to people entering the labour market for the first time.

With the exception of Iceland, the unemployment insurance schemes are financed by employer and government contributions. In addition, membership contributions are payable to the unemployment insurance funds in Denmark, Finland and Sweden. In Iceland, the laws were amended to the effect that the unemployment benefit is now financed completely by employer contributions. In Norway, membership contribution to the National Insurance Scheme also covers the unemployment insurance.

The requirements for being entitled to benefits from an unemployment insurance fund vary from one country to another:

## UNEMPLOYMENT

In Denmark, one must have been a member of an unemployment insurance fund for one year, and full-time insured members must have worked for a minimum of 52 weeks as employees or in self-employment within the past three years. The maximum period during which one can receive unemployment benefit is five years, of which period one is entitled to and obliged to accept activation for the last three years. Members of unemployment benefit funds, who by the end of their active period have reached the age of 50 years and who, by continuing as members, would meet the requirements for entitlement to voluntary early retirement benefit at the age of 60, shall preserve their right to daily cash benefits until they reach the age of 60 years. Members of unemployment benefit funds who have turned 60 years are entitled to daily cash benefits for a maximum of two and a half years. Entitlement to unemployment benefit cannot be (re)gained through publicly subsidised employment but only through regular employment. Re-gaining of entitlement to unemployment benefit is subject to at least 26 weeks of work as an employee or a self-employed person within the past three years.

In Finland, one must have been a member of an unemployment insurance fund for at least 10 months prior to becoming unemployed in order to be entitled to unemployment benefit. It is furthermore required that one must have worked for at least 43 weeks during the two previous years. The total benefit period is normally 500 days within four consecutive calendar years. Individuals who reach the age of 57 years before having been paid unemployment benefit for 500 days are entitled to unemployment benefit until they reach the age of 60. After that, they are entitled to unemployment pension.

In Iceland, one must have worked for at least 425 day-time hours during the past 12 months in order to be entitled to unemployment benefit. Unemployment benefit is payable for 260 working days, after which period payment will be discontinued for 16 weeks. After the 16 weeks, one will again become entitled to benefit for 12 months. Recipients may avoid such discontinuation if they have accepted job training or special employment offers for a duration of at least eight weeks during the past unemployment benefit period. Payment of unemployment benefit cannot exceed five years.

In Norway, a prerequisite for being entitled to unemployment benefit is that one has earned an income of NOK 53,125 during the last calendar year prior to becoming unemployed or has earned an average income from work during the past three years, amounting to NOK 42,500. The maximum benefit period varies according to the amount of the previous income. A previous income of at least NOK 85,000 results in a benefit period of 156 weeks, whereas an earned income of less than NOK 85,000 qualifying

**Table 5.4 Rules applying to payment of cash benefit in the event of unemployment as per December 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>					
Age limit for entitlement to unemployment benefit	19-66 years <sup>1)</sup>	17-64 years	16-69 years	16-66 years	16-64 years <sup>6)</sup>
Number of qualifying days	–	7	–	3	5
Maximum number of days of unemployment benefit	1,300 within 7 years (5 benefit days per week for 5 years) <sup>2)</sup>	500 within 4 years <sup>4)</sup> (5 benefit days per week)	260	480 (80 weeks of 6 working days)	300/450 <sup>7)</sup>
Benefit reobtainable?	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 26 weeks' work within the past 3 years	By complying with the requirement of 43 weeks' work within 2 years	Payment of unemployment benefit discontinued for 16 weeks	Payment of unemployment benefit discontinued for 13 weeks <sup>5)</sup>	By complying again with the requirement of 6 months' work prior to unemployment
Benefit taxable?	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>					
Age limit for entitlement to unemployment benefit	18-66 years <sup>3)</sup>	17-64 years	.	16-66 years	20-64 years
Maximum benefit period	.	.	.	.	150/300/450 <sup>8)</sup>

1 Individuals between the ages of 18 and 65 years are entitled to join an unemployment insurance fund, but entitlement to unemployment benefit applies to people between 19 and 66 years.

2 Members of an unemployment insurance fund, who have reached the age of 50 years at the end of the total unemployment benefit period, and who would be entitled to voluntary retirement benefit from their 60th year, maintain their entitlement to unemployment benefit till they reach the age of 60 years. Members who have turned 60 years are entitled to unemployment benefit for a maximum of 30 months.

3 Children under 18 years and people of 67 years and above may in certain cases be entitled to cash assistance.

4 For 57 year-olds up to the age of 60, however.

5 Application may be made to avoid the discontinuation of unemployment benefit for 13 weeks. Unemployed people over 64 years are entitled to unemployment benefit without time-limit.

6 Individuals under the age of 16 years are also entitled to unemployment benefit if the work requirement is fulfilled.

7 450 days for recipients over 55 years.

8 300 days for recipients over 55 years and 450 days for recipients over 60 years.

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**Table 5.5 Amount of cash benefit in the event of unemployment as per December 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>					
Amount of unemployment benefit (per week)	90 per cent of the income from work for 5 days per week <sup>1)</sup>	Income-related benefit: on average 58 per cent of previous income from work. Basic amount: FIM 590 + child supplement: FIM 120-225 per week	Fixed amount + child supplement <sup>4)</sup>	68,5 per cent of the income from work	80 per cent of the previous income from work 5 days per week
Min. amount per week in national currency	DKK 2,155	FIM 590	ISK 3,308	NOK 638	SEK 1,150
Min. amount per week in PPP-Euro	237	91	38	65	111
Max. amount per week in national currency	DKK 2,625	.	ISK 13,230 <sup>5)</sup>	NOK 3,060	SEK 2,820
Max. amount per week in PPP-Euro	288	.	153	310	272
<i>Non-insured individuals</i>					
Amount of benefit per week	Young people under 25 years: DKK 495/1,012 <sup>2)</sup> ; others: DKK 1,575/2,100 + special assistance <sup>3)</sup>	FIM 0-590 + child supplement: FIM 48-90	.	Means-tested social assistance	SEK 1,150

1 Employers pay daily cash benefit of DKK 468 per day for the first and second days of unemployment.

2 Special benefits for young childless people under the age of 25 living at home and with no previous income from work exceeding 60 per cent of the unemployment benefit for 18 months.

3 The total assistance may not exceed 90 per cent of any previous income and may after 12 months of cash assistance not exceed 100 per cent of the maximum amount of daily cash benefit.

4 The cash assistance will be increased by 4 per cent for each child under 18 years.

5 One must have been gainfully employed for at least 1,700 day-time hours within the past 12 months. The maximum amount will be increased by 4 per cent for each child under the age of 18.

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one to unemployment benefit, results in a benefit period of 78 weeks. People over 64 years are ensured daily cash benefits until they reach the pensionable age of the national social security fund, which is 67 years.

In Sweden, one must have been a member of an unemployment insurance fund for 12 months prior to becoming unemployed and have been in gainful employment for at least 80 days spread over a minimum of five months within a 12 months' period in order to become entitled to unemployment benefit (the so-called employment requirement). The first period in which unemployment benefit is payable is based on previous, regular work. A re-qualification to a new unemployment benefit period may be obtained for activities comparable to work, as for example a labour market education, a period of relief work, subsidized temporary employment, or a period in which one has received assistance to set up one's own business. People under the age of 55 years are entitled to unemployment benefit for a maximum of 300 days. If a beneficiary is over the age of 55 years, unemployment benefit may be payable for 450 days. As from July 1997, the work requirement became more rigorous. As per 29 December 1997, the compensation was increased to 80 per cent of previous income from work. In 1998, a new, general and coherent unemployment insurance scheme was introduced. The new insurance consists of a basic insurance replacing the cash labour-market assistance, and a voluntary lapse-of-income insurance.

Apart from the rules mentioned above, entitlement to unemployment benefit is in all five countries subject to a person being registered with the employment service as seeking employment and being able to take on work. In addition, some of the countries have a qualifying period during which unemployment benefit is not payable. In Denmark and Iceland, there is no qualifying period; in Norway, there are three qualifying days, whereas Finland has seven and Sweden five qualifying days.

Figure 5.2 shows the disposable income at four different income levels for a childless couple, where both are employed, and where the one earning the most starts receiving unemployment benefit. The Figures 5.3 and 5.4 show the disposable income in the event of unemployment in per cent of the income earned from work for single people with or without children, calculated at five different income levels. The calculation has been made for insured and non-insured people, respectively (the latter only in respect of Denmark, Finland and Sweden).

As it appears from the figures, there are marked differences in the compensation level for insured and non-insured people, respectively. This applies in particular to single people who have previously earned a high income and for single people without children. The compensation level for in-

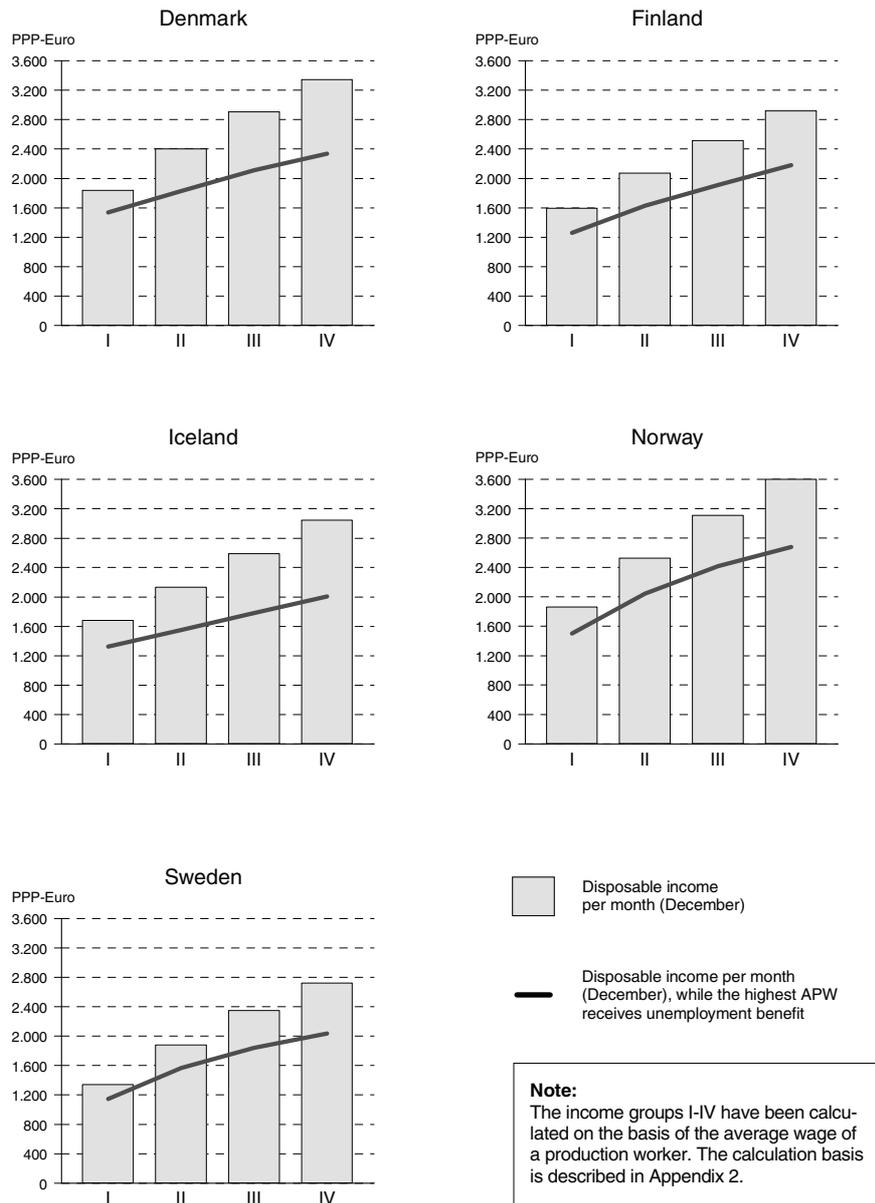
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sured people depends first and foremost on the amount of the daily cash benefit in relation to previous income. This is highest in Denmark and lowest in Finland and Norway. In Iceland, a fixed amount is payable, irrespective of previous income. Secondly, the compensation level depends on the maximum amounts. This is highest in Denmark and lowest in Finland. In Finland, there is no upper limit to the amount of daily cash benefits. The compensation-increase from level I to II in Norway and Finland for single people with one child is due to the rules governing payment for children in day care institutions. In Sweden, the compensation-increase from level I to II is due to the way in which the basic allowance is calculated in the tax system. To families with children, it makes a difference whether or not a supplement for children is payable, which is the case in Finland, Iceland and Norway. In addition, the amount of both housing benefit and charges payable for day care institutions are adjusted in relation to the amount of the income. This is important in relation to the compensation level for both insured and non-insured people and contributes in particular to giving single parents a high compensation level.

For the groups in the lowest income brackets, these factors result in the compensation level being lowest in Norway and highest in Denmark and Finland.

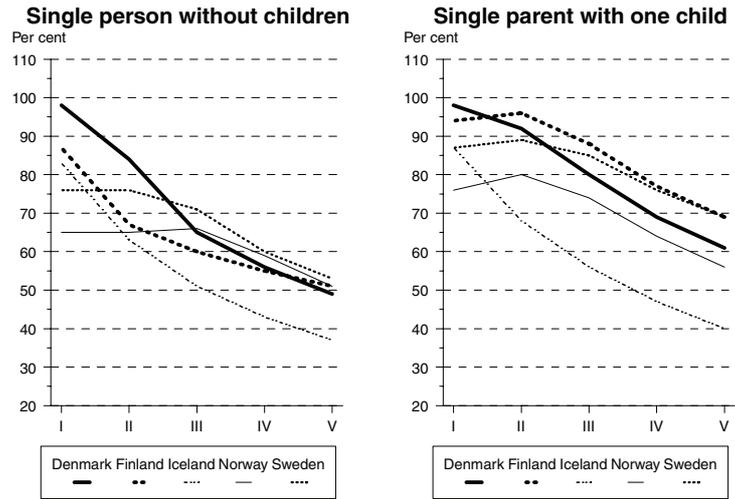
## UNEMPLOYMENT

**Figure 5.2 Disposable income for an insured childless couple, 1997**

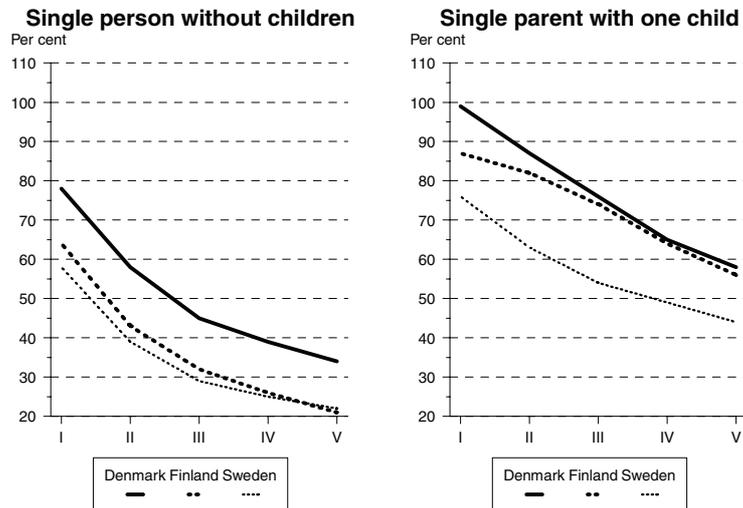


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**Figure 5.3 Disposable income while receiving unemployment benefit as percentage of disposable income while being employed, 1997**



**Figure 5.4 Disposable income for non-insured individuals as percentage of disposable income while being employed, 1997**



**Note:** The income groups I-IV have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Appendix 2.

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**Table 5.6 Number of people (1,000) who received cash benefits for at least one day in connection with unemployment, 1990-1997**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>1)</sup>	Sweden
<i>1990</i>					
Insured	621	171	11	303	262
Non-insured	116	126	..	-	36
Total	737	289	11	303	298
Total in per cent of the labour force	26	11	..	14	7
<i>1995</i>					
Insured	672	683	19	310	824
Non-insured	111	270	..	-	137
Total	783	827	19	310	961
Total in per cent of the labour force	28	33	..	14	22
<i>1996</i>					
Insured	658	562	17	284	817
Non-insured	97	315	..	-	133
Total	756	819	17	284	950
Total in per cent of the labour force	27	33	12	13	22
<i>1997</i>					
Insured	607	477	16	207	836
Non-insured	90	309	..	-	118
Total	697	753	16	207	954
Total in per cent of the labour force	25	30	11	9	22

1 Calculated on the basis of the number of approved applications for unemployment benefit.

For couples, it is, however, highest in Sweden. For the upper income brackets, the compensation level is lowest in Iceland and highest in Sweden and Finland. In Denmark and Iceland, the compensation levels decrease steeply when going from the low income level to the higher levels.

In Table 5.3, the number of unemployed people is shown as an average at a number of given census times, while Table 5.6 shows the number of people affected by unemployment for at least one day during the respective years. A comparison of the figures in the two tables indicates that relatively many unemployed people find employment again within less than a year, but the length of the unemployment periods also varies from one country to another.

In Finland, a pension is payable to people in their sixties who have been

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unemployed. This benefit is calculated in the same way as is invalidity pension. In 1997, 44,900 people received unemployment pension of an average of FIM 5,347 per month. In Denmark, it is also possible to retire early from the labour market, cf. Chapter 7, but this is not depending on whether the person in question has been or is expected to become unemployed.

### Cash Benefits in Connection with Job Training and Activation

#### *– Activation is important*

In addition to unemployment benefit, all the Nordic countries offer other forms of cash benefits to unemployed people. The lower age limit for the implementation of labour market measures is 18 years in Denmark and Finland and 16 years in Iceland and Sweden. In Norway, the age limit depends on the measure in question.

In Denmark, the activation options in the labour market and social policies have played an increasingly important part since the labour market reform in 1994.

Unemployed recipients of daily cash benefits under the age of 25 years who have had no vocational training qualifying them for the labour market are, after 6 months of unemployment entitled and obliged to receive an offer of education or training for a minimum of 18 months. The benefit payable during education or training corresponds to half the amount of the daily cash benefit.

As regards recipients of daily cash benefits, the entitlement to and obligation to accept activation has moreover been advanced in connection with a shortening of the total period of entitlement to daily cash benefit as from 1996. In 1997, this five-year period has been divided into a two-year daily cash benefit period and a three-year activation period. In the activation period, an unemployed person has the right and obligation to receive an activation offer in the shape of education, job training, etc., for a maximum of three years. During the daily cash benefit period, the activation is based on need and is flexible, partly aimed at groups at risk of becoming long-term unemployed, and partly as prevention of lack of qualified manpower (“bottle necks”). The objective of the activation is primarily to improve the qualifications of the unemployed, so that they can take on ordinary work but also to motivate them to look for employment or education/training themselves.

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After a maximum of 13 weeks, unemployed recipients of cash assistance under the age of 25 years are entitled and obliged to accept an offer of employment or training for at least 30 hours a week for 18 months; however for people with an education/training qualifying them to work only for six months. Recipients of cash assistance of 25 years or more must be offered activation no later than 12 months after they have become unemployed.

Unemployed people are entitled to wages during job training, while the benefits payable in connection with other activation and training measures largely correspond to the amount of daily cash benefits or cash assistance.

In Finland, the active measures aimed at improving the employment rate are an important part of the Finnish labour market policy. By way of such measures jobs are created, options for the long-term unemployed are improved and the possibilities of the young to get into the labour market are improved. Moreover, the measures are aimed at preventing long-term unemployment and to reduce the regional differences in the unemployment rates. Unemployed people who want to start their own business are also entitled to assistance.

The most important part of the active labour market policy is the service aimed at those available for work. The services provided by the agencies are job provision, information on training and occupation, and occupational rehabilitation.

In Iceland, the Unemployment Insurance Fund has, apart from performing its main task of paying out unemployment benefit, to an increasing degree undertaken to granting subsidies to various courses for unemployed people and special municipal employment measures.

In Norway, responsibility for occupational rehabilitation rests with the labour market authorities. The aim is to ensure an overall follow-up on cash benefits and services to the unemployed. In addition, labour market authorities offer unemployed people a number of measures in order better to qualify them for the needs of the labour market. The labour market measures must, however, not compete with the general offers of education and training.

In Sweden, job and competence activities are the most important aspects of the active labour market policy. This implies that an unemployed person who does not easily find work must be offered training or some other easy measure aimed at enabling that person to take on a proper job.

The guiding activities managed by the employment service include i.a.

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**Table 5.7 Number of activated people, 1997**

	Number of activated people during the year		Number of activated people at the time of survey/average number of people activated		Activated people as percentage of the labour force at the time of survey	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Denmark</i>						
1995, total	258,392	52,214	110,935	16,030	4.0	3.4
1996, total	261,689	45,126	106,200	14,284	4.0	3.1
1997, total	248,421	39,066	100,387	12,566	3.6	2.8
Of whom:						
- Subsidized employment	107,913	24,606	48,956	7,289	1.8	1.6
- Education and training	147,017	13,046	46,830	4,064	1.7	0.9
- Other	21,031	7,090	4,601	1,213	0.2	0.3
<i>Finland</i>						
1995, total	285,575	82,217	103,667	25,973	4.2	9.9
1996, total	315,277	96,289	116,915	30,139	4.7	11.5
1997, total	310,809	94,788	120,127	30,102	4.8	10.6
Of whom:						
- Subsidized employment	172,662	39,135	62,582	13,986	2.5	4.9
- Labour market training	93,942	16,806	46,843	6,814	1.9	2.4
- Labour market support	44,205	38,847	10,702	9,302	0.4	3.3
<i>Iceland</i>						
1995, total	..	..	..	..	..	..
1996, total	..	..	..	..	..	..
1997, total	..	..	4,150	989	2.8	4.1
Of whom:						
- Subsidized employment	..	..	405	221	0.3	0.9
- Labour market training	..	..	1,172	162	0.8	0.7
- Wage subsidies to employers	..	..	2,537	606	1.7	2.5
<i>Norway</i>						
1995, total	..	..	48,618	19,106	2.2	6.4
1996, total	..	..	35,882	12,896	1.6	4.2
1997, total	..	..	25,256	9,131	1.1	2.9
Of whom:						
- Public employment measures	..	..	932	128	0.0	0.0
- Wage subsidies to employers	..	..	3,483	889	0.2	0.3
- Education measures	..	..	20,841	8,114	0.9	2.6
<i>Sweden</i>						
1995, total	781,000	..	275,100	..	6.1	..
1996, total	1,058,203	..	208,605	..	4.8	..
1997, total	873,873	..	246,681	..	5.8	..
Of whom:						
- Group activities	140,000	..	17,261	..	0.4	..
- Labour market measures	669,385	..	178,307	..	4.2	..
- Subsidized employment	56,984	..	45,651	..	1.1	..
- Sheltered employment with public employer	7,504	..	5,462	..	0.1	..

## UNEMPLOYMENT

information on vocational training and education as well as various activating measures such as job application activities.

People in need of occupational rehabilitation or special guidance may get assistance from a labour market institute. These institutes have special resources and competence within labour assessment, practical work orientation, adjustment of work places, etc.

When the recession set in at the beginning of the 1990s, vocational training was prevalent among labour market measures, but since 1992, focus has clearly shifted towards employment-stimulating measures. These schemes include i.a. introduction to the work place which is to provide unemployed people looking for work via the employment service with vocational guidance, practice and vocational experience. As a supplement to the general labour market measures, a data/activity centre has been set up for the unemployed, with a view to teaching them to work with information technology. Young unemployed people between 18 and 20 years may receive in-service training in a municipal enterprise. Young unemployed people over 25 years may be offered relief work if they cannot be offered other measures and are in danger of losing their unemployment benefit. Moreover, there are schemes concerning working life development, aimed at inducing unemployed people to return to the general labour market, as well as recruitment support aimed first and foremost at stimulating new employment, particularly in private enterprises. In addition, people who are unemployed or at risk of becoming unemployed may in some cases be entitled to a subsidy to start his/her own business.

For people with reduced working capacity, there are measures enabling them to work in subsidized jobs either with a public or a private employer.

## Services in Connection with Unemployment

The service provided in connection with unemployment is first and foremost job provision, but in all the countries, also mobility-promoting benefits are available in the shape of i.a. removal assistance and assistance in connection with double housekeeping.

### Employment Service

– *Job provision is free of charge*

In all five Nordic countries, there are employment services. They provide services to both job-seekers and employers. The employment service is run by the State, with the exception of Iceland where it is run by local authorities, but from 1 July 1997, the State has taken over the job service.

In all five countries, job provision is free of charge for users, and it is in principle up to a job-seeker whether or not he or she wishes to accept the job offered. Unemployment benefit is, however, only payable if a job-seeker is willing to accept a suitable offer.

There are considerable differences from one country to another as to how many vacant positions are registered with the employment service. The differences in the figures reflect, however, differences in the way in which the employment service is used, rather than the actual number of vacant positions in the various countries.

**Table 5.8 Number of vacancies registered with the employment offices. In thousands and as percentage of the labour force, 1990-1997**

	Denmark		Finland		Norway <sup>1)</sup>		Sweden <sup>2)</sup>	
	Number of positions registered 1,000	As percentage of the labour force	Number of positions registered 1,000	As percentage of the labour force	Number of positions registered 1,000	As percentage of the labour force	Number of positions registered 1,000	As percentage of the labour force
1990	112	4	341	13	237	11	650	14
1995	117	4	170	7	276	13	339	8
1996	99	4	193	8	312	14	282	7
1997	95	3	242	10	391	18	324	8

1 Comprises both vacancies registered with the employment offices and vacancies registered elsewhere.

2 As percentage of the labour force aged 16-64 years (including the unemployed).

## Expenditure on and Financing of Benefits in Connection with Unemployment

The expenditure on unemployment reflect partly the extent of the unemployment, partly the amount of the daily cash benefit, and partly the extent of activating measures provided for the unemployed.

Finland, being the Nordic country with the highest unemployment rate (cf. Table 5.3), has the second highest expenditure on unemployment measured in PPP per capita. It should be mentioned, however, that several subsidies are payable to the employers for activation. These costs have not been included as social expenditure in this report. Sweden, being the country with the second highest unemployment rate, spend somewhat less than Finland and considerably less than Denmark, who spend the most, but only has the third highest unemployment rate. Iceland has the lowest unemployment rate followed by Norway.

The considerably smaller amounts spent by Norway and Iceland on unemployment reflect the lower unemployment rate in these countries compared with Finland, Sweden and Denmark.

In Denmark, expenditure on unemployment benefits decreased as a result of a decrease in the unemployment rate. The average number of daily cash benefit recipients dropped from 202,000 in 1996 to 183,000 in 1997. Expenditure on activation decreased as a result of the number of activated people decreasing from 106,000 in 1996 to about 100,000 in 1997.

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**Table 5.9 Expenditure on and financing of cash benefits and services in connection with unemployment, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Unemployment benefit	23,682	17,782	2,773	7,331	39,139
B. Partial unemployment benefit	-	139	-	112	-
C. Pension for labour market reasons	-	2,683	-	-	-
D. Cash benefit payable during vocational training	15,497	1,337	138	-	13,594
E. Compensating benefits	-	170	-	-	-
F. Other	50	-	-	-	-
Cash benefits, total	39,229	22,111	2,911	7,443	52,733
<i>Services, million KR/FIM</i>					
A. Mobility and resettlement	-	10	-	-	265
B. Vocational training	-	1,381	-	2,094	3,605
C. Other	2,407	641	142	2,292	-
a. Of which employment services	981	641	142	1,909	..
Services, total	2,407	2,032	142	4,386	3,870
Total expenditure, million KR/FIM	41,636	24,143	3,053	11,829	56,603
Expenditure as percentage of GDP	3.7	3.8	0.6	1.1	3.1
<i>Financed by (per cent)</i>					
- Public authorities	29.0	59.4	8.3	55.9	33.6
- Employers	1.4	29.1	91.7	25.2	61.9
- Insured (contributions and special taxes)	69.5	11.5	-	18.9	4.5
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	-4,119	-1,119	-231	-3,305	-3,515
- Per cent	-9.0	-5.0	-7.6	-21.8	-6.2

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**Table 5.10 Expenditure on cash benefits and services in connection with unemployment in PPP/capita 1997**

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total	815	666	124	171	575
Services, total	50	61	6	101	42
Unemployment, total	865	727	130	272	618

In Finland, the expenditure on unemployment measures decreased by FIM 1.1 billion. The average number of unemployment benefit recipients dropped from 202,000 in 1996 to 183,000 in 1997. Simultaneously, efforts concerning activating measures have been enhanced.

In Iceland, the social expenditure on unemployment dropped from 1996 to 1997. This was mainly due to a decrease of about 5 per cent in the payments of unemployment benefit. The expenditure on job training decreased considerably by about one third, but they only make up about 4.7 per cent of the total amount of cash benefits payable to the unemployed. The expenditure on the employment services continued to increase as in previous years by well over 40 per cent from 1996 to 1997. This is due to the State being in the process of taking over the employment service.

In Norway, expenditure on unemployment dropped considerably, as the expenditure decreased by almost 18 per cent from 1996. The main part of this decrease was due to a drop in the number of unemployed people and consequently in the payment of unemployment benefit.

In Sweden, the unemployment rate has gone down, but in spite of this, the expenditure on cash benefits in connection with unemployment has increased. On the other hand, the expenditure on labour market measures has declined heavily. The number of people being covered by labour market measures has by and large remained the same.

## Chapter 6

# Illness

The degree of the total social expenditure in relation to the expenditure on illness varies considerable. The expenditure on illness is almost twice as high in Iceland and Ireland as in Denmark – the country spending the least.

**Table 6.1 Expenditure in connection with illness as percentages of the total social expenditure in the EU, Iceland and Norway, 1996**

Denmark	17.7	Austria	25.2	Italy	21.5
Finland	21.4	Belgium	25.8	Luxembourg	25.5
Iceland	37.8	France	28.9	The Netherlands	28.3
Norway	28.1	Germany	29.7	Portugal	33.0
Sweden	22.0	Greece	26.3	Spain	29.1
		Ireland	34.3	United Kingdom	25.4

Note: See Table 4.1.

## Paid Absence in Connection with Illness

– *Everyone in gainful employment is in principle entitled to daily cash benefits in case of illness*

The structures of the wage and daily-cash benefit schemes vary considerably from one country to another. In Denmark, public-sector employees and some private-sector employees will be paid in full during illness according to collective agreements. In Iceland, wages payable during illness, as well as the supplementary daily cash benefit schemes of the unions, form the all-important part of the general daily cash benefit scheme. After one year of employment with one employer, an employee is entitled to one month's pay in the event of

illness. The majority of employees have a statutory right, or a right deriving from collective agreements, to receive wages for a fairly long period of time. When entitlement to pay during illness ceases, supplementary daily cash benefits may be payable in addition to the public sickness benefit scheme. In accordance with the Act on *Contracts on Employment*, employers in Finland pay in full for the first day of illness and the subsequent seven working days. Normally, it has been agreed in the collective agreements for the individual business sectors that wages shall be paid in full for a fairly long period as for example one or two months. An employer may also, after some time, pay part of the full pay. In Norway, daily cash benefits are financed by the National Social Security Fund. Absence due to illness entitles a person to sickness benefit if he has been employed for at least 14 days and has an income from work of at least half of the basic amount payable by the National Social Security Fund, corresponding to NOK 21,250 per year.

In several of the countries, self-employed people can take out an insurance entitling them to sickness benefit in case of illness. Entitlement to sickness benefit is in Denmark based on a so-called accumulation period which is three months. A similar scheme does not exist in the other countries.

In all the countries, sickness benefits are regarded as taxable income.

In Sweden, there is a qualifying period of one day prior to sickness benefit becoming payable. In Finland, the qualifying period is nine working days, whereas the Icelandic public insurance scheme operates with a qualifying period of 21 days. If the sickness period lasts for 21 days or more, sickness benefit shall, however, be payable from the 15th day. Most wage earners are, however, entitled to their usual pay during this period. In Denmark and Norway, there is no qualifying period.

In several of the countries, a so-called employer period has been introduced, during which employers pay wages or sickness benefit during the first weeks of absence due to illness. In Denmark, Norway and Sweden, employers pay sickness benefit for the first two weeks of a period of illness. In Norway, this period was prolonged by two days to 16 days as from 1 April 1998. In Sweden, the employer period was prolonged to four weeks for the period 1 January 1997 to 1 March 1998. Public employers in Denmark and Norway pay wages for the entire period in which an employee is absent due to illness. In Denmark, employers are obliged to pay compensation during the employer period, either in the shape of daily cash benefits or as wages. In Norway, all employers pay full wage compensation for incomes of up to NOK 255,000 per year. In Sweden, sick pay corresponding to 75 per cent of the income from work is payable. In Finland, there is no employer period, but most employers pay full wages in the event of short-term illness.

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**Table 6.2 Rules governing payment of cash assistance to employees in connection with illness as per December 1997**

	Denmark	Finland	Norway	Sweden
Employer period?	Yes	No <sup>2)</sup>	Yes	Yes
Duration of employer period	2 weeks for private employers	–	2 weeks	4 weeks <sup>3)</sup>
Qualifying period?	–	9 days	–	1 day
Maximum period of sickness benefit	52 weeks <sup>1)</sup>	52 weeks	52 weeks	No time limit

1 Under special circumstances, the benefit period may be prolonged. This applies, for instance, where it is deemed likely that rehabilitation may be implemented, or where an application for anticipatory pension has been submitted. In addition, a benefit period may be prolonged by 2×26 weeks in case of serious illness or industrial injury.

2 According to collective agreements, employers pay full or partial wages for 1-3 months during illness. During that period, the benefit will be paid to the employer.

3 During the employer period, there is a qualifying period of one day.

**Table 6.3 Amount of cash assistance payable to employees in connection with illness as per December 1997**

	Denmark	Finland	Norway	Sweden
Amount of sickness benefit as percentage of income from work	100 per cent	Normally 70 per cent	100 per cent	75 per cent
Min. amount per week in national currency	.	.	NOK 409	SEK 84
Min. amount per week in PPP-Euro	.	.	41	8
Max. amount per week in national currency	DKK 2,625 <sup>1)</sup>	.	NOK 4,904	SEK 3,913
Max. amount per week in PPP-Euro	288	.	497	378
Sickness benefit taxable?	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No

1 Public-sector employees and some private-sector employees are, according to general agreement, entitled to full pay during illness, some private-sector employees, however, for the first couple of weeks only.

**Figure 6.1 Disposable income for a childless couple, 1997**

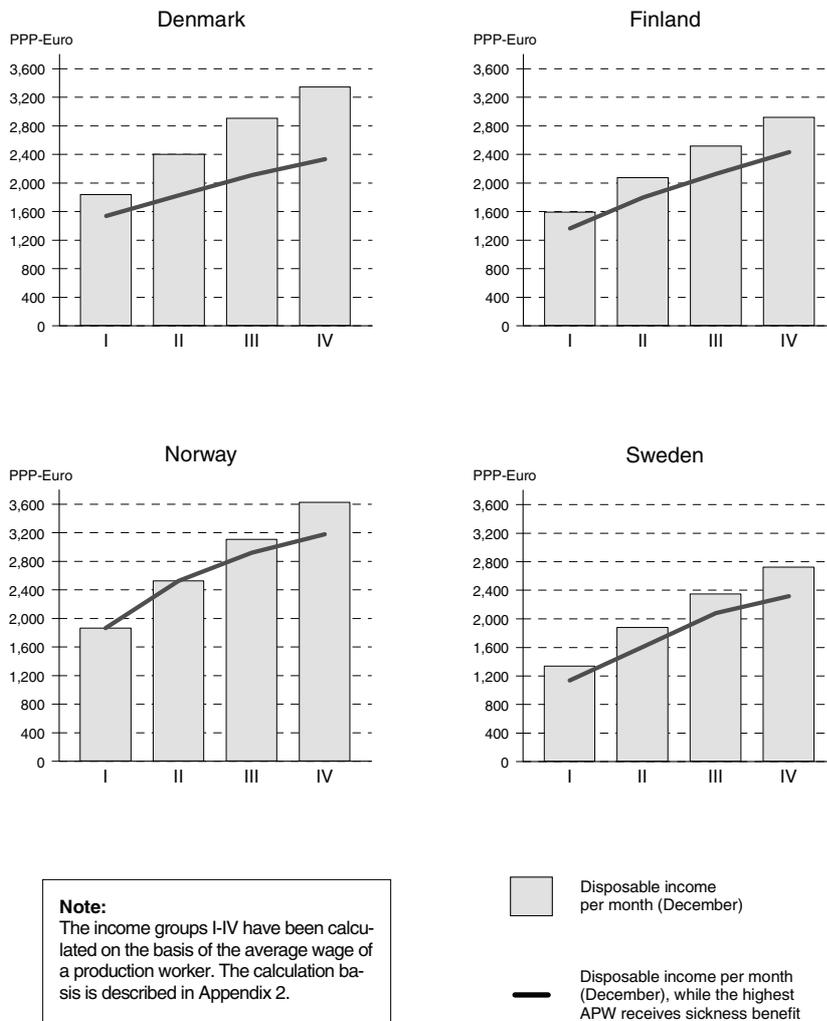
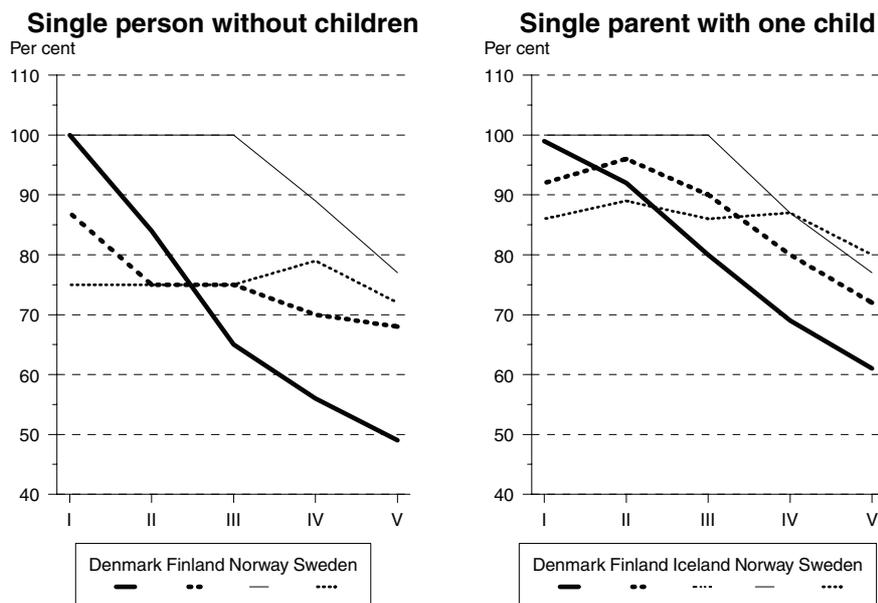


Figure 6.1 shows the disposable income at four different income levels for a childless couple, partly where both are employed, and partly where the person earning the most starts receiving sickness benefit. Figure 6.2 shows the disposable income at five different income levels for a single childless person and for a single parent with one child receiving sickness benefit in per cent of the disposable income from work.

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As can be seen from the figures, the compensation levels in connection with illness differ considerably. For single people in the lowest income brackets, compensation is highest in Denmark and Norway and lowest in Sweden, whereas it for single people in the highest income brackets is lowest in Denmark and highest in Norway and Sweden. For childless couples, the compensation is generally highest in Norway and lowest in Sweden. The differences depend partly on the amount of the daily cash benefit in relation to the income from work (they are highest in Denmark and Norway and lowest in Finland), partly on the maximum amount which is relatively low in Denmark in relation to Sweden and – in particular – Norway. In addition, it is significant that Finland has no upper limit to the amount of the daily cash benefits.

**Figure 6.2 Disposable income while receiving sickness benefit as percentage of disposable income from work, 1997**



**Note:**

The income groups I-IV have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Appendix 2.

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The higher compensation levels in Denmark, Finland and Sweden for single parents with one child in relation to single people with no children are mainly due to the fact that payment for places in day care institutions decreases when a person starts receiving sickness benefit; apart from that, single parents with one child are entitled to higher rent subsidies, as the rules governing this subsidy are generally more favourable for families with children than it is for childless families.

**Table 6.4 Calculated absence due to illness for at least one week among employees as percentage of all employees, 1990-1997<sup>1)</sup>**

	Denmark	Finland	Iceland	Norway	Sweden
<i>1990</i>					
Men	1.5	2.2	1.1 <sup>2)</sup>	2.7	3.7
Women	2.2	2.6	1.9 <sup>2)</sup>	3.5	5.4
Total	1.8	2.4	1.5 <sup>2)</sup>	3.1	4.5
<i>1995</i>					
Men	1.4	2.0	1.3	2.2	2.2
Women	2.2	2.3	2.1	3.1	3.4
Total	1.7	2.1	1.7	2.6	2.7
<i>1996</i>					
Men	1.2	1.8	1.2	2.7	1.9
Women	2.3	2.3	1.7	3.7	2.9
Total	1.7	2.0	1.4	3.2	2.4
<i>1997</i>					
Men	1.3	2.0	1.3	2.7	1.8
Women	1.8	2.2	2.0	3.9	3.1
Total	1.5	2.1	1.7	3.2	2.4

1 The figures have been calculated on the basis of labour-force surveys as an average of the censuses.

2 Refers to 1991.

In Sweden, absence due to illness has dropped considerably since 1990. There are several reasons for this, among others the increasing rate of unemployment up through the 1990s. In Norway, the situation was the reverse due to a low unemployment rate.

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**Table 6.5 Number of sickness benefit periods of at least 15 days (per cent), 1997**

	Denmark	Finland	Norway	Sweden <sup>1)</sup>
<i>Duration (days)</i>				
15-21	23.9	28.8	17.5	8.4
22-29	12.6	18.8	13.7	7.9
30-59	23.4	28.8	27.1	34.4
60-89	10.3	9.0	12.3	14.8
90-119	5.9	3.7	6.7	8.0
120-149	3.6	1.9	4.4	4.8
150-179	2.6	1.3	3.0	3.3
180-359	8.8	6.3	9.9	9.7
360+	8.8	1.4	5.4	8.6
Total	100.0	100.0	100.0	100.0

1 The number of absence periods of 15-21 or 22-29 days has declined substantially in 1997 compared with previous years due to the employer period covering the first 28 days. Those with absence periods for 15-21 and 22-29 days, respectively, are insured people not working for an employer, e.g. unemployed or self-employed people and students.

There are certain differences between the countries as regards the pattern of long-term absence due to illness (for more than two weeks). This reflects i.a. different practices as to when long-term ill people start receiving benefits from other parts of the social system. This applies for instance to the transition to rehabilitation benefit or anticipatory pension.

In Sweden, there is no limit as to for how long sickness benefit is payable, and consequently the benefit may be payable for more than one year of illness. In some cases, this may also occur in Denmark. The 5.4 per cent in Norway of over 360 days also cover people who are ill for more than a year (365 days). They are not entitled to sickness benefit for more than one year but will instead be paid rehabilitation benefit.

## Daily Cash Benefit in the Event of Industrial Injury or Work-Related Illness

In all five countries, benefits are payable in the event of industrial injuries or occupational diseases. The short-term benefits may be sickness or equivalent benefits.

In Finland, industrial injury benefits are payable, usually equivalent to normal wages.

## Services

It is a common trait of the Nordic countries that they have a well-established service network for both prevention and treatment of diseases. It is, however, an area which varies somewhat from one country to another.

In Denmark, Finland, Norway and Sweden, the municipal and/or county authorities are responsible for the organization of the health sectors, while it in Iceland is Central Government.

Occupational health services have been established in Denmark, Norway, and Sweden. The purpose of this service is to initiate preventive measures and exercise health control within the framework of the individual work places. In Finland, there is also a statutory occupational health service which is responsible for preventive measures. It can be supplemented by voluntary schemes which may be preventive measures or general treatment of illness, subsidized by the sickness insurance scheme.

## Hospitals

– *The hospital service is mainly a public issue*

In all the Nordic countries, there are general hospitals with out-patient clinics/policlinics and emergency wards. There are also highly specialized hospitals, psychiatric hospitals and, in some of the countries, hospitals for long-term care. The hospitals are mainly run by Central Government, the counties, or the municipalities, but there are also a few private hospitals.

It is very difficult to obtain comparable data in respect of the capacity of the health services in the Nordic countries, as the organization of this area varies considerably from one country to another. It is, however, a general trend that the length of hospitalization becomes shorter, and that more and more patients are treated at the out-patient clinics.

In all the countries, there has been a tendency towards shutting down the psychiatric hospitals and instead develop treatment of psychiatric patients in their own environments.

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**Table 6.6 Discharges and average length of hospitalization in somatic wards, 1990-1997**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway	Sweden
<i>Number of discharges from somatic hospital wards per 1,000 inhabitants</i>					
1990	193	180	166	155	170
1995	190	193	178	145	167
1996	189	210	..	148	164
1997	190	208	..	148	162
<i>Average hospitalization (days) in somatic wards</i>					
1990	6.7	7.2	7.6	7.1	7.5
1995	6.1	5.6	6.3	6.7	6.1
1996	6.1	5.3	..	6.2	6.4
1997	5.9	5.0	..	6.1	5.6

Source: *Health Statistics in the Nordic Countries* concerning the years 1990, 1995, 1996 and 1997. Finland: STAKES (1990, 1995, 1996 and 1997).

1 Figures for 1995 refer to 1994.

## Medical Treatment, Etc.

### *– Preventive measures and general medical treatment take place outside of hospitals*

In the Nordic countries, general (primary) medical treatment takes place outside of hospitals. Various forms of preventive health care measures are furthermore linked to the primary health services.

In Denmark, general medical treatment is provided solely by self-employed general practitioners, fully financed and according to agreement with the public authorities. In Norway, about 75 per cent of the general medical treatment is provided by self-employed general practitioners. This only applies to slight degrees in the other Nordic countries. It is thus estimated that only about 12 per cent of the general medical treatment in Sweden are performed by self-employed general practitioners. About 20 per cent of the general medical treatment as well as treatment by specialists are in Finland performed by self-employed doctors. The remaining part is performed at public health centres by doctors employed by the public authorities.

In Finland and Iceland, health centres may be equipped with wards.

Specialist treatment is available in all the countries. It is performed by specialists according to agreements with the public authorities. These services are provided according to either general or specific rules.

Due to the large differences from one country to another in the organization of the primary health sector, it is very difficult to obtain comparable data concerning the number of medical visits per inhabitant.

Home nursing is available in all the countries, both to families and children as well as to the elderly and the disabled.

In all five countries, pregnant women and infants are offered public health care. In addition, all the countries provide school health care schemes. Most children are immunized according to the recommended immunization programme. Screening programmes exist to a certain degree in all the countries, e.g. to detect breast cancer, etc. In Finland, these tasks are performed by the health centres.

In all five countries, subsidies are payable for transport expenses in connection with illness.

## Dental Treatment

### *– Dental treatment free of charge for children and youth*

Dental treatment is a well-developed service in all the Nordic countries. With the exception of Iceland, treatment of children and youth is performed at public clinics. In all the countries, treatment is completely or partly free of charge.

Dental treatment of adults is mainly performed by self-employed dentists.

In Sweden, the counties organise the public dental care scheme which covers about 30 per cent of the dental treatment of adults.

## Expenditure on and Financing of Cash Benefits and Services in Connection with Illness

In Denmark, the estimated expenditure on sickness benefit has decreased during the employer period. In return, the expenditure on services within the health sector has increased, e.g. within the hospital sector with a view to reducing the waiting periods for examinations and treatment.

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**Table 6.7 Expenditure on and financing of cash benefits and services in connection with illness, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Paid sick leave	11,179	7,493	7,173	26,543	23,832
Of which:					
a. General sickness benefit	7,079	2,384	418	14,788	13,942
b. Daily cash benefits in employer period	4,100	4,400	6,547	11,755	6,400
c. Special insurance in the event of industrial injury or occupational disease	-	563	207	-	3,373
B. Other	422	-	-	67	35
Cash benefits, total	11,601	7,493	7,173	26,610	23,867
<i>Services, million KR/FIM</i>					
Services, total	50,757	32,202	28,628	53,011	111,135
Total expenditure, million KR/FIM	62,358	39,695	35,801	79,621	135,002
Expenditure as percentage of GDP	5.6	6.3	6.8	7.3	7.7
<i>Financed by (per cent)</i>					
- Public authorities	85.7	64.4	79.5	60.9	65.3
- Employers	6.3	22.0	20.3	28.7	19.8
- Insured (contributions and special taxes)	8.0	13.6	-	10.4	14.9
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	1,006	795	1,781	4,546	8,995
- Per cent	1.6	2.0	5.0	6.1	6.7

**Table 6.8 Expenditure on cash benefits and services in connection with illness in PPP/capita 1997**

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total	241	226	306	612	260
Services, total	1,054	971	1,223	1,221	1,213
Illness, total	1,295	1,196	1,529	1,833	1,473

In Finland, the expenditure on illness has increased by 2 per cent in 1997. The increased cash benefits are due to an increased employment rate entitling more people to sickness benefit. The net expenditure on the general

health treatment dropped, while the expenditure on specialized treatment increased by 3.5 per cent. Also there was a remarkable increase in the expenditure on the Health Insurance scheme

In Iceland, the expenses for cash assistance during illness increased about 16 per cent from 1996 to 1997 which is mainly due to higher pay during illness. The expenditure on services increased by 5 per cent during that period, which is first and foremost a result of an increase of 12 per cent in the expenditure on hospital services. In return, the expenditure on specialized treatment outside of the hospitals decreased by 9.5 per cent.

In Norway, the expenditure on sickness increased by 8.8 per cent from 1996 to 1997. The increase must be seen in relation to the increase in the employment rate, as the number of absence due to illness per employee was 10.5 in 1997 against 9.7 in 1996. This absence is the highest ever registered in the country. The expenditure on services increased by 10 per cent in 1997, which is due to increased compensations to doctors and an increase in services available.

In Sweden, the development in the social expenditure on the health system is due to an increase in the expenditure on sickness insurance due to higher amounts being payable in connection with illness. This increase is a result of an increased income level, whereas the compensation level remains unaltered.

There are some differences in the expenditure in the Nordic countries when it comes to illness; Finland spends the least and Norway the most.

Norway spends about twice as much as the other Nordic countries measured in PPP per capita as regards paid absence due to illness. Especially the amount of the cash assistance is significant (cf. Table 6.3), but also the low unemployment rate in Norway is important for the absence due to illness.

The expenditure on services (treatment of illness) is lowest in Finland and highest in Iceland.

What influences the expenditure on treatment of illness are the charges payable by patients for treatment and medicine; these charges are highest in Finland.

Another factor of influence is the grey zone between the health sector and the treatment of the elderly and the disabled, which has been structured in different ways in the various countries.

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### *User charges payable for health services*

The rules governing user charges payable for health services differ somewhat in the Nordic countries. In Finland, Iceland, Norway and Sweden, there are rules governing maximum payment of user charges for health services, whereas no such rules exist in Denmark.

#### *Maximum user charges*

In Finland, the sickness insurance covers the excess amount if the total user charges payable for medicine amount to FIM 3,240.43 per year and the costs for transport in connection with treatment amount to FIM 900 per year. If the total expenditure on health services amount to more than FIM 4,000 per year, or 10 per cent of the total income, a special tax allowance shall be granted.

In Iceland, the maximum user charges payable per year is ISK 12,000 for people in the age group 16-66 years and for children under 16 years, the maximum user payment is ISK 6,000. Pensioners in the age group 67-69 years with full basic pension, as well as pensioners who are 70 years old or more and disabled people and people who have been unemployed for more than six months, the maximum user charges are ISK 3,000.

In Norway, the user charges payable by people in the age group 16-66 years for pharmaceutical products are 36 per cent up to a ceiling of NOK 330 per prescription. For other age groups and for anticipatory pensioners, user charges are 12 per cent per prescription up to a ceiling of NOK 110. The National Insurance Administration reimburses the remaining amount. In 1997, the social security scheme financed 53.6 per cent of all pharmaceutical products, the hospitals 15 per cent and the patients 31.4 per cent.

In Sweden, there is a maximum user charge per year for customary medical treatment of SEK 900 and another maximum user charge for medicine of SEK 1,300.

In case one or both parents jointly have several children under 18 years, the children shall be exempt from paying user charges if the purchase of pharmaceutical products for them exceed in total the fixed maximum for user charges. As to the municipal care schemes, there are no government rules governing maximum user charges.

#### *Medical treatment, etc.*

In Denmark, medical treatment and home nursing are free of charge. A small group who is at liberty to choose doctors freely must pay a minor

amount for medical treatment. In the other Nordic countries, patients pay an amount for treatment. In Finland, the amount will amount to a maximum of FIM 100 per year or FIM 50 for the first three cases of out-patient treatment in the primary health sector. For temporary home nursing, FIM 50 is payable per visit by a doctor and FIM 30 per visit by a nurse. For continuous care in the home, an amount shall be payable which depends partly on the extent of the care and partly on a patient's financial situation. In Iceland, home nursing is free of charge. In Norway user charges vary in relation to medical visits. In connection with visits to a general practitioner, user charges are NOK 92, whereas they are NOK 160 for treatment by a specialist. User charges are NOK 170 for visits to an emergency medical service. User charges for home nursing was in 1997 maximum NOK 600 during one year for people who had an income of less than NOK 84,000. For people with a higher income, there is no maximum user charge, but charges may vary from one municipality to the next. In Sweden, user charges vary from one county to another from SEK 60 to SEK 260 for medical treatment and for visits to a physiotherapist, psychologist, chiropractor, etc. from SEK 50 to SEK 120. Usually, user charges are highest in connection with visits to a specialist (from SEK 150 to SEK 260), but visits to general practitioners cost between SEK 60 and SEK 120.

### *Dental treatment*

In all the countries, dental treatment of children and young people is completely or partly free of charge. The rest of the population pays all costs for treatment themselves, or are reimbursed a small part of these costs. In Denmark, patients' payments amounted in 1997 to about 59 per cent of the total costs, including expenses for the municipal dental care scheme for children and young people which is free of charge. In Finland, people born in 1956 or later are entitled to a supplement of about 50 per cent for dental treatment and subsidies of 75 per cent for examination and preventive treatment. In Iceland, people over 67 years, as well as disabled people, are refunded between 50 and 100 per cent of the expenses, depending on their incomes.

### *Medicine*

In Denmark, patients' share of the costs for medicine, including over-the-counter products, amounted to about 41 per cent in 1997. The National Health Insurance Service (the counties) financed about 52 per cent and the municipalities financed the remaining 8 per cent of the expenses. In Fin-

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land, patients' charges amounted to about 42 per cent, while the health insurance scheme financed the remaining part of the expenditure. In Iceland, patients' share of the expenses for prescriptive medication cannot be calculated. In Norway, user charges for medication paid by private individuals amounted to about 35 per cent. The National Health Insurance Fund reimbursed the remaining amount. In Sweden, user charges amounted to 27 per cent of the expenses.

### *Hospitalization*

In Denmark, Iceland and Norway, hospitalization is free of charge. In Finland, a maximum of FIM 125 per day is payable for short-term hospitalization and FIM 70 per day for hospitalization in psychiatric wards. A maximum of SEK 80 per day is payable in Sweden, irrespective of the length of the hospitalization.

*Chapter 7*

# Old Age, Disability and Survivors

## The Structure of this Chapter

While the other chapters have followed the chapter structure of ESSPROS, the descriptions of elderly and disabled people and survivors have in this report been gathered in one chapter. As the rules in the Nordic countries governing pensions are largely identical and more often than not based on the pension systems for the elderly, it was considered most expedient to describe the pension systems together. The services provided to both the elderly and the disabled are often identical and are often provided at one and the same institution; and institution staff often treats both the elderly and the disabled. As mentioned in Chapter 2, the social expenditure on services to the elderly and the disabled, respectively, has in this publication been broken down by means of calculation. Similarly, the expenditure on home nursing was, where possible, moved from this chapter to the chapter on illness in order to obtain a more homogenous statement. As to Norway, it has not been possible to isolate the home nursing service, and as to Sweden, it has only been partly possible.

The structure of this chapter is as follows: first, a general description is given of pensioners' circumstances and the pension system; then follows an overall description of cash benefits and services provided to the elderly and the disabled, respectively, as well as of cash benefits to survivors. At the end of this chapter, there is an overall description of the social expenditure on the elderly, the disabled and survivors.

## Pensioners' Circumstances

Both in the Nordic and in other European countries, expenditure on the elderly and the disabled forms a substantial part of the total social expenditure. The relatively small proportion of these expenses spent in the Nordic countries is first and foremost a result of enhanced efforts being made in respect of families, children and unemployed people.

**Table 7.1 Expenditure on the elderly, the disabled and survivors as percentage of the total social expenditure in the EU, Iceland and Norway, 1996**

Denmark	49.6	Austria	51.4	Italy	72.9
Finland	48.5	Belgium	49.3	Luxembourg	56.4
Iceland	42.4	France	49.6	The Netherlands	53.7
Norway	48.8	Germany	48.4	Portugal	54.9
Sweden	50.9	Greece	57.6	Spain	53.1
		Ireland	30.9	United Kingdom	52.3

Note: See Table 4.1.

Figure 7.1 shows the disposable incomes for families, where the key person, i.e. the person earning the most, is over 65/67 years, as a percentage of the disposable incomes for single people and couples under 65/67 years. As in the other chapters, equivalent incomes have been used. The disposable income is the factor income plus social cash benefits less tax. As mentioned earlier, a different family definition is used in Iceland, and the result in Figure 7.1 will consequently be different.

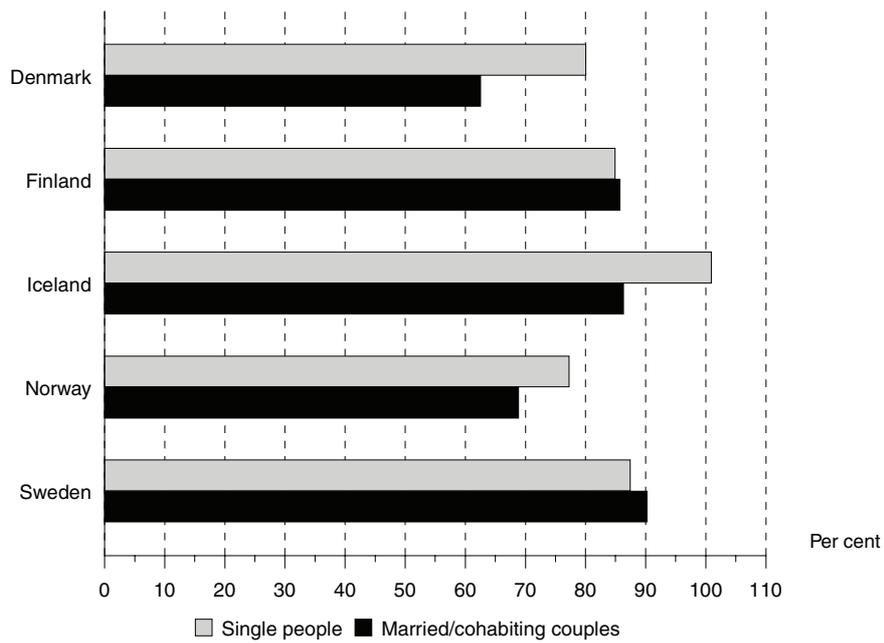
As can be seen from the figure, families over 65/67 years have a lower average disposable income in all the countries than have families under 65/67 years. This applies to both single people and couples. The only exception is single people in Iceland. This should be seen in relation to the fact that children over 15 years living with their parents in the statistics count as independent families, which is not the case in the other four countries (cf. Chapter 2). Besides, the actual pensionable age is very high in Iceland.

With the exception of Finland and Sweden, single people over 65/67 years have a relatively higher disposable income than have couples. This is, among other things, a result of the pension systems in the Nordic countries paying a relatively high compensation in relation to previous income to single people, cf. Figure 7.2. In addition, there are more young single people with a relatively low income than there are couples.

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As to single people over and under 65/67 years, the differences in the average disposable incomes are least significant in Iceland and Sweden and most significant in Norway. For couples, the difference is most significant in Denmark and least so in Sweden. This is due to the supplementary pension being relatively small in Denmark and Norway, in particular in relation to the extended supplementary pension schemes in Sweden and Finland. Income from supplementary pension schemes, included in Figure 7.1 (but not in Figure 7.2), probably plays a more important part in Denmark and Norway than it does in Iceland, Sweden and Finland. Apparently, the schemes are not sufficiently developed to level off the great differences in the statutory supplementary pension schemes.

**Figure 7.1 Disposable income for single or cohabiting people over 65/67 years as percentages of disposable incomes for single or cohabiting people under 65/67 years, 1996**



## Pensions

The purpose of pensions is to guarantee all citizens a certain level of income in connection with old age, disability or loss of provider. In all the countries, pension is payable to the elderly. In addition, there are a number of schemes which smooth the transition to old-age pension: the so-called special old-age pensions.

People with totally or partially reduced working capacities may also be granted a pension. The pension is called anticipatory pension in Denmark and Sweden, invalidity pension in Finland and Iceland, and disablement pension in Norway. When the working capacity is assessed, both social and health circumstances are taken into consideration. The health-related criteria are still predominant in connection with the award of anticipatory and invalidity pensions.

In Finland, there is a special pension for people in the age group 58-64 years with reduced working capacities. This pension is called individual anticipatory pension. In this connection, the health-related criteria play an inferior part. In cases where social criteria are mainly or entirely prevalent, the anticipatory pension is considered as one of the special old-age pensions.

Out of consideration for the comparability of the countries, the Danish anticipatory pension has been divided so that the maximum and intermediate anticipatory pensions are described together with the invalidity pensions in the other countries, and the ordinary and increased ordinary anticipatory pensions are described together with the special old-age pension schemes.

In Finland, Norway and Sweden, a special pension is granted to widows and widowers. This pension form has been abolished in Denmark and Iceland as a basic pension, where survivors may instead be awarded anticipatory pension.

## Pension Structures

While there are differences in both the pension and financing forms, it is a common feature of all the Nordic countries that the pensions consist of three parts:

- a. A statutory basic pension (old-age pension) which in Denmark, Iceland, Norway and Sweden is payable to everyone irrespective of previous income from work and other pension benefits. In Finland, entitlement to basic pension depends on other pension benefits, whereas the basic pension in Iceland is income-adjusted.

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- b. A statutory supplementary pension to people engaged in active employment where the amount of the pension is based on previous income from work as well as on premiums and payments from the insured and his employers.
- c. Additional pensions established by law or by agreements between employers and employees.

It is not possible to distinguish clearly between the three pension systems, in particular not between supplementary pensions and additional pensions.

As a rule, basic pensions and supplementary pensions form a whole. The basic pensions guarantee everyone a minimum of social security, whereas the supplementary pensions replace income from work earned during the working age.

In Denmark, the supplementary pension depends solely on the length of the contribution period and the extent of the employment, whereas it in the other countries depends on the qualifying period and the amount of income from work. In Finland, the old-age pension depends on the amount of the labour pension. Old-age pension shall not be payable where the labour pension exceeds about FIM 5,000 per month (for married people FIM 4,500 per month).

Income-substituting benefits, other than pensions, entitle to pensions in all the countries.

## Taxation of Pensions

In Denmark, pensioners are taxed according to the same rules as apply to other tax-payers. In Iceland, pensions are normally also taxable. In the other countries, tax rules are especially favourable for pensioners.

Housing benefits to pensioners, as well as special supplements to disabled people, are exempt from tax in all the countries with the exception of Iceland. Child supplements payable to pensioners are exempt from tax in Denmark and Finland, but subject to tax in Norway.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.2 Pension recipients by type of pension, 1997<sup>1)</sup>**

	Denmark	Finland	Iceland <sup>2)</sup>	Norway <sup>2)</sup>	Sweden
<i>Recipients of:</i>					
Basic pension	All people resident in the country for at least 3 years	All people resident in the country for at least 3 years	All people resident in the country for at least 3 years	All people resident in the country for at least 3 years	All people resident in the country for at least 3 years
Supplementary pension	Employees	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people	Employees and self-employed people having worked for at least 3 years
Additional pensions	Statutory for public-sector employees (civil servants)	–	–	Statutory for public-sector employees (civil servants)	–
	Public collective agreements	–	–	Public collective agreements	Public collective agreements
	Private collective agreements	Private collective agreements	–	–	Private collective agreements

1 As a result of the concluded EU/EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost identical. As a main rule, one must have been resident for at least three years in the country in question between the ages of 15 and 65/67 years in order to be entitled to a pension. Periods of employment in an EU Member State, or in another country with which a social-insurance convention has been concluded, may be taken into consideration in the calculation of compliance with the residence requirement. The rules governing supplementary pension in Denmark apply only to old-age pensioners.

2 The limit of three years does not apply in case of industrial injuries.

OLD AGE, DISABILITY AND SURVIVORS

**Table 7.3 Supplements to the basic pension, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Child supplement</i>	Ordinary and special child allowance	No <sup>2)</sup>	Yes	Yes	No <sup>5)</sup>
– Income-adjusted?	No	–	No	Yes	–
– Taxable?	No	–	No	Yes	–
<i>Supplements to people receiving only the basic pension</i>	Yes	. <sup>3)</sup>	Yes	Yes	Yes <sup>6)</sup>
– Income-adjusted?	Yes	. <sup>3)</sup>	Yes	Yes	Yes <sup>7)</sup>
– Taxable?	Yes	. <sup>3)</sup>	Yes	Yes	Yes
<i>Housing benefit</i>	Yes <sup>1)</sup>	Yes	No <sup>4)</sup>	Yes	Yes
– Income-adjusted?	Yes	Yes	Yes	Yes	Yes
– Taxable?	No	No	Yes	No	No
<i>Spouse supplement where only one spouse receives pension (spouse supplement)</i>	No	Yes	Yes	Yes	No
– Income-adjusted?	–	No	Yes	Yes	–
– Taxable?	–	No	Yes	Yes	–
<i>Wife/spouse supplement</i>	No	No <sup>2)</sup>	No	No	Yes <sup>5)</sup>
<i>Outside assistance or attendance allowance to disabled people</i>	Yes	Yes	Yes	Yes	Yes
– Income-adjusted?	No	No	Yes	No	No
– Taxable?	No	No	Yes	No	No

1 Pensioners may qualify for a housing benefit depending on income and size of their accommodation. The benefit is not part of the pension.

2 As from 1996, neither child not spouse supplement shall be awarded. The child supplement will have totally disappeared by the year 2001 and the spouse supplement, by the year 2002.

3 The old-age pension is totally dependent on the labour market pension. People who have either a small or no labour market pension are guaranteed a minimum amount. The old-age pension is taxable.

4 There are special pension supplements which are not connected directly to the housing expenses, but they are primarily given to pensioners with high housing costs.

5 The child supplement will have totally disappeared by the year 2005. The wife supplement has been phased out since 1990 and will only be granted in special cases according to transition rules.

6 Shall only be granted to people with a low labour market supplementary pension.

7 Only in respect of the labour market supplementary pension.

## Number of Pension Recipients

**Table 7.4 Pension recipients by age, in thousands and as percentage of the age group as per December 1997**

	Denmark		Finland		Iceland <sup>1)</sup>		Norway		Sweden	
	1,000	As percentage of each age group	1,000	As percentage of each age group	1,000	As percentage of each age group	1,000	As percentage of each age group	1,000	As percentage of each age group
<i>Age</i>										
16-39	34	1.9	29	1.8	5	4.7	70	4.6	47	1.7
40-49	53	7.1	48	5.9	3	7.2	49	8.0	77	6.4
50-54	59	14.5	45	12.0	2	10.6	38	12.9	72	11.0
55-59	76	25.3	79	28.2	2	15.4	44	21.2	91	18.4
60-64	156	63.0	198	80.1	3	27.1	58	33.4	157	38.7
65-66	70	78.1	94	104.0	2	41.9	31	43.9	161	102.3
67+	708	100.9	682	103.4	26	98.6	628	99.9	1,415	102.2
Total	1,156	27.0	1,174	28.5	40	20.5	918	26.3	2,020	28.6

1 1996.

The figures in Table 7.4 are exclusive of child pensioners, widow pensioners and partial retirement pensioners. In the total number of pensioners, recipients of voluntary early retirement benefit have been included in the figures concerning Denmark (135,693 people) of the ages 60-66 years, and recipients of transition allowance (39,369 people) of the ages 50-59 years. As the widow's pension has been abolished in Denmark, and widows may instead apply for voluntary early retirement pension, the number of pension recipients in Denmark is overestimated in relation to the other Nordic countries. The reason for the high rates for the 60-64 year-olds in Finland is that public-sector employees are pensioned off at the age of 63. Besides, there are several early-retirement pension schemes in Finland, such as an unemployment pension and an early old-age pension for the 60-64 year-olds, as well as an individual early retirement pension for the 58-65 year-olds.

In Sweden, there were in 1997 13,602 people of the ages 60-64 years who received partial retirement pension. Were they to be included in the calculations, 42.0 per cent of the 60-64 year-olds in this group were pensioners, corresponding to a total of 170,628 people.

As it applies in all the countries that one may be resident outside of the country and still receive a pension, the number of recipients may exceed 100 per cent.

# Old Age

## Pensions to the Elderly

### *– Various forms of transition to retirement*

The qualifying age for basic pension is 65 years in Finland and Sweden and 67 years in Denmark, Norway and Iceland.

The qualifying age for supplementary pension is in Denmark, Finland, Norway and Sweden the same as for basic pension, but 65-70 years in Iceland. In Finland, the general pensionable age for public-sector employees is 63 years, but it is currently being increased successively to 65 years.

The qualifying age for the additional and individual pension schemes is 60 years in Denmark.

In all five countries, old age pension is payable in the shape of basic pension and supplementary pension.

The pensions are usually adjusted in relation to the general wage and/or price development in the various countries.

In Norway, the basic amount is adjusted annually by the Government following negotiations between the State, the unions and the insured person's trade associations.

In Finland and Sweden, one may be granted basic and/or supplementary pension before the general pensionable age, but in that case the pension amount shall be reduced. Similarly, the pension will be higher if retirement is postponed till sometime after the general pensionable age. In Denmark, the supplementary pension shall be increased if it has not been paid out before a pensioner reaches the age of 70 years.

### *Basic pension to the elderly*

The basic pension consists in Denmark, Iceland, Norway and Sweden of a basic amount and a supplement. In Denmark, the basic amount will be adjusted for all pension recipients in relation to any income from work they may have. In Finland, a reform was implemented in 1996 to the effect that all of the old-age/basic pension became dependent on other pension income. At the beginning of 1997, the basic amount and the pension supplement were combined into one benefit. In Iceland, the basic amount is adjusted in relation to other taxable income, including a spouse's income and the supplementary pension, according to special rules. In Sweden, the basic

## OLD AGE, DISABILITY AND SURVIVORS

pension is independent of other income.

In Denmark, the ordinary pension supplement is adjusted in relation to a pensioner's own and any spouse's total income apart from the basic pension. The special supplement to single people is not income-adjusted.

In Finland and Sweden, the basic pension is calculated in relation to the amount of the supplementary pension. In Norway, supplements to the basic pension shall be calculated in relation to the amount of the supplementary pension. In Denmark and Iceland, a supplement to the basic amount is payable. The amount of this supplement depends on any other income a pensioner might have.

### *Supplementary pension to the elderly*

The significance of the supplementary pension to the total payment of pension varies considerably from one Nordic country to another: from being only a small amount in Denmark to being the most important contribution in Iceland, Finland and Sweden. The condition for being awarded supplementary pension is in all the countries that one has previously been affiliated with the labour market. In Norway, the supplementary pension is part of the security provided by the Social Security Scheme and is calculated in relation to previous income.

### *Additional pension to the elderly*

The additional pension schemes are as a rule based on collective agreements and mainly apply to government and municipal employees. Private-sector employees are covered by these schemes to varying degrees.

In Denmark, coverage is about 80 per cent and Norway about 60 per cent, while in Sweden, almost all wage earners are covered by the additional pension schemes. In Finland, these pension schemes are insignificant as there is no limit to the amount of the supplementary pension. In Iceland, the additional pensions are included in the statistics as supplementary pensions.

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**Table 7.5 Monthly minimum amount of pension, 1997**

	Denmark	Finland <sup>1)</sup>	Iceland	Norway	Sweden
<i>Single people</i>					
Minimum amount of pension per month KR/FIM					
– Basic amount	3,810	.	14,243	3,542	2,846
– Supplement	3,776	.	27,310	2,238	1,645
Minimum amount of pension per month, total					
– KR/FIM	7,586	2,547	41,553	5,780	4,491
– PPP-Euro	833	394	481	586	433
<i>Married couples</i>					
Minimum amount of pension per month KR/FIM					
– Basic amount	7,620	.	25,637	5,313	4,654
– Supplement	3,348	.	54,619	4,476	3,290
Minimum amount of pension per month, total					
– KR/FIM	10,968	4,466	80,256	9,789	7,944
– PPP-Euro	1,204	691	929	993	767

1 The basic pension and the pension supplement were combined into one amount on 1 January 1997. Pensioners who at the end of 1995 only received the basic amount are entitled to a so-called “pruned old-age pension” until the end of the year 2000.

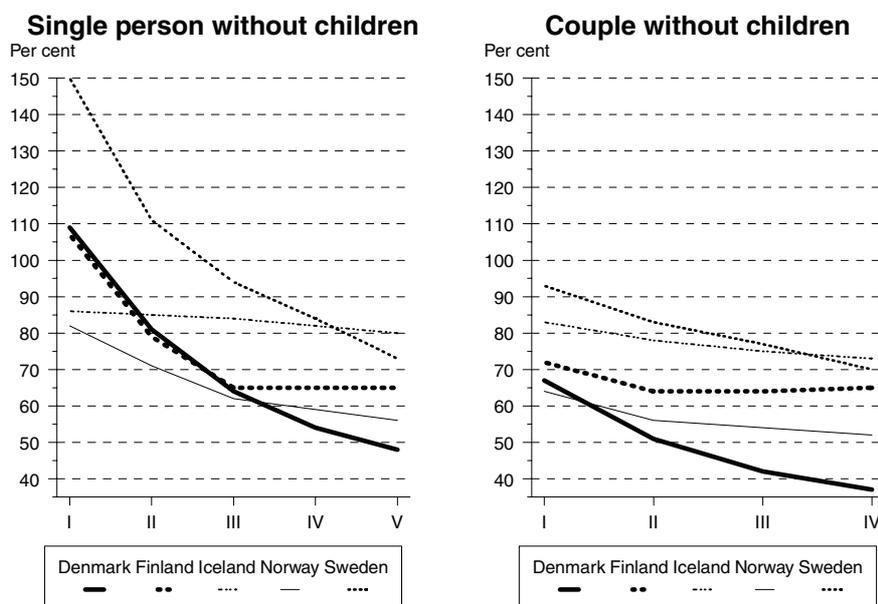
Figure 7.2 shows both the disposable income at five different income levels (including the maximum supplementary pension) for a single old age pensioner in per cent of the disposable income from work and the disposable income at four different income levels (including supplementary pension) for a married couple of pensioners in per cent of the disposable income from work.

As can be seen from the figures, there are considerable differences in the compensation levels when one is transferred to a pension scheme. This applies both to the countries and to single people and couples. The reason for this is first and foremost the supplementary pension which is very low in Denmark but fully extended in Sweden. The same applies to the Icelandic supplementary pension schemes. The very high compensation levels for single people in the lowest income brackets in Denmark and Finland – and for single people and couples in the equivalent income groups in Sweden –

## OLD AGE, DISABILITY AND SURVIVORS

is a result of the relatively high amount of housing benefits payable to pensioners in those countries. In Finland, Norway and Sweden, an important factor is that especially favourable tax rules apply to pensioners. Besides, the minimum pension is relatively high in Denmark, and the supplementary pension is generally high in Sweden.

**Figure 7.2 Disposable income when receiving old age pension (incl. supplementary pension) as percentages of disposable income from work, 1997**



**Note:**

The income groups I-IV/V have been calculated on the basis of the average wage of a production worker. The cash benefit is payable to the person earning the most. The calculation basis is described in Appendix 2.

The differences in the compensation levels in the various countries, in particular in relation to the high income brackets, reflect to a certain degree the significance of the additional pension schemes (not included in the figures). These schemes are most important in Denmark and Norway.

OLD AGE, DISABILITY AND SURVIVORS

**Table 7.6 Pensioners receiving old-age pension in the form of basic pension and supplementary pension by the end of the years 1990-1997**

	Old-age pensioners, total (1,000)	Old-age pensioners who only receive basic pension, broken down by men and women		Men who only receive basic pension, and men who receive both basic and supplementary pension, per cent		Women who only receive basic pension, and women who receive both basic and supplementary pension, per cent	
		Men Per cent	Women Per cent	Only basic pension	Both basic and supplementary pension <sup>1)</sup>	Only basic pension	Both basic and supplementary pension <sup>1)</sup>
<i>Denmark</i>							
1990	706	24.3	75.7	24.9	75.1	52.7	47.3
1995	709	24.0	76.0	27.4	72.6	59.5	40.5
1996	707	23.9	76.1	26.3	73.7	57.4	42.6
1997	708	20.9	79.1	20.8	79.2	54.0	46.0
<i>Finland<sup>2)</sup></i>							
1990	737	12.3	87.7	6.7	93.3	27.4	72.6
1995	804	11.8	88.2	4.3	95.7	19.0	81.0
1996	823	12.6	87.4	4.7	95.3	17.7	82.3
1997	837	13.8	86.2	4.7	95.3	17.0	83.0
<i>Iceland</i>							
1990	24	37.4	62.6	28.9	71.2	37.9	62.1
1995	26	26.7	73.3	10.9	89.1	22.8	77.2
1996	26	27.0	73.0	10.7	89.3	22.1	77.9
1997	..	..	..	..	..	..	..
<i>Norway</i>							
1990	613	10.5	89.5	6.6	93.4	38.5	61.5
1995	625	9.2	90.8	3.9	96.1	26.5	73.5
1996	626	9.3	90.7	3.7	96.3	24.6	75.4
1997	628	9.7	90.3	3.5	96.5	22.6	77.4
<i>Sweden</i>							
1990	1.554	8.2	91.8	4.9	95.1	40.6	59.4
1995	1.590	8.2	91.8	3.7	96.3	30.5	69.5
1996	1.593	8.5	91.5	3.6	96.4	28.7	71.3
1997	1.597	8.8	91.2	3.5	96.5	26.9	73.1

1 In *Denmark*, the very small supplementary pensions are payable as non-recurrent amounts since 1993. The calculation for *Finland* also includes pensioners who only receive supplementary pension. The figures for *Norway* only include pensioners who receive a supplementary pension that makes the old-age pension exceed the minimum pension amount. The figures for *Sweden* include all pensioners who receive supplementary pension even where the supplementary pension amounts to less than the pension supplement.

2 The figures comprise people who have been awarded old-age pension before time as well as old-age pensioners under 65 years.

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As can be seen from Table 7.6, there are big differences between the countries and between the two sexes in respect of how many people only receive basic pension. In Denmark, it is about 20 per cent of the men but almost 80 per cent of the women. In Finland, it is only about 13 per cent of the men and over 85 per cent of the women. In Norway and Sweden, it is under 10 per cent of the men but more than 90 per cent of the women. The situation in Iceland is somewhere in between.

### Special Old-Age and Partial Retirement Pensions

– *Schemes facilitating the transition from working life to life as a pensioner*

**Table 7.7 Average monthly amounts of the special old age/partial retirement pensions as per December 1997**

	KR/FIM	PPP-Euro
<i>Denmark</i>		
Basic ordinary anticipatory pension <sup>1)</sup>	6,881	755
Voluntary early retirement pay <sup>2)</sup>	9,229	1,013
Partial retirement pension <sup>3)</sup>	5,030	552
Transition allowance <sup>2)</sup>	8,886	975
<i>Finland</i> <sup>3)</sup>		
Partial retirement pension	3,181	492
Special pension to farmers	3,981	616
<i>Norway</i> <sup>4)</sup>		
Pension by collective agreement	9,531	967
Special pension to sailors	7,380	748
Special pension to fishermen	3,985	404
Special pension to woodsmen	2,892	293
<i>Sweden</i> <sup>3)</sup>		
Partial retirement pension	4,507	435

1 Average pension paid out in January 1997.

2 Average benefit amount paid out in 1997.

3 Average pension amount paid out in December 1997.

4 Average monthly amount, December 1997 (average annual amount in 1997 divided by 12).

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**Table 7.8 Pensioners receiving special old-age and partial retirement pensions, by sex and age, 1997**

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Basic ordinary anticipatory pension	107,259	11,750	15,095	11,555	24,625	6,493	22,428	2,923	12,390
Voluntary early retirement pay <sup>1)</sup>	175,062	.	.	12,597	26,772	45,432	48,141	22,551	19,569
Partial retirement pension	4,476	.	.	.	.	2,162	636	1,339	339
<i>Finland</i>									
Partial retirement pension	6,932	.	.	922	1,275	2,250	2,485	.	.
Special pension to farmers	43,802	.	.	2,286	4,664	5,956	7,600	11,165	12,131
<i>Norway</i>									
Pension by collective agreement	13,874	.	.	.	.	2,627	1,775	5,464	4,008
Special pension to sailors <sup>2)</sup>	19,471	..		48		4,246		15,127	
Special pension to fishermen	1,763	..	..	..	..	..	..	..	..
Special pension to woodsmen	129	..	..	..	..	..	..	..	..
<i>Sweden</i>									
Partial retirement pension	13,602	-	-	-	-	8,768	4,834	-	-

1 Including 39,369 people in the age group 50-59 years receiving transition allowance. The transition allowance was introduced in 1992 as a temporary scheme. At the end of 1995, the scheme was discontinued.

2 It is not possible to break down recipients of special pension to sailors by sex.

The special old-age pensions comprise several forms of pension granted to people of working age and which cannot be regarded as traditional old-age pensions. Social or health-related criteria and/or circumstances in the labour market or agreements may enable people to retire partly or completely. The Finnish unemployment pensions are described in Chapter 5.

## Services to the Elderly

### *Institutions, etc. for the elderly*

The majority of the older population lives in ordinary housing. Only a minority lives in housing specially adapted to older people. Such housing exists in all five countries. Their lay-out depends on the elderly's need for care and may be divided into:

1. Institutions (nursing homes/homes for the long-term ill/old people's homes).
2. Service housing (sheltered homes/service flats/collective housing/housing where special care is provided, etc.).

Elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards - often in the so-called geriatric wards. In Norway there are also special wards in some nursing homes where elderly people who live at home may be admitted on a short-term basis when needed.

**Table 7.9 People aged 65 years and over living in institutions or service housing, total and as percentages of the total number of elderly, December 1997**

	Denmark <sup>1)</sup>	Finland	Iceland	Norway <sup>1)</sup>	Sweden <sup>2)</sup>
<i>People of the ages</i>					
65-74 years	8,772	8,233	722	8,662	{ 33,010
75-79 years	10,329	7,723	735	12,236	
80+ years	42,261	30,788	2,404	47,021	97,715
Total, 65/67+ years	61,362	46,744	3,861	67,919	130,725
<i>As percentages of the respective age groups</i>					
65-74 years	2.7	1.9	4.0	3.1	{ 3.0
75-79 years	6.2	5.3	11.8	7.8	
80+ years	20.5	18.2	33.0	25.5	22.9
Total, 65/67+ years	8.7	6.2	12.3	10.9	8.5

1 Age groups 67-74, 75-79 and 80+ years.

2 Age groups 65-79 and 80+ years.

## Home help

**Table 7.10 Elderly people receiving home help, 1997**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>Recipients of home help</i>					
65-74 years	{ 68,474	18,632	..	16,716	{ 57,095 <sup>5)</sup>
75+79 years		41,294	..	22,831	
80+ years	103,989	25,482	..	60,203	119,641
Total 65+ years	172,463	85,408	5,777	99,750	176,736
<i>Recipients of home help as percentages of the age group</i>					
65-74 years	{ 13.8	4.3	..	6.0	{ 5.1 <sup>5)</sup>
75-79 years		17.1	..	14.6	
80+ years	50.4	35.0	..	32.6	28.1
Total 65+ years	24.6	11.4	18.5	16.1	11.5

1 Households in the age groups 67-79 years and 80+ years.

2 Households in the age groups 65-74, 75-84 and 85+ years.

3 Age group 67-74 years and 75+ years.

4 People who as at 31 December 1997 had been granted home help and who live in their own house or flat or in service housing.

5 Age group 65-79 years.

In all five countries, home help is provided to the elderly. The extent of assistance is determined on the basis of individual needs and may vary from a few hours per month to several hours per day. The assistance is a municipal matter and is provided by municipal staff.

Statistics concerning home help in the Nordic countries are not easily compared. While the figures for Denmark and Norway are situation-statements, the Icelandic and Finnish data contain information about how many people received help during a year. The Swedish data cover people who per 31 December had been granted home help. Besides, the Danish and the Finnish statistics comprise households, whereas they for the other countries comprise individuals.

## Other open care schemes

### *Support services and leisure activities*

In the Nordic countries, pensioners are offered various kinds of support services and activating measures either on a municipal or on a private basis.

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The range of services and activities offered varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes mainly aim at enabling elderly people to remain in their own homes for as long as possible. The service schemes include delivery of meals, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hair dressing, pedicure, gardening and snow clearing. There are also schemes for washing and mending clothes. There are no centrally agreed policies regarding payment, but normally a fee is charged for the provision of meals, pedicure and gardening. Part of the activities may take place in the special centres for elderly people.

The transport service scheme is a service to elderly or disabled people who are unable to use public transport or to get about on their own.

# Disabled People

## Health-Related Anticipatory Pension

– *Social grounds are evaluated in different ways in respect of award of anticipatory pension*

In Denmark, the old-age pension (retirement pension), invalidity pension, widow's pension and anticipatory pension are integrated in a coherent set of rules. Anticipatory pensioners are awarded basic pension according to the same rules as apply to old-age pensioners. In addition, anticipatory pensioners receiving intermediate anticipatory pension are entitled to a disablement allowance, and anticipatory pensioners receiving highest anticipatory pension are entitled to an unemployability allowance in addition to the disablement allowance. The disablement and the unemployability allowances are not subject to income-adjustment, nor is the disablement allowance taxable. In Denmark, anticipatory pensioners are not entitled to supplementary pension.

In Finland, Norway and Sweden, anticipatory pension is granted as basic pension and supplementary pension according to the same rules as apply to old-age pensions. In Iceland, anticipatory pension is named invalidity pension and is awarded according to the same rules as apply to old-age pension.

For the calculation of the supplementary pension, which is done on the basis of previous income from work, the time up to the statutory pension-

able age is usually included in Finland, Iceland, Norway and Sweden.

In the Nordic countries, there are a number of alternative benefits that affect both the award of anticipatory pension and the number of anticipatory pensioners. In Sweden, for example, sickness benefit is payable without any time limit, whereas sickness benefit is payable for a maximum of one year in the other countries.

In Norway, *rehabilitation benefit* is normally payable before anticipatory pension shall be awarded.

Also the other anticipatory pension schemes (which in this report are referred to as special old-age pensions) may affect the number of anticipatory pensioners. In Denmark and Finland, there is, for example, a large number of pensioners who mainly draw pension for other reasons. The existence of schemes such as the voluntary early retirement scheme in Denmark and the unemployment pension scheme in Finland has contributed to there being fewer anticipatory/invalidity pensioners than would otherwise have been the case in these countries. In Norway, the lack of such alternative early retirement pensions has clearly resulted in an increased number of invalidity pensioners.

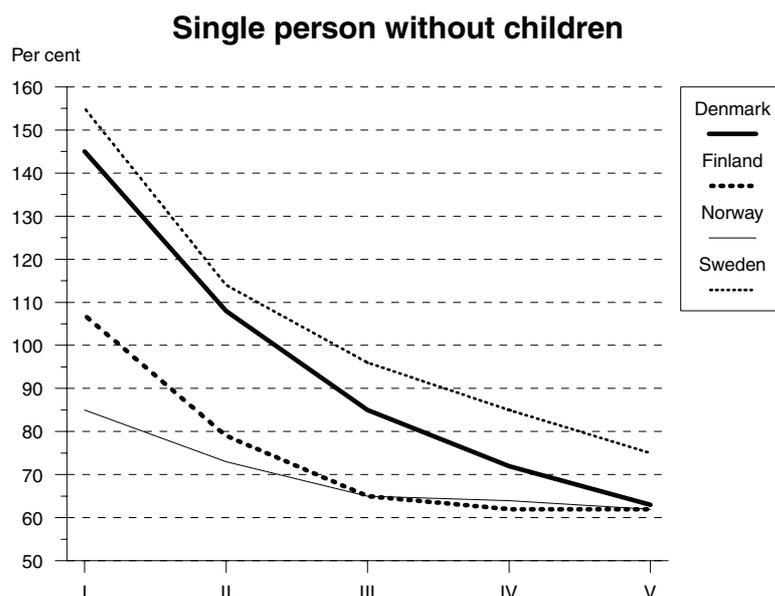
The amount of the anticipatory pension, including pension supplement, is either equal or almost equal to the pension awarded to retirement pensioners in all the countries. In addition, a number of special supplements may be payable in Denmark, as well as a supplementary pension in the other countries as mentioned above.

Figure 7.3 shows the compensation level for a single 50-year-old anticipatory pensioner who has previously been employed, and who has completely lost his working capacity. The highest level is found in Sweden and the lowest in Norway for people who previously had a low income. The very high compensation level in Denmark is due to the highest anticipatory pension being independent of any previous income. Besides, people who have completely lost their working capacity are entitled to both an invalidity amount and an unemployability amount. Furthermore, the rules governing housing benefits for pensioners are relatively favourable (this also applies to Sweden). The anticipatory pension in the other countries is calculated in relation to previous income from work.

The decrease in the number of new anticipatory pensioners in Denmark is due to the introduction of pension payment to residents in nursing homes, etc., which meant relatively many new anticipatory pensioners receiving in particular the highest anticipatory pension up until the beginning of 1995. In addition, there has been a trend towards awarding more people the general health-related anticipatory pensions (special old-age pensions) instead of the intermediate anticipatory pension, which i.a. is due to changes in the

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**Figure 7.3 Compensation level for a single 50-year-old anticipatory pensioner who has completely lost his working capacity, 1997**



**Note:**  
The income groups I-IV/V have been calculated on the basis of the average wage of a production worker. The cash benefit is payable to the person earning the most. The calculation basis is described in Appendix 2.

**Table 7.11 Average monthly amount of anticipatory pension, 1997**

	KR/FIM	PPP-Euro
Denmark <sup>1)</sup>	8,964	984
Finland	5,146	797
Iceland	42,317	490
Norway	7,650	776
Sweden <sup>2)</sup>	7,618	735

1 Average amount of highest and intermediate anticipatory pensions paid out in January 1997.

2 Average pension amount as per December 1997 including pension supplement and other supplements.

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**Table 7.12 Recipients of anticipatory pension and new accession of anticipatory pensioners, by sex, 1990-1997**

	Denmark <sup>1)</sup>		Finland		Iceland <sup>2)</sup>		Norway <sup>3)</sup>		Sweden	
	M	K	M	K	M	K	M	K	M	K
<b>1990</b>										
Recipients	76,113	78,481	159,509	141,423	3,097	4,350	104,704	129,657	166,716	188,600
New accession	6,638	5,597	..	..	..	..	14,444	15,140	23,643	26,850
New accession as percentage of population	0.4	0.3	..	..	..	..	1.1	1.2	0.9	1.0
<b>1995</b>										
Recipients	82,166	83,871	165,348	144,156	4,250	5,769	103,401	132,900	185,413	223,163
New accession	5,941	5,087	..	..	502	723	11,016	12,223	18,639	20,565
New accession as percentage of population	0.3	0.3	..	..	0.6	0.9	0.8	1.0	0.7	0.8
<b>1996</b>										
Recipients	82,462	84,184	160,890	140,898	4,421	6,083	104,293	135,136	187,316	231,570
New accession	5,246	4,384	..	..	343	594	11,746	13,186	18,304	20,941
New accession as percentage of population	0.3	0.3	..	..	0.4	0.7	0.9	1.0	0.7	0.8
<b>1997</b>										
Recipients	82,248	84,033	157,120	137,831	..	..	106,919	139,622	188,750	234,166
New accession	4,997	4,179	..	..	..	..	13,194	15,170	20,032	21,166
New accession as percentage of population	0.3	0.2	..	..	..	..	1.0	1.2	0.8	0.9

1 The number of recipients has in this table been calculated as at the beginning of the year; in the other pension tables, the number has been calculated as at the end of the year.

2 Pensionable age 16-66 years.

3 Pensionable age 16-66 years (as from 1991, the age group 16-67 years).

awarding competence and in the financing of anticipatory pensions. Both in Norway and Sweden, the rules governing award of anticipatory pension have been tightened. In Norway, this was already done in 1991 when the medical grounds for award were tightened. After a decrease in the number of accessions at the beginning of the 1990s, the number has increased again. This is a result of demography and amendment of rules in other benefit areas. In Finland, the number of anticipatory pensioners has decreased. This is due to the qualifying age for individual anticipatory pension having been raised, and that older long-term unemployed people receive unemployment pension and consequently do not apply for anticipatory pension.

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**Table 7.13 Pensioners receiving anticipatory pension in the form of basic pension and/or supplementary pension, total 1990-1997**

	1990	1995	1996	1997
<i>Denmark</i>				
18-19 years	407	485	508	574
20-29 »	6,959	8,317	7,962	7,747
30-39 »	15,943	18,305	18,440	18,430
40-49 »	31,198	34,919	34,152	33,551
50-59 »	52,990	57,198	58,204	58,910
60-64 »	35,688	34,504	34,073	33,832
Total 18-64 »	143,185	153,728	153,445	153,044
65-66 »	12,953	12,918	12,836	12,646
<i>Finland<sup>1)</sup></i>				
16-19 years	1,980	1,978	1,936	1,962
20-29 »	10,477	9,031	8,630	8,330
30-39 »	23,286	20,379	19,593	19,165
40-49 »	43,970	49,498	48,529	47,473
50-59 »	119,384	113,830	111,859	109,556
60-64 »	101,835	114,787	111,241	108,465
Total 16-64 »	300,932	309,503	301,788	294,951
65-66 »	.	.	.	.
<i>Iceland</i>				
16-19 years	221	322	328	..
20-29 »	837	1,048	1,055	..
30-39 »	1,137	1,825	1,913	..
40-49 »	1,275	1,973	2,178	..
50-59 »	1,801	2,234	2,329	..
60-64 »	1,481	1,712	1,703	..
Total 16-64 »	6,752	9,114	9,506	..
65-66 »	695	905	998	..
<i>Norway</i>				
16-19 years	668	778	808	863
20-29 »	6,336	6,625	6,758	7,161
30-39 »	18,314	19,106	19,754	20,583
40-49 »	38,442	44,153	44,470	45,527
50-59 »	69,141	73,415	77,214	82,295
60-64 »	65,803	59,700	58,669	58,788
Total 16-64 »	198,704	203,777	207,673	215,217
65-66 »	35,657	32,524	31,756	31,318
<i>Sweden</i>				
16-19 years	3,232	3,138	3,061	3,191
20-29 »	10,486	12,181	12,162	12,296
30-39 »	25,629	31,645	31,895	31,845
40-49 »	59,984	78,902	78,259	77,076
50-59 »	120,184	156,598	159,974	162,279
60-64 »	141,839	137,394	133,535	136,229
Total 16-64 »	361,354	419,858	418,886	422,916
65-66 »	.	.	.	.

1 Including individual anticipatory pensions.

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**Table 7.14 Pensioners receiving anticipatory pension in the form of basic pension and/or supplementary pension as percentages of the respective age groups, 1990-1997**

	1990	1995	1996	1997
<i>Denmark</i>				
18-19 years	0.1	0.2	0.2	0.2
20-29 »	0.9	1.1	1.1	1.0
30-39 »	2.1	2.3	2.3	2.3
40-49 »	4.0	4.5	4.5	4.5
50-59 »	9.7	8.8	8.6	8.4
60-64 »	14.6	14.4	14.0	13.6
Total 18-64 »	4.1	4.3	4.3	4.3
65-66 »	13.3	14.3	14.2	14.1
<i>Finland<sup>1)</sup></i>				
16-19 years	0.8	0.8	0.7	0.8
20-29 »	1.5	1.4	1.3	1.3
30-39 »	3.0	2.7	2.6	2.5
40-49 »	5.7	5.9	5.8	5.8
50-59 »	22.6	19.4	18.0	16.8
60-64 »	39.4	47.6	45.6	43.9
Total 16-64 »	9.1	9.2	9.0	8.8
65-66 »	.	.	.	.
<i>Iceland</i>				
16-19 years	1.3	1.9	1.9	..
20-29 »	2.0	2.6	2.6	..
30-39 »	2.8	4.3	4.5	..
40-49 »	4.3	5.6	6.0	..
50-59 »	8.7	9.7	9.7	..
60-64 »	14.4	17.0	17.2	..
Total 16-64 »	4.2	5.4	5.6	..
65-66 »	13.0	21.8	23.8	..
<i>Norway</i>				
16-19 years	0.3	0.4	0.4	0.4
20-29 »	1.0	1.0	1.0	1.1
30-39 »	2.9	2.9	3.0	3.2
40-49 »	6.7	7.1	7.2	7.4
50-59 »	18.0	16.3	16.1	16.3
60-64 »	33.6	33.9	33.7	33.8
Total 16-64 »	7.4	7.4	7.5	7.6
65-66 »	43.8	42.8	42.2	42.5
<i>Sweden</i>				
16-19 years	0.7	0.8	0.8	0.8
20-29 »	0.9	1.0	1.0	1.1
30-39 »	2.2	2.6	2.6	2.6
40-49 »	4.8	6.4	6.4	6.4
50-59 »	13.7	14.7	14.5	14.2
60-64 »	33.5	34.2	33.2	33.5
Total 16-64 »	6.7	7.6	7.6	7.7
65-66 »	.	.	.	.

1 Including individual anticipatory pensions.

### *Rehabilitation*

People whose working capacity has been reduced due to physical, mental or social factors may be granted support to education, retraining and re-schooling where it is deemed necessary for their future possibilities to manage on their own and support their families.

Support may also be granted towards meeting special expenses incurred by the education or training. Education may consist of training in the open labour market. The support is provided in the shape of wages or wage supplements. In addition, special support may be granted towards acquisition of tools, etc. and towards establishment of a business.

In Denmark, support is granted in the shape of a fixed rehabilitation allowance corresponding to the maximum amount of daily cash benefits. Payment of the rehabilitation allowance is subject to rehabilitation being initiated according to a fixed occupational plan. The allowance is payable until the occupational plan has been implemented, but usually for a maximum of five years. In respect of young people under the age of 25 years, the rehabilitation allowance is payable by half of the amount.

In Finland, the Social Insurance Institution is obliged to offer occupational rehabilitation to disabled people and medical rehabilitation to severely disabled people. Daily cash benefits during rehabilitation are payable by the Social Insurance Institution but also by some of the other authorities mentioned above. The amount of the benefit depends on the paying authorities. About 80 per cent of the recipients receive rehabilitation benefit from the Social Insurance Institution. In those cases, the daily cash benefit equals the amount of the sickness benefit.

In Iceland, a rehabilitation allowance is payable when an injured person is no longer entitled to sickness or accident benefits. As a rule, the allowance is payable for a maximum of 12 months or until a decision has been made as to the future of the disabled person. The allowance equals the basic amount of the invalidity pension and is awarded according to the same criteria; it shall, however, never be payable for more than 18 months. Everyone receiving rehabilitation allowance must undergo examinations and treatment during the period in which the allowance is received.

In Norway, subsidies are payable towards maintenance according to the same rules as apply to invalidity pension, apart from the fact that there is no minimum amount. The rehabilitation proper may be carried through in a co-operation between i.a. the health, labour market, insurance and social sectors to the effect that these sectors must provide an overall offer to each person concerned.

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In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. A training benefit in the form of daily cash benefit is payable to participants who are or would have been entitled to benefits from the unemployment insurance scheme, provided the person in question participate in labour market activities. This is subject to the person in question complying with the conditions for receipt of daily cash benefits in the event of unemployment or has received a benefit for the maximum period in which unemployment benefit is payable. Daily cash benefit may also be payable to people who are not entitled to unemployment benefit; however at a reduced rate. Daily cash benefit is payable for a maximum of five working days per week and the benefit shall be reduced in case the recipient receives other benefits such as pension, parental benefit, rehabilitation benefit or pay from an employer. In connection with rehabilitation, a rehabilitation benefit and special benefits may be awarded instead of sickness benefit. The rehabilitation benefit shall in that case be awarded to people who participate in occupational rehabilitation, and the special benefits shall cover the expenses incurred by the rehabilitation such as travel. The occupational rehabilitation measures may for example be job training, analysis at a labour market institute and education.

**Table 7.15 People receiving rehabilitation benefit during the year and as at December 1997**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway <sup>3)</sup>	Sweden <sup>4)</sup>
<i>People receiving rehabilitation benefit during the year</i>	53,199	45,372	635	102,696	35,494
<i>People receiving rehabilitation benefit as at December 1997</i>	24,871	8,599	262	53,968	7,093

1 Excluding refugees and people undergoing training in the open labour market with wage subsidies.

2 Include only rehabilitation benefit payable by the Social Insurance Institution (80 per cent of all payments).

3 People receiving rehabilitation benefit.

4 Include only people receiving rehabilitation benefit. The number of people receiving special benefits cannot be calculated.

## Compensation for Industrial Injury

In all Nordic countries, people who have suffered an industrial injury are entitled to either sickness benefit or an equivalent benefit in the event of temporary loss of working capacity. In case of long-term or permanent loss of working capacity, anticipatory pension or a similar benefit is payable.

An industrial injury is defined as a work accident or work-related illness causing temporary or permanent loss of capability to work.

In all the countries, compulsory industrial injury insurance funds have been established but according to somewhat differing rules. The industrial injury insurance fund pays out compensation for lost ability to work, either in the shape of a non-recurrent payment or monthly payments. Normally, the industrial injury insurance fund also covers expenses for treatment which are not covered by the general sickness insurance scheme.

In Denmark, compensation is granted for loss of ability to work if an industrial injury has reduced the working capacity by at least 15 per cent. In addition, a non-recurrent payment is payable if the degree of the permanent injury is 5 per cent or more.

In Finland, one is entitled to pension if the working capacity is reduced by at least 10 per cent. The pension payable to a person who is completely incapable of working amounts to 85 per cent of the previous income from work. An employee who is partially incapable of working is entitled to part of the full pension corresponding to the reduction of the working capacity. The compensation level for pension on the grounds of accidents drops to 70 per cent of the income from work when the recipient turns 65 years. Pension in the event of accident to a partially incapacitated employee shall also be reduced when he turns 65 years.

In Iceland, entitlement to wages during illness (absence due to an accident) plays the most important part for an injured person. People who are not entitled to wages or in the event that the period in which one is entitled to receive wages has expired, the people concerned receive daily cash benefits from the industrial injury insurance fund under the general insurance scheme. This benefit is a fixed amount independent of the wages earned prior to the accident. The benefit shall normally be payable for a maximum of 52 weeks.

In Norway, one may be granted invalidity pension in the event that an industrial injury or a work-related accident reduce one's working capacity by 30 per cent, where a reduction of the working capacity of 50 per cent is normally required in order to be awarded invalidity pension. A loss of minimum 15 per cent of the ordinary working capacity is required in order for a compensation to be awarded.

In Sweden, compensation is granted in the shape of annuities in the event that the working capacity has been permanently reduced by at least one fifth (6.6 per cent). The annuity shall normally be calculated on the basis of the insured person's sickness benefit entitling income.

## Care Allowance to Disabled People

In all the Nordic countries, families may receive financial support from the public authorities to cover expenses for care of a physically or mentally ill child in the home. The rules vary somewhat from one country to another, but the aims of the schemes are identical, i.e. to make it financially possible for families to maintain a child in the home by having the extra expenses covered which the child's disability incur.

Disabled adults who live in their own homes are also entitled to subsidies. The various countries also have slightly differing rules in this respect. Support may be granted for technical aids which the person concerned need in order to carry out a trade or to remedy his or her disorder, or to relieve the daily existence in the home.

In several of the countries, subsidies may be granted for purchase and/or maintenance of a car or other motor vehicle.

## Services for Disabled People

### *Institutions, etc. for disabled people*

In all the countries, there is special housing for disabled people, such as:

1. Institutions (nursing homes/homes for the long-term ill).
2. Service housing (sheltered housing/service flats/collective housing).

**Table 7.16 People under 65 years living in institutions or in service housing, December 1997**

	Denmark <sup>1)</sup>	Finland	Iceland	Norway <sup>2)</sup>	Sweden
Under 65 years, total	15,001	13,633	812	12,369	20,980
Under 65 years as percentage of the age group	0.3	0.3	0.3	0.3	0.3

1 Under 67 years; including special housing for the elderly.

2 The information applies to residents in special-care housing units as well as to people admitted to institutions (age group 0-66 years).

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In addition to these special types of accommodation, disabled people may also, to varying degrees, be offered long-term medical treatment in hospital wards in the so-called long-term-care wards. In Norway, local authorities receive an ear-marked subsidy in order to ensure that disabled people under 67 years be moved from old people's homes or nursing homes to housing facilities outside of the institutions.

### *Home help*

In all five countries, home help is provided to disabled people. The extent of the assistance is determined on the basis of individual needs and may vary from a few hours a month to several hours per day. The assistance is a municipal matter and is provided by municipal staff.

In all the Nordic countries, people with severe disabilities may be granted financial support towards payment of personal assistance and help to manage the household. In Norway, this is a municipal task, but the local authorities may receive subsidies to this end from the State on a trial basis. In 1997, the scheme comprised 190 people. In several of the countries, a person may employ one or more people to assist him.

**Table 7.17 People under 65 years receiving home help, 1997**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway <sup>1)</sup>	Sweden <sup>3)</sup>
Recipients of home help under 65 years, total	29,025	47,085	3,532	24,046	17,920
Recipients of home help as percentages of the age groups under 65 years	0.6	1.1	1.5	0.6	0.2

1 Households under 67 years.

2 Households. Out of the 47,085, the 6,620 were disabled.

3 Comprises inhabitants in their own home and residents in service housing.

### *Rehabilitation*

In all five countries, there are specialized institutions for retraining, assessment of working capacity and re-schooling of disabled people and other occupationally impaired groups. Furthermore, sheltered workshops have been established for disabled people who are unable to maintain a job in the open labour market.

## OLD AGE, DISABILITY AND SURVIVORS

In Denmark, people with reduced working capacities are offered training, assessment of working capacity, sheltered employment, etc. at rehabilitation institutions and sheltered workshops. At the end of 1997, these measures comprised 18,504 people. People with permanent limited working capacities may furthermore find employment with private or public employers in flex-jobs or sheltered jobs with wage subsidies. Flex-jobs are given to persons who are not entitled to any social pension whereas sheltered jobs are given to anticipatory pensioners. At the end of 1997, there were 2,770 people in flex-jobs and 5,071 in sheltered jobs.

In Finland, the Social Insurance Institution can offer rehabilitation including assessment of working capacity. The health sector offers the largest part of the medical rehabilitation. The accident and traffic insurances furthermore offer rehabilitation to their own clients. Besides, the labour pension funds may initiate rehabilitation in order to prevent a person from becoming incapacitated for work or to improve the ability and capacity for work of the person in question and to ease his return to the labour market. War veterans may also be offered rehabilitation, and war invalids are offered rehabilitation at least every second year.

In Iceland, disabled people are offered retaining and education, sheltered employment in the open labour market. In 1997, there were 10 sheltered workshops employing 265 people and 17 rehabilitation institutions rehabilitating 295 people. 107 people were able to participate in work in the open labour market with special support. The health sector is responsible for the medical rehabilitation and technical aids.

In Norway, the labour and social sectors co-operate when it comes to measures aimed at activating the disabled in the labour market. People with reduced working capacities may have their work situation adapted according to special needs. It is also possible to borrow various technical aids from the technical aids centres. There are also sheltered workshops for people with reduced working capacities. Besides, people with disabilities may receive treatment and guidance at a number of retraining institutions. Disabled people may also borrow technical aids for daily life use. People undergoing rehabilitation are entitled to support according to the same rules as apply to anticipatory pension.

A comprehensive occupational rehabilitation is offered to the extent necessary and expedient for the person in question in order for him to return to working life or to keep a suitable job. The aim of the occupational rehabilitation is to enable job seekers and employees of ill health to get a job on ordinary terms. Occupational rehabilitation is based on training, job training and guidance. Benefits in relation to the occupational rehabilitation are calculated in the same way as is anticipatory pension.

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In Sweden, people with reduced working capacities may participate in various labour market measures. In 1997, an average of 27,900 people with reduced working capacities participated in cyclical measures. The four measures that during 1997 on average covered the majority of the total number of people with reduced working capacity, were working life development, work place introduction, occupational rehabilitation or extensive guidance at the labour market institutes as well as labour market training. A person who, due to a disability, cannot get a job in the open labour market may find employment in a *Samhallföretag* through the employment service. *Samhall* recruits about 3,100 disabled people each year. At least 40 per cent of the new recruitment come from the so-called priority groups (people with learning difficulties, people with multiple disabilities and the mentally ill).

### *Other open care schemes*

#### *Support services and leisure activities*

In the Nordic countries, disabled people are offered various kinds of support services and activating measures either on a municipal or a private basis. The range of services and activities offered varies from one country to another and from one municipality to another. No comparable statistics are available to reflect the extent of such activities.

Support schemes are mainly aimed at enabling disabled people to remain in their own homes for as long as possible. The service schemes include delivery of meals, telephone chains, home-visiting schemes, physiotherapy and occupational therapy, hair dressing and pedicure, gardening and snow clearing. There are also schemes for washing and mending clothes. There are no centrally agreed policies regarding payment, but normally a fee is charged for the provision of meals, pedicure and gardening.

The transport service scheme is a service to disabled people who are unable to use public transport or to get about on their own.

# Survivors

## Pensions to Widows and Widowers

– *of still decreasing importance*

Changes during the past decades regarding family patterns, increasing participation by women on the labour market and the changes in the distribution of income between spouses have caused legislative changes within this field.

In Denmark, pension to widows and widowers has been abolished. In Finland, the pension paid is influenced by the survivor's own labour pension. In Norway and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/herself. In Sweden, the current widow's pension shall lapse on a long-term basis for most survivors.

Widows and widowers may in Denmark apply for ordinary anticipatory pension, which in this report is termed special old-age pension. In Finland, Norway and Sweden, widows and widowers are entitled to survivor's pension in the form of basic pension. The basic pension shall lapse when a survivor becomes entitled to the basic pension of the old-age pension.

**Table 7.18 Pensioners aged 18-64/66 years receiving survivors' pension in the form of basic pension and/or supplementary pension, 1990-1997**

	Denmark <sup>1)</sup>		Finland <sup>2)</sup>		Iceland <sup>3)</sup>		Norway <sup>4)</sup>		Sweden <sup>5)</sup>	
	M	W	M	W	M	W	M	W	M	W
1990	.	.	1,633	60,527	157	1,211	1,484	34,234	1,372	60,384
1995	.	.	5,814	52,767	171	735	1,854	30,023	2,143	54,976
1996	.	.	6,281	51,298	86	644	1,808	29,087	2,186	52,498
1997	.	.	6,795	49,892	..	..	1,910	28,046	1,529	20,030

1 The widow's pension scheme has been abolished. Pension may be granted to widows by way of the anticipatory pension scheme.

2 Widows/widowers over 64 years may be granted survivor's pension in the form of supplementary pension. In 1997, the number of pensioners over 64 years receiving survivors' pension was 172,358 women and 14,400 men.

3 Pensioners aged 16-65 years.

4 Not including widows and widowers receiving invalidity pension. Widows/widowers under 67 years.

5 Includes widow's pension from the retirement pension scheme as well as transitional pension and special pension to survivors. The large drop from 1996 to 1997 is due to the widow's pension becoming income-adjusted as per 1 April 1997.

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Besides, the basic pension shall lapse if a survivor is awarded anticipatory pension. Pension is payable to a survivor in the shape of supplementary pension or additional pensions.

In Norway, favourable rules governing the supplementary pension in the Social Security Scheme's old-age and invalidity pension system exist for survivors. They can choose from their own supplementary pension, the deceased's accumulated supplementary pension or 55 per cent of the sum of their own and the deceased's accumulated supplementary pension.

In some of the countries, funeral assistance shall also be granted.

**Table 7.19 The average monthly amounts of survivors' pension, 1997**

	Denmark	Finland	Iceland	Norway	Sweden <sup>1)</sup>
KR/FIM	.	2,261	17,244	4,966	3,643
PPP-Euro	.	350	200	504	352

1 Average amount per December 1997 for pension recipients under 65 years in the shape of widow's pension, transitional pension and special pension to survivors from both the basic pension and the labour market supplementary pension schemes.

## Child Pension

### *– Children are secured in case of parents' deaths*

In all the Nordic countries, child pension has been introduced in the shape of basic pension and supplementary pension. Child pension is granted to children under 18 years if one or both parents have died. In Denmark, a special child allowance is granted to orphans and to children who have lost one of their parents.

In Finland, Norway and Sweden, child pension may be payable until the age of 20 years if a child/youth is receiving education. The same limit applies in Iceland to orphans receiving education and to child pension in the shape of basic pension. Child pension which is granted due to education or vocational training to young people in the age group 18-20 years is payable according to the Social Assistance Act. In Norway, the pension may in exceptional cases be granted to 21 year-olds.

In Denmark, Finland, Norway and Sweden, child pension may furthermore be granted in the shape of supplementary pension if the deceased was a member of such a pension scheme.

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**Table 7.20 Children receiving child pension in the form of basic pension and/or supplementary pension. Total and as percentages of children of the qualifying age groups, 1990-1997<sup>1)</sup>**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Number of children receiving child pension</i>					
1990	19,753	28,429	1,545	14,751	30,629
1995	17,590	29,338	1,325	13,658	31,208
1996	17,496	29,245	1,254	13,574	30,697
1997	17,640	29,339	1,232	13,600	30,448
<i>As percentages of children of the qualifying age groups</i>					
1997	1.6	2.3 <sup>2)</sup>	1.7	1.3	1.4 <sup>2)</sup>

1 Entitled were, in 1997, children of widows and widowers as well as orphans; in *Finland, Iceland, Norway* and *Sweden*, children under 18 years (in some cases up to 20 years). As to Denmark, child pension has been listed with orphans and children of widows and widowers receiving special child supplement.

2 In per cent of children 0-19 years.

**Table 7.21 The average monthly amounts of child pension, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
KR/FIM	731	1,559	11,496	1,352	2,420
PPP-Euro	80	241	133	137	234

## Expenditure on and Financing of Benefits and Services to the Elderly, the Disabled and Survivors

In Denmark, the expenditure on the voluntary early retirement benefit has increased considerably as a result of an increase in the number of recipients from 122,000 in 1996 to 129,000 in 1997, whereas the expenditure on the transition allowance has declined as a result of the discontinuation of the access to the scheme. There has also been an increase in the expenditure on the supplementary labour market pensions which cover an increasing number of pensioners. Finally, there has also been an increase in the expenditure on care for the elderly and the disabled.

In Finland, the expenditure on old age pension continues to increase. On the other hand, the expenditure on services to the elderly has decreased slightly. It is mainly the expenditure on institutions that decreases as focus has now been put on minding in the homes. The expenditure on the disabled was in 1997 at about the same level as in 1996. The number of anticipatory pensioners decreased whereas the expenditure on services to the disabled increased; in particular, the expenditure on survivors has continued increasing as the number of widow and widower pensioners increased.

In Iceland, the expenditure on old-age pension increased due to an increase in the number of recipients of supplementary pension, as well as additional old-age pensioners on average being entitled to a higher supplementary pension than are older pensioners. The supplementary pension has increased sharply since 1991 and has become a still larger part of the old age pension. Cash benefits to disabled people also increased from 1996 to 1997 due to an increased number of anticipatory pensioners. The expenditure on care and nursing of the elderly and the disabled also continued to increase. It is mainly the expenditure on the institutions that increases due to increased running costs as a result of pay rises.

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**Table 7.22 Expenditure on and financing of pensions, other cash benefits and services to the elderly, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Old-age pensions	77,136	44,673	19,473	60,245	173,336
Of which:					
a. Basic pension	53,039	11,420	11,653	27,731	52,800
b. Supplementary pension	2,688	31,509	7,820	25,602	86,045
c. Additional pension	21,410	1,744	-	6,912	34,491
B. Special old-age pensions	28,203	2,928	-	233	-
C. Partial retirement pension	256	255	-	-	1,065
D. Other	-	915	-	-	105
Cash benefits, total	105,596	48,771	19,473	60,478	174,506
<i>Services, million KR/FIM</i>					
A. Institutions, etc.	6,872	2,701	6,229	23,432	37,061
B. Assistance to carry out daily tasks	12,785	1,569	592	-	12,138
C. Other	951	1,040	388	533	1,015
Services, total	20,608	5,310	7,209	23,965	50,214
Total expenditure, million KR/FIM	126,204	54,081	26,683	84,444	224,720
Expenditure as percentages of GDP	11.3	8.6	5.0	7.8	12.8
<i>Financed by (per cent)</i>					
- Public authorities	65.0	25.2	35.7	52.3	31.7
- Employers	16.9	58.9	48.8	27.5	64.7
- The insured (contributions and special taxes)	18.1	15.9	15.5	20.2	3.7
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	730	-283	1,726	3,005	11,548
- Per cent	0.6	-0.5	6.5	3.6	5.1

In Norway, the expenditure on old-age pension increased by 5.8 per cent from 1996 to 1997, where the number of old-age pensioners increased by half a per cent during that period. The increase in the expenditure is due to the Social Security Scheme still being in the process of establishment and the number of old-age pensioners who have accumulated entitlement to supplementary pension having increased. The expenditure on anticipatory pensioners increased by 7.4 per cent from 1996 to 1997. The accession to anticipatory pension was about 28,360 people, and about 21,260 people left the scheme.

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**Table 7.23 Expenditure on and financing of pensions, other cash benefits and services to disabled people, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Anticipatory pensions	18,853	15,447	7,837	24,765	42,926
Of which:					
a. Basic pension	18,853	4,200	5,363	10,123	13,480
b. Supplementary pension	-	11,138	2,336	12,625	23,478
c. Additional pension	-	109	138	2,017	5,968
B. Early retirement benefit due to reduced working capacity	2,227	3,624	-	-	-
C. Care allowance	-	437	-	2,351	2,546
D. Financial integration of the disabled	2,800	285	-	5,709	902
E. Other	1,517	1,855	-	1,114	-
Cash benefits, total	25,396	21,648	7,837	33,938	46,374
<i>Services, million. KR/FIM</i>					
A. Institutions, etc.	6,503	789	1,228	5,421	8,952
B. Assistance to carry out daily tasks	1,954	1,016	106	1,792	7,076
C. Rehabilitation	1,449	1,663	1,938	5,276	1,523
D. Other	1,434	1,438	176	520	6,621
Services, total	11,341	4,906	3,448	13,008	24,172
Total expenditure, million KR/FIM	36,736	26,554	11,285	46,946	70,546
Expenditure as percentages of GDP	3.3	4.2	2.1	4.3	4.0
<i>Financed by (per cent)</i>					
- Public authorities	93.5	31.6	42.1	52.0	46.0
- Employers	6.5	50.0	46.2	27.6	48.5
- The insured (contributions and special taxes)	-	18.4	11.7	20.4	5.6
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	374	-215	723	2,717	610
- Per cent	1.0	-0.8	6.8	5.8	0.9

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**Table 7.24 Expenditure on and financing of cash benefits and services to survivors, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Survivors' pension	1	6,942	2,774	3,763	14,005
Of which:					
a. Basic pension	-	245	235	1,136	1,080
b. Supplementary pension	-	6,377	2,539	915	12,055
c. Additional pension	1	320	-	1,712	870
B. Death grants	-	210	-	-	-
C. Other	-	-	-	12	-
Cash benefits, total	1	7,152	2,774	3,774	14,005
<i>Services, million KR/FIM</i>					
A. Funeral grants	187	30	-	198	-
B. Other	-	-	-	-	-
Services, total	187	30	-	198	-
Total expenditure, million KR/FIM	188	7,182	2,774	3,972	14,005
Expenditure as percentages of GDP	0.0	1.1	0.5	0.4	0.8
<i>Financed by (per cent)</i>					
- Public authorities	100.0	7.0	3.0	44.8	3.0
- Employers	-	70.1	64.6	32.8	88.0
- The insured (contributions and special taxes)	-	23.0	32.5	22.4	9.0
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	-5	111	139	24	-634
- Per cent	-2.7	1.6	5.0	0.6	-4.5

In Sweden, the expenditure on old-age pension continues to increase due to the continued extension of the Labour Market Supplementary Pension Scheme. The expenditure on anticipatory pension is, however, unchanged, whereas the expenditure on the social services to the elderly and the disabled has increased; most so in relation to the elderly.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.25 Expenditure on cash benefits and services to the elderly, the disabled and survivors, PPP/capita 1997**

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits to elderly people	2,194	1,469	832	1,392	1,904
Services to elderly people	428	160	308	552	548
Elderly people, total	2,622	1,629	1,140	2,068	2,452
Cash benefits to the disabled	527	652	335	781	506
Services to the disabled	236	148	147	299	264
Disabled, total	763	800	482	956	770
Survivors, total	4	216	118	91	153
Cash benefits and services, total	3,389	2,645	1,740	3,115	3,375

The expenditure on old-age pensioners is highest in Denmark followed by Sweden and lowest in Iceland followed by Norway, measured in PPP per capita. The explanation for the high expenditure level in Denmark is above all the relatively large number of recipients of special anticipatory pensions (cf. Tables 7.7 and 7.8).

There are also marked differences as to how the expenditure has been broken down by basic, supplementary and additional pensions which is due to the way in which the countries have structured their pension systems. The supplementary pension is most significant in Finland and Sweden whereas the additional pensions are most important in Denmark and Sweden.

Norway has the highest expenditure on anticipatory pension followed by Sweden whereas Iceland has the lowest expenditure followed by Finland. Norway's high expenditure on anticipatory pensions is due to Norway not having any kind of special old-age pensions.

When it comes to services to the elderly, Norway spend the most followed by Denmark and Sweden. Finland has the lowest expenditure measured in PPP per capita. Services to the disabled constitute the largest item in Sweden and the smallest in Iceland and Finland. Expenditure on survivors is highest in Finland followed by Sweden and Iceland. Denmark has almost no expenditure as there is no survivor's pension. Widows and widowers who receive survivor's pension in the other countries shall typically be entitled to anticipatory pension in Denmark.

### *User charges*

User charges payable for stays in nursing homes, institutions for elderly and disabled people as well as for home help are levied according to different sets of rules in the Nordic countries.

The conditions concerning user charges payable for stays in nursing homes/old people's homes and institutions for disabled people are defined centrally (by Central Government) in Denmark, Finland, Iceland and Norway, but de-centrally (by the local authorities) in Sweden.

In Denmark, residents in nursing homes, etc. receive their pension in full and must then pay for services provided as part of their stay in the nursing home, such as rent, meals, hair dressing and laundry services. In return, care and cleaning are free of charge. User charges are estimated to amount to about 10 per cent of the total expenditure. The permanent home help service is free of charge. In return, temporary home help must be paid for, depending on income. The proportion of user charges of the total expenditure cannot be calculated.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. In 1997, user charges made up 21 per cent of the total expenditure. In institutions for mentally impaired people, user charges made up 5 per cent of the total expenditure. User charges for home help depend on the household income. User charges amounted to about 16 per cent of the total expenditure on home help.

In Iceland, the proportion of user charges of the total expenditure cannot be calculated, but user charges for home help amounted to 7.8 per cent of the municipal expenditure.

In Norway, user charges payable for stays in institutions depend on a patient's income. User charges for stays in institutions are fixed on the basis of centrally determined rules that are adjusted in respect of how large a part of a resident's income, a municipality may demand in payment for a stay in an institution. User charges amount to 75 per cent of an income that is lower than NOK 42,500 and to 85 per cent of incomes higher than that. Besides, there are special rules for people whose spouses still live in their homes. User charges payable for home help are fixed by the individual local authorities, but the amount must not exceed the actual costs. User payment may not be charged for the part which is personal care and nursing. If an income was lower than NOK 85,000 in 1997, user charges must not exceed NOK 50 per month.

In Sweden, local authorities are basically at liberty to fix the amount of user charges within the care schemes for the elderly and the disabled. User

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charges must not exceed the local authorities own expenses, however. Besides, the individual must be left with an adequate amount after payment of tax, rent and user charges to the local authorities for his own maintenance. User charges amounted to approximately 9 per cent of the gross expenditure for the entire care schemes for the elderly and the disabled. As from 1996, user charges payable for stays in institutions, individual housing and home help in traditional housing cannot be calculated separately. User charges payable for home help and home nursing represented 6 per cent of the gross expenditure.

*Chapter 8*

# Housing Benefits

**Table 8.1 Expenditure on housing benefits as percentage of the total social expenditure in the EU, Iceland, and Norway, 1996**

Denmark	2.4	Austria	0.3	Italy	0.0
Finland	1.3	Belgium	.	Luxembourg	0.2
Iceland	0.5	France	3.0	The Netherlands	1.2
Norway	0.8	Germany	0.6	Portugal	0.0
Sweden	3.2	Greece	2.4	Spain	0.5
		Ireland	3.3	United Kingdom	7.2

Note: See Table 4.1.

## Housing Benefits to Families

– *Housing benefits are income-adjusted and tax free*

In all the countries, housing benefit is granted to both families with and families without children. In Norway, housing benefit is usually only granted to families without children in the event that at least one person receives certain other cash benefits. The rules governing housing benefit to families with children are more favourable than those applying to families without children; this is, however, not the case in Norway.

In Denmark and Iceland, the benefit is payable to families living in rented accommodation only. In the other countries, housing benefit may also be granted to families who own their accommodation. A family's income and the amount of the rent, as well as the number of children, are taken into consideration when a benefit is being granted. The scopes of these schemes vary greatly from one country to another.

## HOUSING BENEFITS

**Table 8.2 Average housing benefit per month to families, 1997**

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month per family, KR/FIM</i>				
Married and cohabiting couples				
– with children	1,309	1,152	1,587	1,479
– without children	453	990	1,164	758
Single people				
– with children	1,582	1,233	1,334	1,665
– without children	343	611	1,150	606
<i>Average housing benefit per month per family, PPP-Euro</i>				
Married and cohabiting couples				
– with children	144	178	161	143
– without children	50	153	118	73
Single people				
– with children	174	191	135	161
– without children	38	95	117	58

In all the countries, housing benefits are means-tested. In addition to the housing benefit, a financial subsidy may be granted, which will partly or fully cover the deposit in order to enable people with a poor economy to obtain an appropriate and reasonable home. In Finland and Norway, social assistance will normally be granted in cases where housing costs are high in relation to income.

Up through the 1990s, there has been a marked increase in the number of beneficiaries. Particularly affected are single providers due to an increase in the unemployment rate in some of the countries. From 1996 to 1997, however, the number of recipients of housing benefit dropped again in some of the countries due to a decrease in the unemployment rate.

In Sweden, households without children lost their entitlement to housing benefits as from 1996 if an applicant was over 28 years of age and many other households without children, who had received housing benefit according to special rules, also lost this benefit. As from 1997, a number of significant rules were introduced which has resulted in a decrease in the number of households receiving housing benefits. One of the most important changes is a new system for income-regulation, where temporary and permanent benefits are subject to taxable income. Besides, the possibilities of receiving the benefit became limited, and individual income ceilings were fixed for cohabiting parents.

HOUSING BENEFITS

**Table 8.3 Families receiving housing benefit, 1990-1997**

	Denmark	Finland	Norway	Sweden <sup>1)</sup>
<i>Number of recipients</i>				
<i>1990</i>				
Married and cohabiting couples	28,663	38,770	..	109,000
– with children	17,675	29,880	..	..
– without children	10,988	8,890	..	..
Single people	115,258	49,687	..	135,000
– with children	57,700	36,121	..	..
– without children	57,558	13,566	..	..
<i>1995</i>				
Married and cohabiting couples	33,610	74,402	5,016	198,044
– with children	21,672	49,753	5,016	180,798
– without children	11,938	26,649	..	17,246
Single people	141,265	139,414	13,740	352,416
– with children	66,026	55,838	13,740	228,021
– without children	75,239	75,974	–	124,395
<i>1996</i>				
Married and cohabiting couples	33,150	60,283	4,912	162,980
– with children	22,129	38,802	4,912	155,821
– without children	11,021	21,481	..	7,159
Single people	135,510	131,601	13,017	280,807
– with children	65,292	50,608	13,017	220,093
– without children	70,218	80,993	–	60,714
<i>1997</i>				
Married and cohabiting couples	32,153	54,621	5,617	107,357
– with children	21,582	33,925	5,617	102,061
– without children	10,571	20,696	–	5,296
Single people	134,608	129,993	15,453	245,519
– with children	64,153	49,505	15,453	197,293
– without children	70,455	80,488	–	48,226

1 Individuals - not families.

## HOUSING BENEFITS

### Housing Benefit to Pensioners

#### – Support to pensioners with low income

In all the Nordic countries, housing benefit is payable to pensioners. The amount of the housing benefit depends on a pensioner's personal income, rent, etc.

**Table 8.4 Pensioners receiving housing benefit by the end of the years 1990-1997**

	Denmark	Finland	Norway	Sweden
<i>1990</i>				
Married and cohabiting pensioners	54,617	12,036	..	49,800
Single pensioners	223,239	116,288	..	446,900
Total	277,856	130,150	..	496,700
<i>1995</i>				
Married and cohabiting pensioners	68,872	10,484	5,771	42,300
Single pensioners	263,130	131,557	42,869	512,300
Total	332,002	145,289	48,640	554,700
<i>1996</i>				
Married and cohabiting pensioners	64,608	10,021	5,439	70,112 <sup>1)</sup>
Single pensioners	261,978	131,327	43,349	464,675
Total	326,586	144,774	48,788	534,878
<i>1997</i>				
Married and cohabiting pensioners	64,847	9,816	4,562	60,756
Single pensioners	265,608	133,636	73,415	442,267
Total	330,445	147,099	77,977	503,023

1 The large increase compared with previous years is due to a change of rules as at 1 January 1996 to the effect that couples of whom only one is a pensioner count as a pensioner couple in the statistics. Such recipients were previously included under 'Single pensioners'.

In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in. A heating supplement may also be granted to help cover heating costs. In Finland, housing benefit may be granted on the grounds of age or pension. In Iceland, a special housing benefit is payable

## HOUSING BENEFITS

to pensioners with low incomes who are unable to pay their expenses without a supplement to their pensions. In Norway, housing benefit is payable to pensioners having modest housing standards, but high housing costs and low personal incomes. In Sweden, housing benefit is payable to old-age pensioners, recipients of anticipatory pension, and people receiving survivor's pension who have low personal incomes. Housing benefit is granted according to rules that apply uniformly to the entire country.

**Table 8.5 Average housing benefit per month to pensioners, 1997**

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
– KR/FIM	1,412	702	899	1,404
– PPP-Euro	155	109	91	136
<i>Average housing benefit per month to single pensioners</i>				
– KR/FIM	1,656	640	976	1,613
– PPP-Euro	182	99	99	156

## HOUSING BENEFITS

# Expenditure on and Financing of Housing Benefits

**Table 8.6 Expenditure on and financing of housing benefits, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Services, million KR/FIM</i>					
A. Housing benefit to people in rented housing	8,086	2,057	534	115	15,903
a. Of which pensioners	6,307	-	534	..	7,307
B. Housing benefit to owner-occupiers	-	112	-	1,709	..
a. Of which pensioners	-	-	-	..	..
Services, total	8,086	2,169	534	1,824	15,903
Total expenditure, million KR/FIM	8,086	2,169	534	1,824	15,903
Total expenditure per capita, PPP-Euro	168	65	23	42	174
Expenditure as percentage of GDP	0.7	0.3	0.1	0.2	0.9
<i>Financed by (per cent)</i>					
- Public authorities	100.0	100.0	100.0	100.0	100.0
- Employers	-	-	-	-	-
- Insured (contributions and special taxes)	-	-	-	-	-
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	109	-159	91	-330	-2,642
- Per cent	1.3	-7.3	20.5	-15.3	-16.6

There are distinct differences in the amount spent by each country on housing benefits measured in PPP per capita. Although the number of recipients has dropped noticeably, Sweden still spends the most, followed by Denmark, whereas Iceland spends the least, followed by Norway. Both in Denmark and Sweden, the housing benefit is very important to pensioners with low pension incomes, but particularly in Sweden, also many single providers with low incomes receive housing benefits.

In Denmark, the expenditure on housing benefits has increased. Particu-

## HOUSING BENEFITS

larly the number of pensioners in special housing for the elderly receiving housing benefits has increased while the number of owner-occupier pensioners receiving housing benefit has decreased. As from 1996, owner-occupier pensioners are granted support in the shape of loans only. The expenditure on families is by and large unaltered.

In Finland, the expenditure on housing benefits to pensioners are included in the expenditure on pensions. The expenditure on housing benefits to other groups of people has decreased from 1996 to 1997 due to a decrease in the unemployment rate. Besides, the squeezes that were implemented in 1996 have influenced the expenditure level in 1997.

In Iceland, the expenditure on housing benefits increased. The rules governing housing benefit introduced only in 1995 allow local authorities to chose whether or not to grant housing benefit, and an increasing number of municipalities introduce such schemes.

In Norway, the expenditure on housing benefits decreased from 1996 to 1997. This decrease was due to a restructure of the benefit schemes, as benefits towards reducing housing costs were combined with the housing support scheme of the Housing Bank (Husbanken) in 1997. At the same time, support opportunities were improved for several groups and a temporary scheme was introduced in connection with the restructure. The dates of payment of the previous schemes and the current scheme have been staggered, thus resulting in a drop in the expenditure from 1996 to 1997.

In Sweden, the new rules governing calculation of housing benefits have resulted in a massive reduction of the expenditure.

*Chapter 9***Other Social Benefits**

In the previous chapters, a description was given of the social benefits granted in connection with defined social incidents. In a number of cases, however, social incidents that are not covered by any specific legislation may occur. It is difficult to compare the extent of services provided in such cases, both in relation to the EU and between the Nordic countries.

**Table 9.1 Expenditure on other social benefits as percentage of the total social expenditure in the EU, Iceland, and Norway, 1996**

Denmark	4.1	Austria	1.2	Italy	0.0
Finland	2.3	Belgium	2.3	Luxembourg	1.3
Iceland	2.7	France	1.7	The Netherlands	0.4
Norway	2.9	Germany	2.3	Portugal	0.6
Sweden	3.1	Greece	1.1	Spain	0.8
		Ireland	2.0	United Kingdom	0.7

Note: See Table 4.1.

### Special Circumstances in the Individual Countries

A number of special circumstances in the Nordic countries makes it difficult to compare data.

In Denmark and Norway, non-insured unemployed people are entitled to social assistance in the event of unemployment, whereas non-insured unemployed people in Finland and Sweden are entitled to a special labour market benefit according to the labour market legislation - and often also supplementary social assistance.

In Iceland, a number of benefits under the heading 'social assistance' are

payable to families and children. In the other countries, these benefits fall under special legislation.

Supplementary to the actual social assistance, a number of other benefits may be payable:

In Denmark, these include support towards payment of non-recurrent expenses as well as removals, assistance to victims of the German occupation, financial assistance to Danish nationals living abroad, compensation to victims of crime, as well as financial support to the repatriation of sailors.

In Finland, relatives of servicemen may be granted a so-called military allowance to ensure their income levels.

In Iceland, temporary assistance may be granted to people in extraordinarily difficult circumstances.

In Sweden, financial support may be given to Swedish nationals abroad.

In all the Nordic countries, wage earners may receive their wages from special wage earners' guarantee funds in case insolvency of their employer makes it impossible for him to pay their wages.

## Cash Benefits

### Social Assistance

*– The last resort in the social safety net*

In all Nordic countries, one may be granted social assistance in the event that all other support options in case of loss of income or in other social situations have been exhausted. The assistance, which is means-tested in all the countries, is thus the last resort of assistance granted by the social security systems. It will be given either as replacement for other income or as a supplement to a very low personal income. The assistance is individual and is granted according to need in order to meet costs of living.

This form of assistance does not influence the granting of any other social benefits or subsidies in any of the countries.

In Denmark, cash assistance is a taxable gross benefit. For people obliged to provide for children, the assistance equals 80 per cent of the

## OTHER SOCIAL BENEFITS

maximum rate of unemployment benefit. For non-providers, the assistance equals 60 per cent of the unemployment benefit. Young childless people under the age of 25 living at home, who have not had an income from work amounting to more than 60 per cent of the unemployment benefit received for 18 months, are entitled to a special, lower youth benefit.

In Iceland, social assistance is taxable. In the other countries, it is payable as a tax-free net benefit.

In Finland, a person may receive cash assistance in case payment of other benefits is delayed. Local authorities may also grant benefits in order in time to prevent people from getting into financial difficulties.

In Norway, there is no upper limit to the size of the assistance, which may also be granted by way of a loan.

In Sweden, the purpose of the social assistance is twofold: it must serve to guarantee a family a reasonable financial standard of living, and it must serve as a preventive and rehabilitating measure. Recommended norms concerning the size of the social assistance have been prepared. Some municipalities work with one norm for long-term and another for short-term payments.

**Table 9.2 Individuals receiving social assistance during the year, in thousands and as percentage of the population 16/18 years or over, 1990-1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Thousands</i>					
1990	235.2	255.6	4.6	178.3	339.4
1995	195.1	430.3	6.9	184.2	474.2
1996	189.9	444.5	6.7	176.2	493.4
1997	188.8	434.9	6.4	167.2	492.6
<i>As percentage of the population 16/18 years or over</i>					
1990	5.8	5.9	2.6	5.3	5.0
1995	4.7	10.9	3.5	5.5	6.9
1996	4.6	11.2	3.3	5.2	7.2
1997	4.5	10.9	3.4	4.9	7.1

Note: Calculations based on all people of 18 years and above (in Iceland 16 years) - children not included. Married couples who receive social assistance, where this assistance is payable in the name of one of the spouses only, count as two individuals. The figures for Denmark include recipients of cash assistance payable towards maintenance (incl. refugees). Activated cash assistance recipients are calculated under labour market measures.

## OTHER SOCIAL BENEFITS

**Table 9.3 Number of individuals receiving social assistance, in total and as percentage of the population, per 1 December, 1995-1997**

	Denmark	Finland	Norway
<i>Total number</i>			
1995	97,399	140,776	76,054
1996	98,255	148,011	72,125
1997	95,655	146,255	67,735
<i>As percentage of the population</i>			
1995	2.4	5.2	2.3
1996	2.4	5.5	2.1
1997	2.3	5.4	2.0

**Table 9.4 Individuals receiving social assistance during the year, by age. Total and as percentage of their age group, 1997**

	Recipients Total	Recipients in per cent according to age				
		18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark</i>						
Recipients, total	188,824	8.9	7.9	3.6	1.1	0.2
New, total	62,813	4.6	2.3	0.9	0.3	0.0
<i>Finland</i>						
Recipients, total	434,918	24.3	14.9	10.0	4.9	2.7
New, total	142,167	10.5	4.4	2.6	1.5	1.3
<i>Iceland</i>						
Recipients, total	6,430	5.3	4.4	2.9	1.8	0.9
New, total	2,692	2.6	1.9	1.0	0.7	0.4
<i>Norway</i>						
Recipients, total	167,006	8.6	7.2	4.6	2.7	1.2
New, total	56,235	3.6	2.2	1.4	0.9	0.5
<i>Sweden</i>						
Recipients, total	492,644	17.2	10.9	6.0	2.8	1.6
New, total	132,607	5.7	2.7	1.5	0.7	0.5

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**Table 9.5 Families receiving social assistance during the year as percentage of all families, by type of family, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families by type (per cent)</i>					
Single men	8.0	19.5	5.0	8.3	15.2
– with children	11.2	26.6	16.4	28.8	15.3
– without children	7.9	19.4	4.9	7.9	15.2
Single women	5.8	14.4	6.0	7.4	18.7
– with children	21.8	32.0	20.5	19.4	35.8
– without children	3.5	12.0	2.8	5.4	14.2
Married/cohabiting couples	6.1	7.5	1.4	3.2	4.5
– with children	10.1	9.6	1.6	3.6	6.5
– without children	3.3	5.9	1.1	2.8	2.4
Total	6.5	12.6	3.9	6.0	10.7
– with children	12.0	13.6	5.8	7.3	11.3
– without children	4.9	12.4	3.6	5.7	10.2

Note: Cf. Table 9.2. Figures for Denmark include 2,803 people whose family type has not been specified.

**Table 9.6 Average amount of social assistance per family per month, 1997 (PPP-Euro)**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Family type</i>					
Single people	788	253	164	491	468
– with children	948	267	165	493	506
– without children	728	238	163	491	457
Married/cohabiting couple	859	303	152	706	724
– with children	917	330	147	789	355
– without children	709	276	159	608	680

## Assistance to Refugees in the Nordic Countries

– *Refugees receive social assistance or similar benefits*

The five Nordic countries have all acceded to the Geneva Convention on the Right to Political Asylum/Refugee Status for people who, due to race, nationality, political views, or special social affiliation, are persecuted in their home countries. Apart from the above mentioned grounds, refugees may be granted residence permit in the Nordic countries on humanitarian grounds. People who are granted asylum may, in all the countries, be granted residence permits to close relatives, the so-called reunion of families.

A common feature of the Nordic countries is that a social safety net has been established and that a number of measures for the integration of refugees received into the country has been implemented. The rules do, however, vary considerably from one country to another.

At present, most of the asylum seekers received into the Nordic countries are people who have arrived at the borders applying for asylum. The statistics include both people who have arrived at the border of the country concerned and applied for asylum without being rejected, and convention refugees. Reunions of families are, however, not included in the statistics. The large number of residence permits granted to refugees in Denmark in 1995, and partly in 1996, is due to refugees from Ex-Yugoslavia, who had been granted a temporary residence permit, applying for and being granted refugee status and residence permits during 1995 and 1996.

In Denmark, asylum seekers get board and lodging plus pocket money during their stay at an asylum centre. Refugees, however, who have been granted a residence permit, receive social assistance according to current legislation. The Danish State fully reimburses local authorities' expenditure on social assistance for the first eighteen months and at 75 per cent for the following 5 years.

In Finland, Central Government covers expenditure on refugees for the first three years of their stay.

In Iceland, refugees are granted social assistance from the moment of reception.

In Norway, people who have been received in a government refugee centre are granted an allowance according to special rules applying to people staying in such centres.

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In Sweden refugees receive a special benefit from the time of their reception in the form of social assistance or an introductory benefit to refugees. The Government reimburses the municipalities this benefit for three calendar years following the calendar year in which a refugee seeking asylum was granted residence and work permit

**Table 9.7 Number of refugees received who have been granted residence permit in the Nordic countries, 1990-1997**

	Denmark	Finland	Iceland	Norway	Sweden
1990	3,044	858	41	3,867	12,800
1995	20,347	1,415	5	4,602	5,600
1996	8,629	1,193	30	2,908	4,832
1997	5,954	1,406	21	3,471	9,596

**Table 9.8 Number of asylum seekers, 1990-1997**

	Denmark	Finland	Iceland	Norway	Sweden
1990	5,292	2,743	41	3,692	29,420
1995	5,104	854	5	1,460	9,047
1996	5,893	711	35	1,778	5,753
1997	5,100	973	23	2,271	9,662

## Services

This section only deals with services that are not aimed at any particular sector, such as services offered to substance abusers. These offers are provided both by the health care services and by the social assistance system.

In all the Nordic countries, there are also a number of services which are not specifically aimed at any of the previously mentioned target groups. These may include unspecified services provided by the social authorities, help in case of crises, family counselling, centres for battered women, hospices, homes for the homeless and others with particular social problems who may need temporary accommodation.

## Treatment of Alcohol and Drug Abuse

*– Several kinds of treatment are available*

Treatment of substance abusers is administered by special institutions for abusers. There are both institutions for alcohol abusers and institutions for drug addicts. Some of the institutions are private but have entered into agreements with the public authorities concerning running expenses. In all the countries, part of the treatment is provided by the psychiatric treatment system.

In all five countries, out-patient treatment is provided, and in some of the countries efforts are made to include families and social networks in the treatment.

Both in Denmark, Finland and Sweden, compulsory treatment may be initiated if an abuser is deemed to be a danger to him/herself or to people in his or her environment. In Norway, people who jeopardize themselves physically or mentally due to an extensive and permanent abuse, may, where other measures have failed, be compulsorily admitted to an institution for up to three months for examination and outlining of treatment.

It is difficult to assess the number of abusers and the treatment of them, as treatment of abusers cannot be statistically separated from other somatic and psychiatric treatment.

## Expenditure on and Financing of Other Social Benefits

In Denmark, there has been a decrease in cash benefit expenditure due to a reduced number of recipients. This is partly due to a decrease in the unemployment rate and an increase in activation measures. The expenditure on social assistance to refugees has increased, however.

In Finland, expenditure on social assistance has not yet started to go down, although the number of recipients has decreased. The expenditure on refugees has increased as Finland has received more refugees in 1997 and more people applied for asylum in 1997 than in 1996.

In Iceland, expenditure on cash benefits increased from 1996 to 1997, although the number of recipients decreased. This is due to the amount payable to single people with or without children and to couples with children having increased considerably. However, the expenditure on services

## OTHER SOCIAL BENEFITS

dropped slightly, but due to a restructure of the responsibility for child and youth welfare, the expenditure on treatment of young misusers was transferred to services to families and children (children and youth welfare). Consequently, the expenditure on treatment of alcohol and drug abuse appears to have decreased.

In Norway, the development in expenditure from 1996 to 1997 follows the trend of a low number of social assistance recipients and so also a decrease in the total expenditure on social assistance. The decrease is first and foremost due to improved conditions in the labour market. At the same time, an increase in the number of people receiving long-term social assistance is seen.

In Sweden, expenditure on other social services increased somewhat as more refugees were received into the country.

Expenditure on other social benefits is highest in Denmark, followed by Sweden and Norway, and lowest in Iceland, measured in PPP per capita.

The relative high expenditure in Denmark is due to non-insured people who are not entitled to unemployment benefit receiving cash assistance. In Finland and Sweden, such people receive a cash labour market benefit which may be supplemented with social assistance if need be. A large part of the expenditure on social assistance in Finland and Sweden is constituted by supplementary benefits to unemployed people. Besides, the number of refugees and asylum seekers received is significant, as these receive social assistance or other income-substituting benefit in all the countries. Finally, there are also certain differences among the countries as to whether misusers are treated in special institutions or within the general somatic and psychiatric treatment service.

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**Table 9.9 Expenditure on and financing of other social benefits, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Income-substituting/supplementing benefits	6,841	3,213	1,084	3,948	12,673
a. Of which social assistance	-	3,039	1,084	3,948	12,673
B. Other benefits	4,806	-	186	187	
Cash benefits, total	11,647	3,213	1,271	4,135	12,673
<i>Services, million KR/FIM</i>					
A. Institutions, etc.	599	347	-	176	761
B. Rehabilitation and treatment of misusers	141	452	539	1,522	2,135
C. Other	862	431	611	1,566	3,526
Services, total	1,603	1,230	1,150	3,264	6,422
Total expenditure, million KR/FIM	13,250	4,443	2,420	7,399	19,095
Expenditure as percentage of GDP	1.2	0.7	0.6	0.7	1.1
<i>Financed by (per cent)</i>					
- Public authorities	99.3	97.4	88.3	100.0	100.0
- Employers	0.7	2.6	7.8	0.0	0.0
- Insured (contributions and special taxes)	0.0	0.0	3.9	0.0	0.0
<i>Changes 1996-1997 in terms of 1997 prices</i>					
- Million KR/FIM	-270	171	8	-324	739
- Per cent	-2.0	3.8	0.3	-4.2	3.9

**Table 9.10 Expenditure on other social cash benefits and services in PPP/capita, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
Cash benefits, total	242	97	54	95	138
Services, total	33	37	49	75	70
Other social benefits, total	275	134	103	170	208

*Chapter 10***Social Expenditure**

Following a description in the previous chapters of the social protection systems, an overall survey of the social expenditure is presented in this chapter. As stated in Chapter 2, the Nordic social expenditure statistics follow the calculation method used by EUROSTAT as from the previous edition of *Social Protection in the Nordic Countries*.

For the Nordic countries and the EU, the expenditure on social affairs in relation to the Gross Domestic Product (GDP) and measured per capita in PPP-Euro, broken down by functions, is shown in the two following tables. It should be noted that EUROSTAT has not used the adjusted GDP for the countries who have changed to the ESA95/SNA93 systems.

**Table 10.1 Social expenditure as percentage of the GDP in the EU, Iceland and Norway, 1996**

Denmark	33.6	Austria	29.5	Italy	24.8
Finland	32.1	Belgium	30.0	Luxembourg	26.2
Iceland	18.7	France	30.8	The Netherlands	30.9
Norway	26.1	Germany	30.5	Portugal	21.6
Sweden	34.8	Greece	23.3	Spain	22.4
		Ireland	18.9	United Kingdom	27.7

Note: See Table 4.1.

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**Table 10.2 Social expenditure per capita in the EU, Iceland and Norway, 1996. PPP-Euro**

	Families and children	Unemployment	Illness	Old age, disability and survivors	Housing	Other social benefits	Total
Denmark	832	924	1,189	3,321	161	273	6,699
Finland	638	711	1,092	2,478	65	120	5,104
Iceland	462	131	1,354	1,519	18	96	3,580
Norway	740	304	1,506	2,618	43	155	5,366
Sweden	635	619	1,326	3,069	191	189	6,030
Austria	643	336	1,479	3,314	18	70	5,860
Belgium	454	824	1,472	2,812	..	134	5,695
France	463	428	1,540	2,636	162	91	5,321
Germany	573	587	1,819	2,964	37	138	6,118
Greece	215	111	679	1,489	61	28	2,584
Ireland	376	491	1,008	907	97	59	2,939
Italy	160	87	959	3,250	1	1	4,458
Luxembourg	1,053	279	2,034	4,497	12	101	7,977
The Netherlands	248	681	1,601	3,044	65	23	5,662
Portugal	127	131	746	1,242	1	14	2,260
Spain	61	448	897	1,636	16	24	3,082
United Kingdom	407	271	1,185	2,439	334	31	4,668

The account of the social expenditure has been divided into four sections. Firstly, an account is given of the social expenditure trends from 1990 to 1997; secondly, the financing of the total social expenditure is shown, followed by a survey of the purposes of the social expenditure, and finally, the significance of taxation in relation to the total social expenditure is shown. The Swedish figures for 1990 have been calculated by using the previous NOSOSCO specification, while the other countries have used the specification in the ESSPROS manual.

## Social Expenditure Trends, 1990-1997

The development in social expenditure, total and per capita, in current and fixed prices and in relation to the gross domestic product (GDN) and in purchasing power parities (PPP-Euro) since 1990, appear from the tables below. It should be noted that all the countries now use the ESA95/SNA-93

## SOCIAL EXPENDITURE

classification when calculating the GDP (cf. Chapter 2), which has resulted in corrections in respect of the gross domestic product. As Sweden has only recently changed classification, it has not been possible to correct the GDP and the social expenditure for 1996 and earlier. A comparison of the social expenditure in Sweden concerning 1997 and previous years is therefore not completely reliable.

**Table 10.3 Social expenditure, total and per capita, 1990-1997**

	Social expenditure		Social expenditure per inhabitant		Social expenditure per inhabitant aged 15-64 years	
	At current prices, million KR/FIM	At 1997 prices, million KR/FIM	At current prices KR/FIM	At 1997 prices KR/FIM	At current prices KR/FIM	At 1997 prices KR/FIM
<i>Denmark</i>						
1990	237,207	273,025	46,150	53,119	68,502	78,846
1995	325,634	339,804	62,288	64,999	92,442	96,444
1996	333,570	340,976	63,380	64,787	94,202	96,294
1997	339,195	339,195	64,180	64,180	95,596	95,596
<i>Finland</i>						
1990	131,369	149,761	26,345	30,033	39,146	44,626
1995	179,564	182,771	35,155	35,783	52,662	53,602
1996	185,272	187,576	36,154	36,604	54,226	54,900
1997	186,033	186,033	36,194	36,194	54,284	54,284
<i>Iceland</i>						
1990	62,290	77,115	244,478	302,664	379,572	469,910
1995	85,984	89,452	321,580	334,551	499,834	519,995
1996	90,345	91,904	335,855	341,650	519,224	528,183
1997	96,094	96,094	354,590	354,590	612,064	612,064
<i>Norway</i>						
1990	190,406	222,394	44,892	52,433	69,334	80,981
1995	253,620	263,511	58,181	60,599	90,091	93,823
1996	266,134	273,053	60,747	62,322	94,074	96,533
1997	279,152	279,152	63,369	63,369	98,147	98,147
<i>Sweden</i>						
1990	470,013	582,816	54,916	56,936	85,552	106,084
1995	588,689	594,926	66,692	67,399	104,726	105,835
1996	590,248	593,599	66,763	67,142	104,765	105,360
1997	602,970	602,970	68,163	68,163	106,815	106,815

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**Table 10.4 Social expenditure in relation to the GDP, 1990-1997<sup>1)</sup>**

	GDP, million KR/FIM	Social expenditure as percentage of the GDP	Index for social expenditure in relation to the GDP (1990 = 100)
<i>Denmark</i>			
1990	825,310	28.7	100
1995	1,008,760	32.3	112
1996	1,065,034	31.3	109
1997	1,117,824	30.3	106
<i>Finland</i>			
1990	521,349	25.2	100
1995	561,175	32.0	127
1996	587,437	31.5	125
1997	630,245	29.5	117
<i>Iceland</i>			
1990	364,401	17.1	100
1995	451,547	19.0	111
1996	485,168	18.6	109
1997	529,949	18.1	106
<i>Norway</i>			
1990	722,705	26.4	100
1995	928,745	27.3	103
1996	1,016,587	26.1	99
1997	1,089,032	25.6	97
<i>Sweden</i>			
1990	1,359,879	34.6	100
1995	1,644,983	35.8	103
1996	1,677,833	35.2	102
1997	1,758,192	34.3	99

1 The GDP has been revised. As to Sweden, however, only for 1997.

**Table 10.5 Social expenditure per capita, 1990-1997 (PPP-Euro in terms of 1997-prices)**

	Denmark	Finland	Iceland	Norway	Sweden
1990	5,830	4,650	3,503	5,318	5,496
1995	7,135	5,540	3,873	6,146	6,506
1996	7,112	5,667	3,955	6,321	6,481
1997	7,045	5,603	4,105	6,427	6,579

## Financing of Social Expenditure

In order to illustrate the financing of the social expenditure in the Nordic statistics, the direct financing of services and benefits as well as the current contributions paid into social funds are included. Contrary to previous editions, interest and other capital gains are now included in the social expenditure statistics. Interest and capital gains particularly occur in the funds established to guarantee pensions, but also in other social insurance schemes. This will be further dealt with in the following section.

### *Distribution of current contributions by sources of financing*

Current contributions to the financing of the social expenditure are, in the Nordic statistics, broken down by the sources contributing to the individual benefits, i.e. public authorities, employers, as well as contributions and special taxes payable by the insured. As mentioned in Chapter 2, the social expenditure is listed as net amounts, which means that investments, etc., and user charges payable for social services have not been included.

The distribution of current contributions to the financing of social expenditure during the years 1990-1997 is shown in Table 10.6.

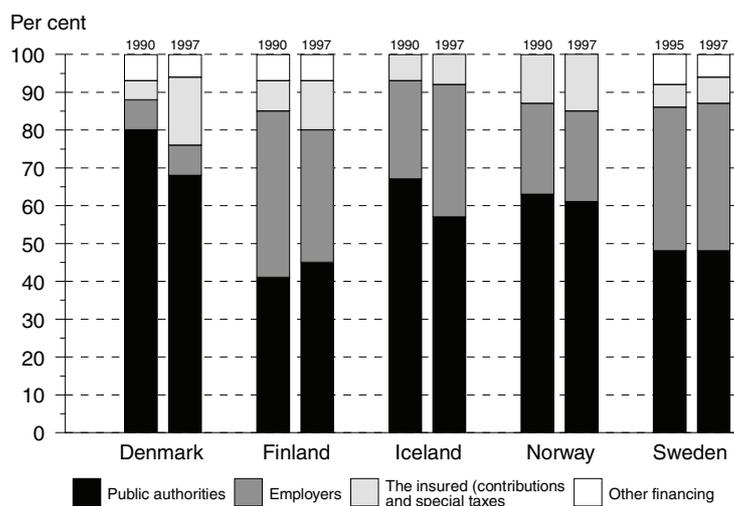
SOCIAL EXPENDITURE

**Table 10.6 Current contributions to the financing of social expenditure in per cent, broken down by contributions made by Central Government, local authorities, employers, and the insured, 1990-1997**

	Public au- thorities, to- tal	Employers	The insured (contri- butions and special taxes)	Other financing	Total
<i>Denmark</i>					
1990	80	8	5	7	100
1995	71	9	14	6	100
1996	69	10	15	6	100
1997	68	8	18	6	100
<i>Finland</i>					
1990	41	44	8	7	100
1995	46	33	14	7	100
1996	45	35	13	7	100
1997	45	35	13	7	100
<i>Iceland</i>					
1990	67	26	7	—	100
1995	61	31	8	—	100
1996	60	32	9	—	100
1997	57	35	8	-	100
<i>Norway</i>					
1990	63	24	13	—	100
1995	62	22	15	—	100
1996	62	24	14	—	100
1997	61	24	15	—	100
<i>Sweden</i>					
1990	..	..	..	..	100
1995	48	38	5	8	100
1996	45	40	7	8	100
1997	48	39	7	6	100

## SOCIAL EXPENDITURE

**Figure 10.1 Current contributions to the financing of social expenditure, 1990 and 1997**



## Block Grants and Government Reimbursement to Local and County Authorities

In all Nordic countries, local authorities are responsible for the administration of part of the social services and benefits. Local authorities have the direct contact with citizens and recipients of social benefits, and it is also local authorities that, in the first instance, meet the costs of services and benefits.

Local and county authorities receive block grants and/or reimbursement from Central Government. A block grant may be given as a general contribution or may be ear-marked for specific purposes. Block grants may, for instance, be calculated on the basis of the number of inhabitants and their age distribution, or according to the tax base in the various municipalities.

Government reimbursement may be fixed by law as percentage shares of municipal expenditure or as fixed amounts. Government reimbursement may also be calculated as the difference between expenditure and other contributions, including municipal contributions.

In Denmark, local authorities manage the main part of the social cash benefits and meet the costs of those benefits in the first instance. The costs

are subsequently reimbursed, fully or partly, by Central Government. In the other Nordic countries, social benefits are mainly managed by government or other central bodies.

The majority of the social services are, in all Nordic countries, managed by the local or county authorities, who meet the costs in the first instance and subsequently receive block grants from Central Government.

### Funds for Pension Purposes

The contributions financing the social expenditure are normally spent on current payments in the course of the year, but are, especially in relation to pensions, also used for the building up of funds.

The purpose of the funds, which have gradually gained in significance, may be to guarantee that means are available for future payments (premium reserve systems). The building up of funds may also occur in distribution systems (where the costs should, in principle, be covered by the contributions of the current year) so as to create a buffer to level variations in incoming and outgoing payments over time.

In Norway, social expenditure, including expenditure on supplementary pensions, is currently financed by the public budget, and the expenditure is consequently excluded from Table 10.7. The Social Security Fund is an independent, public fund and does not contribute direct to the financing of the running costs of the social security service.

## SOCIAL EXPENDITURE

**Table 10.7 Development in funds for pension purposes, 1990-1997. Billion KR/FIM in terms of 1997 prices**

	Basic pension	Supplementary pension	Additional pension
<i>Amount of the funds</i>			
<i>Denmark</i>			
At the beginning of the year, 1990	-	80.6	119.0
At the end of the year, 1990	-	86.4	128.6
At the beginning of the year, 1997	-	147.7	196.0
At the end of the year, 1997	-	170.2	218.7
<i>Finland<sup>1)</sup></i>			
At the beginning of the year, 1990	0.8	114.8	37.5
At the end of the year, 1990	0.7	137.4	41.5
At the beginning of the year, 1997	1.6	235.1	34.2
At the end of the year, 1997	1.5	257.7	34.5
<i>Iceland</i>			
At the beginning of the year, 1990	0.1	126.4	-
At the end of the year, 1990	0.1	154.9	-
At the beginning of the year, 1997	-	306.5	-
At the end of the year, 1997	-	352.7	-
<i>Sweden</i>			
At the beginning of the year, 1990	9.5	516.6	224.8
At the end of the year, 1990	11.2	523.0	244.9
At the beginning of the year, 1997	5.4	607.2	427.5
At the end of the year, 1997	6.3	619.8	485.6

1 The additional pensions are exclusive of the pension funds and societies that are administered by the life insurance schemes.

## Social Expenditure by Type and Purpose

Social expenditure is divided by type in cash benefits and services. Cash benefits are further divided into compensation in the event of loss of income and other cash benefits. By distributing the benefits according to purpose, the division is made according to the social needs or risks that the benefit is primarily aimed at relieving.

The distribution of the social expenditure according to the purpose of the benefit is rather stable in each country. New legislation and changes in the social patterns have, however, given rise to shifts in the distribution. The comparison of the countries shows some differences in the distribution of the social expenditure according to purpose. The main reason for this is differences in the individual countries' assessment of the importance of benefits for various purposes.

It should be noted that the Danish figures concerning health care services and services to the elderly and disabled differ from the figures forwarded to EUROSTAT.

## SOCIAL EXPENDITURE

**Table 10.8 The social expenditure in per cent, broken down by main groups, 1995-1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>1995<sup>1)</sup></i>					
Families and children	12.4	13.4	12.9	14.1	11.4
Unemployment	14.7	14.4	4.4	6.7	11.1
Illness	17.8	20.9	37.9	26.3	21.7
Old age	36.5	28.9	27.2	31.2	34.3
Disability	10.3	15.0	11.6	14.7	12.1
Survivors	0.1	3.8	2.8	1.5	2.4
Housing	2.4	1.5	0.4	0.7	3.4
Other social benefits	4.4	2.1	2.8	3.8	2.9
Total	100.0	100.0	100.0	100.0	100.0
<i>1996</i>					
Families and children	12.4	12.5	12.5	13.8	10.5
Unemployment	13.8	14.0	3.2	5.7	10.3
Illness	18.4	21.4	37.9	28.1	22.0
Old age	37.8	29.9	27.8	30.3	36.4
Disability	11.0	14.7	11.7	16.9	12.0
Survivors	0.1	3.9	2.9	1.5	2.5
Housing	2.4	1.3	0.8	0.8	3.2
Other social benefits	4.1	2.3	2.7	2.9	3.1
Total	100	100	100	100	100
<i>1997</i>					
Families and children	12.6	13.3	12.5	13.4	11.1
Unemployment	12.6	12.6	3.2	4.3	9.4
Illness	18.9	21.9	37.9	29.1	22.4
Old age	38.2	29.9	28.3	30.8	37.3
Disability	11.1	14.7	12.0	17.2	11.7
Survivors	0.1	4.0	2.9	1.5	2.3
Housing	2.4	1.2	0.6	0.7	2.6
Other social benefits	4.0	2.4	2.6	2.7	3.2
Total	100.0	100.0	100.0	100.0	100.0

1 Services in connection with illness, to the elderly, and the disabled have not been corrected.

**SOCIAL EXPENDITURE**

**Table 10.9 Social expenditure, by type and purpose, 1997. Million KR/FIM**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families and children</i>	41,669	22,808	11,841	37,401	67,096
Income-substituting cash benefits	6,490	2,874	1,284	6,097	13,302
Other cash benefits	11,177	11,000	5,360	16,960	17,479
Services	24,002	8,934	5,197	14,344	36,315
<i>Unemployment</i>	41,636	24,143	3,053	11,829	56,603
Income-substituting cash benefits	39,179	21,912	2,911	7,443	52,733
Other cash benefits	50	199	-	-	-
Services	2,407	2,032	142	4,386	3,870
<i>Illness</i>	62,358	39,695	35,801	79,621	135,002
Income-substituting cash benefits	11,179	7,493	7,173	26,543	23,834
Other cash benefits	422	-	-	67	33
Services	50,757	32,202	28,628	53,011	111,135
<i>Old age</i>	126,204	54,081	26,683	83,910	224,720
Income-substituting cash benefits	105,596	47,936	19,473	60,478	174,401
Other cash benefits	-	835	-	-	105
Services	20,608	5,310	7,209	23,432	50,214
<i>Disability</i>	36,736	26,554	11,285	46,946	70,546
Income-substituting cash benefits	21,079	20,484	7,837	24,764	42,926
Other cash benefits	4,317	1,164	-	9,174	3,448
Services	11,341	4,906	3,448	13,008	24,172
<i>Survivors</i>	188	7,182	2,774	3,972	14,005
Income-substituting cash benefits	1	6,926	2,774	3,762	14,005
Other cash benefits	-	225	-	12	-
Services	187	30	-	198	-
<i>Housing</i>	8,086	2,169	534	1,824	15,903
Services	8,086	2,169	534	1,824	15,903
<i>Other social benefits</i>	13,250	4,443	2,420	7,399	19,095
Income-substituting cash benefits	6,841	3,213	1,085	3,948	12,673
Other cash benefits	4,806	-	186	187	-
Services	1,603	1,230	1,150	3,264	6,422
<i>Income-substituting cash benefits, total</i>	190,365	110,838	42,537	133,035	333,874
<i>Other cash benefits, total</i>	20,772	13,423	5,546	26,400	21,065
<i>Services, total</i>	118,991	56,813	46,308	114,001	248,031
<i>Social expenditure, total</i>	330,127	181,075	94,390	271,613	602,970

## SOCIAL EXPENDITURE

**Table 10.10 Social expenditure, in per cent broken down by type and purpose, 1997**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families and children</i>	100	100	100	100	100
Income-substituting cash benefits	16	13	11	16	20
Other cash benefits	27	48	45	45	26
Services	57	39	44	39	54
<i>Unemployment</i>	100	100	100	100	100
Income-substituting cash benefits	94	91	95	63	93
Other cash benefits	-	1	-	-	-
Services	6	8	5	37	7
<i>Illness</i>	100	100	100	100	100
Income-substituting cash benefits	18	19	20	33	18
Other cash benefits	1	0	-	0	0
Services	81	81	80	67	82
<i>Old age</i>	100	100	100	100	100
Income-substituting cash benefits	84	89	73	72	78
Other cash benefits	-	2	-	-	0
Services	16	10	27	28	22
<i>Disability</i>	100	100	100	100	100
Income-substituting cash benefits	57	77	69	59	61
Other cash benefits	12	4	-	20	5
Services	31	18	31	21	34
<i>Survivors</i>	100	100	100	100	100
Income-substituting cash benefits	1	96	100	95	100
Other cash benefits	-	3	-	0	-
Services	99	0	-	5	-
<i>Housing</i>	100	100	100	100	100
Services	100	100	100	100	100
<i>Other social benefits</i>	100	100	100	100	100
Income-substituting cash benefits	52	72	45	53	66
Other cash benefits	36	0	8	3	-
Services	12	28	47	44	34
<i>Income-substituting cash benefits, total</i>	58	61	45	49	55
<i>Other cash benefits, total</i>	6	7	6	10	4
<i>Services, total</i>	36	31	49	41	41
<i>Social expenditure, total</i>	100	100	100	100	100

## Taxation Rules and the Impact of Taxation on Social Expenditure

Social cash benefits may be either exempt from tax or subject to tax. In all the countries, it is, from the point of view of the beneficiary, of great significance whether the benefits are tax-free or taxable, as the level of taxation is relatively high. The proportion of the taxable cash benefits of the total cash benefit amount has increased over the last few years in all five countries. There are, however, considerable differences from one country to another. The largest tax-free cash benefit amounts are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but are exempt from tax in the other Nordic countries.

**Table 10.11 Cash benefits exempt from tax/subject to tax, total and as percentage of the GDP, 1995-1997**

	Cash benefits exempt from tax		Cash benefits subject to tax	
	Total, million KR/FIM	As percent- age of GDP	Total, million KR/FIM	As percent- age of GDP
<i>1995</i>				
Denmark	18,764	1.9	188,292	18.7
Finland	15,965	2.8	106,889	19.0
Iceland	6,574	1.5	37,653	8.3
Norway	20,204	2.2	126,225	13.6
Sweden	32,457	2.0	323,257	19.7
<i>1996</i>				
Denmark	19,703	1.8	191,099	17.9
Finland	16,012	2.7	108,496	18.5
Iceland	6,651	1.4	39,063	8.1
Norway	19,868	2.0	132,978	13.1
Sweden	31,199	1.9	318,368	19.1
<i>1997</i>				
Denmark	21,113	1.9	190,024	17.0
Finland	16,151	2.6	108,110	17.2
Iceland	6,351	1.2	42,266	8.0
Norway	20,538	1.9	138,898	12.8
Sweden	20,055	1.1	334,884	19.0

## SOCIAL EXPENDITURE

**Table 10.12 Taxation of cash benefits, 1997**

	Social expenditure, million KR/FIM	Of which cash benefits, million KR/FIM	Cash bene- fits exempt from tax, as percentage of total cash benefits	Cash bene- fits subject to tax, as percentage of total cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and children	41,669	17,667	63	37
II. Unemployment	41,636	39,229	-	100
III. Illness	62,358	11,601	-	100
IV. Old age	126,204	105,596	2	98
V. Disability	36,736	25,396	23	77
VI. Survivors	188	1	100	-
VII. Housing	8,086	-	-	-
VIII. Other social benefits	13,250	11,647	12	88
IX. Administration	9,068	-	-	-
Total I.-IX.	339,194	211,137	10	90
<i>Finland</i>				
I. Families and children	22,808	13,874	61	39
II. Unemployment	24,143	22,111	1	99
III. Illness	39,695	7,493	0	100
IV. Old age	54,081	48,771	5	95
V. Disability	26,554	21,648	7	93
VI. Survivors	7,182	7,152	3	97
VII. Housing	2,169	0	-	-
VIII. Other social benefits	4,443	3,213	96	4
IX. Administration	4,959	-	-	-
Total I.-IX.	186,034	124,261	13	87
<i>Iceland</i>				
I. Families and children	11,841	6,644	78	22
II. Unemployment	3,053	2,911	5	95
III. Illness	35,801	7,173	-	100
IV. Old age	26,683	19,473	-	100
V. Disability	11,285	7,837	8	92
VI. Survivors	2,774	2,774	6	94
VII. Housing	534	534	37	63
VIII. Other social benefits	2,420	1,271	-	100
IX. Administration	1,704	-	-	-
Total I.-IX.	96,094	46,617	13	87

/ ... to be continued

**SOCIAL EXPENDITURE**

**Table 10.12 ... continued**

	Social expenditure, million KR/FIM	Of which cash benefits, million KR/FIM	Cash bene- fits exempt from tax, as percentage of total cash benefits	Cash bene- fits subject to tax, as percentage of total cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and children	37,401	23,057	60	40
II. Unemployment	11,829	7,443	-	100
III. Illness	79,621	26,610	0	99
IV. Old age	84,444	60,478	0	100
V. Disability	46,946	33,938	7	93
VI. Survivors	3,972	3,763	0	100
VII. Housing	1,824	-	-	-
VIII. Other social benefits	7,399	4,135	95	5
IX. Administration	5,174	-	-	-
Total I.-IX.	279,152	159,436	13	87
<i>Sweden</i>				
I. Families and children	67,096	30,781	62	38
II. Unemployment	56,603	52,733	0	100
III. Illness	135,002	23,867	0	100
IV. Old age	224,720	174,506	0	100
V. Disability	70,645	46,374	2	100
VI. Survivors	14,005	14,005	0	100
VII. Housing	15,903	-	-	-
VIII. Other social benefits	19,095	12,673	-	100
IX. Administration	11,950	-	-	-
Total I.-IX.	614,920	354,939	6	94

# Early Retirement from the Labour Market

This section is a 1997 development and update of the publication “Förtida utträde från arbetslivet 1987-1996” (Early retirement from the Labour Market); NOSOSKO 10:1999

Hannelotte Kindlund, Centre for Epidemiology at the National Board of Health and Welfare in Sweden, was the author of both the publication and this section.

## Introduction

In this context early retirement from the labour market means the retirement from the labour market of gainfully employed people before the statutory pension age. The group concerned here has been restricted to people aged 50-64 years (Sweden and Finland) and 50-66 years (other countries). A description will be given below of how this age group's status in the labour market has changed during the period from 1987 to 1998. In addition, a description is given of the transfer payments, which, formally or informally, have made it possible for the older members of the labour force to retire early.

The official pensionable age is 65 in Finland and Sweden and 67 in Iceland and Norway. In Denmark the pensionable age will be changed from 67 to 65 in 2004. In practice a majority of the labour force in the Nordic countries leaves the labour market before the official pensionable age. The trend towards increasingly early retirement from the labour market has been continuing since the beginning of the 1970s and is not limited to the Nordic countries.

The research does not offer any clear-cut explanation as to why an increasing number of people leave the labour market early. The continually increasing demands made of the labour force for higher productivity, efficiency and flexibility in the production of goods and services, as well as for

## EARLY RETIREMENT FROM THE LABOUR MARKET

better qualifications probably play a central role. High unemployment has obviously also had an impact. Long-term unemployed older workers have been given the opportunity to leave the labour force altogether in periods of high unemployment and older workers have been induced to leave their employment in favour of unemployed youth.

Wadensjö<sup>3</sup> points out that the employers' personnel policy often means that pay increases with age and that the salary a few years prior to the statutory pensionable age is often higher than productivity. Terminating the employment of older workers is prevented as a rule by employment legislation, but probably also by the fact that such terminations would damage the reputation of the company and make new recruitment difficult. On the other hand, it does not harm the company if the older employees can leave with generous compensation. Employers can only pay such compensation themselves in exceptional cases. The structure of the social insurance system and the negotiated insurance cover therefore has an obvious significance in the extent to which older workers leave the labour market early.

On the other hand, Waldensjö does not believe that it is possible to show that the structural transformation of business and industry has been the general driving force behind increasing early retirement from the labour market. He points out, however, that according to Layard Sweden, for example, may be an exception on this point.

As far as Finland is concerned, Hytti<sup>4</sup> has shown that various benefit systems have been one way to facilitate structural transformation and ease acute crises. During economic growth in the 1980s early retirement was used, particularly for unemployment, mostly by that part of the economy that was exposed to foreign competition. For example, the incidence of early retirement in the paper industry was about five times higher than in the bank and insurance sector. It has generally been least common in the public sector. One exception is, however, that part of the public sector that was exposed to competition at the beginning of the 1990s. Early retirement rose particularly steeply in the telecommunications industry. Low employment among older workers is a phenomenon that is not restricted to the Nordic countries. On the contrary, employment in the population aged 55-64, above all in Iceland, Norway and Sweden, is considerably higher than in other West European countries (see figure 1).

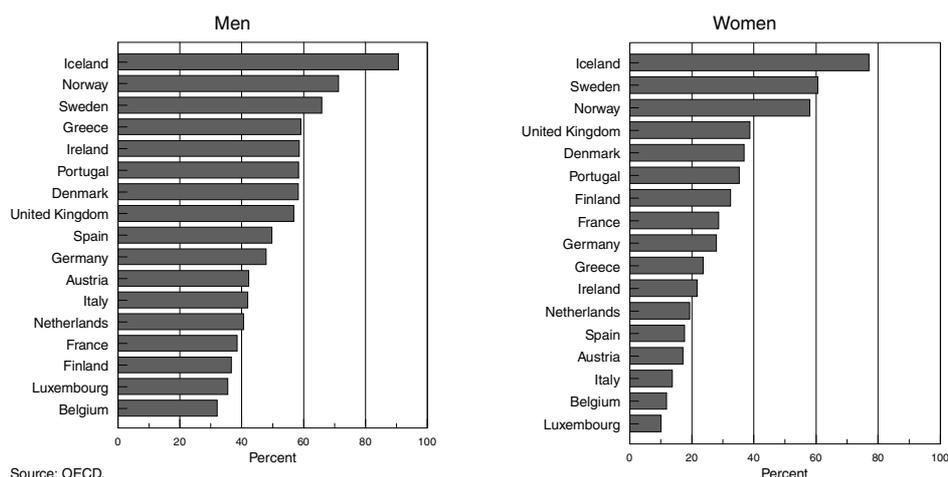
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3 Wadensjö, Eskil "De äldre och arbetsmarknaden" in "1990-talets arbetsmarknad i Norden", Nord 1995:5

4 Hytti, Helka. Early retirement – the Finnish model. Folkpensionsanstalten. Helsinki 1998 (in Finnish with an English summary)

## EARLY RETIREMENT FROM THE LABOUR MARKET

**Figure 1** Percentage of employed 55-64 year-olds in a number of European countries in 1996

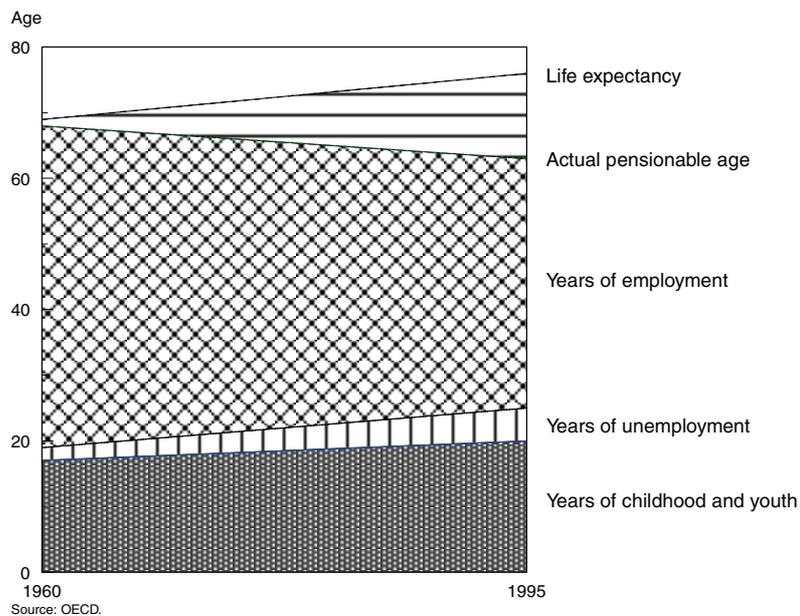


## Why is this a problem?

In recent decades the average life expectancy in the Western world has increased considerably. Increasingly longer schooling has meant that entry into the labour market takes place later, while an increasing number of people are leaving the labour force before the pensionable age. Imbalances in demand for labour have also increased the average number of years of unemployment. Altogether this means that the period of working life, at least for men, has become shorter and shorter and the number of years of retirement has increased sharply (figure 2). Due to the major increase in women's participation rate, the trend for women cannot be shown as clearly as for men.

## EARLY RETIREMENT FROM THE LABOUR MARKET

**Figure 2 Changes in the life cycle of men in the Western World 1960-1995<sup>5</sup>**

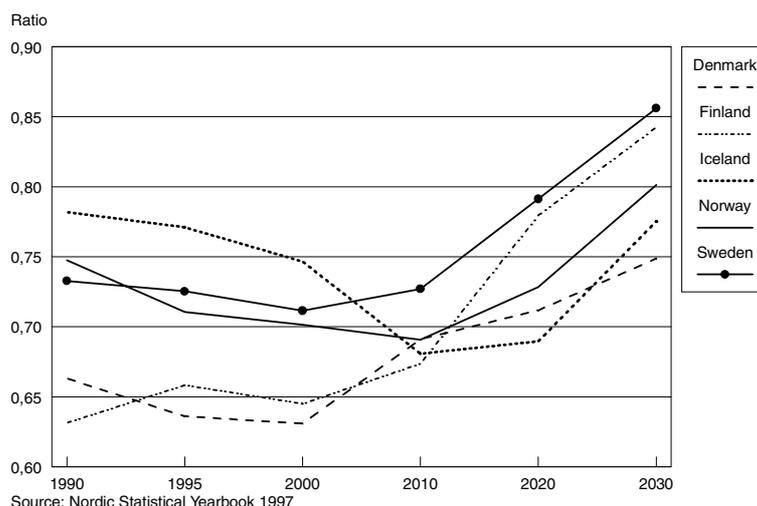


Falling birth rates in the entire post-war period mean that the average age of the population is rising rapidly. Pensioners constitute an increasing percentage of the population and a diminishing number of gainfully employed people will have to support an increasing number of pensioners in the next decades. To a certain extent the dependency rate will be alleviated in that the number of children and young people will fall at the same time. Figure 3 shows how many people under the age of 20 and over the age of 64 there are or are expected to be per person aged 20-64.

<sup>5</sup> OECD Draft Report to Ministers on Ageing Populations: General Background Paper, Maintaining Prosperity in an Ageing Society (DEELSA/ALSA (98)2).

## EARLY RETIREMENT FROM THE LABOUR MARKET

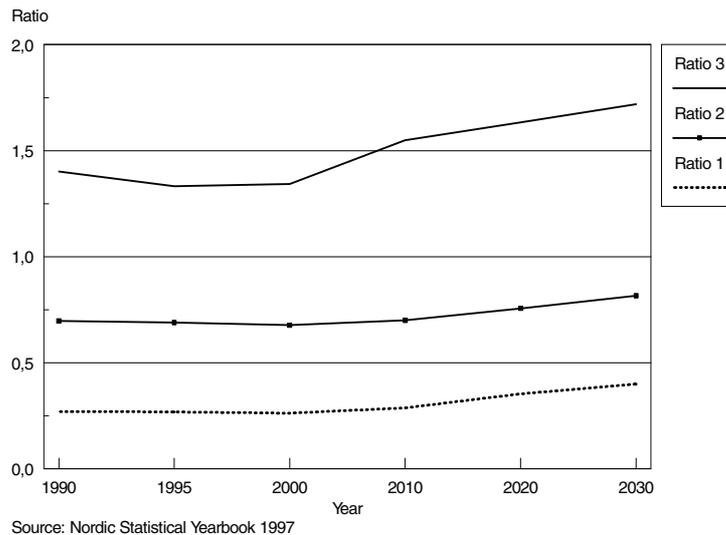
**Figure 3** Individuals younger than 20 years and individuals aged 65 and over, per person aged 20-64. Actual figures for 1990-1995 and forecast for 2000-2030



The population aged 65 and over per the population aged 20-64 is expected to increase sharply for all Nordic countries when the large cohorts of the 1940s reach pension age. After the turn of the century the number of people of working age will fall sharply, apart from in Iceland. In Iceland the high percentage of children and young people in the population has meant that the rate of dependency on the economically active population has been high all through the 1990s but is successively decreasing. The situation in Iceland thus deviates considerably from that in other Nordic countries. Even if Sweden as of the turn of the century is expected to have the highest dependency rate, the relative trend is most dramatic for Finland.

Considering that young people are entering working life later and later, the dependency rate for the economically active population will in reality be higher than is shown in figure 3. In the figure it is assumed implicitly that the entire population aged 20 – 64 answers for its own support and can contribute to supporting the rest of the population. If instead it is assumed that only people aged 25-54 answer for their own support and that of the rest of the population, the dependency ratio will be considerably higher (figure 4). According to the population forecasts the dependency ratio in the Nordic countries will increase from about 1.35 in the 1990s to over 1.5 in 2010 and to about 1.7 in 2030 (see ratio 3 in the diagram).

**Figure 4** Dependency rate calculated on the basis of various alternatives for all Nordic countries.<sup>6</sup> 1990-1995 (actual figures) and 2000-2030 (forecast)



Both from the perspective of the labour force and dependency it is felt to be increasingly unreasonable that a considerable proportion of the older labour force leaves the labour market early, often already around the age of fifty. It is against this background that the increased interest in counteracting early retirement from the labour market should be seen.

## The benefit systems

Mainly in the 1970s and 1980s the chances of leaving the labour market early with the help of the social insurance system improved in all the Nordic countries.

The rules for compensation and special benefit systems that has come into being since the beginning of the 1970s were intended to facilitate the transfer from working life to retirement, offering chances of early retirement

<sup>6</sup> Ratio 1 = Number of people aged 65 and older in relation to those aged 20-64; Ratio 2 = Number of people younger than 20 years or older than 64 years in relation to those aged 20-64; Ratio 3 = Number of people younger than 25 years and older than 54 years in relation to those aged 25-54.

## EARLY RETIREMENT FROM THE LABOUR MARKET

with a relatively high level of compensation. Among other things these rules meant that

- In several Nordic countries it is possible to start receiving old age pension both before and after the ordinary pensionable age, with an actuarially based adjustment downwards or upwards of the pension amount.
- When estimating the right to early retirement, not only medically based incapacity to work was taken into account, but for older workers labour market and social factors were to a varying extent also taken into consideration.
- New forms of benefits came into being – voluntary early retirement pay in Denmark, unemployment pension and individual early retirement pension and other arrangements in Finland, Partial pension in Sweden – to name a few. In addition, early retirement through negotiated benefit arrangements became more common.

The social protection systems have been divided here on the basis of the benefits granted, that is to say ill health/disability, unemployment and age.

When retirement from the labour market takes place due to ill health/disability, with some measure of simplification it can be said that those concerned are eliminated from the labour market against their will or at least without their active participation. Retirement with compensation given due to age is as a rule regarded as voluntary, even if some degree of pressure may be involved or the labour market situation may be such that there is no real alternative available. As regards unemployment the picture is not entirely clear. Above all in the benefit systems that allow retirement at the end of a period of daily benefit, a systematic utilisation of the rules may very well exist. One example of this was the so-called 58:3 cases in Sweden. When personnel cuts were needed, the employee, trade union and employer could agree on termination of employment when the employee had reached the age of 58 and 3 months. The unemployment insurance system paid a daily benefit up to the person's 60<sup>th</sup> birthday, when it was possible for the unemployed person to receive early retirement pension for labour market reasons. A considerable proportion of the Swedes who received early retirement pension for labour market reasons retired from the labour market on the basis of such planning.

The social protection systems relevant to early retirement in force in 1997 in the Nordic countries are summarised in the tables below.

## EARLY RETIREMENT FROM THE LABOUR MARKET

### Benefit due to illness

		Form of benefit	
	Temporary benefit	Permanent or long-term benefit	Supplementary benefit
Denmark	Sick pay	Highest, middle and general early retirement pension	Payment from occupational injury insurance
	Sickness benefit		
	Rehabilitation benefit		
Finland	Sick pay	Disability pension	Payment from occupational injury insurance
	Sickness benefit	Rehabilitation subsidy	
	Rehabilitation benefit	Individual early retirement pension	
Iceland	Sick pay	Disability pension	-
	Supplementary insurance	Rehabilitation benefit	
	Sickness benefit		
	Compensation for industrial injury		
Norway	Sick pay	Compensation for industrial rehabilitation	Payment from industrial injury insurance
	Sickness benefit	Early retirement pension	
	Rehabilitation benefit		
Sweden	Sick pay	Early retirement pension (disability pension)	Annuities from industrial and industrial injuries insurance
	Sickness benefit		
	Rehabilitation benefit	Temporary disability pension	

### Benefit due to unemployment

		Form of benefit	
	Temporary benefit	Permanent benefit	
Denmark	Unemployment benefit	Transitional allowance	
	Social assistance		
Finland	Unemployment benefit	Unemployment pension	
	Labour market subsidy		
Iceland	Unemployment benefit	-	
	Social assistance		
Norway	Unemployment benefit	-	
Sweden	Cash benefit from unemployment insurance fund	-	
	Cash labour market assistance (KAS)		

## EARLY RETIREMENT FROM THE LABOUR MARKET

### Benefit due to age

		Form of benefit
	Public pensions	Occupational pension, negotiated pension supplements, etc. (supplementary pensions)
Denmark	Voluntary early retirement pay	Labour market pensions
	Partial voluntary early retirement pay	Private pension insurance, etc.
Finland	Partial pension	
	Early drawing of old-age pension	Supplementary pension protection
	Partial pension	Private pension insurance, etc.
	Old-age pension in the public sector	
Iceland	Retirement subsidy for farmers	
	Basic pensions	Labour market pensions
Norway	-	Occupational pension
		Negotiated pension supplement
Sweden	Early drawing of old-age pension	Occupational pensions
	Partial pension	Negotiated pensions, etc.

### Benefit due to social factors, other

		Form of benefit	
	Temporary benefit	Permanent benefit	Supplementary benefit
Denmark	Social assistance <sup>7</sup>	Means-tested early retirement pensions <sup>8</sup>	-
Finland	Social assistance (Subsidy for living expenses)	-	-
Iceland	Social assistance (Cash assistance) <sup>9</sup>	-	Survivor's pension
Norway	Social assistance	-	Widow's pension Transitional benefit
Sweden	Social assistance	-	Widow's pension Readjustment pensions

Compensation for early retirement from the labour market due to ill health/disability exists – and has existed for a long time – in all the Nordic

<sup>7</sup> See benefit due to unemployment

<sup>8</sup> General early retirement pension (see benefit due to ill health)

<sup>9</sup> See benefit due to unemployment

## EARLY RETIREMENT FROM THE LABOUR MARKET

countries. A varying degree of consideration is given to factors other than strictly medical – or has been given in the past – particularly as regards the older active population.

Apart from early retirement pension for health reasons, in Iceland and Norway there are no public benefit systems which can be used to help older workers to leave the labour force permanently before the statutory pensionable age. In Sweden there is the possibility of Partial pension and early drawing of old age pension. On the other hand, it is no longer possible to leave the labour force with an early retirement pension for labour market reasons.

Both Denmark and Finland have, in addition to early retirement pensions for health reasons, several different systems for early retirement from the labour market. In Denmark there is the voluntary early retirement pay and transitional allowance but also means-tested early retirement pension for purely social reasons. In Finland there is unemployment pension and early drawing of old-age pension. In both countries there is also the Partial pension system.

Apart from these public, general systems, in all the countries there are occupational groups or labour market sectors with lower pensionable ages. The pensions for these groups may in certain cases be public, in others they are based on collective agreements or individual agreements.

In all countries social assistance exists as the ultimate safety net that comes into force when all other sources of support have been exhausted. As far as Denmark and Iceland are concerned, social assistance plays a considerable role in supporting the unemployed who are not insured by unemployment funds.

What mainly distinguishes the national solutions from each other are the possibilities of permanent benefit, i.e. as a rule a pension, in the event of early retirement from the labour market due to unemployment or age reasons.

In the 1990s greater restraint has been seen in most Nordic countries as regards the pace of reform and to an increasing extent cutbacks and revisions of the social protection systems have been made instead. The changes have meant among other things that the insurance systems in all countries have moved from passive payments towards a more active role. In this spirit, occupational rehabilitation has been given a more prominent position and unemployment insurance has become more active in some countries. The changes have at least partly had the express purpose of restricting early retirement from the labour market by means of preventive measures.

The table below shows material changes in the public social protection systems that *directly* affect the possibilities of leaving the labour market with compensation. It is usually a matter of restriction such as raising the minimum age of entitlement for a certain benefit. Extensions to the social protection systems were very restricted in the period 1987-1997.

## EARLY RETIREMENT FROM THE LABOUR MARKET

**Table 2.1 Changes in the social protection systems**

	Extension	Restriction	Neutral change
Denmark	1992: Transitional allowance for unemployed aged 55-59, 1994: Extension to 50-59	1995 the transitional allowance was abolished. 1996-1999: Progressively shorter benefit period in unemployment insurance system. 1999: Far-reaching changes in the voluntary early retirement pay system to reduce early retirement	1995: Partial voluntary early retirement pay
Finland	Individual early retirement pension: 1986 for the private sector, 1989 for the public sector Partial pension: 1987 for the private sector, 1989 for the public sector Early old-age pension: 1986 for the private sector, 1989 for the public sector	1986: New granting of unemployment pension for people aged 55-59 ceases 1995-1997: Gradual raising of minimum age for individual early retirement pension 1995: Raising of the future retirement age for public sector employees 1997: Raising of the age for additional days of unemployment daily benefit	
Iceland	-	-	1997: Harmonisation of pension funds
Norway	1988-: Successive establishment of negotiated early old-age pension (AFP)	1990: Age-related rule on early retirement abolished 1997: Possibility of combining early retirement with certain types of private pension abolished.	
Sweden	1998: Temporary possibility of receiving severance pay from unemployment insurance, possibility of receiving benefit for generation change in the labour market	1991: Possibility of receiving early retirement pension for labour market reasons abolished. 1 July 1994: Benefit level of Partial pension reduced from 65 to 55 % 1997: Age-related rule for early retirement abolished April 1997: National old-age pension and pension supplement for widow's pension means-tested 1998: Age for early drawing of old-age pension raised.	Successive introduction of more levels in sickness insurance and early retirement pension (1/4 and 3/4)

## Early retirement 1987-1997

The extent to which older workers in the Nordic countries have left the labour force before the statutory pension age is shown below. Giving a fair picture is not without difficulty.

The differences in design of the Nordic social protection systems may mean that an individual who in one country receives benefit for loss of earnings due to ill health, may receive benefit due to age or unemployment in another country. In certain cases benefit is paid in the form of daily cash benefit, in other cases in the form of a pension. For this reason, comparison of one type of benefit at a time does not give a fair picture. Instead the comparison should be of the total amount of income-substituting benefit. Such calculations are, however, for practical reasons such as incomplete statistics, not possible to carry out.

Comparisons between countries as regards labour force and employment seem to be less problematical. This is, however, a truth with modification. People receiving sickness allowance for example, continue to belong to the labour force. People with full disability pension (anticipatory pension) are usually outside the labour force. Unemployed people who receive unemployment pension no longer belong to the labour force. If they receive daily benefit instead, they belong to the labour force but are not employed. Unemployed people in labour market policy programmes may be counted as employed if the programme involves employment for a limited period. If the programme involves training, they are counted as neither employed nor as part of the labour force. Daily benefit solutions are used in some countries more often than in others. The comparisons are further complicated by variations in national solutions as regards labour market policy, employment legislation and the possibility of being gainfully employed while receiving a pension.

Despite certain reservations it can be said that the employment data in the main are comparable between countries and can be used to give a fairly correct picture of the number of people to have left gainful employment.

## Labour market status

The distribution of the older population between employed, unemployed, people outside the labour force etc for all countries except Denmark has been calculated with the help of data from labour force surveys (LFS). For Denmark the distribution has been calculated on the basis of a total register (LFR)<sup>10</sup>.

LFS consists of sample surveys carried out as a rule at least four times per year<sup>11</sup>. The arrangement of the surveys is the same in all the Nordic countries. Comparability, both internationally and over time, is aimed at but is not complete.

The breakdown of the results into one-year age groups is somewhat awkward because of the size of the samples. Random errors may occur.

### **Some central definitions in the labour force surveys:**

- *Employed*: People who in the week measured carried out some work (at least one hour) either as a paid employee or as a self-employed person or as an unpaid helper in a family business. Also counted as employed are people who during the week measured were temporarily absent due to sickness, holiday, leave of absence, industrial action etc.
- *Unemployed*: People who in the week measured were not employed but who wished to and could take on work and who were seeking work or would have sought work if he/she had not been temporarily prevented-from doing so. Also counted as unemployed are people who are waiting for a new job starting within four weeks.
- *Labour force*: The labour force includes people who are employed or unemployed.

The labour market status is reported here only for the years up to the official pension age. The fact that no labour force or employment data is reported for the Swedish and Finnish population of 65 years and older does not imply that there is no gainful employment in these groups. Even if the employment data is given greatest importance in the following report, in-

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<sup>10</sup> The Danish Register-based labour force statistics (LFR) are based on a total register of the population's connection to the labour market. It should be pointed out that the definitions used in LFR are not the same as those of LFS. In LFR an unemployed person is defined as one who was registered as fully unemployed during the reference week. This means that the number of unemployed according to LFR is higher than according to LFS.

The number of people outside the labour force is higher according to LFS than to LFR.  
<sup>11</sup> In Iceland only twice a year.

## EARLY RETIREMENT FROM THE LABOUR MARKET

formation about the labour force and unemployment has also been included to increase understanding of the trend in the labour market for older people.

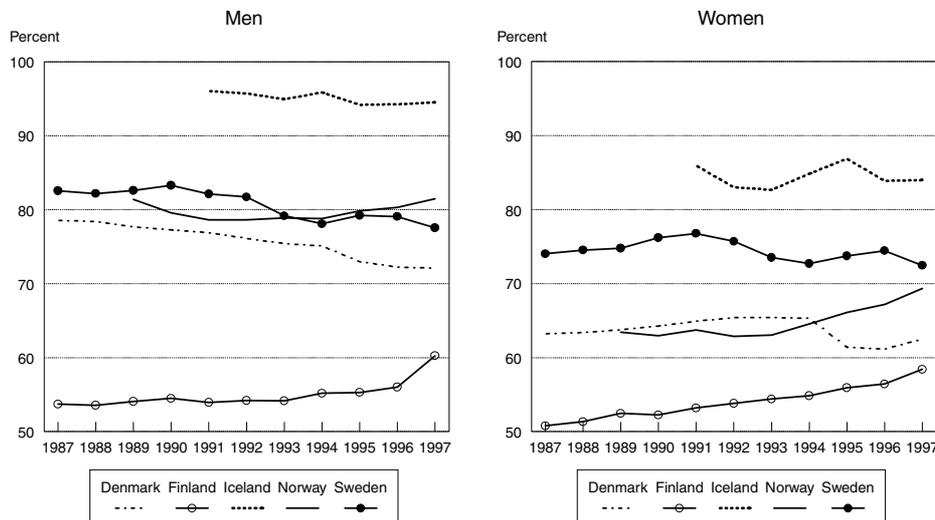
In several Nordic countries the labour market has varied dramatically in the period examined here. To a certain extent this implies that the long-term trends as regards early retirement from the labour market may be hidden by cyclical fluctuations.

It should be stressed that the data presented here is cross-sectional. It does *not* show the successive retirement from the labour force for various employment cohorts. This is particularly important to remember as regards women who – in a generational perspective – in most countries are increasing their labour force participation. Increasing employment frequency for women in a certain age group may hide the fact that retirement from the labour force is simultaneously increasing.

### *The participation rate*

The trends as regards the older population's labour force participation in the years 1987 – 1997 differ considerably both between countries and between men and women (figure 5).

**Figure 5** People aged 50-64 in the labour force as a percentage of the population. Age adjusted data 1987-1997



Source: For Denmark LFR, all other countries LFS.

## EARLY RETIREMENT FROM THE LABOUR MARKET

Only in Finland has the labour force percentage of the population aged 50-64 increased continuously during the period examined. As regards Denmark a rapid decrease in the labour force percentage can be noted from the middle of the 1990s. However, as far as Danish women are concerned, an increase has taken place from 1996. For Norwegian men the participation rate remained largely unchanged during the years 1989-1997, while it increased in the 1990s for older Norwegian women.

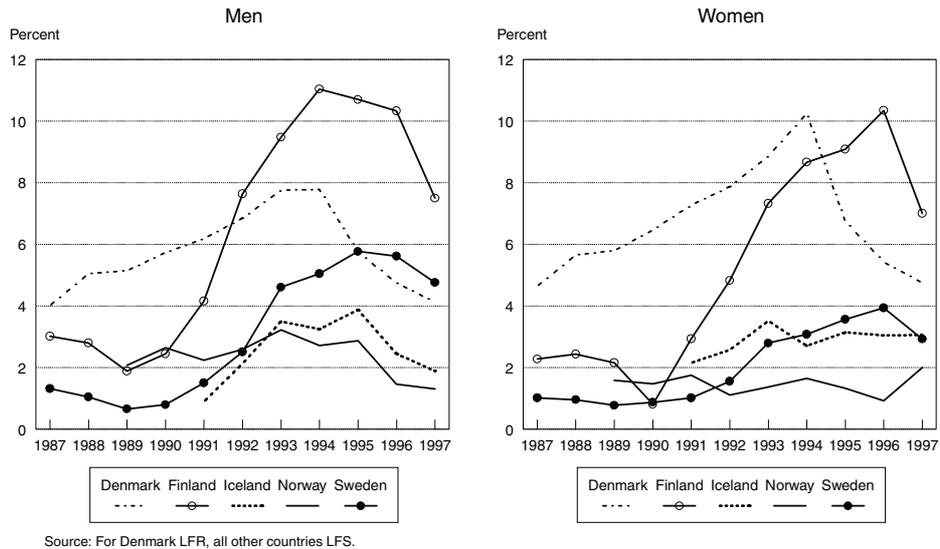
After a sharp decline in the participation rate for both Swedish men and women between 1990 and 1994, the trend levels out from 1995.

It is worth pointing out that the Finnish participation rates do not show the cyclical influence that can be seen in the Swedish figures, though unemployment has affected Finland to a greater extent than Sweden. The increase in the Finnish participation rate must be interpreted with reference to changes in the benefits systems. Long-term unemployed people who in the 1990s received supplementary daily benefit for several years from the unemployment insurance system, left the labour force in the 1980s after about one year's unemployment.

### *Unemployment*

Unemployment in the Nordic countries differs considerably from country to country, both as regards trend and level. Despite this it can be said that unemployment among older people in 1987 was typically relatively low. In Denmark, which had the highest unemployment figures for both men and women in 1987, unemployment increased principally linearly until 1994, after which a very sharp decline could be noted. With the exception of Denmark, unemployment in the Nordic countries between 1988 and 1990 continued to be low, but rose sharply thereafter in Finland, Sweden and Iceland. Only Norway had low unemployment in the 1990s as well (see figure 6). In the second half of the 1990s unemployment among older men fell relatively sharply in all countries. The reductions were not as clear for women.

**Figure 6 Unemployed people aged 50-64 as a percentage of the population 1987-1997**

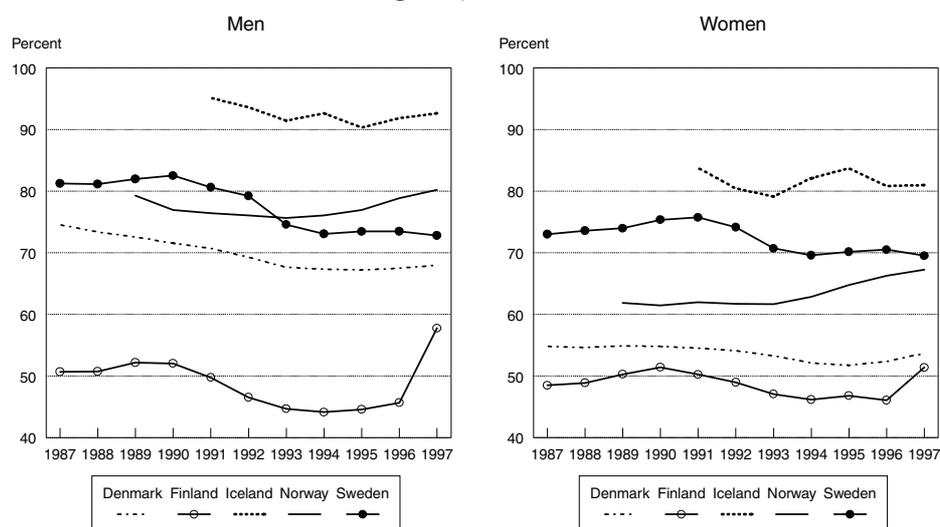


### Employment

The picture as regards the employment trend is of course affected by the variations in unemployment and is not the same as the participation rate trend (figure 7). In addition, the differing trends for labour force participation and employment can probably be explained to a certain extent by changes in the social protection systems. For this reason it is worth making a closer comparison of the participation rate and employment figures.

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**Figure 7** People aged 50-64 in employment as a percentage of the population 1987-1997. Age adjusted data



Source: For Denmark LFR, all other countries LFS.

As far as Denmark is concerned a basically linear decline in employment among older people can be noted. However, a levelling out takes place towards the middle of the 1990s and for 1996 and 1997 a minor increase can be observed. In the Danish employment figures there is no equivalent to the – especially among women – sharp fall in participation rates for 1995 and 1996. This could be interpreted to mean that older Danish unemployed women and men left the labour force altogether in these two years to a greater extent than in the other years reported during the period. The introduction of the transitional allowance probably plays a major part in this context.

In Finland and Sweden there was a certain increase in employment at the end of the 1980s, a sharp decline at the beginning of the 1990s and a levelling out after that. The participation rate and employment trends were by and large parallel as far as Sweden is concerned, though the weak upturn in the participation rate since 1995 could not be observed to the same extent in the employment trend. The figures can be interpreted to mean that the reduction in employment among older Swedes up to 1994 was probably met with increased retirement.

Employment in Finland, mainly in the years from 1990 to 1993, as in Sweden, fell very steeply and a clear recovery only took place in 1997. The participation rate figures for the older Finnish population have, on the other hand, increased linearly in the entire period. This is due to the supplemen-

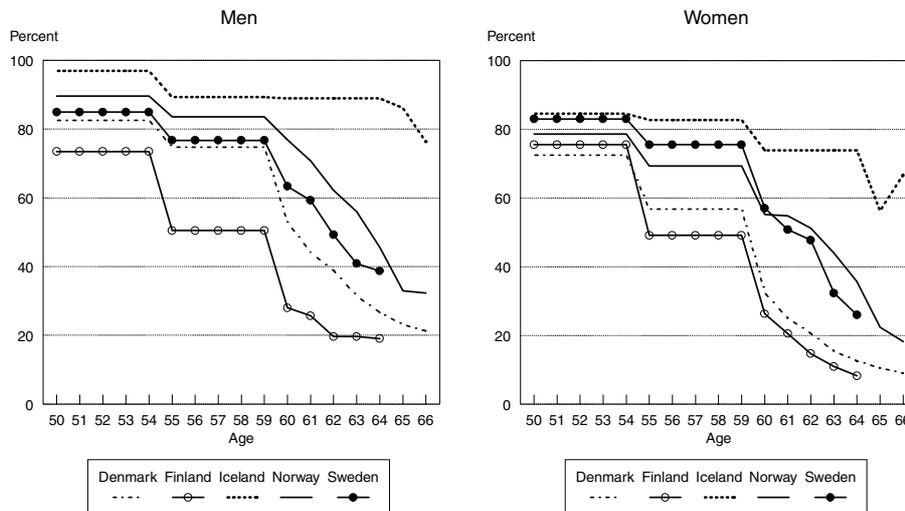
## EARLY RETIREMENT FROM THE LABOUR MARKET

tary daily benefit system, the so-called pension pipe, which formally assumes that people are at the disposal of the labour market even if the income-related benefit guarantees unemployment pension at the age of 60.

Employment among Norwegian men in 1997 was at the same level as in 1989 after a certain dip between these years. For Norwegian women aged 50-64 employment rose considerably from 1994. In Iceland employment and the participation rate for older people fluctuated considerably during the period examined. There are no major differences between the participation rate and employment trends in either Norway or Iceland.

On the basis of the employment figures in 1997 it can be noted that the proportion of people who were economically active in the year before the official pension age, in all the Nordic countries apart from Iceland, was 40 per cent or less (figure 8). Thus, the majority of both men and women leave the labour force before having reached statutory pension age.

**Figure 8** People in employment as a percentage of the population in 1997. Distribution by age and sex<sup>12</sup>



Source: For Denmark LFR, all other countries LFS.

In summary it can be noted that the employment pattern in the different countries seems to form three different groups, which are not, however, completely identical for men and women. For the men, Iceland forms a group in which employment falls more evidently only after the age of 64.

<sup>12</sup> The basic data for ages 50-54 and 55-59 and for Iceland also 60-64 refer to five-year age classes.

## EARLY RETIREMENT FROM THE LABOUR MARKET

Employment among men in Denmark, Norway and Sweden falls relatively continuously over the reported age interval. The spread between these countries is, however, considerable, despite the similarity of pattern. Among Finnish men employment falls very sharply already before the age of 60.

The grouping among women is mainly in line with that of the men. The difference is that Danish women's age-specific participation rates are not like those of Norwegian and Swedish women but are parallel to those of Finnish women.

The account may give the impression that women in the Nordic countries reduce their contribution in the labour market earlier than men. This need not necessarily be incorrect, but from a cross-sectional perspective it is not possible to draw such conclusions. A considerable part of the women in the age groups concerned have never or only very temporarily been in the labour market. In the cohorts relevant to this report the participation rate has mainly increased for each new cohort, even if the variations between the five countries may of course be great in this respect.

In summary it can be noted that the employment data for the period 1987–1997 shows that it is not entirely correct to speak of a general and continuous process towards increasingly early retirement from the labour market. As shown in figures 9.1 and 9.2 the differences are great as regards the trend in the five Nordic countries. Regarding Iceland and Norway it is not possible to speak of any trends at all towards reduced participation in the labour force in the age groups concerned. As far as Denmark, Finland and Sweden are concerned, employment in 1997 was clearly under the levels of 1987. But it is obviously wrong to speak of a continuous process as regards Sweden and also as far as Finland is concerned the continuity is not clear-cut.

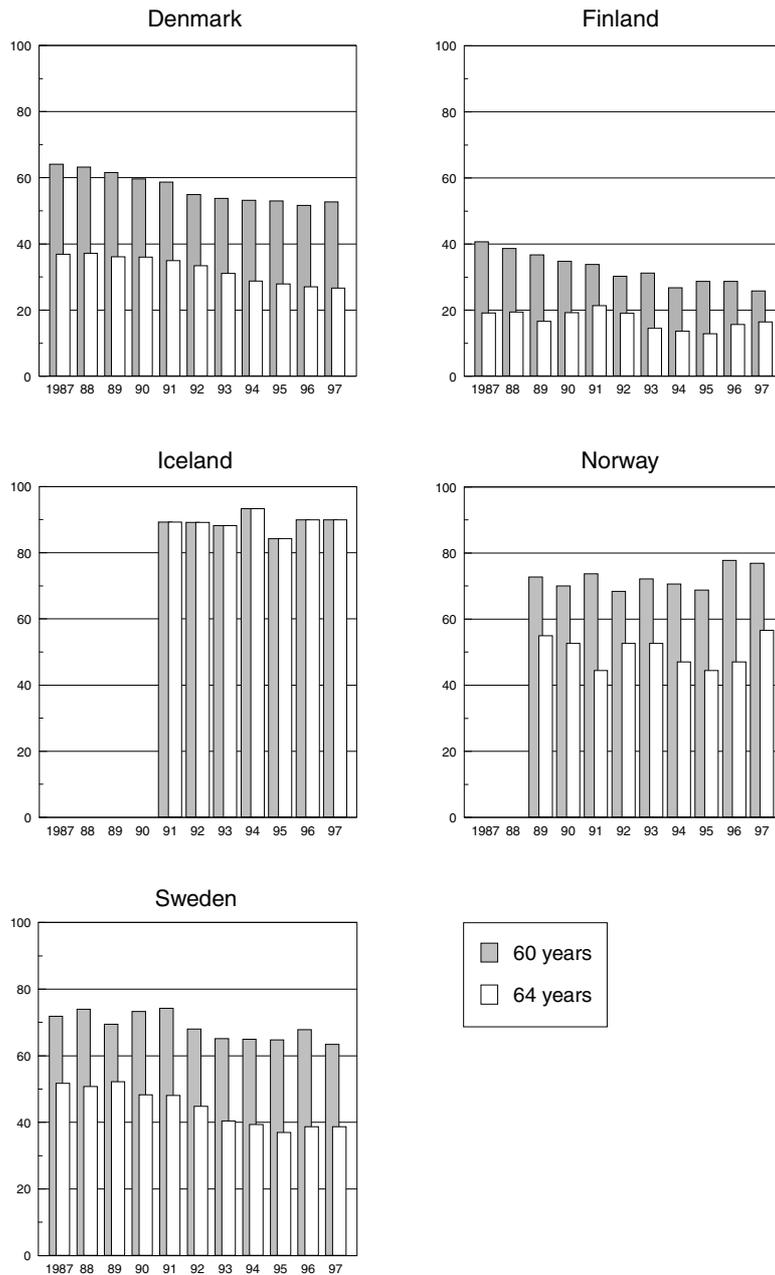
The unemployment level for the period 1987–1997 fluctuated very much for all countries except Norway. At present it is not possible to differentiate between cyclical effects and long-term trends. This question is not least interesting in relation to Finland and Sweden. Over the entire period we are looking at Finland has had increasing participation rates for the population aged 50–64. The reduced employment rate is thus exclusively an effect of an increase in open unemployment. In Sweden unemployment among older people has been moderated by increased retirement from the labour force through both increased public sector retirement<sup>13</sup>, and negotiated solutions. Both Finland and Sweden have tightened the rules to reduce the outflow from the labour force. In both countries the conditions have been good for achieving increased employment among older people when employment rises generally.

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13 The drastically increasing early retirement of the 1990s should, however, rather be seen as a consequence of the changes in the health insurance system from 1992.

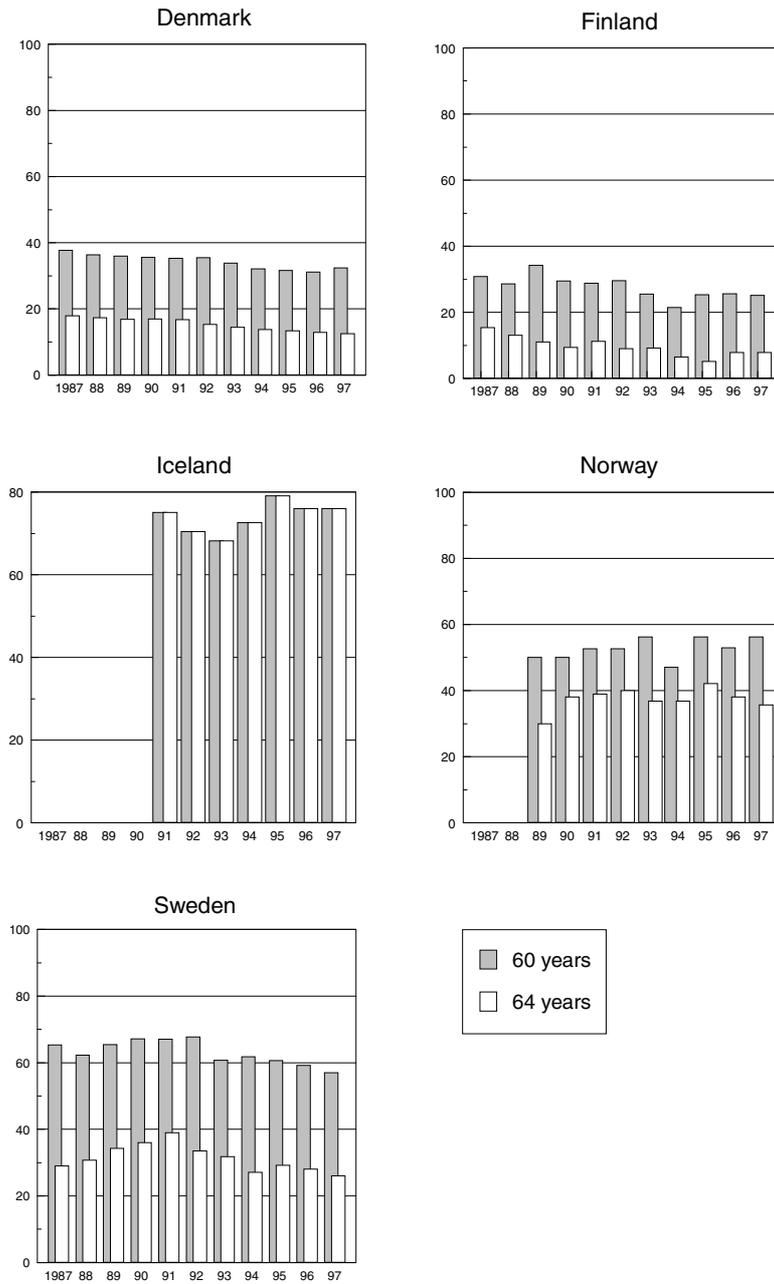
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Figure 9.1 Percentage of employed people among 60 and 64 year-old men in the Nordic countries 1987-1997



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**Figure 9.2 Percentage of employed people among 60 and 64 year-old women in the Nordic countries 1987-1997**



## What is the benefit received by older people leaving the labour market?

Retirement from the labour market can only be described here in more detail if livelihood is guaranteed through some compensation for loss of income. People who leave the labour force to live on private means etc cannot be included with the help of statistics, other than to a certain extent as a residual item.

Retirement from the labour market is mainly for the following reasons

- ill-health (sickness, rehabilitation and disability/handicap)
- unemployment and
- age

Social benefits, such as social security benefit, can probably only be used in exceptional cases by older people to retire early from the labour market. In certain cases these benefits may, however, be used in cases of expiry of entitlement to unemployment benefit or sickness benefit.

Retiring from the labour market because of studies or pregnancy/child-birth and parenthood is only applicable in exceptional cases for the age group studied here and will not be addressed further.

### *Gradual or partial retirement*

Even if many people leave the labour market completely it is not unusual for the retirement to be in several stages. Long-term illness or unemployment often weaken a person's status in the labour market and are often the first step towards early retirement. Partial pensions and Partial voluntary early retirement pay are more planned ways of reducing participation before retiring from the labour market.

### *Statutory or negotiated benefit*

Loss of income on early retirement may be compensated for through public transfer payment systems but also through benefits under individual agreements

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or collective agreements between the labour market parties. It has been found that detailed statistics of negotiated benefits in many cases are impossible to obtain, and where they are available are of varying quality. For this reason the statistical description will be restricted mainly to the statutory forms of benefit.

### *Early retirement due to illness*

Early retirement pension (disability pension) granted due to reduced capacity to work as a result of illness or injury is one of the few forms of benefit studied here that is to be found in all the Nordic countries. Even if the application as regards early retirement pension varies from country to country, early retirement pension is the most important or at least one of the most important ways of leaving the labour market early.

The early retirement pensions are classified entirely under the heading of illness, but it should be remembered that the decision concerning early retirement pension may very well have included reasons other than those of health. As regards *general early retirement pension* in Denmark no health reasons at all need to exist. In Sweden, mainly up to 1991, but in a decreasing number of cases also later, early retirement pension was granted purely on grounds of labour market policy. Consideration of social reasons may in all the countries reduce the requirements concerning medical grounds to a greater or lesser extent. A more restrictive approach on this point has, however, been evident in the 1990s, at least in Norway and Sweden.

Sick leave and rehabilitation measures often precede early retirement. The longer a person is absent because of sickness, the less is the probability of he or she returning to work. The risk for those suffering long-term illness of having to leave the labour market for good also increases with age. In this report it is assumed that people who have been off sick for at least one year are on their way out of the labour market. This is partly because of the slight chance those who have been on long-term sick leave have of returning to work and partly to increase comparability, since most countries have a strict limit on the length of sick leave. This limit is about one year, after which a transfer to early retirement pension is usually made.

If the capacity to work is not entirely diminished a partial early retirement pension may be granted. These partial benefits have increased substantially in the years from 1987 to 1997 in both Sweden and Norway. Also in Denmark, where the middle<sup>14</sup> and general early retirement pension may

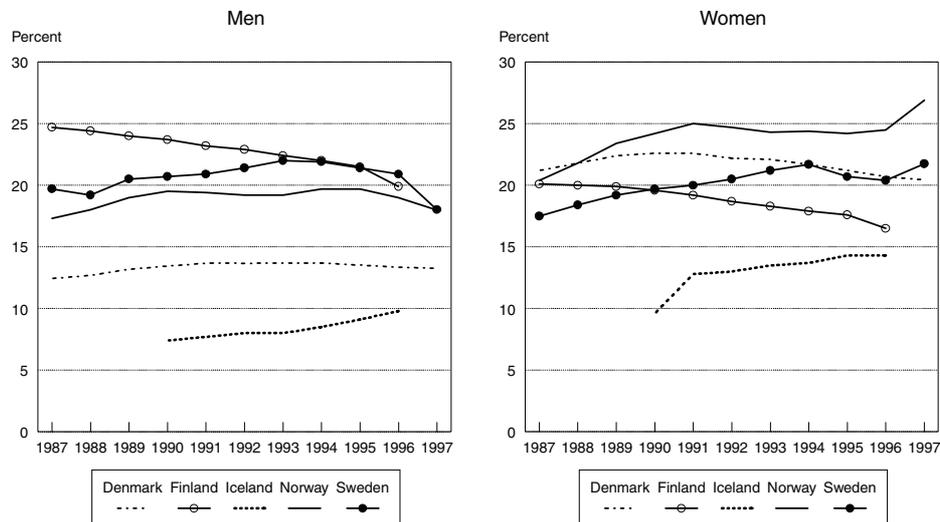
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<sup>14</sup> Middle early retirement pension may be granted if the capacity to work is reduced by at least 2/3.

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be used for partially reduced working capacity, an increase mainly in general early retirement pension among men has taken place. Among Danish women, however, these pension forms have decreased. Since there is no information on the distribution between partial and full benefit for all the countries, a comparison is made in this section only of all early retirement pensions. Figure 10 shows the percentage of early retirement pensioners in the population aged 50-64 years.

**Figure 10 Early retirement pensioners as a percentage of the population aged 50-64 years in 1987- 1997. Age adjusted data**



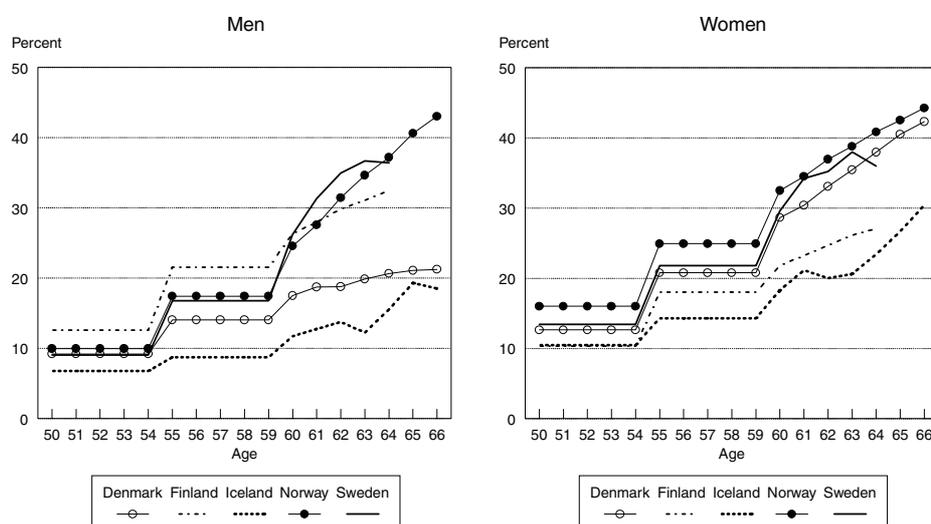
The trends run clearly in different directions in the different countries, but also differ between men and women. While the levels tend to converge among several of the countries as regards men, there are certain tendencies towards increased spread among women.

In all the years, the proportion of early retirement pensioners in the population aged 50-64 for both men and women has been lowest in Iceland. The Icelandic levels are, however, approaching the levels in the other Nordic countries. Despite a strongly weakening trend, Finnish men have had the highest level of early retirement pension for most of the period studied. At the end of the period, however, Finnish, Swedish and Norwegian men on the whole had the same frequency of early retirement pensioners. The Finnish women, who in 1987 had the same percentage of early retirement pensioners as Denmark and Norway, had the lowest rate after Iceland in 1996.

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Cases of long-term illness allowance in Denmark and Sweden and cases of industrial rehabilitation as regards Norway are not reported. This implies that for these countries there is an underestimation of the number of people receiving long-term benefit due to illness/disability. For 1996 the shortfall for Sweden can be estimated as 1-1.5 per cent, for Norway as about 1.4 per cent and for Denmark about 0.5 per cent.

**Figure 11 Early retirement pensioners as a percentage of the population in 1997<sup>15</sup>. Distribution by age and sex**



Early retirement increases very sharply with increasing age. In 1997 among men in the age interval 50-54 years, about 10 per cent were early retirement pensioners. The levels for this age group did not vary particularly strongly between the countries. However, at the age of 64 in Sweden, Norway and Finland about one third of the men were receiving early retirement pension, in Denmark the figure was 20 per cent and in Iceland less than 15 per cent.

The spread in the percentage of early retirement pensioners among the younger age groups was somewhat higher for women than for men. Up to and including the age of 64, Norwegian women had about five per cent higher early retirement pension rates than Swedish and Danish women. The lowest levels of early retirement were among Icelandic and Finnish women. The differences were, as for the men, particularly great for women over the age of 60.

<sup>15</sup> For Iceland and Finland data for 1996 is reported.

## EARLY RETIREMENT FROM THE LABOUR MARKET

If not only early retirement is taken into consideration but also long-term sick leave and rehabilitation the picture is somewhat changed, though not particularly drastically.

### *Early retirement due to age*

By early retirement due to age is meant here retirement from the labour market before the ordinary pensionable age, which may take place if a certain age has been reached. In none of the Nordic countries apart from Finland is it possible to receive benefit due to age before the age of 60<sup>16</sup>. In Finland the lowest age limit is 58 in some systems.

If one disregards occupational groups with lower pension ages as well as negotiated benefits and temporary financial solutions in connection with personnel cut-backs, it can be noted that Norway and Iceland completely lack public systems for early retirement due to age. In Sweden both Partial pension and early drawing of old-age pension are possible. Partial pension also exists in Denmark and Finland. In Finland early drawing of old-age pension is also possible and there is a lower pension age for public employees. In Denmark the voluntary early retirement pay is the predominant type of benefit.

**Table 1** Individuals aged 60 and 64 years receiving public benefit due to age in the respective age class in 1997. Distribution by sex

	Denmark	Finland <sup>17</sup>	Sweden
Men			
60 years	26.6	9.9	3.4
64 years	49.8	30.8	21.5
Women			
60 years	28.5	13.7	1.4
64 years	39.4	39.3	10.8

In Denmark over a quarter of the population aged 60 receives either voluntary early retirement pay or Partial pension. At the age of 64 half the men and almost 40 per cent of the women received such benefit. Benefits due to age affect only 10-15 per cent of 60 year-old Finnish men and women but are similar, particularly for women, to the Danish levels at the age of 64. As regards Swedish women the utilisation is minor and only at the age of 64 is a level of 10 per cent

14 Special occupational groups with lower pension ages are not taken into account here.

15 Estimated adjustment for overlap between the forms of pension.

## EARLY RETIREMENT FROM THE LABOUR MARKET

attained. Among Swedish men the benefits are twice as common as among women.

The use of public benefit due to age has become increasingly common in Denmark and Finland. In Sweden the percentages have varied not least due to frequent amendments to the rules governing Partial pensions, which in Sweden have had a relatively greater significance than early drawing of old-age pension.

In 1997 the negotiated benefits in the Nordic countries are estimated to have been the main source of livelihood for 6-10 per cent of the population over the age of 60 but under the official pension age. In Norway the labour market parties have been developing a comprehensive system for early retirement since 1988 and in Sweden in recent years the percentage of older people whose main source of livelihood is a negotiated pension or similar benefit has risen from a couple of percentage points to about nine per cent. Negotiated benefits seem to play a more prominent role in the countries that do not have any other economically attractive possibilities of leaving the labour market before the pensionable age.

### *Unemployment*

Unemployment in the 1990s in several of the Nordic countries has without doubt played a highly significant role for reduced employment among the population aged 50 and over.

The predominant form of unemployment benefit is daily benefit from the unemployment insurance systems. These insurance systems, apart from in Norway, are not general insurance systems. The unemployed who are not insured or whose entitlement has expired can in Sweden receive cash labour market support and in Finland unemployment subsidy. In Denmark and Iceland these unemployed people have to resort to cash assistance.

**Table 2 Unemployed aged 50-64 years as a percentage of the population in 1991 and 1997. Distribution by sex. Age adjusted data**

	Denmark	Finland	Iceland	Norway	Sweden
Men					
1991	6.2	4.2	0.9	2.2	1.5
1997	4.1	7.5	1.9	1.3	4.8
Women					
1991	7.3	2.9	2.2	1.8	1.0
1997	4.7	7.1	3.1	2.1	2.9

Source: LFS and for Denmark LFR.

## EARLY RETIREMENT FROM THE LABOUR MARKET

The statistics of daily benefit payments for unemployment are of varying quality in the different countries and a comparative account would therefore be meaningless. Data from labour force surveys can, however, illustrate how extensive the problem is in the different countries (table 2). In the 1990s unemployment levels have increased, mainly in Finland and Sweden, but also in Iceland. The reduction that can be observed as far as Denmark is concerned is probably mainly attributable to the fact that many long-term unemployed people aged 50-59 have received transitional allowance. Only in Norway has unemployment not increased in the 1990s.

### *Permanent forms of benefit*

Pensions and other permanent forms of benefit that can be given in the event of unemployment exist or have existed in Finland, Denmark and Sweden. In all cases age requirements are attached to the benefit. Unemployment pension in Finland has previously been possible to receive from the age of 55 but is now only awarded to people of 60 and over. The temporary transitional allowance in Denmark between 1992 and 1993 only applied to long-term unemployed aged 55-59, but was extended in 1994 to cover the age group 50-54. The right to receive this benefit ceased in 1996. The Swedish early retirement pension for labour market reasons only applied to long-term unemployed aged 60-64 and ceased to apply as of 1992.

**Table 3** Individuals receiving permanent benefit due to unemployment as a percentage of the population in the respective age group in 1987 – 1997 in Denmark, Finland and Sweden

Year	Denmark		Finland				Sweden
	Men	Women	Men		Women		Men +women
	50-59	50-59	55-59	60-64	55-59	60-64	60-64
1987			10.5	15.4	10.6	17.0	..
1988			8.1	17.5	8.3	18.9	..
1989			4.6	19.2	4.8	20.3	..
1990			0.7	20.2	0.8	21.2	..
1991				17.8		19.1	2.4
1992	0.3	0.7		16.7		17.3	..
1993	0.5	1.3		17.2		16.9	..
1994	1.1	3.1		17.7		17.0	..
1995	4.3	9.4		16.3		15.7	..
1996	4.2	9.0		17.2		16.8	0.1
1997	3.7	7.9		18.2		18.8	..

## EARLY RETIREMENT FROM THE LABOUR MARKET

Pensions and other permanent benefit due to unemployment have and have had a greater importance only in Finland and Denmark.

# Discussion

There is a considerable span as regards employment among the older population in the Nordic countries. Even if three of the countries lead the employment statistics from a European perspective, there are also aspects that score very low. Without a considerably more extensive analysis it is impossible to give the reasons for these large differences. However, it may be appropriate to make a few observations.

There is a tendency to regard the Nordic countries as relatively homogeneous. Even if they hold a common view on many counts as regards the structure of the welfare state, the countries are heterogeneous as regards their natural conditions, history, industrial structure and even as regards their political routes. The change from an agrarian country to a modern industrial and service society started much later in Finland and was realised more rapidly in comparison with the other Nordic countries. This has required major adjustments, in which the social safety net has played a significant role. Denmark was severely affected by the oil crises of the 1970s with high unemployment levels as a consequence. Norway is the only country that has not been hit by major unemployment in the past decades and is also the only country that has been able to increase employment among older workers.

The reasons behind increased early retirement from the labour market have not been explained and researchers report different opinions on the matter. Internationally there is a political need to restrict open unemployment among older workers. But there is also a fairly widespread, positive attitude among workers towards being able to retire from gainful employment while they still have the strength to devote themselves to other things. However, it is probably companies that are pushing hardest in this process.

Early retirement from the labour market is most common in Finland and Denmark, the two countries that also have the most extensive systems of benefit for early retirement. Even if it is probable that certain types of benefit increase retirement from the labour market regardless of the prevailing employment situation, the well-established systems of benefit should not necessarily be regarded as having given rise to the low employment among older people in these two countries. Finland's constantly increasing participation rate among older people indicates that it is not so much the social

## EARLY RETIREMENT FROM THE LABOUR MARKET

protection systems as the labour market situation that determines how many older people are left in employment.

Of the other three countries, Sweden holds the weakest position, with an abruptly reduced employment level in the 1990s. The benefit system is, as regards opportunities for early retirement, somewhat more developed than in Norway and Iceland. But neither Partial pension nor early drawing of old-age pension are particularly attractive alternatives economically. The sharply increasing significance of negotiated solutions in Sweden for the livelihood of older people in the first half of the 1990s may possibly give a pointer as to what may happen when the public social protection systems do not correspond to the needs of the labour market.

In conclusion it can be said that there is a strong political will in most countries to stop the early retirement of the labour force. This will is documented by the intervention in the social protection arrangements of recent years. In the light of the Swedish tendencies in the 1990s and of the growth of the Norwegian system of agreements one could wonder if early retirement will continue to increase, but that the payment will simply be through other channels. International experience would indicate this.

## *Appendix 1*

# Calculation Basis for Income Distribution

The tables on income distribution on NOSOSCO's home page and the figures in Chapters 3, 4 and 7 are based on the following:

## Calculations of Quartiles

The calculations were based on all households. The quartiles were calculated on the basis of the equivalent disposable income, i.e. the income was adjusted as to the number of people to subsist on it in the various families. The correction was made by dividing the household income by the number of family members.

In Figure 3.2, the first quartile is made up of the households earning the lowest incomes, whereas the households earning the highest incomes make up the fourth quartile.

In Figures 3.3 and 3.4, the average disposable income was calculated for single people and couples, respectively, broken down by quartiles converted into PPP-Euro. Moreover, the gross income was included and broken down in percentages by the factor income and the social services and benefits, and the tax in percentage of the gross income in 1996. Also here, the quartiles were fixed on the basis of the disposable income for all households.

## Households

A household consists of individuals living together and sharing the household economy. The households were calculated on the basis of information from interviews ( In Denmark registers). Adult children living together with their parents count as being members of their parents' households. This

## CALCULATION BASIS FOR INCOME DISTRIBUTION

does not, however, apply to Iceland, where children over the age of 15 years are regarded as self-contained households.

### *Single people*

One-person households consist, with the exception of Iceland, of one adult (over 17 years) and any children living at the same address, irrespective of their ages.

### *Cohabiting people*

Cohabiting couples consist of 2 adults (over 17 years) and any children living at the same address, irrespective of their ages.

### *Children*

Children are regarded as children until they reach the age of 17 years.

## Households Broken Down by Age

In the tables and figures where households have been broken down by age, it is the age of the head of the family who counts. The head of the family is defined as the person earning the most.

## Factor Income

The factor income consists of gainful employment, income from self-employment, and capital income. Employers contributions to social security schemes were not included in the wages.

## Tax

Tax comprise income tax, property tax, and households' contributions to social security schemes.

## **CALCULATION BASIS FOR INCOME DISTRIBUTION**

### **Social Cash Benefits**

Social cash benefits comprise both taxable and tax-exempt cash benefits. These may be income-substituting benefits such as daily cash benefits or pensions, and/or income-supplementing cash benefits such as housing benefits and child allowances.

### **Disposable Income**

The disposable income is composed of factor income plus social cash benefits less tax.

## *Appendix 2*

# Description of Typical Cases

The calculations of typical cases (see NOSOSCO's home page: [www.nomos.dk](http://www.nomos.dk)) forming the basis of tables and figures on compensation in the event of loss of income in this and the previous two publications have been revised considerably compared with the previous editions of *Social Security in the Nordic Countries*.

The calculation of disposable income thus includes both housing benefits and charges payable for day care of children. As the amount of both housing benefits and charges payable for day care depend on the income, they become significant in relation to compensation payable in connection with the social occurrences included in the calculations of the typical cases.

The average pay for an industrial worker (Average Production Worker – APW) is used. This wage average was calculated by the OECD and is used in most comparative studies.

The following family types and income levels have been used:

Single parent with one child: APW 50%, 75%, 100%, 125%, and 150%. (I, II, III, IV, and V).

Single person with no children: APW 50%, 75%, 100%, 125%, and 150%. (I, II, III, IV, and V).

Couple with two children: APW 75% and 50%; 100% and 75%; 125% and 100%; 150% and 125%. (I, II, III, and IV).

Couple with no children: APW 75% and 50%; 100% and 75%; 125% and 100%; 150% and 125%. (I, II, III, and IV).

The following applies to the individual typical cases:

## DESCRIPTION OF TYPICAL CASES

### Typical Case 0

*Income and tax regarding typical cases for an APW, 1997*

#### *Employer's costs*

In order better to be able to illustrate the overall taxation in the Nordic countries in terms of both income tax and social contributions, employer's costs, i.e. gross wages plus statutory social contributions, have been included. Consequently, two accounts of the net income (i.e. gross wages less income tax and social contributions payable by employees) in relation to "gross income" were prepared: net income in relation to the employer's costs and net income in relation to the gross wages. The employers' contributions for Norway correspond to that payable in Oslo.

In respect of Denmark, employers' statutory social contributions cannot be calculated. It is, however, estimated that for an employee with a salary corresponding to that of an APW, the contributions constitute about 1½ per cent of the salary. This estimate is only used in typical case 0 for single people earning a salary corresponding to that of an APW.

#### *Tax payment*

Average national rates of taxation have been used, i.e. the average municipal rates of taxation including the average church tax percentages.

#### *Children's ages and use of day care institutions*

Child allowances and charges payable for day care institutions are calculated on the basis of the following family types:

- Single parent with an infant of 0 years, i.e. a new-born baby in typical case I.
- Single parent with a child of five, i.e. a pre-school child attending a day care institution.
- Couple with two children aged five and nine, i.e. a pre-school child attending a day care institution and a child attending school, still needing after-school care.

Payment for the day care institution is, where possible, calculated on the basis of average charges and national rules governing payment. For Norway, the rates applying in Oslo have been used, and for Iceland the rates applying in Reykjavík have been used.

## DESCRIPTION OF TYPICAL CASES

In all the typical cases, it is assumed that the children are attending day care institutions, with the exception of the infant in typical case I. It is also assumed that the children in typical cases II and III are in day care institutions.

As to child allowances, these include, in addition to the child allowances proper payable to single parents and couples with children, maintenance allowances to single parents with children, corresponding to the amount of the allowances payable in advance by the social security scheme, cf. Chapter 4.

### *Housing costs and housing benefits*

It is assumed in all the cases that the families live in rented accommodation. The amount of the housing cost/rent depends on the family type, but is independent of the amount of the income. Housing costs include only the rent and no other costs such as heating, gas, or electricity. Therefore, calculations of heating supplements, for instance, to which pensioners in Denmark with low incomes are entitled, have not been included.

It has not been possible to determine the amount of the rent for the individual family types in a consistent way for all the countries. In some countries, the rent was determined on the basis of an estimate of the expenses for rented accommodation for the individual family types and calculations of the average rent per square meter at a national level, whereas it in other countries was based on rent surveys for various family types within certain municipal groups.

The rent for the individual family types is merely used to calculate the amount of any housing benefit, whereas the rent itself is not included in the calculation of the disposable income. As far as Iceland and Norway are concerned, calculations of housing benefits are not included. This is due partly to the housing benefit being of limited importance, and partly to it being fixed on the basis of an assessment of the individual families' need.

### *Gross income*

The gross income is the income from work and excludes, for instance, child allowance and housing benefit.

## DESCRIPTION OF TYPICAL CASES

### *Disposable income*

The disposable income is calculated as gross income plus child allowance and housing benefit less income tax, social security contributions payable by employees, and charges payable for day care institutions. The social security contributions payable by employees include, in the case of Denmark, Finland, and Sweden, contributions to the voluntary unemployment insurance scheme in the shape of membership fees to the unemployment funds. Union contributions have, however, not been included in the calculations.

Disposable incomes are calculated on a yearly basis, both for employees in work and in connection with receipt of various social benefits. The calculations are based on the assumption that the people in question receive the social benefits throughout the year, even if this in some cases is not possible (e.g. maternity benefit). The listed incomes per month are the annual figures divided by 12.

The degrees of compensation in connection with social occurrences are calculated as the disposable income in connection with receipt of the social benefit in per cent of the disposable income from work.

## Typical Case I

### *Level of compensation for typical cases in connection with childbirth, 1997*

The following family types have been used:

- Single parent with a new-born baby receiving daily cash benefit, seen in relation to a single person with no children.
- Couple with two children (five and nine years old) in addition to the new-born, where the person earning the highest income receives daily cash benefit, seen in relation to a couple with two children (five and nine years old) where both adults work.
- Couple with a new-born baby where the person earning the highest income receives daily cash benefit, seen in relation to a couple with no children where both work.

## Typical Case II

*Level of compensation for insured people for typical cases in connection with unemployment, 1997*

Calculations have been included for the level of compensation for all four family types: a single parent with one child receiving unemployment benefit; a single person with no children receiving unemployment benefit; a couple with two children where the person earning the highest income receives unemployment benefit; and a couple with no children where the person earning the highest income receives unemployment benefit. Additional social assistance has been included in the cases where the family in question is entitled to it.

## Typical Case III

*Level of compensation for non-insured people for typical cases in connection with unemployment, 1997*

Calculations of levels of compensation have been included for a single parent with one child and for a single person with no children. In both cases, the adult is assumed to be at least 30 years of age.

## Typical Case IV

*Level of compensation for typical cases in connection with illness, 1997*

Calculations have been included for levels of compensation for all four family types, cf. typical case II.

## DESCRIPTION OF TYPICAL CASES

### Typical Case V

*Level of compensation for typical cases in connection with old-age pension, including supplementary pension at maximum qualifying period, 1997*

Calculations have been included for the level of compensation for a single person with no children and a couple with no children, respectively, where both are old-age pensioners. The supplementary pension has been included with the maximum amount obtainable in 1997.

### Typical Case VI

*Level of compensation for typical cases in connection with anticipatory pension, including supplementary pension at maximum qualifying period, 1997*

The calculation has been made for a single 50 year-old anticipatory pensioner with no children who was fully employed, until he was awarded anticipatory pension (i.e. maximum qualifying period for a 50 year-old). Moreover, it is assumed that the person in question has completely lost his working capacity.

### *Appendix 3*

## Further information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices in the respective countries. Further information is obtainable from the following:

#### **DENMARK**

Danish Immigration Service  
Ryesgade 53  
DK-2100 Copenhagen Ø  
Phone +45 35 36 66 00  
Fax +45 35 36 19 16  
Web: [www.udlst.dk](http://www.udlst.dk)

Danish Labour Market  
Supplementary Pension  
Kongens Vænge 8  
DK-3400 Hillerød  
Phone +45 48 20 48 20  
Fax +45 48 20 48 00  
Web: [www.atp.dk](http://www.atp.dk)

Danish National Institute of  
Social Research  
Herluf Trolles Gade 11  
DK-1052 Copenhagen K  
Phone +45 33 48 08 00  
Fax +45 33 48 08 33  
Web: [www.sfi.dk](http://www.sfi.dk)

Directorate of  
Unemployment Insurance  
Finsensvej 78  
DK-2000 Frederiksberg  
Phone +45 38 10 60 11  
Fax +45 31 19 38 90  
Web: [www.dfa.dk](http://www.dfa.dk)

Directorate General for Employ-  
ment, Placement and Vocational  
Training  
Blegdamsvej 56  
P.O. Box 2722  
DK-2100 Copenhagen Ø  
Phone +45 35 28 81 00  
Fax +45 35 36 24 11  
Web: [www.ams.dk](http://www.ams.dk)

Ministry of Social Affairs  
Holmens Kanal 22  
DK-1060 Copenhagen K  
Phone +45 33 92 93 00  
Fax +45 33 93 25 18  
Web: [www.sm.dk](http://www.sm.dk)

## **FURTHER INFORMATION**

National Board of Health  
Amaliegade 13  
P.O. Box 2020  
DK-1012 Copenhagen K  
Phone +45 33 91 16 01  
Fax +45 33 93 16 36  
Web: [www.sst.dk](http://www.sst.dk)

Statistics Denmark  
Sejrøgade 11  
DK-2100 Copenhagen Ø  
Phone +45 39 17 39 17  
Fax +45 39 17 39 99  
Web: [www.dst.dk](http://www.dst.dk)

## **FINLAND**

Central Pension Security Institute  
Fin 00065 Central Pension Security Institute  
FIN-00521 Helsinki  
Phone +358 9 1511  
Fax +358 9 1481 172  
Web: [www.etk.fi](http://www.etk.fi)

Ministry of Social Affairs  
and Health  
P.O. Box 33  
FIN- 00023 Government  
Phone +358 9 1601  
Fax +358 9 160 3824  
Web: [www.vi.fi/stm/english/index.htm](http://www.vi.fi/stm/english/index.htm)

Social Insurance Institution  
P.O. Box 450  
FIN-00101 Helsinki  
Phone +358 9 43411  
Fax +358 9 4341 530  
Web: [www.kela.fi](http://www.kela.fi)

STAKES  
P.O. Box 220  
FIN-00531 Helsinki  
Tel +358 9 39671  
Fax +358 9 3967 2324  
Web: [www.stakes.fi](http://www.stakes.fi)

Statistics Finland  
FIN-00022 Statistikcentralen  
Phone +358 9 17341  
Fax +358 9 1734 3522  
Web: [www.stat.fi](http://www.stat.fi)

## **ICELAND**

National Association of  
Pension Funds  
Suðurlandsbraut 30  
IS-108 Reykjavík  
Phone +354 581 4977  
Fax +354 581 4332  
Web: [www.ll.is](http://www.ll.is)

National Economic Institute  
Kalkofsvegi 1  
IS-150 Reykjavík  
Phone +354 569 9500  
Fax +354 562 6540  
Web: [www.ths.is](http://www.ths.is)

State Social Security Institute  
Laugavegi 114  
IS-150 Reykjavík  
Phone +354 560 4400  
Fax +354 562 4535  
Web: [www.tr.is](http://www.tr.is)

## FURTHER INFORMATION

Directorate of Labor  
Hafnarhúsinu Tryggvagötu  
IS-150 Reykjavík  
Phone +354 511 2500  
Fax +354 511 2520  
Web: [www.vinnumalastofnun.is](http://www.vinnumalastofnun.is)

National Wage Control  
Committee  
Borgartúni 22  
IS-105 Reykjavík  
Phone +354 562 1470  
Fax +354 562 4570

Ministry of Health and Social  
Security  
Laugavegi 116  
IS-108 Reykjavík  
Phone +354 560 9700  
Fax +354 551 9165  
Web: [www.stjr.is/htr](http://www.stjr.is/htr)

Statistics Iceland  
Skuggasundi 3  
IS-150 Reykjavík  
Phone +354 560 9800  
Fax +354 562 8865  
Web: [www.statice.is](http://www.statice.is)

### NORWAY

Directorate of Labour  
C..J. Hambroes plass  
P.O. Box 8127 Dep.  
N-0032 Oslo  
Phone +47 23 35 24 00  
Fax +47 23 35 27 50  
Web: [www.aetat.no](http://www.aetat.no)

Ministry of Social Affairs  
and Health  
P.O. Box 8011 Dep.  
N-0030 Oslo  
Phone +47 22 24 90 90  
Fax +47 22 24 95 75  
Web: [www.dep.no/shd](http://www.dep.no/shd)

National Insurance Administration  
Drammensveien 60  
N-0241 Oslo  
Phone +47 22 92 70 00  
Fax +47 22 92 73 00  
Web: [www.trygdeetaten.no](http://www.trygdeetaten.no)

Norwegian Board of Health  
Calmeyers gate 1  
P.O. Box 8128 Dep.  
N-0032 Oslo  
Phone +47 22 34 90 90  
Fax +47 22 34 95 90  
Web: [www.helsetilsynet.no](http://www.helsetilsynet.no)

Statistics Norway  
Kongens gate 6  
P.O. Box 8131 Dep.  
N-0033 Oslo  
Phone +47 22 86 45 00  
Fax +47 22 86 49 88  
Web: [www.ssb.no](http://www.ssb.no)

### SWEDEN

National Board of Occupational  
Safety and Health  
S-171 84 Solna  
Phone +46 8 730 90 00  
Fax +46 8 730 19 67  
Web: [www.arbsky.se](http://www.arbsky.se)

## FURTHER INFORMATION

Swedish Immigration Board  
P.O. Box 6113  
S-600 06 Norrköping  
Phone +46 11 15 60 00  
Fax +46 11 10 81 55  
Web: [www.siv.se](http://www.siv.se)

National Labour Market Board  
S-113 99 Stockholm  
Phone +46 8 5860 60 00  
Fax +46 8 5860 64 99  
Web: [www.amv.se/ams](http://www.amv.se/ams)

Ministry of Health and  
Social Affairs  
103 33 Stockholm  
Phone + 46 8 405 10 00  
Fax + 46 8 723 11 91  
Web: [www.regeringen.se/info-rosenbad/departement/social.html](http://www.regeringen.se/info-rosenbad/departement/social.html)

National Board of  
Health and Welfare  
S-106 30 Stockholm  
Phone +46 8 55 55 30 00  
Fax +46 8 55 55 32 52  
Web: [www.sos.se](http://www.sos.se)

National Social Insurance Board  
S-103 51 Stockholm  
Phone +46 8 786 90 00  
Fax +46 8 786 95 80  
Web: [www.rfv.se](http://www.rfv.se)

Statistics Sweden  
P.O. Box 24300  
S-104 51 Stockholm  
Phone +46 8 506 940 00  
Fax +46 8 661 52 61  
Web: [www.scb.se](http://www.scb.se)

## OTHER

EUROSTAT  
Office for Official Publications  
of the European Communities  
L-2985 Luxembourg  
Luxembourg  
Web: [europa.eu.int/en/int/en/comm/eurostat](http://europa.eu.int/en/int/en/comm/eurostat)

Nordic Medico-Statistical Com-  
mittee (NOMESCO)  
Sejrøgade 11  
DK-2100 Copenhagen Ø  
Denmark  
Web: [www.nom-nos.dk](http://www.nom-nos.dk)

OECD  
Unité des Services à la Clientèle  
Service des Publications  
2, rue André-Pascal  
F-75775 Paris Cedex 16  
France  
Web: [www.oecd.org](http://www.oecd.org)

World Health Organization  
Regional Office for Europe  
Scherfigsvej 8  
DK-2100 Copenhagen Ø  
Denmark  
Web: [www.who.dk](http://www.who.dk)

# Publications Issued by NOSOSCO

*Samordning af de nordiske landes statistik vedrørende den sociale lovgivning.*  
Betænkning afgivet af den af de nordiske socialministerier nedsatte ekspertkomité. 1. del. Om opstilling af en ensartet oversigt over de sociale udgifter. København 1951.

*Samordning av de nordiske lands statistikk vedrørende den sociale lovgivning.*  
Rapport fra den av de nordiske socialministerier nedsatte ekspertkomité. 2. del. Omfanget av de sociale tiltak. Oslo 1951.

*Samordning av de nordiske lands statistikk vedrørende den sosiale lovgivning.*  
Utgifter til sosiale formål i 1949 og 1950 og omfanget av sosiale tiltak i 1949 i Danmark, Finland, Norge og Sverige. Oslo 1953.

*Samordning af de nordiske landes statistik vedrørende den sociale lovgivning.*  
Nordisk Statistisk Skriftserie nr. 2. København 1955.

*Samordnad nordisk statistik rörande sociallagstiftningen.* Nordisk Statistisk Skriftserie nr. 4. Stockholm 1957.

*Statistikk vedrørende den sosiale lovgivning i de nordiske land 1956 (1956/57).*  
Nordisk Statistisk Skriftserie nr. 6. Oslo 1959.

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