

Social Protection in the Nordic Countries 1995

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Scope, expenditure and financing

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Preface

The Nordic Social-Statistical Committee (NOSOSCO) is a permanent Committee under the Nordic Council of Ministers and the Nordic Committee on Social Policy. It was set up to coordinate the social statistics of the Nordic countries and to make comparative analyses and descriptions of 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 countries chair the Committee in turn for three years with Finland having the chairmanship for the period 1996-98.

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. Consequently, the outline of the present report differs to some extent from previous editions of *Social Security in the Nordic Countries*.

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

FORORD

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Johannes Nielsen, Head of NOSOSCO's Secretariat, is the editor of the present report and has acted as secretary to the editorial group.

Nordic Social-Statistical Committee, 1997.

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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 1994

DENMARK: The Danish economy has since 1994 been characterized by relatively high growth after several years of recession and a rising unemployment rate. The GDP rose by 4.2 per cent in 1994, 2.7 per cent in 1995 and 2.4 per cent in 1996. This growth is expected to continue by just over 3 per cent during coming years. The unemployment rate has dropped markedly: from 12.4 per cent in 1993 to 8.8 per cent in 1996 and is expected to drop further to 7.4 per cent in 1998. In particular, the youth and long-term unemployment rates have decreased considerably. The positive economic trend means, among other things, that the total public economy may see a small surplus in 1997 – for the first time in many years.

The decreasing unemployment rate is due partly to a higher employment rate, especially in the private sector, partly to a reduction of the labour force as a result of an increase in the number of people going on educational or child-minding leave, together with the number of 50-59 year-olds receiving carry-over benefit. The considerable number of people going on leave or being granted carry-over benefit contributed to the total number of recipients of transfer incomes of working age increasing by about 40,000 from 1993 to 1995, in spite of the fall in the unemployment rate. The number of recipients of transfer incomes is expected to decrease in 1997 to just under the 1993 level, corresponding to about 910,000 people receiving benefits all year round, or about 25 per cent of the 15-66 year-olds.

On the basis of the improved employment situation, new carry-over benefits will no longer be granted as from 1996. At the same time, squeezes and restraints applied to the leave schemes have contributed to a drop in the number of people going on leave: from 74,000 people being on leave all year round in 1995 to 61,000 in 1996.

The activation measures in the social and labour market policies have been continued with adjustments of the labour market reform from 1994. In particular the effort to activate young people under the age of 25 has been

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strengthened and advanced. Since 1996, recipients of unemployment benefit under the age of 25, who have no vocational training, have the right and obligation after six months of unemployment to accept a training and education offer of a duration of at least 18 months. The benefit payable during such a training and education offer corresponds to half of the unemployment benefit. As to young recipients of cash assistance, the duration of the activation offer to which they are entitled after having received cash assistance for a maximum period of 13 weeks, has been extended from six to 18 months. Simultaneously, the conditions for receiving the higher benefit rates that apply to adults have been tightened for cash assistance recipients under 25 years. A new Act on active social policy implies that as from 1 July 1998 the activation scheme will be expanded, such that it will also apply to young recipients of cash assistance having social problems besides unemployment. Furthermore, the age limit concerning fast activation will be raised from 25 to 30 years.

In connection with an advancement of the activation effort, the total unemployment benefit period has since 1996 gradually been reduced from 7 to 5 years. As from 1997, unemployed people must, in order to be entitled to unemployment benefit, have been gainfully employed for 52 weeks (as against 26 weeks previously) within the last three years.

In continuation of the activation activities, the Government has taken a number of steps with a view partly to strengthening the employment chances for people with permanently diminished working abilities and partly to minimise the number of people of working age receiving transfer incomes, including in particular early-retirement pension, through better prevention and an intensification of activating measures.

Since 1997, the follow-up on cases related to sickness benefits has been enhanced and advanced. After a maximum of eight weeks, a follow-up plan must be drawn up to maintain the affiliation of the sick person to his or her place of work and/or quickly to initiate retraining, rehabilitation, etc. In addition, the new social legislation will from 1998 require that the municipal authorities implement a general evaluation no later than eight weeks after the first application for current maintenance assistance has been made. The general evaluation must include all possibilities concerning activation, rehabilitation, sheltered employment, etc., prior to a case of for example anticipatory pension being initiated. In order to increase employment opportunities for people with diminished working abilities, wage supplements payable in connection with sheltered employment will be made more flexible, and Central Government will take over the financing of the

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wage supplements altogether.

Other initiatives in this context include a campaign on the social co-responsibility of enterprises with a view to preventing exclusion and to integrate people with diminished working abilities and other risk groups in the labour market, as well as to introduce social chapters in the labour-market agreements to improve the opportunities to create agreement-based jobs on special terms.

As to the elderly, the municipal authorities have since 1 July 1996 been obliged to offer a minimum of two preventive home visits a year to everyone aged 80 years or more, and as from 1 July 1998 at the latest to everyone aged 75 or more. The purpose of the home visits is to create a sense of security and well-being and to offer advice and guidance as to available activities and support.

To further the contact between the elderly and the municipal councils, the municipal authorities must, by 1997 at the latest, set up councils of elderly that are to be consulted in political matters concerning the elderly.

In respect of home help, the municipal authorities must set up complaints councils and by means of written decisions make it clear what the aim of the home help is; for which tasks help will be granted; when the help will be re-evaluated, etc.

In order to increase the number of modern residential-care units, the State has since 1996 provided subsidies to the establishment of service areas in connection with both new and existing housing for the elderly and with modernization of outdated nursing homes.

Regarding day care for children, the number of places in day care institutions increased by approximately 55,000 places from 1995 to 1997. Despite the massive increase in day care places, the increasing demand for places in day care as a result of the increased number of children, together with the improved employment situation and a decreasing number of people on child-minding leave has resulted in a minor augmentation of the waiting lists.

In 1996, the Government set up a Hospital Committee which in a report points out that the current problems of the hospital service can be solved without any basic structural reforms. The Committee recommends, among other things, that trials be initiated concerning work planning, financial management, management, and coherent courses of events for patients with a view to improving the use of resources. The Committee establishes that waiting periods in the hospital service generally cannot be avoided and recommends that efforts be focused on reducing waiting periods for

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patients with potentially lethal diseases.

The Government has, together with counties and municipalities, agreed on improving the criticizable and outdated conditions for mental patients. The allocated means will be used to increase the number of private rooms in the psychiatric wards and for the establishment of collective housing and residential institutions for mentally disabled people, including children and youth.

FINLAND: In the spring of 1995, Finland got a new Government whose declared aim is to improve the employment situation and to curb the growth of the national debt. Although the GNP has been growing quickly during recent years (4.5 per cent in 1995, about 3.0 per cent in 1996 and an estimated 4.0 per cent in 1997), the unemployment rate is still high. Bringing down the unemployment rate requires extensive structural changes. At the moment, the Government endeavours to solve any “paradox problems” which may pose an obstacle to an increasing employment rate.

The key elements in the social reforms have been cuts and encouragement to take on work. The new Government very quickly decided to implement rather comprehensive cuts in the social security measures. Consequently, a reduction of the social expenditure of about FIM 10 billion was made in 1996. These cuts will be continued during coming years, so that the total effect of the cuts will amount to an estimated FIM 19 billion.

It is, however, still the Government’s aim to guarantee social and health services to all groups of society. This will be done partly by spreading the cuts in the social security expenditure so that they will affect the population uniformly, partly by developing the social security system such that employees will always be able to improve their financial situation by taking on work. This is currently not the case, in particular not as far as the medium and low income groups are concerned, as many cash benefits and part of the user payment for child minding are balanced in relation to the income.

Most cuts are made in the pension systems. Other considerable cuts concern cash benefits to the unemployed, sickness insurance, rent subsidies, support to mind children in the home, and child allowances. Furthermore, the Government’s share of the financing of the municipal social and health services has been considerably reduced.

Changes in the pension system were implemented as at 1 January 1996 such that:

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1. old-age pension (basic pension) is only granted to people who have no pension from work (ATP), or to people who receive a very low pension from work

2. disability pension is lower than old-age pension, and that the fixed-duration disability pension will be changed into a rehabilitation allowance

3. the pension amount (after a transition period) will be fixed on the basis of the income from the past ten years and not, as previously, from the past four years.

The most significant changes in the conditions for payment of cash benefits to the unemployed are that entitlement to unemployment benefit will now only be achieved after 43 weeks of work as against the previous 26 weeks, and that the waiting period as from 1997 has been extended from five to seven days.

In addition, young people's entitlement to labour market allowances has been tightened several times. In 1996, people who had not yet turned 20 were entitled to a labour market allowance if they were still receiving education or in a traineeship. In 1997, the age limit was raised to 24 years. At the same time, an effort was made to provide more study places and traineeships for young people.

As from 1997, elderly long-term unemployed people may be granted unemployment benefit until they reach the age of 60, if they have reached the age of 57 years before the maximum period of entitlement to unemployment benefit of 500 days has expired. Previously, the age limit was 55 years.

As to sickness insurance, the most significant change is that sickness benefits as from 1996 cover only loss of earnings. The lower limit for entitlement to daily cash benefits is FIM 5,000 per year. Sickness benefit may be payable according to need, if the absence due to illness is longer than 60 days.

The conditions for entitlement to rent subsidy were tightened both in 1995 and in 1996. Consequently, the number of people receiving rent subsidy has fallen.

Cuts have also been made in benefits payable to families with children. For instance, the child allowance was slightly reduced on 1 July 1995. The multiple-birth allowance was reduced so that families with many children lost the most in connection with the changes. Also the support granted for minding children in the home was reduced in 1996 – by 22.5 per cent on average.

As to services, the municipalities have endeavoured to make their

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activities more efficient, and they currently make an effort to reform the service structure. The changes include, among other things, a shift from treatment in institutions to out-patient treatment. Within the health sector, considerable amounts were consequently saved during the period 1992-1994, but after that expenditures seem to be increasing again.

During recent years, considerable changes have taken place within the day care schemes for children. The number of children in municipal day care rose in 1995 by about 9,000 and in 1996 by about 13,500 children. All children of pre-school age have now a statutory right to municipal child care. The subsidy scheme for minding infants was revised as at 1 August 1997. Parents may still choose between municipal child minding and home-minding support, but now it is also possible to get subsidies for private child minding. The subsidy is payable to the person providing that service. Changes will also be made in respect of user payment for municipal child minding, meaning that the previous differences in the user payment payable in the various municipalities will be equalized.

Finland's poor financial situation, high unemployment rate, and the implemented cuts in cash benefits and in the service system have resulted in uncertainty and insecurity. An indication to this effect is the increased need for child and youth care. Hence the number of children and youths placed outside of their own homes has increased by approximately 500 during recent years, whereas the number of children and youths receiving help within the open treatment system has increased by approximately 3,000. The number of people receiving social assistance has also increased, and at the same time, the period in which social assistance is payable has been extended. In 1995, 10.9 per cent of the population received social assistance.

ICELAND: The economic development in Iceland was during the last three years marked by a relatively good rate of growth in the GDP after a period of stagnation from 1988 to 1992. The GDP grew by 0.8 per cent in 1993, 3.5 per cent in 1994, 3 per cent in 1995, whereas the growth in 1996 was 5.8 per cent.

The main reasons for this development were an increase in production and high export prices of goods to foreign countries. Consequently, large investments have been made in the private sector. Compared with 1995, the increase in investments in 1996 equalled 36 per cent. Private consumption rose by 3.5 per cent in 1995, whereas employment increased by 2 per cent.

The long-term government budget deficit and the poor financial

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situation of the municipalities have, however, resulted in a very tight fiscal policy. This also meant an increased regulation of the cash social benefits.

Certain restraints were applied to the social insurance area. This resulted in approximately half of the pensioners having had their pension and pension supplement from the social insurance scheme reduced. Furthermore, the automatic regulation of the basic pension in relation to the average pay of an production worker was abolished. The subsidy to single mothers and fathers was reduced. The widow's pension has been abolished, but women with children under the age of 18 will upon the death of their spouse be paid a supplement for a specific period, as well as a non-recurring amount.

From the Prime Minister's report for 1996 to the Icelandic Parliament, it appears that the charge payable by patients for medicine has increased from about 18 per cent to about 32 per cent during the period 1991-1996. Low-income groups, however, receive a certain reimbursement for high medicine expenses. Charges payable by patients in connection with medical visits increased during the period 1990-1996 from 13.4 per cent to 16.5 per cent.

The economic growth resulted in a drop of the unemployment rate so that it now equals 3.8 per cent of the labour force, whereas it for the period 1992-1994 was 5-6 per cent. The current unemployment rate is the lowest since April 1992.

Unemployment among young people is – as in the other Nordic countries – higher than average, i.e. 13.6 per cent for the 16-19 year-olds and 5.3 per cent for the 20-29 year-olds.

The Government's labour market policy is characterized by tripartite wage agreements with more emphasis on reduction of taxation and labour market measures than on direct wage increases. The Unemployment Insurance Fund has, in cooperation with the municipal authorities, initiated various activities for the unemployed.

NORWAY: Following a serious setback of the economy during the period 1988-1993, the GDP has during recent years grown considerably. Investments in the oil sector have increased sharply, but growth has also occurred outside of the oil sector, both in the production for home market consumption and for exports. The economic growth has led to a sharp increase in employment as well as a large surplus on the national budget.

The deficit in 1995 in the national budget of NOK 8 billion was turned to a surplus of approximately NOK 37 billion in 1996. In order to avoid an inflation pressure, it has been decided that the growth in public expenditure

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must not exceed the growth in that part of the GDP which is outside of the oil sector. The national budget surplus is deposited in the Norwegian Petroleum Fund which invests these means outside of Norway. In 1996, about NOK 37 billion were deposited in the Fund, and for 1997, a surplus of the Government finances of NOK 40.9 billion, which will all be placed in the Fund, is budgeted for. The estimates are, however, sensitive to fluctuations in the oil prices and in the rate of the American dollar.

From 1993 to 1996, the number of people in employment increased by 121,000. In the second quarter of 1996, the unemployment rate was 5.1 per cent. The employment rate increased further in 1997, so that the unemployment rate dropped to 4.6 per cent in the second quarter.

The growth in the employment rate naturally resulted in decreasing expenditure for unemployment benefit and social assistance. The principal lines in the social assistance are, however, fixed. The nursing and care sector must undergo a substantial real growth in order to meet, among other things, the expected demand which the increasing number of elderly over 80 years is likely to create.

The employment-related activities must also be continued, so that efforts are made to motivate benefit recipients under the pensionable age to seek employment or to participate in various qualifying or rehabilitating measures with a view to having them re-enter the labour market.

In order to follow-up on the employment-related activities, a number of changes were made in the social policy during the 1990s. The medical conditions for receiving rehabilitation benefit or disability benefit have been made more rigorous. In addition, the Norwegian Parliament decided to change the carry-over benefit which is payable to providers. The change implies that people entitled to that benefit in future will receive a higher amount, but for a reduced period of time. As part of the preparations for this modification, separate offers will be provided for single providers in order to motivate them to seek employment or to partake in further education or training during the period in which they receive the carry-over benefit. Special support schemes for single providers have existed for a long time, including child-minding and education and training benefits. The purpose of the modification is consequently to motivate more people to use those schemes. In particular in respect of single providers, but also in respect of other benefit recipients, the limit to the earned income a benefit recipient may have, before the benefits payable will be reduced, has been raised.

The effect of the measures connected with the employment situation

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varies. Absence due to illness tends to increase concurrently with the increase in the employment rate. Following a decrease up to and including 1994, the number of days of absence due to illness with pay rose (i.e. absence for more than 14 days) by 6 per cent from 1994 to 1995 and by another 10 per cent from 1995 to 1996. Measures are, however, still being taken to curb absence due to illness in the working life rather than by reducing the level of sickness benefit, which is 100 per cent for the low and intermediate income brackets. On the other hand, the number of people receiving benefits in connection with vocational training and medical rehabilitation has dropped slightly. The number of insured disabled people rose from 1994 to 1995 which is the result of a maximum period of one year being introduced as to payment of allowances for medical rehabilitation. In 1991, the rules concerning anticipatory pension was changed so that now it is only medical conditions with acknowledged diagnoses that may release payment of an anticipatory pension. This had a considerable effect during the first years, but the number of new anticipatory pensioners is now increasing again. This is due to the fact that some of the applicants, who initially were refused a pension, have applied again with a positive result. Despite the increased number of anticipatory pensioners, the average retirement age is still approximately 60 years.

The employment measures will also be applied to the social assistance area, and probably due to the rapid economic growth, some decrease in the number of new applicants can be found. There are, however, still quite a few young unemployed people who are not entitled to unemployment benefit, as well as quite a few single providers who receive supplementary financial support. Also among immigrants and refugees from countries outside of the Nordic and Western European countries, the unemployment rate is considerably lower than that applying to the average population. Especially among refugees, there seems to be a clear need for social assistance. In 1996, the growth on the labour market seemed to be of benefit to the immigrants, but the registered unemployment among immigrants and refugees from countries outside of the Nordic and Western European countries seems nevertheless to be twice as high as for other groups in the labour market.

The increase in the number of old-age pensioners is less pronounced, and in a few years, the number of old-age pensioners will start falling. Nevertheless, the expenditure on old-age pension will increase sharply, as still more old-age pensioners will have earned the right to a supplementary pension from the Social Security Scheme.

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As mentioned above, focus is placed on the nursing and care sector. Central Government has granted considerable subsidies to the municipalities for the construction or modernization of institutions for the elderly and other people in need of care. The extraordinary measure has, however, not yet resulted in any increase in the total capacity. In 1997, the subsidies have been increased, i.a. because all residents must be provided with a single room, if they so wish. The growth in the number of elderly over the age of 80 has resulted in a reduction of the relative capacity in the nursing and care sector. An improvement of the health of the oldest among the elderly may offset the reduction of the relative capacity, but a need for some expansion of the capacity has been allowed for.

Apart from the need for increased capacity, efforts are made to increase, or at least secure, the quality of the services provided by the nursing sector. The most concrete aim is the offer of single rooms, but emphasis is also increasingly placed on personal integrity and co-decision for people who are in need of help, as well as on better routines as to guaranteeing quality in the services.

Resources will also be increased within home help to elderly and disabled people. Still more municipalities will for example provide 24-hour services under the home help scheme. In 1995, more than 60 per cent of all municipalities provided such services. The number of recipients of home help has nevertheless decreased, and there is reason to believe that part of the reduction is related to the fact that the recipients have a more extensive need for care than previously.

As to the very youngest, the number of births has been stable since 1990. During the period 1994-1995, the number of recipients of maternity benefit rose from approximately 41,000 to 43,500. Most sensational is the steep increase in the number of fathers who have availed themselves of the four weeks of leave in connection with childbirth which have been reserved for fathers. In 1993, only 4 per cent made use of this scheme, whereas the number rose to 38 per cent in 1994 and further to 57 per cent in 1995.

The number of places in kindergartens increased by a little under 10,000 during the period 1994-1995. In 1995, 60 per cent of all children in the age group 1-6 years had a place in a kindergarten or school. As from 1997, school attendance will be compulsory from the 6th year.

SWEDEN: During recent years, the development of the Swedish economy has clearly been positive. Growth has set in again after the severe crisis at the beginning of the 1990s. Exports have increased considerably, and

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Sweden now has a large and growing surplus on foreign trade and on the balance of payment. Both in historical and international terms, the inflation rate is very low.

The reorganization of the public finances has been implemented faster than estimated. The deficit in 1996 is calculated to be 4 per cent of the GDP, and 2.7 per cent in 1997 after which it will disappear completely. As a result of the increasing faith of the rest of the world in the Swedish economy, the rate of interest has been lowered considerably. Unemployment is still an unsolved problem; the rate is still high and shows no sign of going down. The aim of reducing the unemployment rate by half before the year 2000 still applies.

The implemented reorganization of public expenditure has led to substantial cuts in almost every area of the welfare system. This applies both to the social insurance scheme and to all operations. Total cuts of the reorganization programme amount to SEK 126 billion. It has already been decided to introduce cuts amounting to SEK 103 billion, and decisions concerning the remaining cuts will be taken during 1997.

In connection with the tightening of the government budgeting, an expenditure-ceiling system was introduced. This implies that the Swedish Parliament will first prescribe an overall allocation of the government funds to 27 items, after which it will establish the allocation of expenditure within the framework of the total budget.

As part of the reorganization programme, user payment of pharmaceutical products has increased from SEK 120 to SEK 170 per purchase, and the limit of user payment of pharmaceutical products and visits to the primary health sector was increased from SEK 1,600 to SEK 2,200 per year. As from 1 January 1997, a new system has been introduced to the effect that the subsidies payable in connection with pharmaceutical products will gradually disappear. Instead, a maximum amount for user charges payable for pharmaceutical products and visits to the primary health sector, respectively, will be introduced. In its effort to curb recent years' substantial increases in the expenditure on pharmaceutical products, the Government has suggested that the responsibility for the expenditure on pharmaceuticals within primary sector treatment as from 1 January 1998 will be placed with the county authorities.

The responsibility for the mentally disabled has gradually been transferred from the county authorities to the municipal authorities and was finally placed with the latter by the end of 1995.

As a result of the increased unemployment and difficulties, above all

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affecting young people and immigrants, in gaining a foothold on the labour market, the expenditure on social assistance has increased steeply. The Government expects to launch a new Act on social services, which will also contain new guidelines for the economic assistance.

Absence due to illness has decreased considerably since the beginning of the 1990s. The sickness benefit has dropped to 75 per cent of the income from work, irrespective of how long a person is reported off sick. The employer period has been extended from 14 to 28 days as from 1 January 1997. Changes have also been made in the rules applying to entitlement to sickness benefit and anticipatory pension, as well as to the calculation the income on which the sickness benefit is based. Furthermore, the housing supplement to pensioners has been reduced.

As from 1 January 1996, the child supplement was reduced from SEK 750 to SEK 640, and the multiple-birth allowance payable for children born after 1 January 1996 has lapsed completely. In addition, the compensation level of the parent insurance schemes has been reduced to 75 per cent. In order to save money, the Government also changed the rules applying to the subsidies payable to single parents and reduced the housing supplement considerably.

The comprehensive reorganization programme, which was aimed at creating a balance in public expenditure, has in principle been implemented with these reforms. The Government has, however, stated that certain adjustments may yet be necessary. The idea is thus to increase the compensation level of the sickness insurance and the parent insurance schemes to 80 per cent as from 1998. The Government subsidy to municipalities and counties will also be increased in order to enable payment of increased subsidies to treatment of illness as well as to care for the elderly.

Chapter 2

Method

The present report is the first of NOSOSCO's annual publications to follow the structure and definitions of the ESSPROS¹⁾ nomenclature. The overall definition in *Social Security in the Nordic Countries* was, however, previously almost identical to that used by EUROSTAT in its previous manual.

The new ESSPROS manual is from 1996, and so EUROSTAT also uses the present structure for the first time. In EUROSTAT's structure, the following order is used: 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 security system, 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 in three sections, as pensions and services provided for these groups are interrelated, both at the regulatory and the organizational level.

Further on the ESSPROS Classification

The ESSPROS system was developed in the 1970's, and the first method description was published in 1981. The statistics mainly cover expenditure, although they were initially also meant to cover recipients.

During the 1990's, EUROSTAT revised ESSPROS in cooperation with the member states. The basic elements of the new ESSPROS manual have remained the same, but now more emphasis is placed on detailed classification of the various functions (old age, illness, etc.).

Until the 1990's, EUROSTAT only published key figures from each country, but now the various functions are illustrated in detail in individual

1) ESSPROS = European System of Integrated Social PROtection Statistics.

publications with figures covering expenditure and recipients over a specific period of time.

The ESSPROS classification consists of a number of subclassifications or characteristics assigned to each benefit or service. These may be classified in different ways, depending on what is to be analyzed. In practice, this means that figures for EUROSTAT should be provided separately for each subclassification.

The main features of ESSPROS are the following: the overall classification is made according to *schemes*. The purpose is to illustrate whether the schemes cover all of a population or only part of it. Furthermore, it must appear who the decision maker is, 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 which the countries themselves defined 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 only cover the labour force (*general schemes*), and special benefit schemes (*special schemes*) that only cover part of a population. The countries themselves define which national schemes fall under the individual *schemes* within the framework of ESSPROS. In this connection, a distinction is made between *basic schemes* which cover the majority of a population, and *supplementary schemes* which are benefits and services provided in addition to the basic amounts, etc., or which extend the coverage of a *basic scheme*.

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

Changes Resulting from the Shift to ESSPROS

In connection with the shift to the application of the ESSPROS manual, certain changes have been made in relation to the previous versions of *Social Security in the Nordic Countries*, for which reason the information about social expenditure may not be comparable with information from the previous years.

The most important of those changes are the following:

METHOD

Changes in the Chapter on Families and Children

Apart from the housing benefit for families being dealt with in a separate chapter, no significant changes have been made in the definition of 'Families and Children'. Denmark has, however, included child-minding leave under 'Cash Benefits when Minding Children'. This item was previously listed under 'Unemployment'. Benefits payable in connection with childbirth are specified separately, but were previously listed under 'Cash Benefits in Connection with Childbirth and Adoption'. Other benefits payable in connection with pregnancy are listed under 'Illness'.

Changes in the Chapter on Unemployment

More groupings are included under 'Unemployment' in ESSPROS than was previously the case in *Social Security in the Nordic Countries*, such as partial payment of daily cash benefits, pension awarded on work-related grounds, cash benefits in connection with job training, compensating benefits, mobility benefits, and services in connection with job training. These entries were previously gathered under 'Other Forms of Cash Benefits' and 'Other Services' in the chapter on unemployment. The Finnish unemployment pensions have been placed under 'Unemployment'. In the earlier versions of *Social Security in the Nordic Countries*, they were referred to as special early retirement pensions. Furthermore, activation of cash assistance recipients in Denmark is now listed under 'Unemployment' and not, as previously, in the chapter on other social services.

Changes in the Chapter on Illness

The contents of that chapter is practically unchanged. In order to obtain as large a comparability with previous reports as possible, the ESSPROS group 'Paid Absence in the Event of Illness' has been subdivided into 'General Payment of Sickness Benefit', 'Payment of Sickness Benefit during the Employer Period' and 'Special Payment of Sickness Benefit in Connection with Industrial Injuries and Work-Related Illness'. Under services, ESSPROS uses the term 'In-patients' and 'Out-patients'. Not all of the countries are, however, able to make such a distinction, for which reason the hospital expenditure on both in-patients and out-patients are listed under 'Hospitalized Patients'. Health campaigns, which were previously included in *Social Security in the Nordic Countries*, are not included in ESSPROS.

Changes in the Chapter on Old Age, Disability and Survivors

Old age, disability and survivors are three separate functions in ESSPROS. As these fields are interrelated in the Nordic countries, both regulatorily and organizationally, they are dealt with in one chapter with three subsections. ESSPROS's groups 'Old-age pension', 'Disability pension' and 'Pension to survivors' are subdivided in basic pension, supplementary pension and additional pension, respectively. What in previous versions of *Social Security in the Nordic Countries* was described as 'Special early retirement pensions' is in ESSPROS's terminology 'Special old-age pensions' and is consequently referred to as such in this version of *Social Protection in the Nordic Countries*. This does, however, not apply to the Finnish unemployment pensions which, as mentioned above, are listed in the chapter on unemployment. The breaking down of certain expenses for services by elderly and disabled people, respectively, is based on estimates.

New Chapter on Housing Benefits

Housing benefits for families and for the elderly and disabled were previously described in the respective chapters on families and children and on elderly and disabled people.

In ESSPROS and in this version of *Social Protection in the Nordic Countries*, housing has been taken out as a separate function and is illustrated in a separate chapter (Chapter 8).

Definitions

Both in the previous versions of *Social Security in the Nordic Countries* and in ESSPROS, the statistics are 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 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 such services. That the recipient, by being affiliated with an insurance scheme, has paid contributions – and thereby through his contributions in reality fully or partly has financed what he receives – is of no significance in this context.

The benefits must be of direct advantage 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 used wherever possible in the registration of expenditure and income. In some cases, the expenditure and financing have, however, to be given as calculated amounts. In other cases, the wanted 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 for 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 which are to ensure future payments. According to need and rules, these funds also cover current payments.

Yield on funds in the shape of interest and property income occurs first and foremost in relation to pensions. Interest is not listed as a separate source of financing in the expenditure statistics. 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 coming from an employer. Certain benefits payable by employers to their own employees, such as sickness benefit for part of the 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 tables of the social expenditure. Yield on real property is included as part of the financing according to ESSPROS's calculation method.

Specifications

A specification of the individual expenditure entries can be found on the diskette enclosed to the present report.

Administration Costs

In the present report, administration costs are listed as one single entry. In principle, only expenditure on the direct administration of the social expenditure is listed. It is, however, not in all cases possible to separate administration costs from the other wage and 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 in respect of the compensation level of a number of benefits. The calculations differ from previous calculations in that they in the present report have been based on the wages of an 'Average Production Worker' (APW), calculated by the OECD. This shift in calculation basis is due to the APW also being used in a number of other international comparisons. As opposed to what was previously the case, the calculation of compensation levels also include housing benefit and payment for a place in a day-care institution.

METHOD

A detailed description of the typical cases can be found in Appendix 1. The calculations concerning the typical cases are included on the diskette enclosed to the present report.

Calculations 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 the disposable incomes for households in Denmark, Finland, Iceland, and Sweden have been included in Chapters 3, 4, and 7, respectively. The data are based on model populations which are used for making microsimulation calculations in the various countries. The model populations consist of a representative part of a population and contain information on income, taxes, social services, type of family, etc. The data in the models stem from administrative registers and special surveys.

The disposable incomes have been broken down by factor income, tax, and social cash benefits. The factor income consists of income from paid work and from self-employment as well as from capital income. The social benefits include both taxable and tax-free benefits, income-substituting benefits and other social benefits, such as housing supplements and child allowances. The taxes include income tax and property tax. The disposable income is the factor income, plus social benefits, less tax.

The income has been broken down by family types. A family consists of adults and any children aged 0-17 living at the same address as their parents. Children over the age of 17 living at home are consequently considered as independent families.

The incomes have been adjusted according to provider obligations in each family, meaning that adjustments have been made as to the number of persons to subsist on an income in the various types of family. This is done by calculating the income of the individual families per person unit, where the first adult counts as 1, the second adult as 0.7, and children as 0.5 person unit. These weights are normally used by the OECD.

The figure in Chapter 3 shows the distribution of income for single-person and cohabiting households, respectively, broken down by quartiles. The quartiles have been fixed on the basis of the disposable incomes for all households, irrespective of family type. The figure in Chapter 4 shows the distribution of income regarding single people and couples under the age of 45, with and without children, respectively. In Chapter 7, the figure shows the distribution of income regarding single people and couples under 65/67

years and over 65/67 years, respectively. As regards two-parent families, the age of the key person decides the placement in the age group. The key person is defined as the person earning the highest income.

The basic tables for the tables and figures concerning distribution of income can be found on the diskette enclosed to the present report.

Purchasing Power Parities

Purchasing power parities (PPP-Euro) 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-Euro factors will buy the same amount of goods and services in all the countries.

The PPP-Euro calculations have partly been used in the comparison of the social expenditure, partly in the comparison of the levels of compensation in connection with various social occurrences. In the previous versions of this publication, PPP-Euro/NOK was used.

The PPP-Euro calculation used in the present publication is PPP-Euro. The following estimates have been used for the various countries: Denmark 9.74; Finland 7.012; Iceland 94.3; Norway 10.76; and Sweden 11.02.

Ways of Comparing the Nordic Countries with Europe

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

The introduction to the various chapters contains a table of the social expenditure in the respective fields seen in relation to the overall social expenditure. In connection with the Nordic countries, the new ESSPROS manual has been used, whereas the old ESSPROSS manual has been used in relation to the EU Member States, either with data concerning 1994, or with the latest available data.

METHOD

Miscellaneous

In 1995, Norway started, as the first of the Nordic countries, to use the SNA-93 and the ESA-95 in the calculation of the gross domestic product (the GDP). This shift meant that the Norwegian GDP became approximately 10 per cent higher. The Norwegian GDP of previous years has furthermore been adjusted.

Chapter 3

Population and Income Distribution

Population

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

After having been stagnating for several years, the birth rate has again increased during recent years. This has, to varying extents, led to an increase in the need for minding facilities for infants.

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 between men and women and between the Nordic countries. In all the countries, there are most women in the oldest age groups, which naturally results in many of them living alone during their last years.

Among the Nordic countries, Sweden has the oldest population, whereas the youngest population is found in Iceland.

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

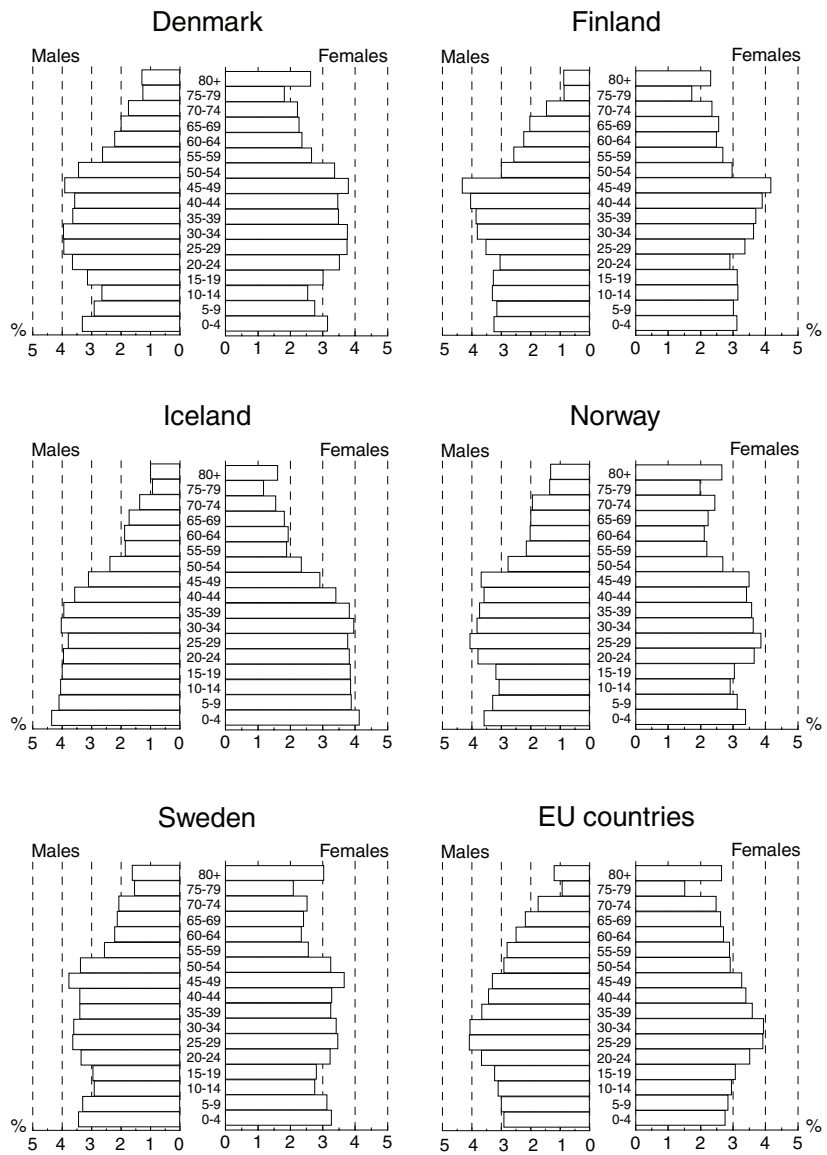
POPULATION AND INCOME DISTRIBUTION

Table 3.1 Mean population by sex and age 1995

	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	238	9	232	9	16	12	218	10	429	10
7-17 »	322	12	364	15	24	18	299	14	579	13
18-24 »	260	10	223	9	15	11	219	10	404	9
25-49 »	996	39	1,000	40	49	37	824	38	1,576	36
50-64 »	434	17	400	16	16	12	307	14	721	17
65-79 »	262	10	223	9	11	8	230	11	509	12
80+ »	67	3	45	2	3	2	58	3	143	3
Total	2,580	100	2,487	100	134	100	2,156	100	4,361	100
<i>Females</i>										
0-6 years	226	9	223	9	16	12	206	9	407	9
7-17 »	308	12	348	13	23	17	285	13	550	12
18-24 »	251	9	214	8	14	11	212	10	388	9
25-49 »	956	36	961	37	48	36	785	36	1,511	34
50-64 »	439	17	417	16	17	12	309	14	721	16
65-79 »	331	13	340	13	12	9	290	13	621	14
80+ »	138	5	118	5	4	3	117	5	268	6
Total	2,648	100	2,621	100	133	100	2,204	100	4,466	100
<i>Males and females</i>										
0-6 years	464	9	455	9	32	12	424	10	836	10
7-17 »	630	12	712	14	46	17	584	13	1,129	13
18-24 »	511	10	437	9	29	11	430	10	792	9
25-49 »	1,952	37	1,961	38	97	36	1,609	37	3,087	35
50-64 »	873	17	817	16	33	12	617	14	1,442	16
65-79 »	593	11	563	11	23	9	520	12	1,130	13
80+ »	205	4	163	3	7	3	175	4	411	5
Total	5,228	100	5,108	100	267	100	4,359	100	8,827	100

POPULATION AND INCOME DISTRIBUTION

Figure 3.1 Population by sex and age as percentage of total population 1995



Distribution of Income

Figures 3.2 and 3.3 first and foremost show the average disposable income for single people and couples broken down by quartiles, converted into PPP-Euro. The quartiles have been fixed on the basis of the disposable incomes for the total number of households. The incomes have been calculated per person unit, and adjustments have been made as per number of adults and children who are to subsist on the income in the various families. The figures also show the percentage distribution of the gross income on factor income and social cash benefits, as well as the taxes in per cent of the gross income.

In all the countries, the disposable incomes per person unit are higher for couples than for single people. The average disposable incomes are highest in Denmark and lowest in Finland. The dispersal of the disposable incomes is least significant in Denmark and most significant in Iceland. As regards dispersal of the disposable incomes, the differences between the countries are considerably smaller for couples than for single people.

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 eliminating differences in the factor income. The very low cash benefits payable to single people in the lowest income bracket in Iceland are due to the fact that this group is mainly made up of students. The eliminating effects on the income of the social benefits are highest in Denmark and lowest in Iceland.

The social cash benefits constitute in all the countries a larger part of the gross income for single people collectively than is the case for couples collectively. Broken down by quartiles that have been fixed on the basis of the disposable incomes for the total number of households, the difference in the share of the social benefits of the gross income between single people and couples is most significant in Finland and least so in Denmark.

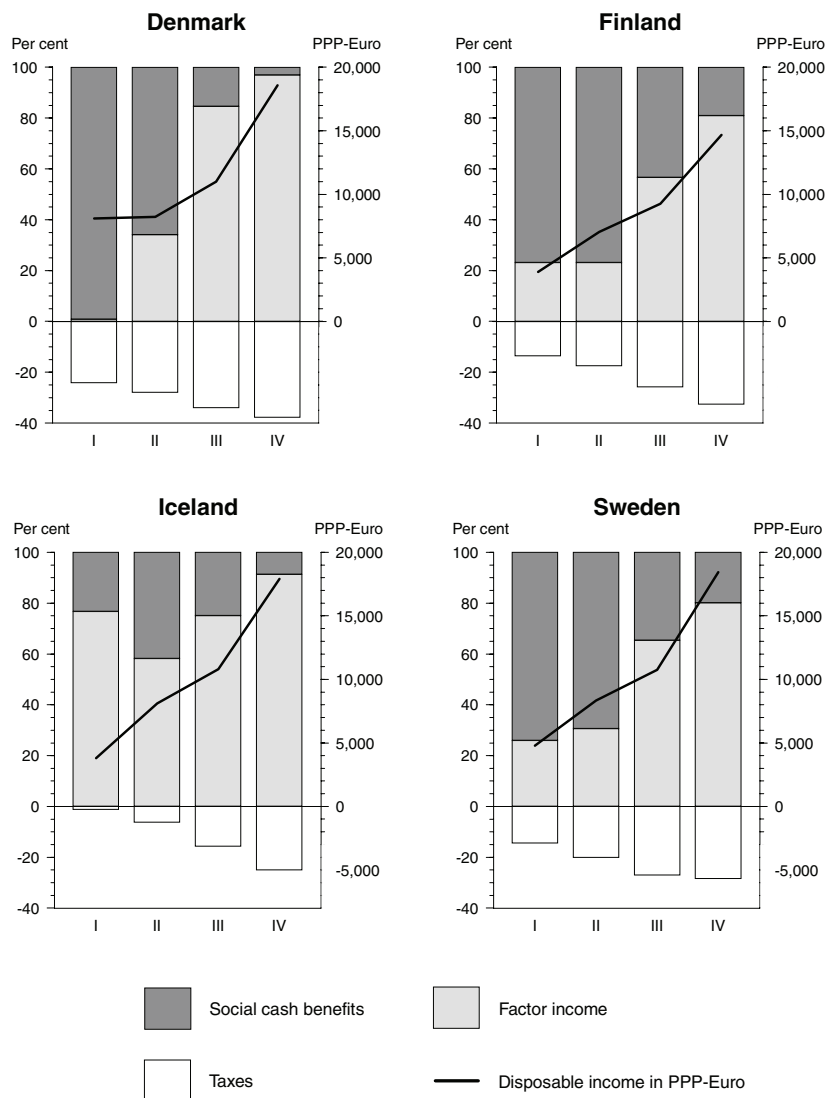
In all the countries, tax is lowest for the households with the lowest disposable incomes, and highest for the households with the highest disposable incomes, measured in relation to the gross income. Consequently, the tax system also contributes to eliminating the differences in the factor incomes.

The tax share of the gross income is clearly higher in Denmark than in the other three countries. This is, among other things, due to the fact that the employers' social contributions play a significantly larger role in the

POPULATION AND INCOME DISTRIBUTION

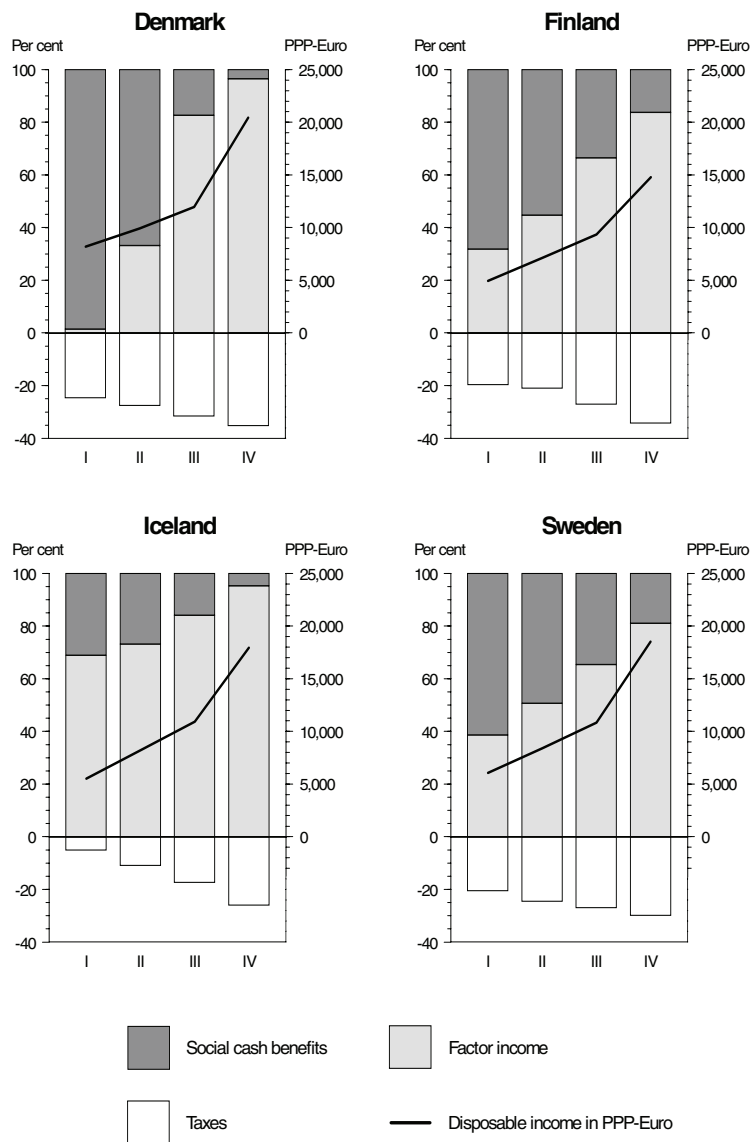
financing of the public benefits in the other three countries, cf. Chapter 10. The differences in the taxation of the social benefits between the countries also play a part in that connection.

Figure 3.2 Average disposable income in PPP-Euro, and percentage distribution of factor income, social cash benefits and taxes for single people with and without children by quartile 1994



POPULATION AND INCOME DISTRIBUTION

Figure 3.3 Average disposable income in PPP-Euro, and percentage distribution of factor income, social cash benefits and taxes for married and cohabiting couples with and without children by quartile 1994



Chapter 4

Families and Children

Relatively speaking, the Nordic countries spend a significantly larger share of their total social expenditure on families and children than does the rest of Europe.

Table 4.1 Expenditure on families and children as percentage of the total social expenditure in the Nordic countries and in the EU, 1994

Denmark	12.3	Denmark	11.6	Italy	3.6
Finland	13.6	Belgium	8.1	Luxembourg	13.6
Iceland	13.2	France	9.6	The Netherlands	5.4
Norway	13.1	Germany	7.6	Portugal	5.2
Sweden	11.8	Greece	1.2	Spain	1.7
		Ireland	13.1	United Kingdom	11.4

Note: The source for data on the EU is EUROSTAT: *Social Protection Expenditure and Receipts*. Data on Denmark in column 1 were computed by using the new ESSPROS manual. The data in columns 2 and 3 were computed by using the previous ESSPROS manual, cf. Chapter 2.

A characteristic feature of the 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 distinguish themselves from the other European countries by a high participation rate among women, 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, 1995

	Denmark	Finland	Iceland ¹⁾	Norway	Sweden ²⁾
<i>Number of families with children aged 0-17 years (1,000)</i>	644	640	39	565	1,016
Percentage of whom are:					
– Married couples	64	70	57	66	67
– Cohabiting couples	18	12	23	13	15
– Single people	19	18	20	22	18
Total	100	100	100	100	100
<i>Number of families without children (1,000)</i>	2,211	2,172	102	1,454	2,683
Percentage of whom are:					
– Married couples	27	26	23	33	35
– Cohabiting couples	7	7	2	..	8
– Single people	65	67	74	67	57
Total	100	100	100	100	100
<i>Number of single people with children (per cent):</i>					
Men	12	12	6	12	15
Women	88	88	94	88	85
Total	100	100	100	100	100
<i>Number of single people without children (per cent):</i>					
Men	50	47	54	47	45
Women	50	53	46	53	55
Total	100	100	100	100	100
<i>Average number of people per family</i>	1.8	1.9	2.9	2.2	1.7

1 Children aged 0-15 years.

2 Information based on population census in 1990.

The significance of the 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 the gross income on factor income and social cash benefits for families with and families without children, broken down by single people and couples. Furthermore, the figure shows the income tax and property tax in per cent of the gross income. Table 4.3 shows the amount of the average disposable incomes for those family types, converted into PPP-Euro.

A family consists of adults and children of the age group 0-17 years living together, whereas children over the age of 17 years living at home are

considered as individual families. The incomes have been calculated per person unit, and adjustments have been made for the number of adults and children who are to subsist on the income in the various families.

As appears from Table 4.3, the disposable incomes for families with children are generally lower than is the case for families without children, when taking into account how many people are to subsist on those incomes. Single parents with one child have, however, a slightly higher disposable income than have single people with no children in Denmark and Finland. It is furthermore characteristic for all four countries that the disposable income of families with children is smaller per person unit, the more children there are in a family. This applies to both single parents and couples.

From Figure 4.1, it appears that the social cash benefits in all the countries represent a considerably larger part of the gross income for single people than is the case for couples. In particular for single people, the 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 which the social benefits represent of the gross income. Similarly, the more children there are in a family, the smaller the part which tax represents of the gross income.

In all four countries, the social benefits and the tax consequently result in an equalization of the differences in factor income for single people and couples, for families with children and families with no children, and for families with one child and families with several children. For couples with children, social cash benefits play the largest part in Finland and the smallest part in Iceland. For single providers with one or two children, social cash benefits represent the largest part of the gross income in Sweden and the smallest part in Iceland. For the relatively few single parents with three or more children, social benefits play the largest part in Finland and in Iceland.

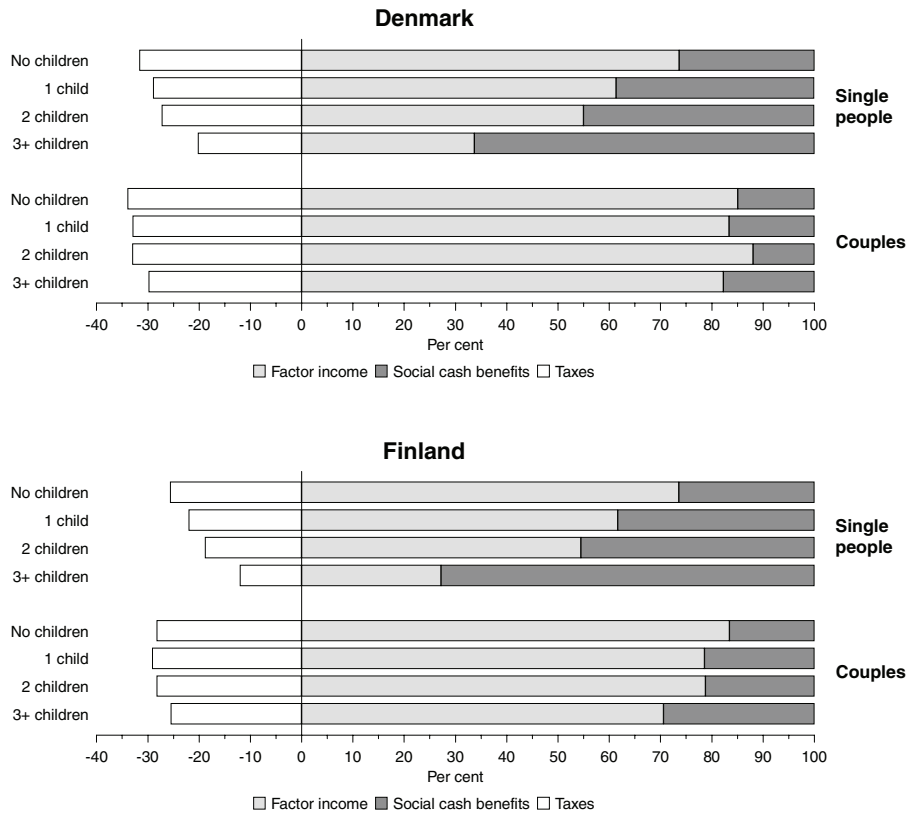
The differences in the significance of the social cash benefits to the various family types are a result of two different factors.

Firstly, the composition of the social benefits payable to families with children; it is important that special benefits are granted to single parents in all the countries (except Sweden), and that the benefits per child in all the countries (with the exception of Denmark) 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 for single people and couples, as the unemployment rate is generally higher among single people. Within the age group 20-44 years, single

FAMILIES AND CHILDREN

Figure 4.1 Income distribution in 1994 for single people and for married and cohabiting couples aged 20-44 years



people are normally younger than couples, and consequently there are more students receiving students grants among the single people.

Figure 4.1 continued

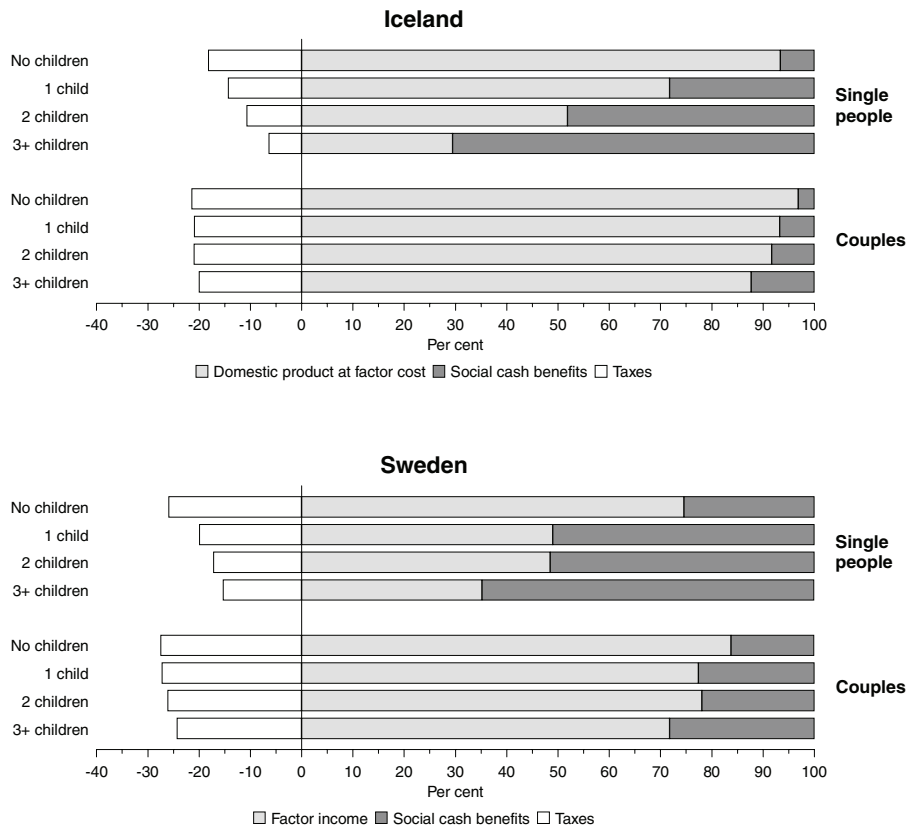


Table 4.3 Disposable income for single people and for married and cohabiting couples with and without children, respectively, aged 20-44 years, 1994, PPP-Euro

	Denmark		Finland		Iceland		Sweden	
	Single people	Couples	Single people	Couples	Single people	Couples	Single people	Couples
No children	10,064	15,171	7,874	10,508	10,270	15,233	9,773	12,947
1 child	10,255	13,526	8,165	9,919	8,814	11,925	8,368	10,997
2 children	7,905	11,655	7,485	8,774	7,779	10,319	7,906	9,529
3+ children	7,012	9,864	6,870	7,986	7,040	8,737	7,434	8,268
Total	9,974	13,031	7,875	9,507	9,948	11,094	9,510	10,517

Cash Benefits to Families and Children²⁾

Daily Cash Benefits in Connection with Childbirth or Adoption

– *Financial support to all*

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

In all the countries, the benefit payable in the 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 first months after childbirth.

The benefit payable prior to childbirth can only be granted to the mother, whereas in all countries, the benefit payable after childbirth may be granted to the father instead of to the mother, but according to somewhat varying schemes.

In Denmark, one must be attached to 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, they only receive a small amount, and in Norway, the benefit is a non-recurrent payment.

In Denmark, Finland, and Sweden, a father is also entitled to a daily cash benefit for a number of days immediately following childbirth at the same time as the mother receives maternity benefit. In Norway, fathers are also entitled to go on leave at the same time as mothers, but without pay.

²⁾ 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, 1995

	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 ⁴⁾	Approx. 64 weeks
Of which (weeks):					
– Only the mother	18	18	8	9	–
– Only the father	2 ¹⁾	3	–	4	–
– Either the mother or the father	10	26	18 ³⁾	29/39	Approx. 64 weeks
Of which:					
– Before birth	4 ²⁾	5-8	4	12	Max. approx. 9 weeks
– After birth	24	36-39	22 ³⁾	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	Yes, but for a max. of 19 weeks	No ⁵⁾	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 wage earners are entitled to maternity benefit for eight weeks prior to birth according to collective agreements.

3 The period may be prolonged to the extent that the mother does not avail herself of her right to commence leave within the last 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.

FAMILIES AND CHILDREN

Table 4.5 Amount of income-substituting cash benefits in the event of childbirth as per December, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Working (employees)</i>					
Amount of maternity benefit (per week) in per cent of previous income	100	Normally 66	..	100/80	80 ³⁾
Min. amount per week in national currency	–	FIM 476	ISK 6,076	NOK 448	SEK 420
Min. amount per week in PPP-Euro	–	68	64	42	38
Max. amount per week in national currency	DKK 2,556 ¹⁾	–	ISK 13,790 ²⁾	NOK 4,527	SEK 4,109
Max. amount per week in PPP-Euro	262	–	146	421	373
<i>Not working</i>					
Amount of maternity benefit (per week)	–	FIM 476	ISK 7,714	Non-recurrent payment, NOK 25,625	SEK 420

1 Public-sector employees are fully paid during maternity leave according to collective agreements.

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

3 The 30 days parental benefit (the so-called “mother/father month”), to which the other parent is not entitled, is payable by 90 per cent.

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, partly for a single employed person with no children, partly 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 with the highest income receives maternity benefit, stated in per cent of the disposable income where both work.

As it appears from Figure 4.2, the compensation is over 100 per cent for single parents in the lowest income brackets in all the Nordic countries, except 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 families with no children. This also applies to couples, cf. Figure 4.1.

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 in 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 families with no children.

The compensation levels furthermore depend on the level of the daily cash benefits seen in relation to the previous income. In Iceland a fixed amount is payable, irrespective of previous income. In the other countries, the daily cash benefits are lowest in Finland and highest in Denmark and Norway, measured in relation to the 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 countries, the maximum daily cash benefit is highest in Norway, followed by Sweden, whereas it is lowest in Iceland, followed by 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 level is also relatively high for the upper income brackets, whereas it in Denmark and in particular in Iceland is relatively low for those groups.

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Figure 4.2 Disposable income for a single man/woman with a new-born child, 1995

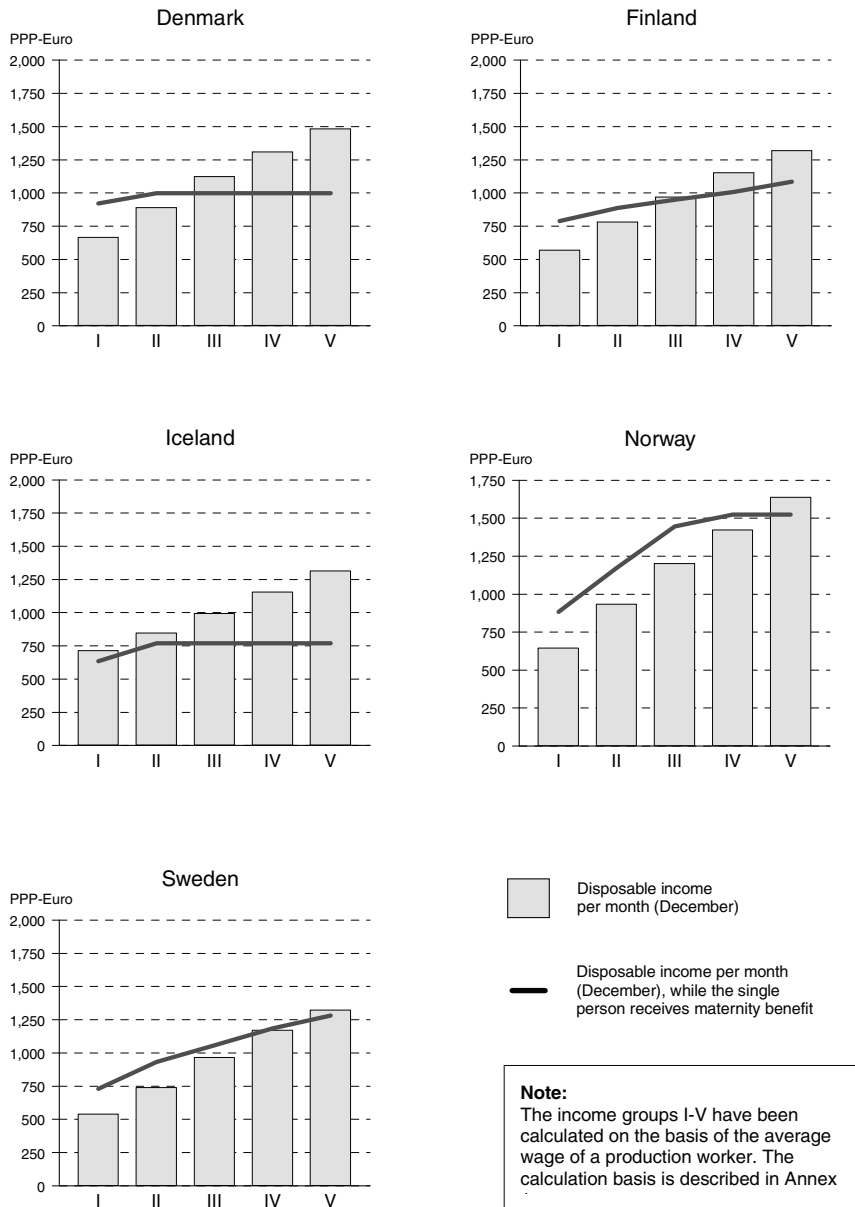
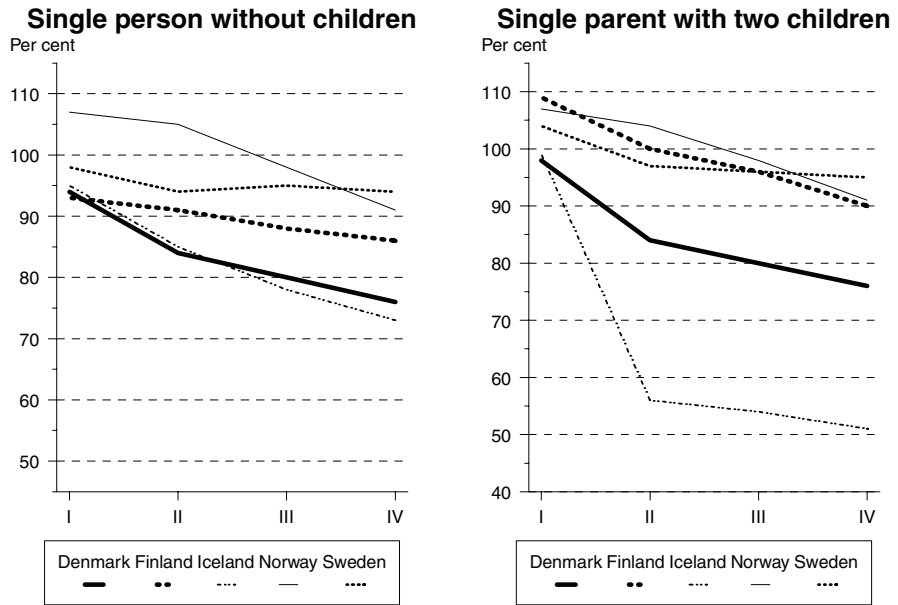


Figure 4.3 Disposable income while receiving maternity benefit as percentage of disposable income when working, 1995



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 Annex 1.

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Table 4.6 Recipients of daily cash benefits in the event of pregnancy, childbirth or adoption during the years, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Number of beneficiaries</i>					
<i>Men</i>					
1990	34,499	27,338	75	645	104,356
1994	38,604	39,719	15	15,361	146,766
1995	41,003	40,267	10	25,166	130,786
<i>Women</i>					
1990	80,108	110,518	5,404	51,949	295,080
1994	88,712	109,901	5,273	73,665	372,004
1995	90,335	108,429	5,066	76,088	327,846
<i>Number of benefit days (1,000)</i>					
1990	12,523	16,900	725	5,149	50,607
1994	13,902	17,366	716	9,194	56,085
1995	14,385	16,947	688	10,699	52,212
<i>Of which percentage of men</i>					
1990	4.1	2.4	..	..	8.8
1994	4.4	3.6	..	..	12.0
1995	4.4	3.6	..	5.8	10.3

The number of people receiving daily cash benefits in the event of pregnancy, childbirth or adoption increased in Denmark and Norway, but decreased in Finland, Iceland and Sweden. However, both the number of recipients and the number of days in which maternity benefit is received vary considerably.

This reflects differences in both the coverage of the schemes and in the duration of the period in which one is entitled to that benefit. Norway has seen a steep rise in the number of men receiving daily cash benefits. This is partly due to a new scheme from 1993 entitling men to four weeks of leave with daily cash benefits, but also to the new 'time-account' scheme that allows 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, and besides, parents are entitled to daily cash benefits until the child turns 8. Furthermore, the calculation method is different as a recipient may be included in the calculation more than once per year.

Cash Benefits to Parents when Minding Children

– Entitlement to leave of absence when minding children

In Denmark, parents with children under the age of nine have since 1994 been entitled to child-minding leave. In 1995, parents were entitled to 13 weeks' leave, but 26 weeks if the child was under one year old. In agreement with the employer, a leave period may be prolonged to a total of 52 weeks. The leave scheme applies to both wage earners, self-employed and unemployed people. During a 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 the ages of three and eight years. 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. The local authorities may grant a supplementary benefit of up to DKK 35,000 per year. The average number of people on child-minding leave rose from 36,000 in 1994 to 42,000 in 1995, but dropped to 31,000 in 1996.

In Finland, parents are, after having received parental benefit for a while, entitled to choose between a place in a municipal day care institution and an allowance enabling them to mind their children at home (home-care allowance). The home-care allowance is payable until a child reaches the age of three years. The allowance consists of three different parts: a basic amount of FIM 1,908 per month, a sibling supplement, and a supplementary amount of a maximum of FIM 1,527 per month. The supplements are calculated on the basis of the income. At the end of 1995, 60 per cent of all children aged nine months to three years received home-care allowance. Parents may also choose to reduce their working hours if they have children under the age of three. In that case, they are entitled to part of the home-care allowance equalling 25 per cent of the basic amount of the home-care allowance.

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

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 period of 42 or 52 weeks. Where 52 weeks' of absence from work with 80 per cent of the pay have been chosen,

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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 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 the child turns eight or has completed its first year of schooling.

In most of the countries, there are, furthermore, 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 will stay at home to take care of the 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 will, however, be granted in connection with the minding of children during short-term illness. In Norway, a benefit corresponding to the amount of sickness benefit is payable, while in Sweden, a compensation corresponding to 80 per cent of the income from work is payable for the first 14 days of absence within one year, after which 90 per cent are payable.

In Denmark, Finland, Norway, and Sweden, there are also special rules concerning minding of chronically ill children. Those rules will be dealt with in Chapter 7.

Child Allowance

– An allowance is payable for all children

In all five countries, an allowance is payable for children. The allowances are tax free and independent of parents' income. In Denmark, the allowance

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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. In Sweden, however, the age limit is 20 years if a child is receiving education. In all the countries, Central Government finances the child allowance. In Iceland, part of the allowance is adjusted according to income.

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. Since 1995, a further differentiation has been made in Denmark, so that 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 Finnmark and in certain municipalities in Troms County.

Table 4.6 Annual amount of child allowance as per December, 1995

	Denmark	Finland	Iceland	Norway	Sweden
	DKK ¹⁾	FIM	ISK ²⁾	NOK ³⁾	SEK
<i>Couple with:</i>					
1 child	8,600	6,420	39,364	10,572	9,000
2 children	17,200	14,304	68,072	21,660	18,000
3 children	25,800	23,652	112,578	34,212	31,500
<i>Single parent with:</i>					
1 child	16,388	8,820	174,875	21,660	9,000
2 children	29,404	19,104	328,313	34,212	18,000
3 children	42,420	30,852	486,036	47,212	31,500
Average amount of child allowance per child (KR/FIM)	9,078	7,651	71,841	12,978	9,581
Average amount of child allowance per child (PPP-Euro)	932	1,091	762	1,206	869

1 Calculations have been made on the basis of a general family allowance for the 3-6 year-olds of DKK 2,150 per quarter for both single parents and couples. The allowance for the 0-2 year-olds amounted to DKK 2,400 per quarter, and for the 7-17 year-olds to DKK 1,650 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 30,122 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 is based on child allowances for children of the age group 3-16 years. A supplement of NOK 426 per month is granted for children aged 1-3 years.

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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 all the countries – with the exception of Denmark – the child allowance per child is increased for each child in the family. In Denmark, on the other hand, an extra child allowance is granted to single providers in addition to the ordinary child allowance per child, irrespective of the number of children. In Norway, single providers are entitled to an extra child allowance.

In Denmark, special child allowances may furthermore be granted where one of a child's parents is a pensioner, or where one of a child's parents has died, or where paternity has not been established. In Iceland, a supplement is granted in the shape of maternity wages to widows, unmarried and 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.

Advance on Maintenance Allowance for Children

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

For children whose parents do not cohabit, 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 when a child is born out of wedlock. The allowance is fixed either according to agreement between the parents, through a court decision, or through 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, have the allowance paid in advance by the public authorities. The age limit for entitlement to advanced payment of the maintenance allowance is 18 years. In Iceland 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 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.

Table 4.8 Amounts of maintenance-allowance advances in 1995

	Denmark	Finland	Iceland	Norway	Sweden
Maximum amount per child per year, KR/FIM	8,472	7,778	128,540	12,120	14,080
Maximum amount per child per year, PPP-Euro	870	1,109	1,363	1,126	1,278

Table 4.9 Number of children receiving maintenance-allowance advances as percentage of the population under 18 years, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
1990	14	7	16	12	15
1994	15	9	17	15	15
1995	15	10	18	15	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 carry-over benefit for maintenance by the social security scheme. The benefit equals the minimum amount of pension and will be partly reduced if the person concerned also has an income from work. The benefit is no longer payable when a child reaches the age of 10 or has completed its third school year.

In Finland, Iceland, Norway, and Sweden, a child pension has been introduced 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 reception centres.

Children who are physically and mentally disabled are, as far as possible, 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 a sufficient number of places is available. In Denmark, 58 per cent of the municipalities provided a child-minding guarantee in 1995 for children aged 0-9 years, whereas another 7 per cent guaranteed child-minding for the age group 1-5 years. In Finland, all children under three years are entitled to a place in a day care institution, in family day care, or to an allowance enabling the family to have a child minded in the home or privately. As from 1996, child-minding is guaranteed for all children under the age of seven years. In Iceland, 82 per cent of all children aged 3-5 years, and 54 per cent of all children aged 0-5 years had places in public day care institutions for children. In Norway, 59 per cent of all children aged 1-6 years had places in public or private day care institutions for children. The length of their stay

varies considerably. About 55 per cent of the places are full-time places. The Government subsidy schemes apply to both private and public kindergartens, but the public, municipal kindergartens often also receive municipal grants. Many municipalities have established their own school classes for the 6 year-olds as part of the implementation of the scheme for compulsory schooling for that age group. The scheme covers about half of all 6 year-olds in day care institutions. In Sweden, children whose parents are actively employed or study are given priority to a place in an institution. 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. The 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 the 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, however, 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 prior to their starting school – 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.

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.

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In Norway, about one third of all 6 year-olds participate in measures preparing them for school. As from August 1997, all 6 year-olds will be transferred to the school sector.

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 also have a statutory right to 525 hours of preparation for school in a kindergarten, the so-called general school preparation.

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 and Sweden and has also been initiated in Iceland. 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.

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Table 4.10 Children enrolled in day care institutions and family day care (thousands) by age, 1990-1995

	Denmark	Finland	Iceland	Norway ¹⁾	Sweden
<i>1990</i>					
0-2 years	83	55	3	19	103
3-6 years	167	141	10	120	263
0-6 years, total	250	196	13	139	367
7-10 years	53	17	1	..	146
0-10 year-olds, total	303	213	13	..	512
<i>1994</i>					
0-2 years	101	32	4	36	116
3-6 years	195	137	12	147	343
0-6 years, total	296	169	16	183	458
7-10 years	100	12	0	..	182
0-10 year-olds, total	396	181	16	..	640
<i>1995</i>					
0-2 years	95	34	5	39	123
3-6 years	203	145	12	149	367
0-6 years, total	297	179	17	188	490
7-10 years	110	11	0	..	198
0-10 year-olds, total	407	190	17	..	688

1 Comprises only children between 0 and 6 years.

The number of children who are covered by day care schemes in day care institutions and family day care vary 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 is also significant.

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Table 4.11 Children enrolled in day care institutions and family day care, by age as percentage of the respective age groups, 1990-1995

	Denmark	Finland	Iceland	Norway ¹⁾	Sweden
<i>1990</i>					
0-2 years	47	31	24	11	29
3-6 years	77	58	60	57	64
0-6 years, total	64	44	43	33	48
7-10 years	24	7	3	..	38
0-10 year-olds, total	49	30	28	..	44
<i>1994</i>					
0-2 years	50	16	32	18	32
3-6 years	80	53	63	61	73
0-6 years, total	67	37	50	43	55
7-10 years	46	5	1	..	45
0-10 year-olds, total	60	26	34	..	52
<i>1995</i>					
0-2 years	46	18	37	22	37
3-6 years	81	55	64	61	74
0-6 years, total	65	39	53	44	59
7-10 years	49	5	0	..	45
0-10 year-olds, total	60	27	35	..	54

1 Comprises only children between 0 and 6 years.

Child and Youth Welfare

– *Preventive measures are in focus*

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

The legislation of each country 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 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 expose their health or development to grave danger, e.g. through alcohol and/or drug abuse or crime.

Before the question arises of placing a child outside of its home, measures are taken to avoid removing it from its home.

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, whereas in Iceland, the decision is made by the municipal social-welfare committees. In Denmark, special municipal child and youth committees decide whether or not a child is to be removed. In Norway, special committees under the county authorities decide whether or not a child is to be removed from its home.

Most placements of children outside of their own homes do, however, take place following a voluntary agreement with their parents.

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 relation to children and families in the home. In Denmark, the decline in the number of placements is furthermore due to the fact that a number of young people who are at boarding or continuation schools – as a result of an amendment of the law in 1993 – are no longer 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. The majority of enhanced resources has, however, been used for preventive measures.

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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, 1990-1995

	1990	1994	1995
<i>Denmark</i>			
0-6 years	6.8	4.0	3.9
7-14 years	14.9	11.8	11.9
15-17 years	34.2	29.4	29.3
18-20 years	17.9	15.0	15.0
0-20 years	16.1	12.1	12.0
<i>Finland</i>			
0-6 years	4.9	5.0	5.1
7-14 years	6.8	7.9	8.3
15-17 years	11.4	11.5	12.7
18-20 years	5.0	8.4	8.7
0-20 years	6.5	7.5	7.9
<i>Iceland¹⁾</i>			
0-6 years	5.5	..	..
7-14 years	17.1	..	..
15-17 years	8.1	..	..
18-20 years	..	..	..
0-20 years	10.2	..	..
<i>Norway</i>			
0-6 years	3.7	3.5	3.4
7-14 years	6.6	7.8	7.9
15-17 years	10.2	14.0	14.2
18-20 years	3.8	7.0	7.4
0-20 years	5.8	7.0	7.1
<i>Sweden</i>			
0-6 years	3.7	3.6	3.6
7-14 years	7.9	7.2	7.0
15-17 years	14.5	14.8	14.4
18-20 years	5.8	5.5	5.1
0-20 years	7.1	6.6	6.5

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

Expenditure on and Financing of Cash Benefits for Families and Children

Table 4.13 Expenditure and financing of cash benefits and services for families and children, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Income maintenance in the event of childbirth and adoption	4,686	3,196	607	5,463	14,846
B. Birth grants	–	58	565	474	24
C. Parental leave benefits	4,001	3,053	–	431	–
D. Family allowances	9,986	8,768	5,015	11,679	17,008
E. Supplements	–	–	–	–	–
F. Other	87	474	478	4,273	3,290
a. Of which advance on maintenance allowance	87	474	478	1,843	3,282
Cash benefits, total	18,759	14,509	6,665	22,319	35,168
<i>Services, million KR/FIM</i>					
A. Child day care	15,102	5,946	3,034	8,179	23,251
B. Accommodation	4,002	625	526	871	3,921
C. Home help	223	180	45	–	–
D. Other	1,043	1,007	606	3,602	3,536
Services, total	20,369	7,758	4,211	12,652	30,708
Total expenditure, million KR/FIM	39,128	23,307	10,875	34,971	65,876
Total expenditure per capita, PPP-Euro	768	651	431	747	708
Expenditure as percentage of GDP	4.0	4.2	2.4	3.8	4.0
<i>Financed by (per cent)</i>					
– Public authorities	81.7	85.9	92.4	79.1	..
– Employers	0.3	5.4	7.6	11.9	..
– Insured people (contributions and special taxes)	18.0	8.7	–	9.0	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	403	-367	316	2,207	-3,589
– Per cent	1.0	-1.5	3.0	6.7	-5.2

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As a result of the increase in the number of parents going on leave, the expenditure on child-minding leave in Denmark has increased from 36,000 in 1994 to 42,000 in 1995. Besides, the expenditure on the general family allowance increased as a result of an augmentation of the allowance payable for the 0-2 year-olds. The expenditure on day care options has largely remained the same despite an increase in the number of enrolled children of 15,000 from 1994 to 1995, one of the reasons being that the expenses for after-school club schemes increased from well over DKK 1.5 billion in 1994 to a little less than DKK 1.7 billion in 1995 are not included in the Nordic expenditure statistics. To this should be added a reduction of the compulsory sibling discount.

In Finland, the expenditure on families with children has decreased slightly due to several cash benefits being reduced. The expenditure on services has, however, increased.

In Iceland, the expenses for cash benefits increased by 1.2 per cent, whereas the expenses for services increased by 9.7 per cent. The largest expenditure increase took place in relation to day care institutions.

In Norway, the total expenditure was 6 per cent higher in 1995 than in 1994. Part of the increase was due to the expenditure on maintenance advances for children not being adjusted with a view to the contributions of the person liable to pay. Were such adjustments made, the expenditure increase would only be 2.6 per cent of which the majority is due to increasing expenditure on day care institutions.

In Sweden, the expenditure on both cash benefits and on child-minding has decreased considerably. As to cash benefits, the decrease is due to a reduction in the expenditure on benefits payable in the event of childbirth and adoption, whereas the decrease in the expenditure on child-minding is due to changes in the prescription of staff in the institutions.

User charges payable for child-minding

In all five Nordic countries, parents pay a share 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. Children of parents who have a very low income may in all the countries be granted a place free of charge.

In Denmark, rules concerning the maximum amount of payment, places free of charge, and sibling discounts are laid down centrally. In Finland, the maximum user charge is decided centrally, whereas the local authorities decide which income brackets incur payment of maximum user charges. In

Iceland, Norway, and Sweden, user charges are fixed by the local authorities. In Sweden, parents normally pay a rate based on both their income and the period of time which the child spend 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 the user charges was approximately 22 per cent of the running costs, which is a minor increase in relation to previous years. This is a result of a reduction of the compulsory sibling discount in 1995. In Finland, user charges were about 15 per cent for municipal day care. In Iceland, charges for part-time places were about 39 per cent and for full-time places about 29 per cent of the total running costs. In Norway, the charge payable for municipal kindergartens amounted to 29 per cent of the total running costs, but 45 per cent of the expenditure for private kindergartens. Also after-school club schemes are mostly based on a user charge 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 14 per cent of the total running costs.

Chapter 5

Unemployment

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

The rules for both income-substituting benefits to the unemployed and 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 in connection with unemployment.

Table 5.1 Expenditure on unemployment as percentage of the total social expenditure in the Nordic countries and in the EU, 1994

Denmark	16.3	Denmark	16.8	Italy	2.5
Finland	15.6	Belgium	11.0	Luxembourg	2.3
Iceland	4.1	France	8.1	The Netherlands	10.4
Norway	7.7	Germany	9.2	Portugal	5.8
Sweden	11.6	Greece	2.7	Spain	18.1
		Ireland	17.2	United Kingdom	7.3

Note: See Table 4.1.

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

The unemployment rate has been 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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Table 5.2 The population aged 16-64 years by activity, 1995

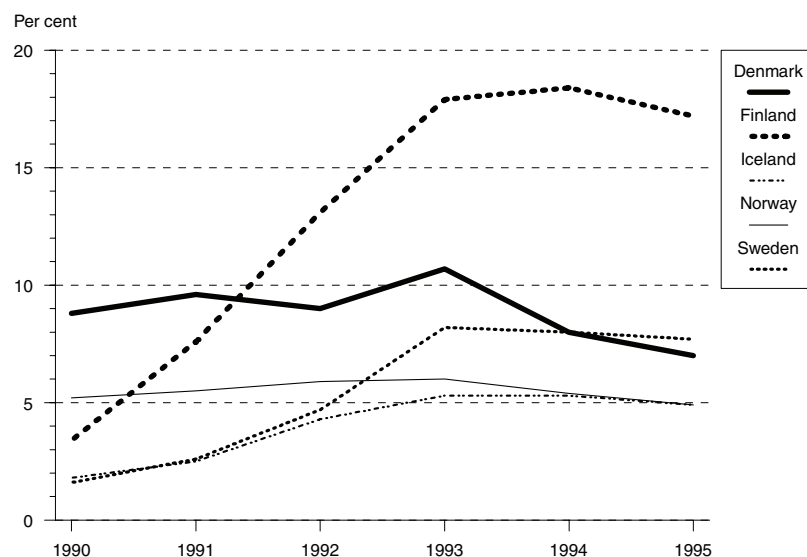
	Denmark	Finland	Iceland	Norway	Sweden
The population aged 16-64 years (1,000)	3,455	3,409	163	2,768	5,523
<i>Of whom (per cent):</i>					
Employed	74.2	61.3	82.7	73.6	72.2
Unemployed	5.6	12.8	4.4	3.8	6.0
Outside the labour force	20.2	25.9	13.0	22.6	21.8
Total	100.0	100.0	100.0	100.0	100.0
<i>Extent of work</i>					
Average number of working hours per employee per year ¹	1,701	1,781	1,833	..	1,630
Average number of working hours per person aged 16-64 years ²	1,262	1,091	1,516	..	1,177

Source: Labour force surveys.

1 Calculated on the basis of labour force surveys of all trades/occupations. The average number of working hours per year in a normal job.

2 Calculated on the basis of labour force surveys. The average number of working hours for all 16-64 year-olds.

Figure 5.1 The development in unemployment, 1990-1995



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Table 5.3 The development in unemployment by sex, 1990-1995

	Total number of unemployed people	Unemployed people as percentage of the labour force					
					16-24 year-olds		
		Total	Men	Women	Total	Men	Women
<i>Denmark¹⁾</i>							
1990	258,000	8.8	8.2	9.6	12.1	11.8	12.4
1994	221,000	8.0	7.2	9.0	10.4	9.5	11.5
1995	197,000	7.0	6.1	8.2	9.7	8.8	10.6
<i>Finland²⁾</i>							
1990	88,000	3.4	4.0	2.8	6.7	8.2	5.2
1994	456,000	18.4	19.9	16.7	33.6	36.9	29.9
1995	430,000	17.2	17.6	16.7	29.9	31.1	28.5
<i>Iceland</i>							
1990	2,255	1.8	1.4	2.2	..	..	..
1994	7,700	5.3	5.1	5.5	11.5	13.0	10.1
1995	7,200	4.9	4.8	4.9	11.0	13.1	8.6
<i>Norway</i>							
1990	112,000	5.2	5.6	4.8	11.8	12.7	10.7
1994	116,000	5.4	6.0	4.7	12.8	13.5	11.9
1995	107,000	4.9	5.2	4.6	11.8	12.2	11.5
<i>Sweden</i>							
1990	75,100	1.6	1.7	1.6	3.7	3.8	3.6
1994	340,000	8.0	9.1	6.7	16.7	19.0	14.3
1995	333,000	7.7	8.5	6.9	15.3	16.7	14.0

1 The figures are based on labour force surveys carried out as situation surveys during the spring. Young men and women here mean the 15-24 year-olds. The survey for 1994 is based on other methods than those used in previous years, and the results are therefore not directly comparable with those of previous years.

2 15-24 year-olds. Individuals receiving unemployment pensions are not included.

Cash Benefits in Connection with Unemployment

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

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

The activating measures constitute approximately one fourth of the total social expenditure on labour market measures in Denmark, somewhat less in Finland and Iceland, about 40 per cent in Norway, and about 50 per cent in Sweden.

It is a special trait of the Nordic countries 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. In Denmark, Finland, and Sweden, unemployment insurance is voluntary. In these countries, non-insured people are, however, entitled to cash benefits. In Denmark, they receive cash assistance (social assistance) if they meet the requirements, whereas they in Finland and Sweden are paid a special labour-market benefit.

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

In all the countries, the unemployment insurance scheme is financed by employer and Government contributions. In addition, membership contributions are payable in Denmark, Finland, and Sweden. In Norway, membership contribution to the National Insurance Scheme also covers unemployment insurance.

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

In Denmark, one must have been a member of an unemployment

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insurance fund for one year, and full-time insured members must have worked for a minimum of 26 weeks as employees or self-employed within the past three years. The maximum period during which one can receive unemployment benefit was extended to seven years in connection with a labour market reform in 1994. At the same time it was decided that entitlement to unemployment benefit cannot be (re)gained through publicly subsidised employment, but only through regular employment. As from 1996, the total unemployment benefit period will be gradually reduced to five years in connection with the advancement of the entitlement and obligation to be offered activation. As from 1997, entitlement to unemployment benefit is subject to 52 weeks of work within a period of three years.

In Finland, one must have been a member of an unemployment insurance fund for at least six months (as from 1997, for 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 26 weeks (as from 1997, for 43 weeks) during the two previous years. The total benefit period is normally 500 days within four consecutive calendar years. Individuals who have reached the age of 55 years (as from 1997, 57 years), before having been paid unemployment benefit for 500 days may receive unemployment benefit till 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 payment will be discontinued for 16 weeks. Recipients may avoid such discontinuation if they have accepted job training or special employment offers for at least eight weeks during the past unemployment benefit period.

In Norway, a prerequisite for being entitled to unemployment benefit is that one has had either an earned income during the last year prior to becoming unemployed, or has received sickness or maternity benefit amounting to NOK 28,560. Unemployment benefit is payable for a maximum of 80 consecutive weeks. After that, unemployment benefit is not payable for another 13 weeks.

In Sweden, one must have been a member of an unemployment insurance fund for 12 months prior to becoming unemployed, in order to be entitled to unemployment benefit. The benefit is payable for a maximum of 300 days. If a beneficiary reaches the age of 55 years prior to the expiration of the 300-day period, unemployment benefit may be payable for another 150 days.

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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 actively seeking employment and being able to take on work. In addition, some of the countries have a qualifying period in which unemployment benefit is not payable. In Denmark and Iceland, there is no qualifying period; in Norway, there are three qualifying days, whereas Finland and Sweden have five qualifying days. In Finland, the number of qualifying days will be increased to seven in 1997.

Figure 5.2 shows the disposable income at four different income levels for a couple with no children, where both have work and where the one earning the most starts receiving only 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 and 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 for insured and non-insured people, respectively. This applies in particular for single people who have previously earned a high income, and for single people without children. The compensation level for insured people depends first and foremost on the amount of the daily cash benefit in relation to the previous income. In Iceland, a fixed amount is payable irrespective of previous income. Secondly, the compensation level depends on the maximum amounts. They are highest in Denmark and lowest in Iceland. In Finland, there is no upper limit to the amount of daily cash benefits.

In respect of 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. This 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. 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.

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Table 5.4 Rules applying to payment of cash benefit in the event of unemployment as per December 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>					
Age limit for entitlement to unemployment benefit	17-66 years ¹⁾	17-64 years	16-70 years	16-66 years	16-64 years ⁵⁾
Number of qualifying days	–	5	–	3	5
Maximum number of days of unemployment benefit	1,820 within 9 years (5 benefit days per week for 7 years)	500 within 4 years ³⁾ (5 benefit days per week)	260	480 (80 weeks of 6 working days)	300/450 ⁶⁾
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 26 weeks' work within 2 years	Payment of unemployment benefit discontinued for 16 weeks	Payment of unemployment benefit discontinued for 13 weeks ⁴⁾	By complying with the requirement for 12 months' work before the unemployment period
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 ²⁾	17-64 years	16-70 years	16-66 years	20-64 years
Maximum benefit period	.	.	.	.	150/300/450 ⁷⁾

1 Individuals between the ages of 16 and 65 years are entitled to join an unemployment insurance fund and to receive unemployment benefit between the ages of 17 and 66 years.

2 Both children under the age of 18 and people above the age of 67 may in certain cases receive cash assistance.

3 For 55 year-olds, however, up to the age of 60.

4 Application may be made to avoid the 13 weeks' discontinuation of payment of unemployment benefit. Unemployed people above the age of 64 years are entitled to unemployment benefit with no time limit.

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

6 450 days for recipients over 55 years.

7 300 days for benefit recipients over the age of 55, 450 days for benefit recipients over the age of 60.

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Table 5.5 Amount of cash benefit in the event of unemployment as per December 1995

	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 ¹⁾	Income related benefit: average of 58 per cent of previous income from work. Basic amount: FIM 590 + child supplement: FIM 120-225 per week	Fixed amount + child supplement	62 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	.	FIM 590	ISK 3,042	NOK 343	SEK 1,225
Min. amount per week in PPP-Euro	.	84	32	32	111
Max. amount per week in national currency	DKK 2,555	.	ISK 11,543 ⁴⁾	NOK 2,742	SEK 2,820
Max. amount per week in PPP-Euro	262	.	122	255	256
<i>Non-insured individuals</i>					
Amount of benefit per week	<i>Young people under 25 years:</i> DKK 482/985 ²⁾ <i>Others:</i> DKK 1,535/2,045 + special assistance ³⁾	FIM 0-590 + child supplement: FIM 48-90	.	Means-tested social assistance	SEK 1,225

1 Employers pay daily cash benefit of DKK 456 per day for the first and second day of unemployment.

2 Special benefits for young people under the age of 25 with no obligation to provide for children at home and with no previous income from work above 60 per cent of the unemployment benefit for 18 months.

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

4 One must have had gainful employment 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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Figure 5.2 Disposable income for an insured couple without children, 1995

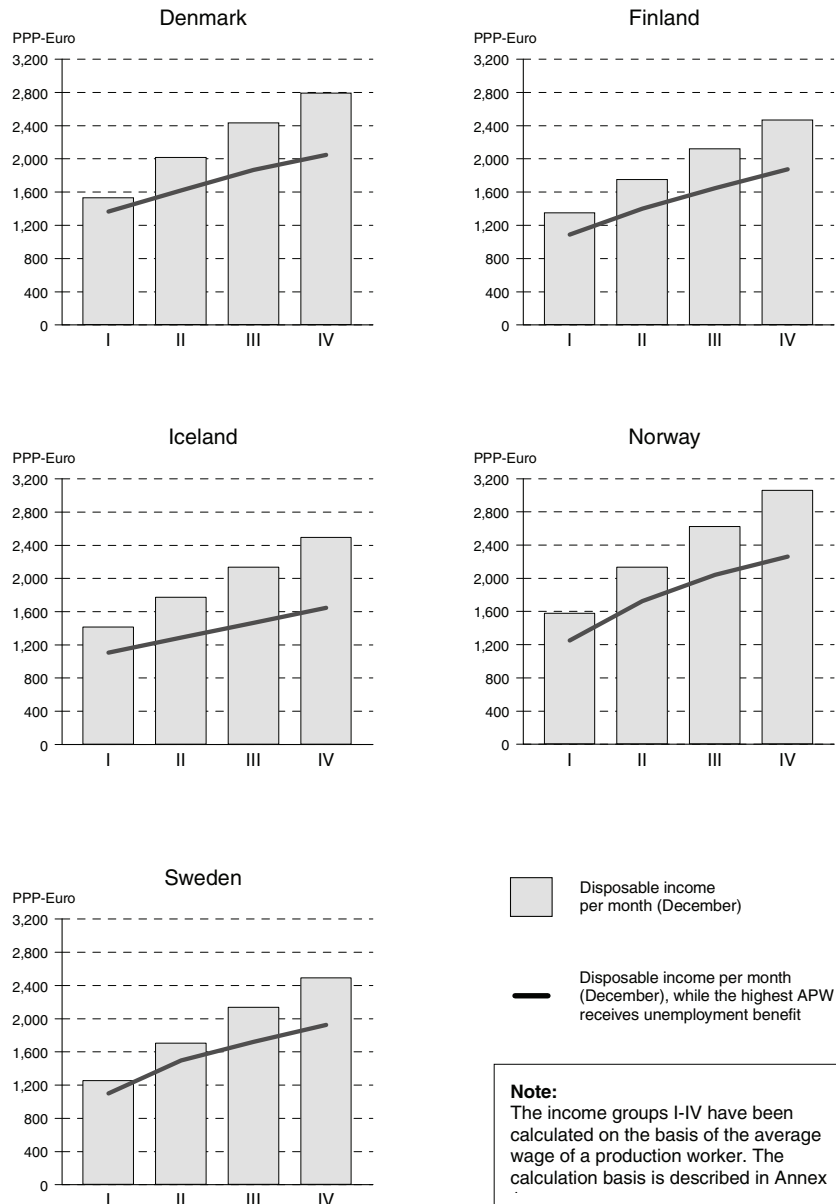


Figure 5.3 Disposable income while receiving unemployment benefit as percentage of disposable income while being employed, 1995

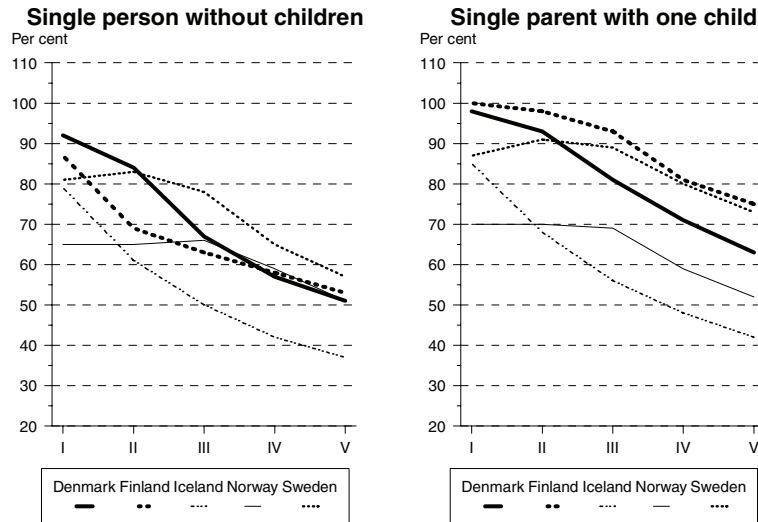
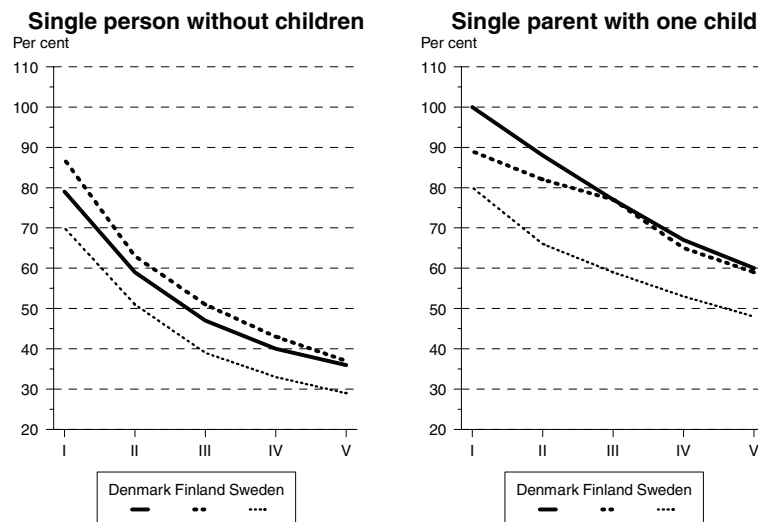


Figure 5.4 Disposable income for non-insured individuals as percentage of disposable income while being employed, 1995



Note: The income groups I-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 Annex 1.

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Table 5.6 Number of people (1,000) who received benefits for at least one day, 1990-1995

	Denmark	Finland	Iceland	Norway ¹⁾	Sweden
<i>1990</i>					
Insured	621	171	11	303	262
Non-insured	116	126	..	..	36
Total	737	289	11	303	298
<i>1994</i>					
Insured	694	815	20	341	857
Non-insured	123	124	..	..	136
Total	818	896	20	341	993
<i>1995</i>					
Insured	672	678	19	310	824
Non-insured	111	270	..	..	137
Total	783	807	19	310	961

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

In Table 5.3, the number of unemployed people is shown as an average at a number of given times of calculation, 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 unemployed. This benefit is calculated in the same way as is invalidity pension. In 1995, 39,147 people received unemployment pension of an average of FIM 5,037 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 benefits, all the Nordic countries offer other forms of cash benefits to unemployed people. The lower age limit for the

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various 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, a new labour market reform entered into force in 1994, the primary aim of which it is to improve the qualifications of the labour force, among other things through greater flexibility and decentralisation of the activation options for the unemployed, and through enhanced opportunities to go on education, parental, or sabbatical leave.

After two years of unemployment at the latest, unemployed recipients of unemployment benefit have the right and obligation to participate in a reasonable activation scheme for a total of 12 months in the shape of job training, education and training, etc. After five months of unemployment, unemployed people are furthermore entitled to a special self-start allowance for up to 2½ years in order to start a business of their own. After four years of unemployment, recipients of unemployment benefit have the right and obligation to receive a full-time offer of activation.

After a maximum of 13 weeks, unemployed recipients of cash assistance under the age of 25 years have the right and obligation to accept an offer of employment or training of at least 30 hours a week for six months. Recipients of cash assistance of 25 years or more must be offered activation no later than 12 months after having become unemployed. After nine months of unemployment, recipients of cash assistance are furthermore entitled to an enterprise allowance for a maximum of 2½ years in order to set up a business of their own.

Unemployed people will receive wages in connection with job training, while the benefits payable in connection with the other activation and training measures largely correspond to daily cash benefits or cash assistance.

Finland has during recent years in particular aimed at activating measures, mainly in the shape of vocational training for adults. The purpose of the training is to improve the working capacity of unemployed people. Daily cash benefit is payable during the training period; the benefit corresponds to the unemployment benefit. Course fees are paid by Central Government.

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 vocational rehabilitation rests with the labour market authorities. The aim is to ensure an overall follow-up on cash

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benefits and services to the unemployed. In addition, labour market authorities have offered 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.

Table 5.7 Number of activated people, 1995

	Number of activated people during the year	Number of activated people at time of survey/average number of people activated	Activated people as percentage of the labour force at the time of survey
<i>Denmark</i>			
Employment with income support	130,031	51,031	2.0
Education and training	134,422	48,711	1.8
Other	28,105	10,730	0.4
Total	269,237	110,935	4.0
<i>Finland</i>			
Employment with income support	194,100	63,600	2.6
Labour market training	81,400	33,900	1.4
Labour market support	21,000	5,900	0.2
Total	296,500	103,400	4.2
<i>Norway</i>			
Public employment measures	..	9,034	0.4
Wage support to employers	..	4,169	0.2
Education measures	..	35,380	1.6
Other measures	..	35	0
Total	..	48,618	2.2
<i>Sweden</i>			
Supply affecting measures	245,000	61,800	1.4
Demand stimulating measures	536,000	213,300	4.9
Total	781,000	275,100	6.1

In Sweden, activities have been divided into activities affecting supply and activities stimulating demand and employment. The labour market activities affecting supply are first and foremost aimed at improving the individual's qualifications for seeking employment where labour is in demand. The employment service and labour market institutes make use of

i.a. labour guidance, activating efforts, occupational rehabilitation, education and training, as well as technical aids for people with reduced capacity for work. By the end of the recession at the beginning of the 1990s, vocational training was prevalent among labour market measures. Since 1992, focus has shifted towards employment stimulating measures.

Of schemes could be mentioned traineeships for young people under 25 years, aimed at providing them with work experience; immigrant training services, aimed at improving immigrants' employment situation; precautionary work for people who are at risk of losing their unemployment benefit; working life development, aimed at inducing unemployed people to return to the general labour market; and recruitment support aimed first and foremost at stimulating new employment, particularly in private enterprises.

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 is an employment service. It provides a service to both job-seekers and employers. The employment service is run by Central Government, except in the case of Iceland where it is run by local authorities; as from 1 July 1997, Central Government will take 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 when offered.

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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, 1990-1995

	Denmark ¹⁾		Finland		Norway ²⁾		Sweden ³⁾	
	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
1994	127	5	154	6	283	13	341	8
1995	117	4	170	7	276	13	359	8

1 Positions through ordinary job provision, i.e. excluding positions in open provision.

2 Comprises both vacancies registered with the employment offices and vacancies registered otherwise.

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

Expenditure on and Financing of Benefits in Connection with Unemployment

In Denmark, expenditure on unemployment benefits has decreased as a result of a decrease in unemployment. The average number of people receiving daily cash benefits dropped from 276,000 in 1994 to 236,000 in 1995. Expenditure on leave benefits and activation, which also include activation of cash assistance recipients, has, however, increased. The total number of activated people increased from about 100,000 'full-year individuals' in 1994 to 110,000 in 1995. The number of people on educational leave has increased markedly, whereas the number of people in subsidised employment has decreased.

In Finland, where the unemployment rate is going down, expenditure on unemployment has dropped by FIM 1,9 billion from 1994 to 1995.

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Table 5.9 Expenditure and financing of cash benefits and services in connection with unemployment, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Full unemployment benefit	29,735	19,793	3,245	10,004	40,564
B. Partial unemployment benefit	–	..	–	10	45
C. Early retirement benefit for labour market reasons	–	2,432	–	–	–
D. Vocational training allowance	3,059	1,130	330	–	14,001
E. Redundancy compensation	–	194	–	–	–
F. Other	11,495	–	–	–	–
Cash benefits, total	44,289	23,549	3,575	10,014	54,610
<i>Services, million KR/FIM</i>					
A. Mobility and resettlement	–	7	–	–	205
B. Vocational training	–	937	–	3,203	9,771
C. Other	2,285	600	83	3,467	20
a. Of which employment services	804	600	83	1,934	..
Services, total	2,285	1,544	83	6,670	9,996
Total expenditure, million KR/FIM	46,573	25,093	3,655	16,683	64,606
Total expenditure per capita, PPP-Euro	904	701	145	357	664
Expenditure as percentage of GDP	4.8	4.6	0.8	1.8	3.9
<i>Financed by (per cent)</i>					
– Public authorities	15.7	51.2	72.6	58.7	..
– Employers	17.7	32.8	27.4	23.5	..
– Insured (contributions and special taxes)	66.6	16.0	–	17.8	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	-3,342	-2,066	344	-2,583	-3,455
– Per cent	-7.2	-7.6	6.8	-13.4	-5.1

In Iceland, cash benefits have increased by 4 per cent. Expenditure on unemployment benefits has increased by 15.5 per cent, which is due to the benefit level having gone up by about 6.8 per cent. Expenditure on job training decreased by 47.4 per cent, which reflects a decreasing

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unemployment rate from 1994 to 1995. Similarly, expenditure on services has gone down by 19.4 per cent.

In Norway, expenditure has dropped markedly. This is mainly due to the average number of employment benefit recipients having decreased by 5.9 per cent in relation to the previous year, causing the expenditure on both unemployment benefit and other labour market measures to decrease.

In Sweden, expenditure on cash benefits has decreased due to a reduction in the level of unemployment cash benefit. The rate of unemployment has largely remained the same.

Chapter 6

Illness

The expenses in connection with illness vary considerable. They are twice as high in Iceland and Portugal as in Denmark and Greece – the two countries spending the least in relation to the total social expenditure.

Table 6.1 Expenditure in connection with illness as percentage of total social expenditure in the Nordic countries and the EU, 1994

Denmark	17.6	Denmark	18.1	Italy	23.1
Finland	20.7	Belgium	26.6	Luxembourg	26.7
Iceland	38.2	France	28.1	The Netherlands	21.8
Norway	25.4	Germany	29.9	Portugal	36.6
Sweden	21.4	Greece	15.0	Spain	28.1
		Ireland	29.8	United Kingdom	19.6

Note: See Table 4.1.

Paid Absence in Connection with Illness

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

General Daily Cash Benefit Scheme

The structures of the wage and daily cash benefit schemes vary considerably from one country to another. In Denmark, public-sector employees and

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some private-sector employees are 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 constitute the all-important part of the general daily cash benefit scheme. After one year of employment with one and the same employer, an employee is thus entitled to one month's pay. 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. Wages payable during illness also play an extremely important part in Finland.

In several of the countries, self-employed people can take out an insurance ensuring them sickness benefit in case of illness.

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

Sickness Benefit during the Employer 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. Public employers in Denmark and Norway, however, pay wages during the entire period in which an employee is absent due to illness. In Sweden, there is a qualifying period of one day, in Finland, the qualifying period is nine working days, whereas the Icelandic public insurance scheme operates with a qualifying period of 21 days. Most employees are, however, entitled to wages during that period. In the other countries, there is no qualifying period. In Denmark, entitlement to sickness benefit is obtained after a qualifying period of three months. None of the other countries has a similar scheme. 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, full wage compensation is payable for an income of up to NOK 235,380 per year, which in 1995 corresponded to 6 times the basic amount payable by the national social security fund. In Sweden, 'sickness wages' are payable, corresponding to 75 per cent of the income from work. In Finland, employees are entitled to wages in full or in part for one to three months according to collective agreements. During that period, employers receive sickness benefits from the Social Insurance Institution.

Table 6.2 Rules governing payment of cash assistance to employees in connection with illness as per December 1995

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

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

2 Under collective agreements, employers pay full or partial wages/salaries for 1-3 months during illness. During that period, the benefit is 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 1995

	Denmark	Finland	Norway	Sweden
Amount of sickness benefit as percentage of income from work	100 per cent	Normally 66 per cent	100 per cent	80 per cent ²⁾
Min. amount per week in national currency	.	FIM 395	.	.
Min. amount per week in PPP-Euro	.	56	.	.
Max. amount per week in national currency	DKK 2,556 ¹⁾	.	NOK 4,527	SEK 4,109
Max. amount per week in PPP-Euro	262	.	421	373
Sickness benefit taxable?	Yes	Yes	Yes	Yes
Supplement for children?	No	No	No	No

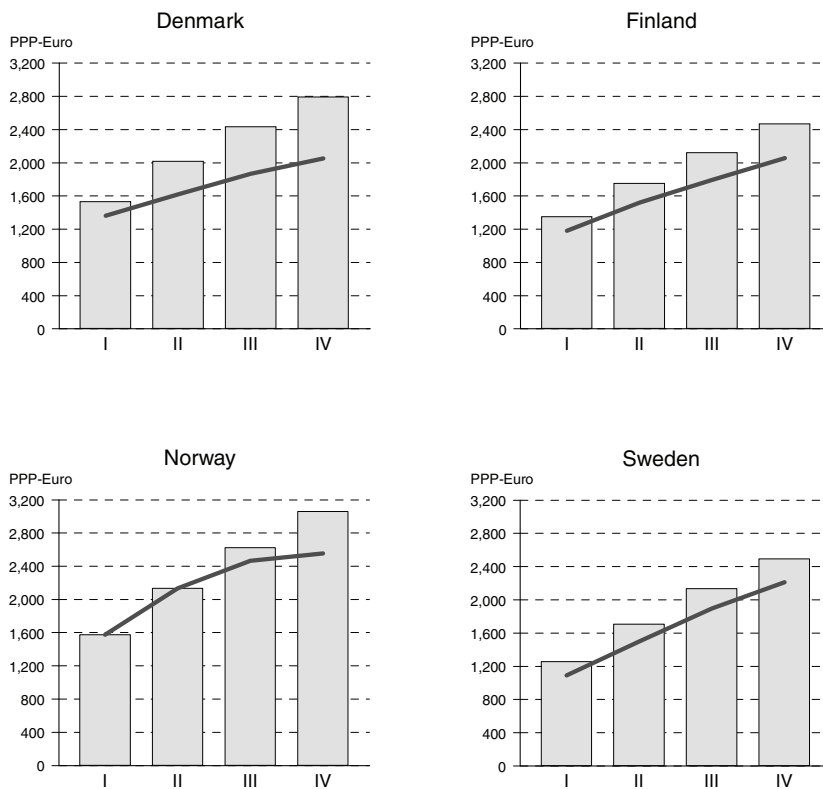
1 Public-sector employees receive their normal wages/salaries during illness.

2 After one year of absence due to illness, sickness benefits will be reduced to 70 per cent of the income from work.

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Figure 6.1 shows the disposable income at four different income levels for a couple with no children, where both have work, and 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 person with no children and for a single parent with one child receiving sickness benefit in per cent of the disposable income from work.

Figure 6.1 Disposable income for a couple without children, 1995

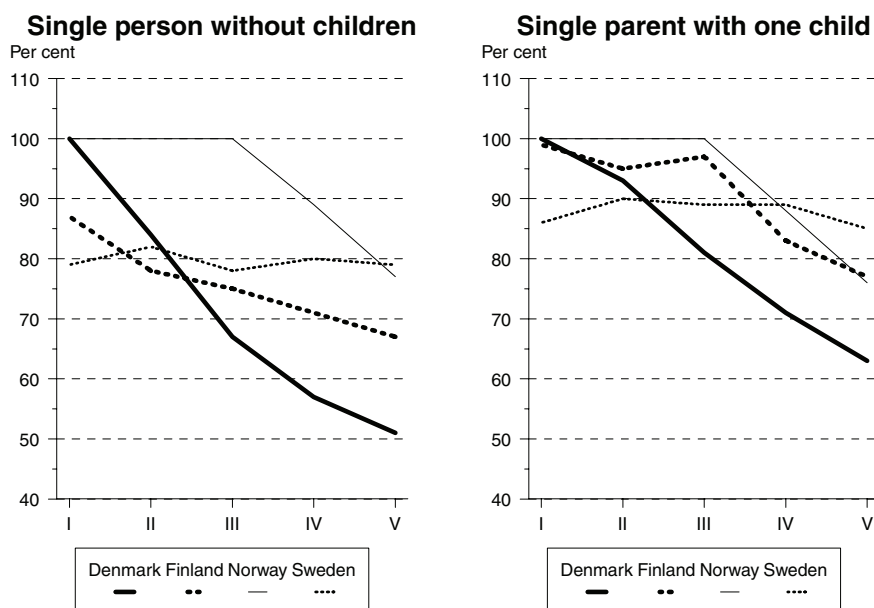


Note:
The income groups I-IV have been calculated on the basis of the average wage of a production worker. The calculation basis is described in Annex 1.

■ Disposable income per month (December)

— Disposable income per month (December), while the highest APW receives sickness benefit

Figure 6.2 Disposable income while receiving sickness benefit as percentage of disposable income from work, 1995



Note:

The income groups I-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 Annex 1.

As can be seen from the figures, the compensation levels differ considerably in connection with illness. For the lowest income brackets, compensation is highest in Denmark and Norway and lowest in Sweden, whereas it for the highest income brackets is lowest in Denmark and highest 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

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cash benefits. 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 receive higher rent subsidies, as the rules governing this subsidy are generally more favourable for families with children than for families with no children.

Table 6.4 Calculated absence due to illness for at least one week among employees as percentage of all employees, 1990-1995¹⁾

	Denmark	Finland	Iceland	Norway	Sweden
<i>1990</i>					
Men	1.5	2.2	1.1 ²⁾	2.7	3.7
Women	2.2	2.6	1.9 ²⁾	3.5	5.4
Total	1.8	2.4	1.5 ²⁾	3.1	4.5
<i>1994</i>					
Men	1.8	2.0	1.1	2.0	2.3
Women	2.1	2.4	2.0	2.9	3.5
Total	1.9	2.2	1.5	2.4	2.9
<i>1995</i>					
Men	1.4	2.0	1.3	2.2	2.2
Women	2.2	2.3	2.1	3.1	3.5
Total	1.7	2.1	1.7	2.6	2.7

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 for all age groups since 1990. There are several reasons for this, among others the increasing rate of unemployment up through the 1990s.

Table 6.5 Number of sickness benefit periods of at least 15 days (per cent), 1995

	Denmark	Finland	Norway	Sweden
<i>Duration (days)</i>				
15-21	24.9	27.7	21.8	21.6
22-29	12.4	17.9	15.7	15.6
30-59	24.1	30.5	27.1	25.7
60-89	10.6	8.5	10.9	9.8
90-119	6.2	3.7	6.3	5.4
120-149	3.7	2.1	3.5	3.4
150-179	2.6	1.2	7.5	2.4
180-359	8.8	1.1	7.3	7.3
360+	6.7	1.3	4.9	8.9
Total	100.0	100.0	100.0	100.0

There are certain differences between the Nordic countries as regards the pattern of long-term sick leave (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 to the transition to rehabilitation benefits or anticipatory pension.

In Sweden, there is no limit as to how long sickness benefit is payable, and consequently the benefit may be payable for more than one year of illness. In exceptional cases, this may also occur in Denmark.

Daily cash benefits in the event of industrial injury or work related illness

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

In Finland, industrial 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 sector, while it in Iceland is Central Government.

Occupational health services have been established in Denmark, Finland, Norway, and Sweden. The purpose of this service is that it, within the framework of the individual work place, initiates preventive measures, exercises health control, and treats acute minor injuries occurring at the work place.

Public control with enterprises is exercised with a view to ensuring that current safety and labour environment rules are observed.

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. In addition, there are highly specialized hospitals, psychiatric hospitals, and, in some of the countries, also hospitals for long-term care. The hospitals are mainly run by Central Government, the counties, or the municipalities. Furthermore, there are 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.

Table 6.6 Discharges and average length of stay in somatic hospital wards, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Number of discharges from somatic hospital wards per 1,000 inhabitants</i>					
1990	193	180	166	155	170
1994	196	194	166 ¹⁾	158	183
1995	199	193	..	163	177
<i>Average length of stay (days) in somatic hospital wards</i>					
1990	6.7	7.2	7.6	7.1	7.5
1994	6.5	5.7	6.3	6.8	6.3
1995	6.4	5.6	..	5.5	6.4

Source: *Health Statistics in the Nordic Countries* concerning the years 1990, 1994 and 1995.
Finland: STAKES (1990 and 1994).

1 Including rehabilitation and long-term care.

In all the countries, there has been a trend towards closing down psychiatric hospitals proper and instead expand treatment of psychiatric patients in their local communities.

Medical Treatment, Etc.

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

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

In Denmark, general medical treatment is provided solely by self-employed general practitioners specialising in this field, fully financed, and according to agreement with the public authorities. In Norway, about half of the general medical treatment is provided by self-employed general practitioners. This only applies to a slight degree 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 and visits

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to 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 in all the countries performed by specialists according to agreement with the public authorities. These services are provided either according to general or specific rules.

Table 6.7 Number of medical consultations per capita, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Medical consultations per capita</i>					
1990	4.2	3.3	4.2	..	2.8
1994	4.8	4.0	4.6	..	3.0
1995	..	3.7	..	..	3.1

Source: *Health Statistics in the Nordic Countries* concerning the years 1990, 1994, and 1995.

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 are used to a certain degree in all the countries to detect for 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

– Children and youth get dental treatment free of charge

Dental treatment is a well-developed service for everyone. Treatment of children and youth is performed at public clinics and is completely or partly free of charge.

In Denmark, Iceland, and Norway, treatment of adults is mainly performed by self-employed dentists.

In Finland, dental treatment of children, youth and mothers takes place

at the health centres. The remaining part of the dental treatment is mainly performed by self-employed dentists.

In Sweden, the counties organise the public dental care scheme which covers about 30 per cent of all dental treatment of adults. The remaining part of the treatment is performed by self-employed dentists.

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

In Denmark, expenditure on sickness benefit has increased, i.a. as a result of the fact that more unemployed people receive sickness benefit and an increased number of dispensations from the limited duration. In addition, there has been an increase in the estimated expenditure during the employer period. The increase in the expenditure on the hospital service is limited, which i.a. is a result of a long-term dispute with the nurses in 1995 that contributed highly to a drop in the number of discharges from 1994 to 1995.

In Finland, the expenditure on both cash benefits and services has increased. The decreasing rate of unemployment has thus resulted in increasing expenditure in connection with absence due to illness. In addition, the local authorities have been forced to allocate more resources to the health care sector after several years of cuts, as the need for treatment of illness has grown.

In Iceland, the expenses for pay during illness have gone up by 2.2 per cent. Services have increased by 6.4 per cent from 1994 to 1995, which is first and foremost a result of an increase in the expenditure on the hospital service.

In Norway, the expenses for sickness benefit have increased, following several years of decreasing absence due to illness. The increase in the absence due to illness is partly due to the number of employed people having increased, but also to the number of days of absence per employee having gone up by 6.4 per cent from 1994 to 1995. Similarly, there has been an increase in the expenditure on the hospital service, partly due to higher priority being given to this sector, partly due to a pressing need for resources as the number of elderly people in the population is increasing.

In Sweden, expenditure in connection with illness is by and large unchanged. That is due to the fact that increasing prices have partly

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compensated for the decrease in decline in sick leave and partly for the cost savings achieved in the health sector. On the other hand, the expenditure in relation to the GDP has decreased remarkably.

Table 6.8 Expenditure and financing of cash benefits and services in connection with illness, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Paid sick leave	11,041	7,142	6,297	19,677	28,669
Of which:					
a. General sickness benefit	5,941	2,523	451	11,377	19,150
b. Daily cash benefits in employer period	5,100	3,900	5,631	8,300	6,100
c. Special insurance in the event of industrial injury or occupational disease	–	562	215	–	617
B. Other	381	–	–	56	33
Cash benefits, total	11,422	7,142	6,297	19,733	28,702
<i>Services, million KR/FIM</i>					
A. Hospitals	31,611	18,398	14,715	24,245	48,710
B. General medical treatment	13,425	11,499	9,847	18,903	46,394
C. Other	–	234	1,039	2,512	1,926
Services, total	45,036	30,131	25,602	45,661	97,030
Total expenditure, million KR/FIM	56,458	37,273	31,899	65,393	125,732
Total expenditure per capita, PPP-Euro	1,109	1,041	1,265	1,398	1,293
Expenditure as percentage of GDP	5.8	6.8	7.1	7.1	7.6
<i>Financed by (per cent)</i>					
– Public authorities	84.4	64.6	80.1	64.1	..
– Employers	8.5	21.1	19.9	25.9	..
– Insured (contributions and special taxes)	7.0	14.3	–	10.0	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	1,003	1,285	1,247	1,940	795
– Per cent	1.8	3.6	4.1	3.1	0.6

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.

Medical treatment

In Denmark, medical treatment is free of charge. A limited number of Group-2 insured people, however, pay a minor amount themselves. In the other Nordic countries, patients pay an amount for treatment themselves.

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' charges amounted in 1995 to about 59 per cent of the total costs, including expenses for the municipal dental care scheme which is free of charge for children and young people.

Pharmaceuticals

In Denmark, patients' share of the costs for pharmaceutical products, including over-the-counter products, amounted to about 41 per cent in 1995. The National Health Insurance Service (the counties) financed about 52 per cent and the municipalities financed the remaining 7 per cent of the expenses. The user charges for 1995 have been calculated in a different way than was the case in 1994. In Finland, 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 amounted to 32 per cent, while the health insurance scheme financed the remaining 68 per cent. In Norway, user charges for medication paid by private individuals amounted to 38 per cent. The National Health Insurance Fund reimbursed the remaining amount. If pharmaceutical products used at the hospitals (which is completely free of charge) are included, user charges go down to 32 per cent. In Sweden, user charges amounted to 21 per cent of the expenses.

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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, whereas a maximum of SEK 80 per day is payable in Sweden, irrespective of the length of the stay.

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 are based on the pension systems for the elderly, it was considered most expedient to describe the pension systems together. The same kinds of services are often provided at one and the same institution and institution staff treats both the elderly and the disabled.

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 to the elderly and the disabled, respectively, and of cash benefits to survivors. At the end of the 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 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.

OLD AGE DISABILITY AND SURVIVORS

Table 7.1 Expenditure on old age, disability and survivors as percentage of total social expenditure in the Nordic countries and in the EU, 1994

Denmark	47.1	Denmark	45.5	Italy	70.8
Finland	46.7	Belgium	52.9	Luxembourg	57.2
Iceland	41.2	France	49.5	The Netherlands	58.6
Norway	47.1	Germany	50.2	Portugal	51.3
Sweden	48.5	Greece	76.3	Spain	47.4
		Ireland	34.5	United Kingdom	53.1

Note: See Table 4.1.

Figure 7.1 shows the average disposable income for families, where the key person, i.e. the person earning the most, is under and over 65/67 years, respectively, broken down by single people and couples. The incomes have been calculated per person unit, and adjustments have been made for the number of adults and children to subsist on the income in the various families. The disposable income is the factor income plus social cash benefits less tax.

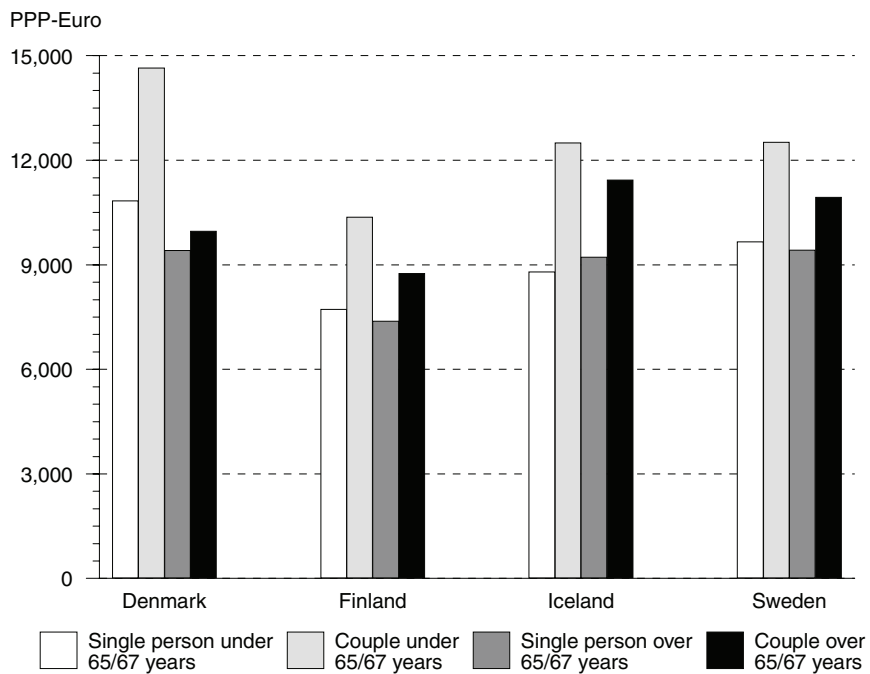
As can be seen from the figure, families over the age of 65/67 years have a lower average disposable income in all the countries than have families under the age of 65/67 years. This applies to both single people and couples. The only exception is single people in Iceland, where the average disposable income is a little higher for families over 67 years than for families under 67 years. Generally, there is a marked difference in the relation between the incomes in the two age groups, both in respect of single people and couples, and of a comparison of the countries.

The differences in the average disposable income for single people who are over and under 65/67 years, respectively, are relatively small and significantly smaller than for couples. This is, among other things, a result of the pension systems in the Nordic countries paying a relatively high compensation to single people in relation to previous income, cf. Figure 7.2. It should be noted, however, that the group single people under 65/67 years also comprises a large number of young people, including children over 17 years living at home, who earn very little.

As to both single people and couples, over and under 65/67 years, the differences in the average disposable incomes are least significant in Iceland and Sweden and most significant in Denmark. This is due to the supplementary pension being relatively small in Denmark, in particular in relation to the fully developed scheme in Sweden. The income from

supplementary pension schemes, which is included in Figure 7.1, but not in Figure 7.2, probably plays a more important role in Denmark than in Iceland, Sweden, and Finland. Apparently, the schemes are not sufficiently developed to equalize the great differences in the statutory supplementary pension schemes.

Figure 7.1 Distribution of income for single and cohabiting people, under and over 65/67 years, respectively, in 1994



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 make the transition to old age pension more smooth: the so-called old age pensions.

OLD AGE DISABILITY AND SURVIVORS

People with totally or partially reduced working capacity 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 assessment is made of the working capacity, 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 of the age group 58-64 years having difficulties in the labour market. The pension form 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 is divided so that the maximum and intermediate anticipatory pensions are dealt with together with the invalidity pensions in the other countries, and the ordinary and increased ordinary anticipatory pensions are dealt with together with the special old age pension schemes.

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

Pension Structures

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

- a. A statutory basic pension (old age pension) to everyone, where the amount of the pension is independent of any previous income from work.
- 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 payment of contributions and charges.
- 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.

OLD AGE, DISABILITY AND SURVIVORS

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.

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 time and the amount of income from work. Since 1996, recipients of supplementary pension (labour pension) in Finland are no longer granted basic pension (old age pension) if the supplementary pension exceeds 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, a reform which took effect from 1 January 1994 was implemented to the effect that pensions will in future be taxed according to the same rules as apply to other tax-payers. The increased tax allowance and the special interest reduction applying to pensioners who have contributed to pension schemes and who have interest from securities were thereby abolished. In Iceland, pensions are normally also taxable, but the child allowance and the supplement payable to the basic pension for old age and anticipatory pensioners are exempt from tax. In the other countries, tax rules are especially favourable for pensioners.

Child supplements and 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.

OLD AGE DISABILITY AND SURVIVORS

Table 7.2 Pension recipients, by type of pension, 1994¹⁾

	Denmark	Finland	Iceland ²⁾	Norway ²⁾	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 – to be entitled to a pension – have been resident for at least three years in the country in question between the ages of 15 and 65/67 years. Periods of employment in one 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, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Child supplement</i>	Ordinary and special child allowance	Yes	Yes	Yes	Yes ³⁾
– Income-adjusted?	No	No	Yes	Yes	Yes ⁴⁾
– Taxable?	No	No	Yes	Yes	Yes
<i>Supplements to people receiving only the basic pension</i>	Yes	Yes	Yes	Yes	Yes
– Income-adjusted?	Yes	Yes ⁴⁾	Yes	Yes	Yes ⁴⁾
– Taxable?	Yes	Yes	Yes	Yes	Yes
<i>Housing benefit</i>	Yes ¹⁾	Yes	No ²⁾	Yes	Yes
– Income-adjusted?	Yes	Yes	Yes	Yes	Yes
– Taxable?	No	No	Yes	No	No
<i>Supplement if only one spouse receives pension (spousal supplement)</i>	No	Yes	Yes	Yes	No
– Income-adjusted?	–	No	Yes	Yes	–
– Taxable?	–	No	Yes	Yes	–
<i>Wife's supplement</i>	No	No	No	No	Yes ³⁾
– Income-adjusted?	–	–	–	–	Yes
– Taxable?	–	–	–	–	Yes
<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 the size of their accommodation. The benefit is not part of the pension.

2 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.

3 The supplement will be phased out as from 1990 and will, as to the wife's supplement be dropped completely in the year 2000, while the child supplement will be dropped in the year 2005.

4 Only in respect of the labour market supplementary pension.

OLD AGE DISABILITY AND SURVIVORS

Number of Pension Recipients

Table 7.4 Pension recipients, by age, in thousands and as percentage of the age group as per December 1995

	Denmark		Finland		Iceland		Norway		Sweden	
	1,000	As per-centage of each age group	1,000	As per-centage of each age group	1,000	As per-centage of each age group	1,000	As per-centage of each age group	1,000	As per-centage of each age group
<i>Age</i>										
16-39	35	1.9	31	1.9	4	3.9	71	4.7	47	1.7
40-49	53	6.9	50	6.0	2	6.3	53	8.5	79	6.4
50-54	61	16.5	41	13.0	1	10.5	37	14.4	66	11.0
55-59	74	26.4	87	32.3	2	15.6	48	24.6	90	19.7
60-64	143	59.6	197	80.6	3	27.7	69	39.1	155	38.7
65-66	68	75.2	97	101.5	2	38.4	37	51.2	163	101.7
67+	709	100.6	647	102.0	26	98.7	625	100.0	1,409	101.9
Total	1,142	26.7	1,151	28.2	39	19.7	940	27.1	2,010	28.4

The figures in Table 7.4 are exclusive of child pensioners, widow pensioners and semi-retirement pensioners. In the total number of pensioners, recipients of voluntary early retirement benefit have been included in the figures concerning Denmark (116,751 people) of the ages 60-66 years, and people who receive transition allowance (44,513 people) of the ages 50-59 years. As the widow's pension has been abolished in Denmark, and widows may instead apply for the ordinary early retirement pension, the number of pension recipients in Denmark is overestimated in relation to the other Nordic countries. The reasons for the high rates for the 60-64 year-olds in Finland are that public-sector employees are pensioned 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 55-65 year-olds. In Sweden, there was in 1995 38,133 people of the age 60-64 years who received semi-retirement pension. If they are included in the calculation, 48.2 per cent of the 60-64 year-olds in this group were pensioners, corresponding to a total of 193,632 people.

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

Old Age

Pensions to the Elderly

– Various forms of transition to retirement

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

The age limit for entitlement to 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, however, 63 years, but it is currently being increased successively to 65 years.

The age limit for entitlement to 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 country in question. In Finland, this adjustment was cancelled in 1994.

In all the countries, one may obtain basic and/or supplementary pension before the general pensionable age, but the pension amount will in that case be reduced. Similarly, the pension will be higher if retirement is postponed until the age of 70 years.

In Iceland, the direct combination of the amount of the pension and the wage and price development in the labour market was abolished in 1995. Now Central Government fixes the amount of the pension.

Basic pension to the elderly

The basic pension consists in all five countries of a basic amount and a supplement. In Denmark, the basic amount is adjusted for all pension recipients in relation to any income from work. In Finland, the basic amount is independent of other income. In Iceland, the basic amount is adjusted in relation to other taxable income according to special rules. In Norway, the basic amount is adjusted annually according to agreement between Central Government, the unions, and organizations of the insured. In Sweden, the basic pension is independent of other income.

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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. This does not apply in any of the other countries. In return, a supplement to the basic amount is payable here. 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 only a small amount in Denmark to a considerable 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 calculated in relation to the basic amount of the basic pension. In Iceland, the supplementary pension may be adjusted in relation to other taxable income, including any income of a spouse.

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 and Norway, it is about 80 per cent, while in Sweden, almost all wage earners are covered by the supplementary 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.

OLD AGE, DISABILITY AND SURVIVORS

Table 7.5 Monthly minimum amount of pension, 1995

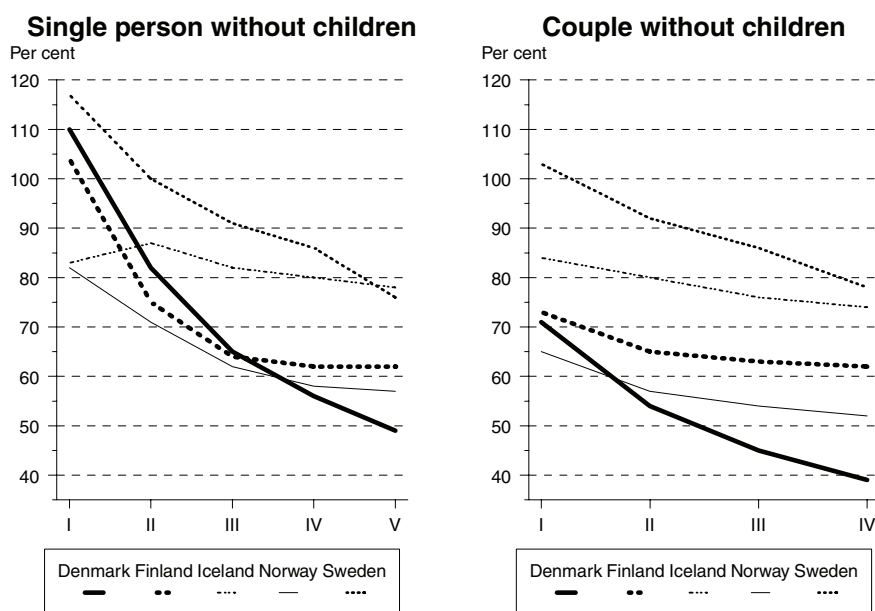
	Denmark	Finland	Iceland	Norway	Sweden
<i>Single people</i>					
Min. amount of pension per month					
KR/FIM					
– Basic amount	3,709	445	12,822	3,417	2,799
– Supplement	3,676	2,081	25,612	1,864	1,618
Min. amount of pension per month, total					
– KR/FIM	7,385	2,526	38,435	5,281	4,417
– PPP-Euro	758	360	408	491	401
<i>Married couples</i>					
Min. amount of pension per month					
KR/FIM					
– Basic amount	7,418	890	23,080	4,904	4,577
– Supplement	3,258	3,538	51,225	4,024	3,236
Min. amount of pension per month, total					
– KR/FIM	10,676	4,428	74,305	8,928	7,814
– PPP-Euro	1,096	632	788	830	709

Figure 7.2 primarily shows 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; secondly, 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 figure, there are considerable differences in the compensation levels when one is transferred to the pension scheme. This applies both between the countries and between single people and couples. The reason for this is first and foremost the supplementary pension, which is very low in Denmark, but fully developed in Sweden. The same applies to the Icelandic schemes. The very high compensation levels for single people in the lowest income brackets in Denmark and Finland, as well as for single people in the groups in Sweden, is a result of the relatively high amount of housing benefits payable to pensioners in those countries. Besides, the minimum pension is relatively high in Denmark, and the supple-

OLD AGE DISABILITY AND SURVIVORS

Figure 7.2 Disposable income when receiving old age pension (incl. supplementary pension) as percentage of disposable income when working, 1995



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 Annex 1.

mentary pension is generally high in Sweden. The differences in the compensation levels among the countries, in particular in relation to the high income brackets, reflect to a certain degree the significance of the supplementary pension schemes (which are 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 pensions in the form of basic pension and supplementary pension, by the end of the years 1990-1995

	Old-age pensioners, total	Of whom receiving only basic pension, as percentage of 65/67 year-olds and over			Of whom receiving supplementary pension, as percentage of 65/67 year-olds and over ¹⁾		
		Total	Men	Women	Total	Men	Women
<i>Denmark</i>							
1990	706	42.9	10.6	32.3	57.1	29.9	27.2
1994	711	48.0	11.6	36.4	52.0	28.9	23.0
1995	709	46.3	11.1	35.2	53.7	29.5	24.2
<i>Finland</i>							
1990	737	19.9	2.5	17.4	80.1	34.0	46.1
1994	789	14.3	1.7	12.7	85.7	35.8	49.8
1995	804	13.4	1.6	11.8	86.6	36.1	50.5
<i>Iceland</i>							
1990	25	32.1	12.2	19.9	67.9	33.2	34.7
1994	26	18.1	4.9	13.2	81.9	39.0	42.9
1995	..	..	..	..	..	..	..
<i>Norway</i>							
1990	613	48.9	9.1	39.8	51.1	31.5	19.6
1994	625	41.9	6.6	35.3	58.1	33.9	24.2
1995	625	41.3	6.4	34.9	58.8	34.2	24.5
<i>Sweden</i>							
1990	1,554	25.3	2.1	23.2	74.7	40.7	34.0
1994	1,584	20.1	1.6	18.5	79.9	41.3	38.6
1995	1,590	19.0	1.6	17.4	81.0	41.3	39.7

1 In *Denmark*, the decrease in 1993 is due to the very small supplementary pensions now payable as non-recurrent payments. 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 larger than the minimum pension. The figures for *Sweden* include all pensioners receiving supplementary pension, even if the supplementary pension is smaller than the pension supplement.

OLD AGE DISABILITY AND SURVIVORS

Special Old Age and Semi-Retirement Pensions

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

The special old age pensions comprise various forms of pensions 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 make it possible to retire and receive full or partial pension.

Table 7.7 Monthly amount of the special old age/semi-retirement pensions as per December 1995

	KR/FIM	PPP-Euro
<i>Denmark</i>		
Basic ordinary anticipatory pension ¹⁾	6,703	688
Voluntary early retirement pay ²⁾	8,946	918
Semi-retirement pension ³⁾	5,025	516
Transition allowance ²⁾	8,700	893
<i>Finland³⁾</i>		
Semi-retirement pension	3,120	445
Change-of-generation pension	3,119	445
Farm-closure pension	3,796	541
<i>Norway⁴⁾</i>		
Pension by collective agreement	8,563	796
Special pension to sailors	2,645	246
Special pension to fishermen	3,848	358
Special pension to woodsmen	2,581	240
<i>Sweden</i>		
Semi-retirement pension	4,499	408

1 Average pension paid out as per January 1995.

2 Average amount of benefit paid out during 1995.

3 Average amount of pension paid out in December 1995.

4 Average amount per month, December 1995 (average annual amount divided by 12).

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Table 7.8 Pensioners receiving special old age and semi-retirement pensions, by sex and age, 1995

	Total	-49		50-59		60-64		65+	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Basic ordinary anticipatory pension	104,924	11,043	14,142	9,565	23,412	6,000	24,408	2,892	13,462
Voluntary early retirement pay ¹⁾	161,264	.	.	14,044	30,469	39,536	38,521	21,329	17,365
Semi-retirement pension	5,096	.	.	.	.	2,473	764	1,470	389
<i>Finland</i>									
Semi-retirement pension	5,437	.	.	931	1,093	1,594	1,819	.	.
Change-of-generation pension	18,405	.	.	1,900	3,003	5,615	7,887	.	.
Farm-closure pension	32,001	.	60	838	1,858	3,082	4,140	10,793	11,233
<i>Norway</i>									
Pension by collective agreement	9,287	.	125	.	125	.	1,150	822	4,216
Special pension to sailors ²⁾	19,812	.	..	.	131	.	4,306	1,250	3,099
Special pension to fishermen	1,173	..	..	..	..	..	..	..	..
Special pension to woodsmen	171	..	..	..	..	..	..	..	..
<i>Sweden</i>									
Semi-retirement pension	38,133	.	.	.	.	23,525	14,608	.	.

1 Including 44,513 people of the age group 50-59 years receiving transition allowance. This allowance was introduced in 1992 as a temporary measure. Since the end of 1995, this allowance is no longer granted.

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

Services to the Elderly

Institutions, etc. for the elderly

The majority of the elderly 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).

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2. Service housing (sheltered housing/service flats/collective housing).

In addition to these special types of accommodation, elderly people may also, to varying degrees, be offered long-term medical treatment in hospital wards, often in the so-called geriatric wards.

Table 7.9 People aged 65 years and over living in institutions and in service housing, total and as percentage of the total number of elderly, December 1995

	Denmark	Finland	Iceland	Norway ¹⁾	Sweden ²⁾
<i>People of the ages</i>					
65-74 years	8,834	6,856	442	7,749	33,785
75+ years	48,279	33,489	3,006	54,009	96,058
<i>As percentage of the respective age groups</i>					
65-74 years	2.6	1.6	2.9	2.6	3.0
75+ years	13.3	11.2	23.7	16.4	23.2

1 Age groups 67-74 and 75+ years.

2 Age groups 65-79 and 80+ years.

Home help/home nursing

In all five countries, home help and home nursing services are provided for 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.

Home nursing is provided for elderly people who need nursing but who are otherwise still capable of remaining in their own homes.

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Table 7.10 Elderly people receiving home help, 1995

	Denmark ¹⁾	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
<i>Recipients of home help</i>					
65-74 years	68,310	20,231	..	20,671	63,059 ⁵⁾
75+ years	92,375	66,870	..	89,574	121,057 ⁶⁾
Total 65+ years	160,685	135,296	5,694	110,245	184,116
<i>Recipients of home help as percentage of the age group</i>					
65-74 years	13.6	4.7	..	7.1	5.6 ⁵⁾
75+ years	45.1	22.3	..	27.3	29.2 ⁶⁾
Total 65+ years	22.7	18.5	18.7	17.7	12.0

1 Age groups 67-79 and 80+ years.

2 Households.

3 Figures include home nursing; age limits are 67-74 and 75+ years.

4 Comprises residents in own home and residents in service housing.

5 Age group 65-79 years.

6 Age group 80+ years.

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 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 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, and pedicure, gardening, and snow clearing. There are, furthermore, 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 elderly 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 receive a disablement allowance, and anticipatory pensioners receiving highest anticipatory pension receive an unemployability allowance in addition to the disablement allowance. The disablement allowance and the unemployability allowance 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 pensioners. In Iceland, anticipatory pension is called invalidity pension and is awarded according to the same rules as apply to old age pension.

In Finland, Iceland, Norway, and Sweden, a supplementary pension is payable in addition to the anticipatory pension. For the calculation of the supplementary pension, which is done on the basis of previous income from work, the time up to the regular pensionable age is usually included.

In the Nordic countries, there are a number of alternative forms of benefits that affect both the award of anticipatory pension and the number of anticipatory pensions. 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 will be awarded. In addition, the supplementary pension may be larger for anticipatory pensioners than for retirement pensioners, which is due to the fact that calculations may be based on the income from the previous three years, contrary to the retirement pension which is based on the 20 best earning years.

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Also the other anticipatory pension schemes (which in this report are referred to as special anticipatory 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 those countries. In Norway, the lack of such alternative early retirement pensions has clearly resulted in an increased number of invalidity pensioners.

In all the countries, the amount of the ordinary anticipatory pension, including pension supplement, is either equal or almost equal to the one awarded to retirement pensioners. 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.

Table 7.11 Average monthly amount of anticipatory pension, 1995

	KR/FIM	PPP-Euro
Denmark	8,785 ¹⁾	902
Finland	6,833	974
Iceland	38,435	408
Norway	6,983	649
Sweden	7,609	690

1 Average amount for highest and intermediate anticipatory pensions as per January 1995.

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Table 7.12 Recipients of anticipatory pension and new accession of anticipatory pensioners, by sex, 1990-1995

	Denmark ¹⁾		Finland		Iceland		Norway ²⁾		Sweden	
	M	W	M	W	M	W	M	W	M	W
<i>1990</i>										
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
<i>1994</i>										
Recipients	79,543	81,393	166,167	144,460	3,920	5,293	102,869	130,819	186,967	223,659
New accession	6,897	5,606	..	..	399	527	11,052	11,414	23,417	25,114
New accession as percentage of population	0.4	0.3	..	..	0.5	0.6	0.8	0.9	0.8	0.9
<i>1995</i>										
Recipients	82,166	83,871	165,348	144,156	..	..	103,401	132,900	185,413	223,163
New accession	5,941	5,087	..	..	..	..	11,016	12,223	18,639	20,565
New accession as percentage of population	0.3	0.3	..	..	..	..	0.8	1.0	0.7	0.8

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

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

The decrease in the number of new anticipatory pensioners in Denmark from 1994 to 1995 should be seen in relation to the number of new accessions in 1994 of especially the highest anticipatory pension being relatively high. This is due to a restructure of the pension system to the effect that residents in nursing homes, etc., are now paid their pension instead of pocket money. The shift was implemented by the end of 1994. Both in Norway and Sweden, the rules for award of anticipatory pension have been tightened.

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Table 7.13 Pensioners receiving anticipatory pension in the form of basic pension and/or supplementary pension, total and as percentage of the respective age groups, 1990-1995

	1990		1994		1995	
	Total	As percentage of each age group	Total	As percentage of each age group	Total	As percentage of each age group
<i>Denmark</i>						
18-19 years	407	0.1	539	0.2	485	0.2
20-29 »	6,959	0.9	8,397	1.1	8,317	1.1
30-39 »	15,943	2.1	18,130	2.4	18,305	2.3
40-49 »	31,198	4	34,910	4.5	34,919	4.5
50-59 »	52,990	9.7	56,013	9.1	57,198	8.8
60-64 »	35,688	14.6	34,947	14.6	34,504	14.4
Total 18-64 »	143,185	4.1	152,936	4.3	153,728	4.3
65-66 »	12,953	13.3	13,093	14.3	12,918	14.3
<i>Finland¹⁾</i>						
16-19 years	1,980	0.8	1,993	0.8	1,978	0.8
20-29 »	10,477	1.5	9,247	1.4	9,031	1.4
30-39 »	23,286	3	20,855	2.7	20,379	2.7
40-49 »	43,970	5.7	49,155	5.9	49,498	5.9
50-59 »	119,384	22.6	115,479	20.5	113,830	19.4
60-64 »	101,835	39.4	113,898	46.8	114,787	47.6
Total 16-64 »	300,932	9.1	310,627	9.3	309,503	9.2
65-66 »	.	.	.	.	.	.
<i>Iceland</i>						
16-19 years	221	1.3	293	1.8	..	..
20-29 »	837	2	999	2.4	..	..
30-39 »	1,137	2.8	1,634	3.9	..	..
40-49 »	1,275	4.3	1,758	5.1	..	..
50-59 »	1,801	8.7	2,077	9.3	..	..
60-64 »	1,481	14.4	1,659	16.0	..	..
Total 16-64 »	6,752	4.2	8,420	5.0	..	..
65-66 »	695	13	793	20.2	..	..
<i>Norway</i>						
16-19 years	668	0.3	693	0.3	778	0.4
20-29 »	6,336	1	6,271	0.9	6,625	1.0
30-39 »	18,314	2.9	18,421	2.9	19,106	2.9
40-49 »	38,442	6.7	42,790	6.9	44,153	7.1
50-59 »	69,141	18	70,842	16.6	73,415	16.3
60-64 »	65,803	33.6	61,620	34.1	59,700	33.9
Total 16-64 »	198,704	7.4	200,637	8.3	203,777	7.4
65-66 »	35,657	43.8	33,051	43.2	32,524	42.8
<i>Sweden</i>						
16-19 years	3,232	0.7	3,197	0.8	3,138	0.8
20-29 »	10,486	0.9	12,245	1.0	12,181	1.0
30-39 »	25,629	2.2	31,622	2.6	31,645	2.6
40-49 »	59,984	4.8	79,293	6.3	78,902	6.4
50-59 »	120,184	13.7	152,641	15.0	156,598	14.7
60-64 »	141,839	33.5	142,981	35.3	137,394	34.2
Total 16-64 »	361,354	6.7	421,979	7.7	419,858	7.6
65-66 »	.	.	.	.	.	.

1 Including the individual anticipatory pensions.

Compensation for Industrial Injury

In all Nordic countries, people who have suffered an industrial injury receive 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 in accordance with somewhat differing rules. The industrial injury insurance funds will pay out compensation for permanent injury as compensation for lost ability to work, either in the shape of a non-recurrent payment or monthly payments. Normally, the industrial injury insurance funds also cover 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.

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 is over, 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 wage to which one was entitled prior to the accident. The benefit will 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 the 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 minimum of 15 per cent loss of the ordinary working capacity is required in order to be awarded compensation.

In Sweden, compensation is granted in the event that the working capacity is reduced by at least 6,6 per cent.

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 incurs.

Disabled adults who live in their own homes are also entitled to subsidies. The various countries have, however, slightly differing rules. 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 of 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 7.14 People under 65 years living in institutions or in service housing, December, 1995

	Denmark ¹⁾	Finland	Iceland	Norway ²⁾	Sweden ³⁾
Under 65 years, total	13,623	12,648	554	10,758	5,571
Under 65 years as percentage of the age group	0.3	0.3	0.2	0.3	0.1

1 Including special housing units for the elderly.

2 The information only applies to people receiving services in their home, and institutionalized people of the age group 18-66 years.

3 The information only applies to physically disabled people of the age groups under 64 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.

Home help/home nursing

In all five countries, home help and home nursing are provided to disabled people. The extent of 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.

Home nursing is provided for disabled people who need nursing but who are otherwise still capable of remaining in their own homes.

In all the Nordic countries, people with severe disabilities may be granted financial support for payment of personal assistance and help to manage the household. In Sweden, disabled people may themselves employ one or more people to assist them. Alternatively, the amount may be used to let the local authorities or a firm provide the assistance. People who live in group housing or are being treated at an institution are not entitled to this benefit. As per December 1995 6,500 received this benefit.

Table 7.15 People under 65 years receiving home help, 1995

	Denmark ¹⁾	Finland ²⁾	Iceland	Norway ³⁾	Sweden ⁴⁾
Recipients of home help under 65 years, total	29,116	48,195	3,177	24,197	19,290
Recipients of home help as percentage of the age groups under 65 years	0.6	1.1	1.3	0.6	0.3

1 People under 67 years.

2 Households. Out of 48,195 households 6,975 were disabled.

3 Including home nursing.

4 Comprises residents in own home and residents in service housing.

Rehabilitation

People whose capacity for work has been reduced due to physical, mental, or social factors may be given 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.

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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 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.

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 23 years, the rehabilitation allowance is payable by half of the amount. As from 1996, this age limit has been raised to 25 years.

In Finland, 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 the return to the labour market. The Retirement Pension Funds also provide occupation rehabilitation. Rehabilitation allowances are payable to people during rehabilitation. The amount of the allowance depends on the authority in charge of the rehabilitation (the Retirement Pension Fund or the Labour Pension Fund).

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 will, 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. It is also possible to borrow money to pay for technical aids from the so-called centres for technical aids. The rehabilitation proper is carried through in a cooperation 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.

In Sweden, a number of compensations and benefits are payable in

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connection with rehabilitation. Rehabilitation daily cash benefits are payable in order to cover the loss of income for insured people undergoing occupational rehabilitation. Rehabilitation daily cash benefits may amount to all, three fourths, half, or one fourth of the full amount.

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, furthermore, 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.

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In Denmark, pension to widows and widowers has been abolished. In Finland, 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 will lapse on a long-term basis for most survivors.

Widows and widowers may, in Denmark, apply for ordinary early retirement pension, which in this report is termed special old age pension. In Finland, Norway, and Sweden, widows and widowers are at present entitled to survivor's pension in the form of basic pension. The basic pension will lapse when a survivor becomes entitled to the basic pension of the old age pension. Besides, the basic pension will lapse if a survivor becomes entitled to anticipatory pension. Pension is payable to a survivor in the shape of supplementary pension, or possibly supplementary pensions.

Apart from funeral assistance, there are no special services for survivors.

Table 7.16 Pensioners aged 18-64/66 years, receiving survivors' pension in the form of basic pension and/or supplementary pension, 1990-1995

	Denmark ¹⁾		Finland ²⁾		Iceland ³⁾		Norway ⁴⁾		Sweden ⁵⁾	
	M	W	M	W	M	W	M	W	M	W
1990	.	.	1,633	60,527	87	1,127	1,484	34,234	1,372	60,384
1994	.	.	5,236	54,545	84	996	1,698	30,940	2,028	55,135
1995	.	.	5,814	52,767	..	..	1,854	30,023	2,143	54,976

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 survivors' pension in the form of labour market pension. In 1995, the number of pensioners over 64 years receiving survivors' pension was 161,171 women and 11,075 men.

3 Pensioners aged 16-65 years.

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

5 Comprises widow's pension, readjustment pension and special survivor's pension from the retirement pension scheme.

Table 7.17 The average monthly amount of survivors' pension, 1995

	Denmark	Finland	Iceland	Norway	Sweden
KR/FIM	.	2,180	12,046	4,592	4,662
PPP-Euro	.	311	128	427	423

Child Pension

– *Children are secured in case their parents die*

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

In Finland 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 Norway to orphans receiving education, and in Iceland to child pension in the shape of basic pension. Child pension which is granted due to education or vocational training to young people of the age 18-20 years is payable according to the Social Assistance Act.

In Denmark, Finland, Norway, and Sweden, child pension may also be granted as supplementary pension if the deceased person was a member of such a pension scheme.

Table 7.18 Children receiving child pension in the form of basic pension and/or supplementary pension. Total and as percentage of children of the qualifying age groups, 1990-1994¹⁾

	Denmark	Finland	Iceland	Norway	Sweden
<i>Number of children receiving child pension</i>					
1990	20,446	28,429	1,545	14,751	30,629
1994	24,016	29,629	1,356	13,657	30,360
1995	25,439	29,338	1,244	13,658	30,318
<i>As percentage of children of the qualifying age groups</i>					
1995	2.3	2.2 ²⁾	1.7	1.3	1.3

1 In 1994, children of widows or widowers as well as orphans were entitled; in *Finland, Iceland, Norway* and *Sweden*, children under 18 years (in some cases up to the age of 20). As regards Denmark, child pension is listed in respect of orphans and children of widows or widowers receiving special child allowance.

2 As percentage of children aged 0-19 years.

Table 7.19 The average monthly amount of child pension, 1995

	Denmark	Finland	Iceland	Norway	Sweden
KR/FIM	2,118	1,533	10,712	1,252	2,324
PPP-Euro	217	219	114	116	211

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

In Denmark, the expenditure on voluntary early retirement benefit and in particular transition allowance, which has been included under the special old age pensions, has increased considerably from 1994 to 1995. The total number of recipients of voluntary early retirement benefit and transition allowance increased from a little less than 125,000 at the end of 1994 to well over 161,000 at the end of 1995. In addition, the expenditure on anticipatory pension to disabled people has increased as a result of the introduction of pensions being paid out in nursing homes. Finally, there has also been an increase in the expenditure on care for the elderly and the disabled.

In Finland, the expenditure incurred in respect of both the elderly, the disabled, and survivors has increased, but most so in relation to the elderly. This is caused by the number of old age pensioners having increased by 15,000 people. The number of recipients of anticipatory pension and survivors receiving pensions declined, but new accesses and the indexation meant that the expenditure nevertheless increased.

In Iceland, the expenditure on old age pension and invalidity pension increased by 6 per cent and 12.8 per cent, respectively. The increase in the expenditure on old age pension is mainly due to a relatively sharp increase in the number of people receiving supplementary pension, as well as additional old age pensioners on average being entitled to a higher supplementary pension than are older pensioners. The expenditure on invalidity pension, including anticipatory pension, has similarly increased substantially.

In Norway, the increase is mainly due to new pensioners having accumulated entitlement to a higher labour market supplementary pension, as well as increased activities in the service sector.

In Sweden, the expenditure on labour market pension has increased

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because new pensioners have a longer qualifying period, and thereby have a right to a higher labour market pension. Expenditure on the disabled has increased remarkably due to a new law covering personal assistance.

Table 7.20 Expenditure and financing on cash benefits and services in connection with old age, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Old age pensions	73,289	41,694	16,723	53,928	161,418
Of which:					
a. Basic pension	52,299	11,924	10,638	26,251	53,070
b. Supplementary pension	2,245	28,083	6,085	21,551	79,070
c. Additional pension	18,746	1,687	–	6,126	29,278
B. Special old-age pension	23,504	2,511	–	147	–
C. Semi-retirement pension	292	193	–	–	2,370
D. Other	–	1,074	–	–	240
Cash benefits, total	97,086	45,472	16,723	54,075	164,028
<i>Services, million KR/FIM</i>					
A. Housing	7,544	2,865	4,979	24,935	27,075
B. Assistance to carry out daily tasks	4,728	1,837	496	–	9,210
a. Of which home help	4,728	1,516	496	–	..
C. Other	9,550	461	355	245	1,444
Services, total	21,822	5,163	5,830	25,180	37,729
Total expenditure, million KR/FIM	118,907	50,635	22,553	79,255	201,757
Total expenditure per capita, PPP-Euro	2,335	1,414	894	1,694	2,074
Expenditure as percentage of GDP	12.3	9.2	5.0	8.6	12.3
<i>Financed by (per cent)</i>					
– Public authorities	71.9	24.8	39.1	55.7	..
– Employers	17.1	59.8	45.3	25.5	..
– The insured (contributions and special taxes)	11.1	15.4	15.6	18.8	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	2,468	1,798	771	2,314	479
– Per cent	2.1	3.7	3.5	3.0	0.2

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Table 7.21 Expenditure and financing of cash benefits and services to disabled people, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Anticipatory pension	18,546	14,913	6,785	21,709	43,538
Of which:					
a. Basic pension	18,546	4,208	4,625	9,476	20,578
b. Supplementary pension	-	9,095	1,981	10,474	22,960
c. Additional pension	-	90	180	1,759	-
B. Early retirement benefit due to reduced working capacity	2,317	4,242	-	-	-
C. Care allowance	-	407	-	2,152	2,374
D. Financial integration of the disabled	2,323	308	-	5,169	2,089
E. Other	1,135	1,913	-	1,098	-
Cash benefits, total	24,320	21,783	6,785	30,128	48,001
<i>Services, million KR/FIM</i>					
A. Housing	5,461	801	1,024	22	10,759
B. Assistance to carry out daily tasks	12	511	86	2,885	7,069
C. Rehabilitation	1,531	2,040	1,658	3,656	2,170
D. Other	2,162	872	213	567	3,358
Services, total	9,166	4,224	2,981	7,129	23,356
Total expenditure, million KR/FIM	33,486	26,007	9,766	37,258	71,357
Total expenditure per capita, PPP-Euro	658	726	387	796	734
Expenditure as percentage of GDP	3.5	4.7	2.2	4.0	4.3
<i>Financed by (per cent)</i>					
- Public authorities	94.7	29.0	44.3	48.4	..
- Employers	5.3	52.8	43.4	29.5	..
- The insured (contributions and special taxes)	-	18.2	12.3	22.1	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
- Million KR/FIM	1,862	221	759	479	4,436
- Per cent	5.9	0.9	8.4	1.3	6.6

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Table 7.22 Expenditure and financing of cash benefits and services to survivors, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Survivors' pension	100.0	6,528	2,383	3,529	13,977
Of which:					
a. Basic pension	–	249	239	1,139	1,919
b. Supplementary pension	–	5,961	2,144	862	11,214
c. Additional pension	1	318	–	1,529	844
B. Death grant	–	200	–	–	–
C. Other	–	–	–	11	–
Cash benefits, total	1	6,728	2,383	3,540	13,977
<i>Services, million KR/FIM</i>					
A. Funeral grants	192	84	–	192	–
B. Other	–	–	–	–	–
Services, total	192	84	–	192	–
Total expenditure, million KR/FIM	193	6,812	2,383	3,732	13,977
Total expenditure per capita, PPP-Euro	4	190	95	80	144
Expenditure as percentage of GDP	0.0	1.2	0.5	0.4	0.9
<i>Financed by (per cent)</i>					
– Public authorities	100.0	7.9	4.1	44.1	..
– Employers	–	73.1	58.5	33.4	..
– The insured (contributions and special taxes)	–	19.0	37.4	22.5	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	-5	16	112	-28	-61
– Per cent	-2.5	0.2	4.9	-0.7	-0.4

User charges

User charges payable for stays in nursing home, institutions for elderly and disabled people as well as for home help/home nursing 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

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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 at 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.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. In 1995, user charges made up 20 per cent of the total expenditure. In institutions for mentally impaired people, user charges made up 6 per cent of the total expenditure.

In Iceland, the share of user charges of the total expenditure cannot be calculated.

In Norway, user charges payable for both stays in institutions and home help/home nursing depend on a patient's income. User charges for stays in institution are fixed on the basis of centrally determined rules that are adjusted in respect of how large a share of a resident's income a municipality may demand in payment for the stay in an institution (it varies from 75 to more than 90 per cent). User charges payable for home help/home nursing is fixed by the individual local authorities. There are different rates for different levels of income. The latest available statistics on user charges are from 1993, and at that time, user charges amount to 12.5 per cent for stays in institutions and 3 per cent for home help/home nursing, respectively.

In Sweden, user charges for stays in residential care institutions amounted to 8 per cent in 1995.

In Denmark, home nursing and permanent home help are free of charge. Charges are, however, payable for temporary home help, depending on one's income. The share of the user charges of the total expenditure cannot be calculated.

In Finland, user charges payable for home help depend on the household income. User charges amounted to about 14 per cent of the total expenditure on home help.

In Iceland, user charges amounted to 7 per cent of the municipal expenditure.

In Norway, user charges represented 3 per cent of the total running costs for home help and home nursing.

User charges in Sweden represented 6 per cent of the gross expenditure on home help and home nursing.

Chapter 8

Housing Benefits

Table 8.1 Expenditure on housing benefits as percentage of the total social expenditure in the Nordic countries and the EU 1994

Denmark	2.4	Denmark	2.5	Italy	0.0
Finland	1.4	Belgium	..	Luxembourg	0.2
Iceland	0.4	France	3.1	The Netherlands	1.0
Norway	0.6	Germany	0.7	Portugal	0.0
Sweden	3.5	Greece	0.7	Spain	0.3
		Ireland	3.2	United Kingdom	0.7

Note: See Table 4.1.

Housing Benefit to Families

– *Housing benefit is income-adjusted and tax free*

Housing benefit is given in all the Nordic countries to families with or without children. The regulations governing housing benefit for families with children are more favourable than those concerning families without children. In Iceland, regulations on housing benefit only took effect on 1 January 1995. This benefit is only granted to families with children living in rented accommodation and with low personal incomes. The municipalities perform the payments, but Central Government covers three fifths of the expenditure. In 1995, many municipalities, including Reykjavík, made housing benefit payments.

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

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Table 8.2 Average housing benefit per month to families, 1995

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month per family, KR/FIM</i>				
Married and cohabiting couples				
– with children	1,270	1,049	1,431	1,486
– without children	422	960	..	645
Single people				
– with children	1,530	1,199	1,400	1,792
– without children	320	606	812	494
<i>Average housing benefit per month per family, PPP-Euro</i>				
Married and cohabiting couples				
– with children	130	150	133	135
– without children	43	137	..	59
Single people				
– with children	157	171	131	163
– without children	33	86	75	45

The housing benefit in Norway is somewhat more moderate than in the other countries. Instead, there are other schemes to secure people with high accommodation costs and low personal incomes. One of them is a so-called transitional benefit payable to unmarried, divorced or separated providers with children up to the age of 10. They receive a maintenance benefit if their income is low or if the person in question is out of work. Besides, social assistance is usually granted when housing costs are high in relation to income.

Up through the 1990s, the increase in the number of beneficiaries has been remarkable. Particularly affected are single providers, which in some of the countries is related to the increase in unemployment. From 1994 to 1995, however, Finland and Denmark have experienced a drop in the number of recipients of housing benefit, which is related to a decrease in unemployment.

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Table 8.3 Families receiving housing benefit, 1990-1995

	Denmark	Finland	Norway ¹⁾	Sweden
<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>1994</i>				
Married and cohabiting couples	34,905	88,905	..	193,548
– with children	21,689	61,127	..	179,287
– without children	13,216	27,778	..	14,261
Single people	142,535	130,086	..	317,471
– with children	66,321	56,112	..	211,309
– without children	76,214	73,974	..	106,162
<i>1995</i>				
Married and cohabiting couples	33,610	74,402	10,787	202,508
– with children	21,672	49,753	10,787	186,417
– without children	11,938	26,649	..	16,091
Single people	141,265	139,414	56,609	345,873
– with children	66,026	55,838	13,740	226,496
– without children	75,239	75,974	42,869	119,377

1 This information relates to the end of the year. Married and cohabiting couples with children comprise all families under the age of 65 with children; whereas single individuals with children are considered as single providers.

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, the amount of the rent, etc. In Denmark, the benefit may also be given to pensioners who own their house or flat. A heating supplement may also be granted to help cover heating costs. In Finland, the housing benefit forms part of the old-age pension and is payable to all recipients of basic pension.

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In Iceland, a special housing benefit is payable to pensioners with a low personal income who would not manage to meet their expenses without this supplement to their pension. In Norway, housing benefit is payable from two different schemes. The benefits from one scheme are given to pensioners having modest housing standards, but high housing costs and a low personal income. The other scheme aims at levelling differences in pensioners' disposable income. In Sweden, housing benefit is payable to old-age pensioners, recipients of anticipatory pension and persons receiving survivor's pension having a low personal income. Rules concerning granting of housing benefit are applied uniformly all over the country.

Table 8.4 Pensioners receiving housing benefit, 1990-1995

	Denmark	Finland	Norway ¹⁾	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>1994</i>				
Married and cohabiting pensioners	67,841	10,972	..	45,200
Single pensioners	257,166	130,181	..	511,700
Total	325,007	144,155	..	556,900
<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

1 By the end of the year.

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Table 8.5 Average housing benefit per month to pensioners, 1995

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
– KR/FIM	1,301	594	1,376	1,560 ¹⁾
– PPP-Euro	134	85	128	142
<i>Average housing benefit per month to single pensioners</i>				
– KR/FIM	1,565	649	812	1,560 ¹⁾
– PPP-Euro	161	93	75	142

1 Computed figure.

Expenditure and Financing of Housing Benefits

In Denmark, the expenditure on housing benefits to pensioners has increased due to an increase in households receiving housing benefit. A relatively substantial increase has been seen in the number of recipients living in housing specially designed for pensioners. This must be seen in connection with the general development concerning service housing for the older generation: from nursing homes to modern housing. On the other hand, the expenditure on rent subsidy has decreased, which is partly due to a decrease in unemployment.

Finland saw in 1995 a tightening of the rules concerning payment of housing benefit. Still, there has been an increase in expenditure which is caused by the extent of unemployment.

In Iceland, the drastic increase in expenditure on housing benefits is caused by new regulations on housing benefits that took effect at the beginning of 1995.

In Norway, the large increase in the expenditure in this sector is primarily due to the change of payment routines concerning housing benefits payable by the Husbanken. This had the effect that payments due in the third quarter of 1994 were not paid until early 1995. Meanwhile, the rules governing granting of housing benefits were changed so that municipal flats were included in the scheme. Hence, the number of households eligible for receiving housing benefit grew by 12 per cent partly due to this change of rules. The average payable amount increased by 6 per

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cent. Supplementary to benefit payable by the Husbanken, the municipalities receive a contribution to the pensioners' housing benefit. The expenditure on this form of housing benefit increased as well, partly because the eligible recipients had a larger part of their housing expenses reimbursed (2 per cent more on average).

In Sweden, the expenditure on housing benefits to pensioners has decreased. The decrease in the level of expenditure is due to new rules in connection with housing benefits now being payable by the Government.

Table 8.6 Expenditure and financing of housing benefits, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Services, million KR/FIM</i>					
A. Housing benefit	7,738	2,369	560	735	19,825
a. Of which pensioners	5,960	–	274	598	8,348
B. Benefit to owner-occupiers	–	254	–	1,089	–
a. Of which pensioners	–	–	–	–	–
Services, total	7,738	2,623	560	1,823	19,825
Total expenditure, million KR/FIM	7,738	2,623	560	1,823	19,825
Total expenditure per capita, PPP-Euro	152	73	22	39	204
Expenditure as percentage of GDP	0.8	0.5	0.1	0.2	1.2
<i>Financed by (per cent)</i>					
– Public authorities	100.0	100.0	100.0	100.0	..
– Employers	–	–	–	–	..
– Insured (contributions and special taxes)	–	–	–	–	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	51	155	201	305	-517
– Per cent	0.7	6.3	55.9	20.1	-2.5

*Chapter 9***Other social benefits**

In the previous chapters, social benefits granted in connection with defined social incidents were described. In a number of cases, social incidents may occur which are not covered by any special legislation in the individual countries. The extent of services provided in such cases is difficult to compare, both in relation to the EU and between the Nordic countries.

Table 9.1 Expenditure on other social benefits as percentage of total social expenditure in the Nordic countries and the EU, 1994

Denmark	4.3	Denmark	5.6	Italy	0.0
Finland	2.0	Belgium	1.3	Luxembourg	0.1
Iceland	2.8	France	1.6	The Netherlands	2.8
Norway	3.9	Germany	2.5	Portugal	1.1
Sweden	3.2	Greece	4.1	Spain	1.1
		Ireland	2.2	United Kingdom	..

Note: See Table 4.1.

Special Conditions in the Individual Countries

The existence of a number of special circumstances in the Nordic countries makes it difficult to compare *Other social benefits*.

In Denmark and Norway, non-insured unemployed people receive social assistance in the event of unemployment, whereas non-insured unemployed people in Finland and Sweden receive a special labour market benefit according to the labour market legislation – and often with supplementary social assistance as well.

In Iceland, a number of benefits which, in the other countries, are payable to families and children fall under special legislation.

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In Denmark, people applying asylum are granted food, accommodation and pocket money during their stay at asylum centres, while refugees who have been granted residence permit receive social assistance according to the general rules.

In Finland, the Government reimburses the municipalities their expenses for refugees during the first three years of their stay.

In Norway, people who are staying in a government refugee reception centre receive a benefit for general maintenance according to special rules applying to people staying in such reception centres. In Iceland, refugees receive social assistance from the time of their reception, while refugees in Sweden receive a special benefit from the time of their reception in the form of social assistance or an introductory benefit for refugees. The Government reimburses the municipalities this benefit for three calendar years following the calendar year in which a refugee seeking asylum is granted residence and work permit in Sweden.

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

In Denmark, these include taking over non-recurrent expenses and removals, assistance to the victims of the German occupation, financial assistance to Danish nationals living abroad, compensation to victims of crime and financial support to repatriate sailors.

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

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

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

In all the Nordic countries, wage earners may receive their outstanding wages from the wage earners' guarantee fund in case of insolvency on the part of the employer making him unable to pay wages.

Cash Benefits

Social Assistance

– *The last resort in the social safety net*

In all Nordic countries, one may receive social assistance when all other 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 system. 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 other social benefits or subsidies in any of the countries.

In Denmark, cash assistance was in 1994 changed into a taxable gross benefit. For people obliged to provide for children, the assistance equals 80 per cent of the maximum rate of unemployment benefit. For non-providers, the assistance equals 60 per cent of the unemployment benefit. Young people under the age of 25 with no children living at home and who have had no income from work amounting to more than 60 per cent of the unemployment benefit received during the last 18 months, may receive a special, lower, youth benefit.

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

In Finland, cash assistance may be subject to repayment. In 1995, the average pay-able amount of social assistance was 1,574 FIM per household per month.

In Norway, there is no upper limit to the size of the assistance. Assistance 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.

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Table 9.2 Individuals receiving social assistance during the year, in thousands and as percentage of the population 16/18 years or over, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Thousands</i>					
1990	235.2	255.6	4.6	178.3	339.4
1994	220.6	421.8	6.3	191.4	477.0
1995	195.1	430.3	6.6	184.2	474.2
<i>As percentage of the population 16/18 years or over</i>					
1990	5.8	5.9	2.6	5.3	5.0
1994	5.4	10.7	3.3	5.7	6.9
1995	4.7	10.9	3.5	5.5	6.9

Note: The census includes all individuals aged 18 years and over (for Iceland 16 years). Children are not included. A married couple who receives social assistance, but where the assistance is payable to one of the spouses only, counts as two individuals. The figures concerning Denmark include recipients of cash assistance according to section 37 in the Social Assistance Act (refugees not included). Recipients partaking in activating measures are included under labour market measures.

Table 9.3 Families receiving social assistance during the year as percentage of all families, by type of family, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families by type (per cent)</i>					
Single men	8.3	19.8	5.8	9.0	..
– with children	11.8	28.6	17.4	21.1	16.4
– without children	8.2	19.6	5.7	8.7	15.4
Single women	6.1	13.8	6.3	7.9	..
– with children	22.6	31.0	22.1	20.1	35.4
– without children	3.8	11.5	2.9	5.9	13.1
Married/cohabiting couples	6.2	7.6	1.6	4.1	..
– with children	6.8	9.6	2.1	4.3	6.2
– without children	5.3	6.1	1.1	3.9	2.4
Total	6.8	12.6	4.2	6.8	10.4
– with children	12.1	13.2	6.0	7.7	..
– without children	5.1	12.3	3.6	6.5	..

Note: See Table 9.2. For Denmark: family type is unknown in relation to 2,836 individuals.

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Table 9.4 Individuals receiving social assistance during the year, by age. Total and as percentage of their age group, 1995

	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	195,068	8.8	8.3	3.7	1.1	0.2
New, total	55,723	4.0	2.1	0.8	0.3	0.0
<i>Finland</i>						
Recipients, total	430,304	25.1	14.7	9.8	4.5	2.6
New, total	160,123	11.9	4.9	2.9	1.6	1.4
<i>Iceland</i>						
Recipients, total	7,410	3.8	4.6	3.3	2.6	1.7
New, total	3,406	2.1	2.3	1.4	0.9	0.6
<i>Norway</i>						
Recipients, total	184,159	10.0	8.2	4.9	2.8	1.1
New, total	63,155	4.2	2.5	1.5	1.0	0.5
<i>Sweden</i>						
Recipients, total	449,918	15.6	11.0	5.4	3.0	1.6
New, total	142,084	5.6	2.9	1.5	1.0	0.6

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 reasons, it is also possible to be granted residence permit in the Nordic countries on humanitarian grounds. People who are granted asylum according to current rules may, in all the countries, be granted residence permits for close relatives. This is called reunion of families.

A common feature of the Nordic countries is that there is a social safety net and a number of measures for the integration of refugees received into

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the country. 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 borders of the country concerned and applied for asylum without being rejected and convention refugees but not reunions of families. The large number of people who in 1993 and 1994 were given residence permit is for a large part people who have been granted residence permit on humanitarian grounds. To this should be added 17,951 people (primarily from Ex-Yugoslavia) who in 1994 had stayed in Sweden with their children for up to three years. These people have, by way of a special government decision, been granted residence permit in Sweden on a permanent basis. The large number of residence permits granted to refugees in Denmark in 1995 was due to the fact that, during that year, refugees from Ex-Yugoslavia, who had been given a preliminary residence permit, applied for and were later granted refugee status and residence permits.

Table 9.5 Number of refugees received who have been granted residence permit in the Nordic countries, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
1990	3,044	858	41	3,867	12,800
1994	2,818	1,412	10	7,616	44,900
1995	20,347	1,415	5	4,602	5,600

Table 9.6 Number of asylum seekers, 1990-1995

	Denmark	Finland	Iceland	Norway	Sweden
1990	5,292	2,743	41	3,962	29,420
1994	6,652	839	10	3,379	18,640
1995	5,104	854	5	1,460	9,047

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Services

This section only deals with services that are not aimed at any particular sector. These are mainly services offered to substance abusers. These offers are provided both by the hospital service and by the social assistance system.

In all the Nordic countries, there are, furthermore, a number of services which are not specifically aimed at any of the previously mentioned target groups. These may be unspecified services provided by the social authorities, help in case of crises, family counselling, etc. Furthermore, Denmark deals with emergency centres for battered women and reception centres, shelters, etc. for the homeless and others with special social difficulties, and who are temporarily in need of 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 also 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 dangerous to him- or herself or to people in his or her environment.

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

Table 9.7 Expenditure and financing of other social benefits, 1995

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Income support	7,628	2,614	985	4,107	10,785
a. Of which					
social assistance	–	2,493	985	4,107	10,785
B. Other	3,552	–	257	206	443
Cash benefits, total	11,180	2,614	1,242	4,313	11,228
<i>Services, million KR/FIM</i>					
A. Accommodation	526	312	–	2,331	688
B. Rehabilitation of alcohol and drug abusers	137	408	659	1,287	1,851
C. Other	2,055	324	486	1,394	3,141
Services, total	2,717	1,044	1,145	5,012	5,680
Total expenditure, million KR/FIM	13,897	3,658	2,387	9,325	16,908
Total expenditure per capita, PPP-Euro	273	101	95	199	174
Expenditure as percentage of GDP	1.4	0.7	0.5	1.0	1.0
<i>Financed by (per cent)</i>					
– Public authorities	99.1	97.9	85.1	100.0	..
– Employers	0.9	2.1	11.9	–	..
– Insured (contributions and special taxes)	–	–	3.0	–	..
<i>Changes 1994-1995 in terms of 1995 prices</i>					
– Million KR/FIM	498	108	110	-416	-598
– Per cent	3.7	3.0	4.8	-4.3	-3.4

In Denmark, there has been a decrease in cash benefit expenses from 1994 to 1995 due to a reduced number of recipients. This is partly due to a decrease in unemployment, and partly to the fact that more recipients of cash benefits have been activated. The increase in the total expenditure on other social benefits from 1994 to 1995 is due to the fact that it, from 1995,

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includes the expenses, DKK 1,8 billion, spent on asylum seekers, including expenses for the Danish Red Cross. However, the expenses were not included in 1994, as it is not possible to assess them on a comparable basis.

In Finland, expenditure for 1995 was more or less unchanged in comparison with 1994. The expenditure on social assistance increased, while expenditure on wage earners' guarantee fund and refugees decreased.

In Iceland, expenditure on cash benefits increased by 39,4 per cent from 1994 to 1995 and the expenditure on services increased by 19,8 per cent which is due to easier access to assistance.

In Norway, the decrease of approximately 17 per cent, in the expenditure is primarily due to a reduction in expenditure related to reception of refugees.

In Sweden, expenditure on other social benefits has increased, partly because of a continuing increase in the unemployment and partly because of a reduction of other supplements and benefits.

*Chapter 10***Social Expenditure**

The social protection systems have been described in the previous chapters. This chapter offers an overall survey of social expenditure. As stated in Chapter 2, the Nordic social expenditure statistics in this publication follow the manual for statistical data produced by EUROSTAT.

For the Nordic countries and the EU, the expenditure on social affairs in relation to the Gross Domestic Product (GDP) is shown in the table below.

Table 10.1 Social expenditure as percentage of GDP in the Nordic countries and in the EU, 1994

Denmark	34.2	Denmark	33.7	Italy	25.3
Finland	34.7	Belgium	27.0	Luxembourg	24.9
Iceland	18.6	France	30.5	The Netherlands	32.3
Norway	28.0	Germany	30.8	Portugal	19.5
Sweden	35.1	Greece	16.0	Spain	23.6
		Ireland	21.1	United Kingdom	28.1

Note: See Table 4.1.

The account of the social expenditure is divided into four sections: Firstly, an account is given of the social expenditure trend from 1990 to 1995; secondly, the financing of the total costs is shown, followed by a survey of the purposes of the social expenditure, and finally, the significance of taxation for the total social expenditure. The Swedish figures for 1990 are calculated by using the previous NOSOSCO specification while the other countries have used the ESSPROS manual.

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Social Expenditure Trends, 1990-1995

The development in social expenditure since 1990, total and per inhabitant as well as in current and fixed prices, in relation to the GDP and in PPP-Euro is listed in the tables below.

Table 10.2 Social expenditure, total and per inhabitant, 1990-1995

	Social expenditure		Social expenditure per inhabitant		Social expenditure per inhabitant aged 15-64 years	
	At current prices, million KR/FIM	At 1995-prices, million KR/FIM	At current prices KR/FIM	At 1995-prices KR/FIM	At current prices KR/FIM	At 1995-prices KR/FIM
<i>Denmark</i>						
1990	237,207	262,670	46,150	51,104	68,502	75,855
1994	317,318	323,943	60,964	62,237	90,392	92,279
1995	325,634	325,634	62,288	62,288	92,442	92,442
<i>Finland</i>						
1990	131,528	144,545	26,377	28,988	39,194	43,073
1994	177,520	179,281	34,888	35,234	52,152	52,669
1995	180,416	180,416	35,322	35,322	52,912	52,912
<i>Iceland</i>						
1990	62,290	75,158	244,478	294,982	379,572	457,984
1994	80,848	82,051	303,933	308,454	473,108	480,145
1995	85,984	85,984	321,580	321,580	499,834	499,834
<i>Norway</i>						
1990	190,406	214,207	44,892	50,503	69,334	78,000
1994	243,581	249,427	56,169	57,517	86,951	89,037
1995	253,620	253,620	58,181	58,181	90,091	90,091
<i>Sweden</i>						
1990	470,013	576,875	54,916	67,401	85,552	105,003
1994	576,908	591,534	65,701	67,367	103,138	105,753
1995	588,689	588,689	66,692	66,692	104,726	104,726

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Table 10.3 Social expenditure in relation to GDP, 1990-1995

	GDP, million KR/FIM	Social expenditure as percentage of GDP	Index for social expenditure in relation to GDP (1990=100)
<i>Denmark</i>			
1990	799,110	29.8	100
1994	928,597	34.2	115
1995	967,700	33.7	113
<i>Finland</i>			
1990	515,430	25.5	100
1994	510,992	34.7	136
1995	549,863	32.8	129
<i>Iceland</i>			
1990	363,820	17.1	100
1994	433,242	18.6	109
1995	451,894	19.0	111
<i>Norway¹⁾</i>			
1990	722,071	26.4	100
1994	869,742	28.0	106
1995	925,866	27.4	104
<i>Sweden</i>			
1990	1,359,879	34.6	100
1994	1,524,767	37.8	109
1995	1,644,983	35.8	103

1 GDP for Norway has been revised, cf. Chapter 1.

Table 10.4 Social expenditure per inhabitant, 1990-1994 (PPP-Euro in terms of 1995-prices)

	Denmark	Finland	Iceland	Norway	Sweden
1990	5,247	4,134	3,128	4,638	5,942
1994	6,390	5,025	3,271	5,278	6,110
1995	6,395	5,037	3,410	5,420	6,052

Financing of Social Expenditure

In order to show the financing of the social expenditure, the direct financing of services and the running contributions paid into social funds are included in the Nordic statistics. Interest and other capital gains into social funds are not registered in these statistics. Consequently, relatively large incomes may occur, which do not figure in the accounts, but which may form the financial basis of future social expenditure, through fund saving. Interest and capital gains occur particularly in the funds established to guarantee pensions. This will be further dealt with in the following section.

Distribution of current contributions to sources of financing

Current contributions to the financing of social expenditure are, in the Nordic countries, broken down according to the sources contributing to the individual benefits, i.e. public authorities, employers, contributions and special taxes payable by the people insured. As mentioned in Chapter 2, social expenditure is listed as net amounts, which means that investments, etc. as well as user charges for social services have not been included.

The distribution of the current contributions to the financing of social expenditure during the years 1990-1995 is shown in Table 10.5.

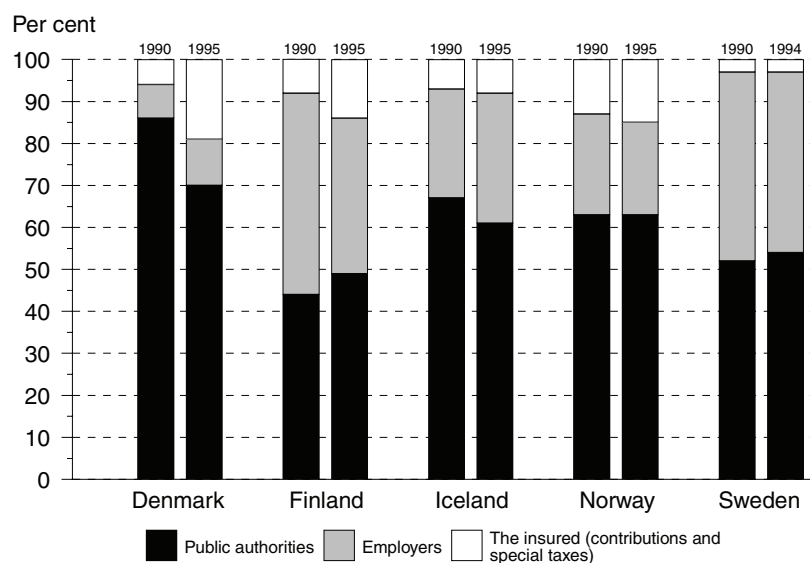
SOCIAL EXPENDITURE

Table 10.5 Current contributions to the financing of social expenditure in per cent, broken down by contributions made by public authorities, employers, and the insured, 1990-1995

	Public authorities, total	Employers	The insured (contri- butions and special taxes)	Total
<i>Denmark</i>				
1990	86	8	6	100
1994	80	10	11	100
1995	70	11	19	100
<i>Finland</i>				
1990	44	48	9	100
1994	48	37	15	100
1995	48	37	14	100
<i>Iceland</i>				
1990	67	26	7	100
1994	62	31	8	100
1995	61	31	8	100
<i>Norway</i>				
1990	63	24	13	100
1994	63	22	15	100
1995	62	22	15	100
<i>Sweden</i>				
1990	52	45	3	100
1994	54	43	3	100
1995

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Figure 10.1 Current contributions to the financing of social expenditure, 1990 and 1995



Block Grants and Government Reimbursements for Municipalities and Counties

In all Nordic countries, the municipalities are responsible for the administration of a certain share of the social benefits. In some areas, the municipalities have direct contact with citizens and recipients of the social benefits, and it is also the municipalities which, in the first instance, meet the costs of those benefits.

Local authorities and county authorities receive either block grants 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 according to the number of inhabitants and their age distribution, the tax base, etc. in the municipalities.

Government reimbursements may be fixed by law as percentage shares of municipal expenditure or as fixed amounts. Government reimburse-

ments may also be calculated as the difference between expenditure and other contributions, including municipal contributions.

In Denmark, local authorities administer the main part of the social cash benefits and in the first instance meet the costs of those benefits. The costs are subsequently reimbursed, fully or partly, by Central Government. In the other Nordic countries, social benefits are mainly administered by government or other central bodies.

The majority of the social services are, in all Nordic countries, administered by the municipalities and county authorities, who in the first instance meet the costs 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 the pension area, also used for building up funds.

The purpose of the funds, which have gradually gained in significance, may be to guarantee that means are available for covering 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 between various periods of time.

In Norway, social expenditure, including expenditure on supplementary pensions, is currently financed by the public budget, and therefore the expenditure is excluded from Table 10.6. The Social Security Fund is an independent fund and does not contribute directly to the financing of the running costs concerning the social security schemes.

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**Table 10.6 Development in funds for pension purposes, 1990-1995. Billion
KR/FIM in terms of 1995-prices**

	Basic pension	Supplemen- tary 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, 1995	–	116,3	168,0
At the end of the year, 1995	–	126,0	179,3
<i>Finland</i>			
At the beginning of the year, 1990	0,8	112,8	33,6
At the end of the year, 1990	0,7	135,0	36,8
At the beginning of the year, 1995	2,2	194,0	33,6
At the end of the year, 1995	1,6	209,1	32,9
<i>Iceland</i>			
At the beginning of the year, 1990	0,1	124,2	–
At the end of the year, 1990	0,1	152,3	–
At the beginning of the year, 1995	–	234,2	–
At the end of the year, 1995	–	262,6	–
<i>Sweden</i>			
At the beginning of the year, 1990	8,7	469,9	221,2
At the end of the year, 1990	11,2	527,8	240,9
At the beginning of the year, 1995	5,0	553,5	272,9
At the end of the year, 1995	5,0	572,8	351,5

Social Expenditure by Type and Purpose

Social expenditure is divided by type in cash benefits and services. The benefits are listed according to kind as cash benefits and services. The 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 which the benefit is primarily aimed at relieving.

The distribution of social expenditure according to the purpose of the benefit is quite stable in each country. New legislation and changes in social patterns have, however, given rise to shifts in the distribution. The comparison between 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.

Table 10.7 Social expenditure in per cent, broken down by main groups, 1995

	Denmark	Finland	Iceland	Norway	Sweden
Families and children	12.4	13.3	12.9	14.1	11.4
Unemployment	14.7	14.3	4.3	6.7	11.1
Illness	17.8	21.2	37.9	26.3	21.7
Old age, disability and survivors	48.2	47.6	41.3	48.4	49.5
Housing	2.4	1.5	0.7	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

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Table 10.8 Social expenditure, by type and purpose, 1995. Million KR/FIM

	Denmark		Finland		Iceland		Norway		Sweden	
	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent	Total	Per cent
<i>Families and children</i>	39,128	100	23,307	100	10,875	100	34,971	100	65,876	100
Income-substituting cash benefits	8,686	22	3,196	14	606	6	8,366	24	14,846	23
Other cash benefits	10,073	26	12,353	53	6,058	56	13,953	40	20,322	31
Services	20,369	52	7,758	33	4,211	39	12,652	36	30,708	47
<i>Unemployment</i>	46,573	100	25,093	100	3,655	100	16,683	100	64,606	100
Income-substituting cash benefits	32,793	70	23,549	94	3,572	98	10,014	60	54,610	85
Other cash benefits	11,495	25	—	—	—	—	—	—	—	—
Services	2,285	5	1,544	6	83	2	6,670	40	9,996	15
<i>Illness</i>	56,458	100	37,273	100	31,899	100	65,393	100	125,732	100
Income-substituting cash benefits	11,041	20	7,142	19	6,297	20	19,677	30	28,669	23
Other cash benefits	381	1	—	—	—	—	63	—	33	0
Services	45,036	80	30,131	81	25,602	80	45,653	70	97,030	77
<i>Old age, disability and survivors</i>	152,587	100	83,454	100	34,702	100	120,244	100	287,091	100
Income-substituting cash benefits	120,272	79	73,233	88	25,891	75	85,582	71	221,303	77
Other cash benefits	1,135	1	750	1	—	—	3,084	3	4,703	2
Services	31,180	20	9,471	11	8,811	25	31,578	26	61,085	21
<i>Housing</i>	7,738	100	2,623	100	560	100	1,823	100	19,825	100
Services	7,738	100	2,623	100	560	100	1,823	100	19,825	100
<i>Other social benefits</i>	13,897	100	3,658	100	2,387	100	9,325	100	16,908	100
Income-substituting cash benefits	11,180	80	2,614	71	1,242	52	4,313	46	11,228	66
Other cash benefits	—	—	—	—	—	—	—	—	—	—
Services	2,717	20	1,044	29	1,145	48	5,012	54	5,680	34
<i>Income-substituting cash benefits, total</i>	183,972	58	109,734	63	37,608	45	127,952	50	330,656	57
<i>Other cash benefits, total</i>	23,084	7	13,103	7	6,058	7	18,477	7	25,058	4
<i>Services, total</i>	109,325	35	52,571	30	40,412	48	107,191	42	224,324	39
<i>Social expenditure, total</i>	316,381	100	175,408	100	84,078	100	248,441	100	580,038	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 benefits has increased over the last few years in all five countries. The reason for this is that the largest entries are cash benefits payable in the event of loss of income such as sickness benefit, unemployment benefit and pensions.

Table 10.9 Cash benefits exempt from tax and subject to tax, total and as percentage of GDP, 1994 and 1995

	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>1994</i>				
Denmark	26,113	2.8	180,690	19.5
Finland	16,213	3.2	106,121	20.8
Iceland	6,420	1.5	35,110	8.1
Norway	19,880	2.3	120,043	13.8
Sweden	32,555	2.1	323,475	21.1
<i>1995</i>				
Denmark	18,764	1.9	188,292	19.5
Finland	16,005	2.9	106,832	19.6
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

SOCIAL EXPENDITURE

Table 10.10 Taxation of cash benefits, 1995

	Social expenditure, million KR/FIM	Of which cash benefits, million KR/FIM	Cash benefits exempt from tax, as per- centage of total cash benefits	Cash benefits subject to tax, as per- centage of total cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and children	39,128	18,759	54	46
II. Unemployment	46,573	44,288	–	100
III. Illness	56,458	11,422	–	100
IV. Old age, disability and survivors	152,587	121,407	6	94
V. Housing	7,738	–	–	–
VI. Other social benefits	13,897	11,180	7	93
VII. Administration	9,252	–	–	–
Total I.-VII.	325,633	207,056	9	91
<i>Finland</i>				
I. Families and children	23,307	15,549	60	40
II. Unemployment	25,093	23,549	1	99
III. Illness	37,273	7,142	–	100
IV. Old age, disability and survivors	83,454	73,983	5	95
V. Housing	2,623	–	–	–
VI. Other social benefits	3,658	2,614	97	3
VII. Administration	5,008	–	–	–
Total I.-VII.	180,416	122,837	13	87
<i>Iceland</i>				
I. Families and children	10,875	6,665	78	22
II. Unemployment	3,655	3,572	9	91
III. Illness	31,899	6,297	0	100
IV. Old age, disability and survivors	34,701	25,891	3	97
V. Housing	560	560	62	39
VI. Other social benefits	2,387	1,242	0	100
VII. Administration	1,906	–	–	–
Total I.-VII.	85,983	44,227	15	85

/... over

SOCIAL EXPENDITURE

Table 10.10 continued

	Social expenditure, million KR/FIM	Of which cash benefits, million KR/FIM	Cash benefits exempt from tax, as per- centage of total cash benefits	Cash benefits subject to tax, as per- centage of total cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and children	34,971	22,319	58	42
II. Unemployment	16,683	10,014	–	100
III. Illness	65,393	19,740	0	100
IV. Old age, disability and survivors	120,244	88,666	3	97
V. Housing	1,823	1,377	57	43
VI. Other social benefits	9,325	4,313	95	5
VII. Administration	5,180	–	–	–
Total I.-VII.	253,620	146,429	14	86
<i>Sweden</i>				
I. Families and children	65,876	35,168	58	42
II. Unemployment	64,606	54,610	–	100
III. Illness	125,732	28,702	–	100
IV. Old age, disability and survivors	287,091	226,006	0	100
V. Housing	19,825	–	–	–
VI. Other social benefits	16,908	11,228	100	–
VII. Administration	8,651	–	–	–
Total I.-VII.	588,689	335,714	9	91

Appendix 1

Description of Typical Cases

The calculations of typical cases (see diskette at the back of this book) forming the basis of tables and figures for compensation in the event of loss of income have been considerably revised compared with the previous issues of *Social Security in the Nordic Countries*.

Thus the calculations of net income include both housing benefits and charges payable for day care. As the size of both housing benefits and charges payable for day care depend on income, they become significant regarding compensation in connection with the social occurrences included in the calculations of the typical cases.

In the previous issues of this publication, the basis of calculation was the average salary for a male and a female industrial worker, respectively. In this report, the average salary of an 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 are used:

Single parent with one child: APW 50%, 75%, 100%, 125%, and 150%.

Single person with no children: APW 50%, 75%, 100%, 125%, and 150%.

Couple with two children: APW 75% and 50%; 100% and 75%; 125% and 100%; 150% and 125%.

Couple with no children: APW 75% and 50%; 100% and 75%; 125% and 100%; 150% and 125%.

The following remarks apply to the individual typical cases:

Typical Case 0

Income and tax regarding typical cases for an APW, 1995

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 benefits, employer's costs, i.e. gross income plus statutory social benefits, have been included. Thus two accounts of the net income (i.e. gross salary less income tax and social contributions payable by employees) in relation to "gross income" have been prepared: net income in relation to the employer's costs and net income in relation to the gross salary.

In respect of Denmark, the employer's statutory social contributions cannot be calculated. It is, however, estimated that for an employee with a salary corresponding to the APW, the contributions constitute about half a per cent of the salary. This estimate is only used in typical case 0 for single people earning a salary corresponding to 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.

Age of children and use of day care institutions

The amount of the child allowance 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 one child: The child is 5 years of age, i.e. a pre-school child attending a day care institution.

Couple with two children: One child aged 5 years and one child aged 9 years, i.e. a pre-school child attending a day care institution and a child attending school, still needing care after school.

Payment for the day care institution is, as far as possible, calculated on the basis of average charges and national rules governing charges.

It is assumed that for all typical cases except the infant in typical case I, the children are attending day care institutions. It is hence also assumed that the children are in day care institution in typical cases II and III.

As to child allowance, this includes, in addition to the child allowance

DESCRIPTION OF TYPICAL CASES

itself payable to single parents and couples with children, maintenance allowance for 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 cases that the families live in rented accommodation. The size of the housing cost/rent depends on the family type, but is independent of the size of the income. Housing costs only include the rent and no other costs such as heating, gas, or electricity. Thus, calculations of heating subsidies, for instance, to which pensioners in Denmark with low incomes are entitled, have not been included.

It has not been possible to determine the size of the rent for the individual family type in a consistent way for all countries. In some countries, the rent has been determined on the basis of an estimate of the size of rented accommodation for the individual family type and calculations of the average rent per square meter at a national level, whereas in other countries the rent has been based on surveys on rent for different family types within certain municipal groups.

The rent for the individual family type is only used to calculate the amount of any possible housing benefit, whereas rent is not included in the calculation of net income. For Norway, there are no calculations of housing benefits. This is due partly to the fact that the housing benefit is of limited size, and partly because it is mainly estimated on the basis of an assessment of need of the individual family.

Gross income

The gross income comprises salary and includes, for instance, child allowance and housing benefit.

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 paid as membership charges to the unemployment fund. Union contributions are, however, not included in the calculations.

Disposable incomes are calculated on a yearly basis, both for employees

DESCRIPTION OF TYPICAL CASES

in work and in connection with receipt of various social benefits. For the sake of calculation, it is thus assumed that the people in question receive the social benefit throughout the year, even if this in some cases, such as is the case with maternity benefit, is not possible. 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 net income in connection with receipt of the social benefit in per cent of the net income during employment.

Typical Case I

*Level of compensation for typical cases
in connection with childbirth, 1995*

The following family types have been used:

- Single parent receiving daily cash benefit with a new-born baby, seen in relation to a single working person with no children.
- Couple with 2 children (5 and 9 years old) in addition to the new-born, where the person with the highest income receives daily cash benefit, seen in relation to a couple with 2 children (5 and 9 years old) where both adults work.
- Couple with a new-born baby where the person with 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 typical cases in connection with
unemployment for an insured person, 1995*

Calculations are included for the level of compensation for all 4 family types: a single parent with one child receiving unemployment benefit, a single person with no children receiving unemployment benefit, a couple with 2 children where the person with the highest income receives unemployment benefit, and a couple with no children where the person with the highest income receives unemployment benefit. Additional social benefits are included in the cases where the family in question is entitled to them.

DESCRIPTION OF TYPICAL CASES

Typical Case III

Level of compensation for typical cases in connection with unemployment for non-insured people, 1995

Calculations of levels of compensation are 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 in connection with illness, 1995

Calculations are included for levels of compensation for all 4 family types, cf. typical case II.

Typical Case V

Level of compensation for typical cases in connection with old-age pension, including supplementary pension with maximum qualifying time, 1995

Calculations are included for the level of compensation for a single person without children and a couple without children where both are old-age pensioners. The supplementary pension is included with the maximum figure obtainable in 1995.

Appendix 2

Further information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices, etc. 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

Danish Labour Market
Supplementary Pension
Kongens Vænge
DK-3400 Hillerød
Phone +45 48 20 48 20
Fax +45 48 20 48 00

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

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

Directorate of
Unemployment Insurance
Finsensvej 78
DK-2000 Frederiksberg
Phone +45 38 10 60 11
Fax +45 31 19 38 90

Ministry of Social Affairs
Holmens Kanal 22
DK-1060 Copenhagen K
Phone +45 33 92 93 00
Fax +45 33 93 25 18

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

Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Phone +45 39 17 39 17
Fax +45 31 18 48 01

FINLAND

Central Pension Security Institute
P.O. Box 11
FIN-00521 Helsinki
Phone +358 9 1511
Fax +358 9 1481 172

Ministry of Social Affairs and
Health
P.O. Box 267
FIN-00171 Helsinki
Phone +358 9 1601
Fax +358 9 160 3826

Social Insurance Institution
P.O. Box 450
FIN-00101 Helsinki
Phone +358 9 43411
Fax +358 9 4341 530

STAKES
P.O. Box 220
FIN-00531 Helsinki
Tel +358 9 39671
Fax +358 9 3967 2324

Statistics Finland
FIN-00022 Statistikcentralen
Phone +358 9 17341
Fax +358 9 1734 3522

ICELAND

National Association of
Pension Funds
Suðurlandsbraut 30
IS-108 Reykjavík
Phone +354 581 4977
Fax +354 581 4332

National Institute of Economics
Kalkofnsvegi 1
IS-150 Reykjavík
Phone +354 569 9500
Fax +354 562 6540

National Insurance Institute
Laugavegi 114
IS-150 Reykjavík
Phone +354 560 4400
Fax +354 562 4535

National Insurance Institute for
Unemployment
Suðurlandsbraut 24
IS-150 Reykjavík
Phone +354 588 2500
Fax +354 588 2520

National Wage Control
Committee
Borgartúni 22
IS-105 Reykjavík
Phone +354 562 1470
Fax +354 562 4570

FURTHER INFORMATION

Statistics Iceland
Skuggasundi 3
IS-150 Reykjavík
Phone +354 560 9800
Fax +354 562 8865

NORWAY

Directorate of Labour
Marieboesgate 8
P.O. Box 8127 Dep.
N-0032 Oslo
Phone +47 22 94 24 00
Fax +47 22 41 87 06

National Insurance Administration
Drammensveien 60
N-0241 Oslo
Phone +47 22 92 70 00
Fax +47 22 55 70 88

Norwegian Board of Health
Calmeyers gate 1
P.O. Box 8128 Dep.
N-0032 Oslo
Phone +47 22 24 90 90
Fax +47 22 24 95 90

Statistics Norway
Kongens gate 6
P.O. Box 8131 Dep.
N-0033 Oslo
Phone +47 22 86 45 00
Fax +47 22 86 49 73

SWEDEN

Board of Employment Protection
and Labour Inspection
S-171 84 Solna
Phone +46 8 730 90 00
Fax +46 8 730 19 67

Directorate for
Immigration Affairs
P.O. Box 6113
S-600 06 Norrköping
Phone +46 11 15 60 00
Fax +46 11 15 63 02

Directorate of Labour
S-171 99 Solna
Phone +46 8 730 60 00
Fax +46 8 27 83 68

National Board of
Health and Welfare
S-106 30 Stockholm
Phone +46 8 783 30 00
Fax +46 8 783 32 52

National Social Security Office
S-103 51 Stockholm
Phone +46 8 786 90 00
Fax +46 8 786 95 80

Statistics Sweden
S-115 81 Stockholm
Phone +46 8 783 40 00
Fax +46 8 661 52 61

FURTHER INFORMATION

OTHER

EUROSTAT

Office for Official Publications
of the European Communities
L-2985 Luxembourg
Luxembourg

OECD

Unité des Services à la Clientèle
Service des Publications
2, rue André-Pascal
F-75775 Paris Cedex 16
France

World Health Organization
Regional Office for Europe
Scherfigsvej 8
DK-2100 Copenhagen Ø
Denmark

Nordic Medico-Statistical
Committee (NOMESCO)
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark

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