

## Social Protection in the Nordic Countries 1996



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*Scope, expenditure and financing*

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

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

# Preface

The Nordic Social-Statistical Committee (NOSOSCO) is a permanent Committee under the Nordic Council of Ministers and the Nordic Committee on Social Policy. It was set up to co-ordinate the social statistics of the Nordic countries and to make comparative analyses and descriptions of the scope and subject matter 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, as a result of their EU membership or in their capacity as participants in the EEA co-operation, are obliged to report data on social security to EUROSTAT, the statistical office of the EU, NOSOSCO has decided to use the specifications and definitions in ESSPROS, EUROSTAT's nomenclature.

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

## PREFACE

The Nordic Social-Statistical Committee is currently composed as follows:

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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, 1998.

# Contents

Chapter 1. Changes in Nordic Social Policies since 1995 .....	8
Chapter 2. Method.....	18
Chapter 3. Population and Income Distribution .....	25
Chapter 4. Families and Children .....	32
Chapter 5. Unemployment .....	59
Chapter 6. Illness .....	77
Chapter 7. Old Age, Disability and Survivors .....	90
Chapter 8. Housing Benefits .....	126
Chapter 9. Other Social Benefits .....	132
Chapter 10. Social Expenditure .....	141
Appendix 1. Description of Typical Cases .....	155
Appendix 2. Further Information .....	161
Publications Issued by NOSOSCO .....	165

## *Symbols Used in the Tables:*

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

## *Chapter 1*

# Changes in Nordic Social Policies since 1995

**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 more than 3 per cent per year from 1994 to 1997. The unemployment rate dropped markedly from 10.1 per cent in 1993 to 6.2 per cent in 1997. In particular the youth and long-term unemployment rates have decreased considerably.

The positive economic trend resulted in the total public economy showing a small surplus in 1997 – for the first time in many years. The implemented labour market reforms have furthermore resulted in the unemployment rate decreasing markedly, without causing the price and wage development to increase.

The decreasing unemployment rate is due partly to a rise in the employment rate of about 150,000 people within the past five years, of which almost  $\frac{3}{4}$  in the private sector. The decrease in the unemployment rate is, however, also linked to an increase in the number of people going on educational or child-minding leave, together with the number of 50-59 year-olds receiving transitional allowance. As a result of the improved employment situation, new transitional allowances have not been 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 46,000 in 1997.

The activation measures in the social and labour market policies have been continued with the adjustments of the labour market reform from 1994. In particular, the effort to activate young people under the age of 25 has been strengthened and advanced. Since 1996, unemployment benefit recipients 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.



## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

As to recipients of cash assistance, a new Act on active social policy from 1 July 1998 implies that the activation scheme will be expanded, such that all recipients of cash assistance will have the right and obligation to accept an activation offer, also including people having social problems other than unemployment. Furthermore, the age limit concerning fast activation after 13 weeks will be raised from 25 to 30 years.

As from the middle of 1996 to 1998, the total unemployment benefit period will gradually be reduced from 7 to 5 years, at the same time as the right and obligation to activation is advanced, as continuous activation is required during the last three years of the total period. Besides, the rules concerning availability for unemployed recipients of unemployment benefit have been tightened to the effect of higher demands for professional and geographical mobility, job-seeking activity and tightened sanctions in the event of lack of availability, etc. 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 past three years in order to be entitled to unemployment benefit.

In continuation of the activation activities, the Government has taken a number of steps with a view partly to strengthening the employment opportunities for people with permanently diminished working abilities and partly to minimise the number of people of working age receiving transfer incomes by better prevention and by intensifying the activating measures.

Public expenditure on sickness benefits have increased immensely during recent years. This growth is mainly due to increased expenditure on sickness benefit to unemployed people as well as increased possibilities for dispensation from the duration limit of one year. As per 1 April 1997, a strengthening and advancement of the follow up on sickness benefit cases was implemented. After a maximum of eight weeks, a follow-up plan must be drawn up to maintain the affiliation of a sick person to his or her place of work and/or quickly to initiate retraining, rehabilitation, etc.

In continuation of the previous follow up on the sickness benefit area, the new social legislation from July 1998 will require that the municipal authorities implement an overall evaluation no later than eight weeks after the first application for current maintenance assistance has been made. The overall 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 reduced working abilities, the wage supplement payable in connection with sheltered employment has been made more flexible, and

## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

Central Government takes over the financing of the wage supplement altogether.

As to the elderly, the Government has in 1998 set aside means for the implementation of better quality and more transparent rights within home help. New instruments must be developed for an improved and quality-oriented management of the home help service. All municipal authorities must draw up a quality standard for home help, which must contain a description of the service level in each municipality. The quality standard and the annual evaluation of it must be discussed with the newly set up *special complaint boards* and *senior citizen councils* in the municipalities.

Regarding day care for children, the number of places in day care institutions increased by approximately 60,000 places from 1996 to 1998. Today, three out of four children under the age of 10 are enrolled in a day care facility. Despite the massive increase in day care places, the increasing demand for places in day care has resulted in the fact that the number of children on waiting lists only dropped from 16,000 to 12,000 during the past couple of years.

In order to give fathers better opportunities to be with their children while these are small, paternity leave has been increased by two weeks as from 1 April 1998. The two additional weeks have been placed at the end of the total leave period, thereby increasing it to 26 weeks after birth.

Since 1993, the financial leeway of the hospitals has been increased considerably each year with a view to increasing the operation capacity and reducing the waiting periods in connection with hospital treatment. Waiting periods have, however, only been decreasing slightly during recent years, and the aim to reduce waiting periods to a maximum of three months has not been met. The Government has set aside means to follow up on the proposal put forward by the Hospital Committee in 1997 to improve quality, the use of resources and to increase friendliness towards patients, as well as to enhance the free hospital choice.

The Government has, together with county and municipal authorities, agreed to improve 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:** The Finnish economy has recovered after an exceptionally serious recession. The GNP has grown quickly during recent years. Growth

## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

amounted to between 3,5 per cent and 6 per cent per year. But the social and financial effects of the recession will make themselves felt for a long time in Finnish society. The most serious problem is the high long-term unemployment rate which is decreasing only slowly. In general, the unemployment rate has decreased on the whole, but it is still high - about 13 per cent in 1997. Consequently, the Government has continued to initiate measures to improve employment and develop the social security system to the effect that it encourages people more to take on work. This has for example been done by linking together a number of different social benefits with a view to making it more profitable to accept a job than to be unemployed. Focus has especially been placed on measures aimed at activating older people and the long-term unemployed.

The reforms of the social security system that were agreed in the period 1995-1996, have now begun to enter into force, and the reduction of spending is becoming visible. One prognosis shows that the social expenditure in Finland will fall to under 30 per cent of the GNP in the year 2000.

Most cuts were made in the expenditure on pensions. As from the beginning of 1996, the basic structure of the entire pension system has been changed in three vital areas:

1. Old-age pension will only be granted to people who have earned no supplementary pension, or to people who get a supplementary pension below average (equivalent to about FIM 5,000 per month).

2. The way in which disability pension is calculated has been changed such that the disability pension in general is lower than the old-age pension. Furthermore, the fixed-duration disability pension has been changed into a rehabilitation allowance.

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

Endeavours have been made to raise the pensionable age by moving the lower age limit for the various forms of anticipatory pension. At the same time, pensioners-to-be must be encouraged to choose partial pension instead of a full pension. The age limit for partial pension will, however, be gradually reduced to 56 years as from 1 July 1998 and to the end of the year 2000. Also the pensionable age for state and municipal employees will gradually increase from 63 to 65 years, which is the normal pensionable age in the private sector. In order to keep the elderly in the labour market, a nation-wide project was launched to maintain the working ability of the elderly until the pensionable age.

## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

The reforms of the social security system entail, among other things, that unemployed people must now have had 43 weeks of work (as against the previous 26 weeks) over a period of 24 months in order to be entitled to income-related unemployment benefit. The number of waiting days has from 1997 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 labour market allowance if they received education or vocational training. In 1997, the age limit was raised to 25 years. At the same time, the number of study places and traineeships for young people has been increased. At the beginning of 1997, the limit as to when unemployed people may switch from unemployment benefit to unemployment pension was raised from 53 to 55 years.

The first step of the so-called education-insurance system was initiated on 1 August 1997. The new system allows elderly unemployed people who have been engaged in active employment for a minimum of 12 years and who have been unemployed for a minimum of one year to receive education during their period of unemployment. During the period of education, a benefit corresponding to the unemployment benefit is payable. Previously, the unemployed were not allowed to study if they received unemployment benefit. The system will be extended as from 1 August 1998 to comprise everyone who has been working for at least 10 years and been unemployed for at least four months.

The most significant change in the sickness insurance scheme, is that, as from 1996, sickness benefits cover only loss of earnings. Previously, also people who did not earn an income were entitled to the minimum daily cash benefit. To be entitled to daily cash benefit, a minimum annual income of FIM 5,000 is required. Sickness benefit may be payable according to need (FIM 60 per day), if a person is unable to work due to illness for more than 60 days. A minimum of FIM 60 per day is, however, always payable during the maternal and parental daily cash benefit period.

In 1996, the conditions for entitlement to rent subsidy were tightened, which resulted in the number of people receiving rent subsidy falling. This fall is, however, partly offset by an increase in the number of people who receive social assistance. In order to elucidate the relation between the two forms of support, a rule concerning own risk in connection with housing expenditure was introduced as per 1 March 1998. The own risk amounts to 7 per cent of the total housing expenditure and is deducted from the social assistance. At the same time, the level of rent subsidies has increased. The reform entails that everyone must pay part of the housing expenditure

## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

themselves.

Several of the changes within the social security system are aimed at families with children. The level of home-care support decreased in 1996 by about 22.5 per cent. From the beginning of 1996, all children of pre-school age got a statutory right to a place in municipal child care. The result is that the number of children in day care institutions, has grown by approximately 27,000 children from 1995 to 1996. The child minding schemes were changed as at 1 August 1997. The right to choose between municipal child minding and home-minding support has remained unaltered for children under the age of three, and it is now also possible to get subsidies to private child minding. The subsidy is payable by the local authorities. Changes were also made in respect of user payment for municipal child minding, so that the maximum amount of user payment fell to FIM 1,000 per month (as against the previous FIM 1,430 per month). The reform increases parents' opportunities to arrange day care for their children in the way that best suits the individual families.

**ICELAND:** The economic development in Iceland has during recent years been the most favourable for years. The growth has been about 5 per cent for the period 1996-1998, or a little over the average calculated for the OECD countries, and for the first time since 1984 has Iceland seen a surplus on the government finances. In its financial forecast, the Icelandic Economic Institute calculated with a growth of about 3 per cent on average for the period 1999-2001.

In 1996 and 1997, the inflation was 1.8 per cent and 2.2 per cent, respectively, and it is estimated to be about 2.7 per cent in 1998. The purchasing power is now increasing each year, and in 1997 the increase was 6 per cent. Investments are increasing and the development seems to continue. Everything indicates that a positive development as to the government finances may be expected.

The unemployment rate is still going down. In 1997, 3.9 per cent of the labour force was without work, which corresponds to a decrease from 5,800 on average in 1996 to 5,200 in 1997. There are, however, large differences in the unemployment rates concerning men and women, respectively. In respect of men, it was 2.6 per cent, whereas it was 5.5 per cent for women. This difference is increasing from year to year. Unemployment among young people is also considerably higher than the average unemployment rate. This also applies to the unemployment rate in the metropolitan area which is considerably higher than in the rest of the country.

## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

In the social insurance field, the development for the elderly and the disabled has been better than ever. In 1997, pensions increased on average twice as much as salaries and wages in the general labour market. Pensioners who have no other income than their pension, have been awarded an extra supplement. Pensions and other supplements will in future be index-linked.

For several years, mothers and fathers could, to a certain extent, share the leave period of six months granted in connection with childbirth. A new law has entered into effect entitling fathers to take leave from work with compensation for an extra two weeks within the first eight weeks of childbirth. In case serious problems arise as to the health of the mother or the child during the first period after the confinement, this period may be prolonged to four weeks.

Charges payable by patients for pharmaceutical products have increased from 18 per cent in 1991 to 32 per cent in 1996. During the past two years, the free right for pharmacists to set up business has resulted in increasing competition within the pharmaceutical business, which has led to lower prices on pharmaceutical products. Hospitals also participate to a higher degree in the negotiations concerning purchases of pharmaceutical products. Together, these measures have resulted in the fact that the rate of increase concerning prices for pharmaceuticals is lower than has been the case for a long time.

From 1991 to 1996, the population's direct expenditure on health services increased by an amount equivalent to 3.7 per cent per person. After this, the increase has lessened, however, so that it is now lower than the general price development.

**NORWAY:** Norway is now experiencing its fifth year of recovery. Since 1993, both production and employment have been characterized by considerable growth. There is a surplus on the government budget and an increasing surplus on the balance of trade in relation to foreign countries. The average growth of the GNP is expected to be 3.6 per cent for the period 1994-1997. The development of prices and costs has been low. The interest level has decreased and enterprises have increased their investments.

The surge in the economy has resulted in substantial improvements in the labour market. The unemployment rate has decreased and is low compared with other industrialized countries. It is estimated that during the period 1993-1997, the employment rate increased by 178,000 people. This is somewhat more than in other four-year-periods after the second world war.

## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

It seems, however, that the labour market is getting “overheated”. In 1997, 37 per cent of enterprises reported that they had difficulties finding manpower. The health sector is short of doctors, nurses and male nursing aid within the psychiatric field.

As a result of the improved employment situation, the number of people receiving unemployment benefit has dropped since 1993. At the same time, a reduction has been made in the social assistance rate as well as in the number of people who received financial aid from the social security offices. During recent years, the number of young people of the ages 20-24 years receiving assistance decreased concurrently with better education offers and improved employment opportunities in the labour market.

The “employment-related activities” that combine a high rate of employment with a well-functioning welfare society have been continued. Benefit recipients under the pensionable age are motivated to seek employment or to participate in qualifying or rehabilitating measures with a view to having them re-enter the labour market. At the same time, the welfare schemes provide security for the individual.

Absence due to illness increased in 1996. The increase applies to both the number and the average length of the illness periods.

The transition benefit to single providers increased in 1998 concurrently with the benefit period being shortened, and in continuation of the “employment-related activities”, the incentives to receive education or training and to accept employment were enhanced.

In connection with the discussion of the Budget for 1998, the Norwegian Parliament agreed on a principle of introducing cash benefits to parents with small children who are not making use of the care/minding facilities that receive government subsidies. According to plan, the scheme will be initiated during the autumn of 1998.

In 1997, a compulsory school start was introduced from and including the age of six, which means that there is now ten years of compulsory basic education.

The problems within the field of the elderly and the disabled will in future be affected by the increase in the number of elderly over the age of 80, the increase in the number of elderly living alone, a registered deficit in the care for young disabled people and unsatisfied needs among people suffering from mental disorders. Following a proposal from the Government, the Norwegian Parliament adopted an action plan in the spring of 1997, aimed at making considerable investments within care for the elderly in the municipalities in years to come. The plan also includes increased subsidies to



## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

the local authorities in 1998 in connection with the construction of residential care units and homes for the long-term ill, as well as earmarked subsidies to municipal nursing and care. At the same time, subsidies for services to people suffering from psychiatric disorders have increased.

**SWEDEN:** The Swedish economy continues to develop positively, and the economic growth has been relatively high during recent years. The export and the investments have been the most important factors behind the growth in the GNP, but private consumption now increases considerably faster than previously. Both the interest rate and the inflation have stabilized at a lower level than previously. Public finances have improved successively and will balance in 1998. The coming years are expected to show a surplus.

Also the labour market is beginning to show better prospects. The unemployment rate dropped drastically during 1997, first and foremost in the private sector. In the public sector, however, the employment rate decreased during 1997 due to the requirement of financial balance in the municipal sector. The objective to halve the unemployment rate still applies and is expected to be met during the year 2001.

The cuts in the welfare system have now been completed. The total reorganization programme for the public finances amounts to SEK 126 billion. Adjustments of the system are still being made with a cost ceiling aimed at controlling the development in public expenditure. The Swedish Government has fixed the cost ceiling for 1998, 1999 and 2000. The cost ceiling applies to both central government (incl. the social insurance sector) and local government expenditure and involves an increase in public expenditure of about 5 per cent in current prices for the period 1998-2000.

The Swedish Government decided to grant SEK 4 billion to the school, nursing and care sectors in 1997, and a further SEK 4 billion in 1998 in order to enable municipalities and counties to reinforce these sectors. In the Budget for 1998, it was furthermore suggested to set aside a further SEK 4 billion in the municipal sector in 1999 and another SEK 4 billion in the year 2000. This results in a total increase of resources of SEK 16 billion in the year 2000 compared with 1996.

The Government and the Association of County Councils have agreed that the responsibility for subsidies to pharmaceuticals, etc. will be transferred from Central Government to the county councils as from 1998. Due to the changes in the pharmaceuticals subsidies already implemented, the expenditure is expected to fall.

Changes have also been made within the social insurance sector. From 1



## CHANGES IN THE NORDIC SOCIAL POLICY SINCE 1995

January 1996, benefits from the sickness and parent insurance scheme were reduced from 80 to 75 per cent of the income from work. Also the child allowance was reduced and the multiple birth allowance was completely abolished. As per 1 January 1998, the contribution ratio of the sickness and parent insurance scheme was, however, increased again to 80 per cent of the income from work, the child allowance was increased to SEK 750 per month and the multiple birth allowance was re-introduced.

Up until and including December 1996, the employer period was two weeks. For the period 1 January 1997 to 31 March 1998, the employer period was extended to 28 days. On 1 April 1998, the period was again reduced to two weeks.

On 1 January 1998, the housing benefit for pensioners increased, and from 1 January 1999, the pension will be generally increased by one per cent. This is done by gradually removing the reduction of the basic amount of 2 per cent which was introduced in 1993. As from 1999, the pension will be calculated on the basis of the basic amount less one per cent, and from the year 2000, on the basis of the full basic amount.

In order to reinforce the local rehabilitation work, the Government decided to allocate extra resources to the insurance schemes. The extra amount is aimed at enhancing the interaction between the individual rehabilitation measures, for example between the insurance scheme and the local authorities or the insurance scheme and the public employment service.

Also the criteria for entitlement to benefits in the shape of sickness benefit and anticipatory pension have been changed since January 1997. In connection with the estimation of reduced working capacity, the possibility of taking into account other factors than the mere medical criteria has been reduced.

In the memorandum 1996/97:121 *Systembrister och missbruk inom socialförsäkringssystemet* (System failures and misuse within the social insurance system), the Government proposed several legal changes in order to improve the possibilities of the general insurance schemes to initiate analyses and control measures concerning insurance and subsidies. The proposals were passed and entered into force on 1 October 1997.

## *Chapter 2*

# Method

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

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 systems, which is as follows: Families and Children; Unemployment; Illness; Old Age, Disability and Survivors; Housing Benefits; and Other Social Benefits. Old age, disability and survivors are described in one chapter of three sections, as pensions and services provided for these groups are interrelated, both at the regulatory and at the organizational level.

## Further on the ESSPROS Classification

The main features of ESSPROS are the following: the overall classification is made according to *schemes*. The purpose is to illustrate whether these 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 defined by the countries themselves within the framework of ESSPROS.

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

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

only cover the labour force (*general schemes*), and special benefit schemes (*special schemes*) that only cover part of a population. The individual countries 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 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 benefits and services.

## Changes in Relation to the Previous Report

In order to make the figures more comparable, some changes concerning social expenditure have been made in the tables, in relation to the previous version of *Social Protection in the Nordic Countries*, such as health service in Chapter 6 where it was impossible to obtain comparable data on in-patients and out-patients. Consequently, only one total item has been included for the expenditure on health services. In Chapter 7, it was not possible uniformly to separate service expenditure on the elderly from service expenditure on disabled people from one country to another. Consequently, service expenditure on the elderly and service expenditure on the disabled have been calculated in one and the same expenditure table.

## Definitions

Both in the previous versions of *Social Protection in the Nordic Countries* and in ESSPROS, 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 in reality has financed, fully or partly, 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 required specification cannot be made on the basis of the national accountancy systems, and consequently the figures have to be broken down on the basis of estimates.

In cases where user charges are payable for social services, the expenditure is registered after deduction of such charges. The expenditure 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 income from interest and property can first and foremost be found in relation to pensions. Where transfers are made to funds, and where means from funds have been used for the financing of the current social expenditure, these are listed by net amounts in the expenditure statistics.

Benefits from public authorities payable only to their own employees are regarded as benefits coming from an employer. Certain benefits payable by employers to their 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 social expenditure tables. Yield on real property is included as part of the financing according to ESSPROS's calculation method.

## Specifications

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

## Administration Costs

In the present report, administration costs are listed as one single entry. In principle, only expenditure on direct administration of the social expenditure is listed. It is, however, not possible in all cases 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 are based on the wages of an 'Average Production Worker' (APW), calculated by the OECD. In the calculation of the APW for Sweden, the method used has changed from 1995 to 1996 which has resulted in an increase in the wage level. When calculating the compensation levels, also housing benefit and payment for a place in a day-care institution have been included.

A detailed description of the typical cases can be found in Appendix 1 of this report. The calculations concerning the typical cases can be downloaded from NOSOSCO's home page (cf. the colophon).

## METHOD

### 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 the five countries have been included in Chapters 3, 4, and 7, respectively. The data are based on representative population segments in each of the five countries. Calculations of the distribution of income have been based on these segments. For each population segment, information has been obtained from administrative registers and special surveys on income, tax, type of family, etc.

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. Taxes include income tax and property tax. The disposable income is generated by 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 living at the same address, irrespective of age. This does, however, not apply to Iceland where a family consists of adults and any children in the age group 0-15 years living at the same address. Children over the age of 15 living at home are consequently considered as independent families in Iceland.

The incomes have been adjusted according to the size of a family, meaning that adjustments have been made as to the number of persons to subsist on an income in the various families. The adjustment has been made by dividing the family income by the square root of the household size.

The adjusted income is called the equivalent income. The same scale (devisor) has been used in some previous OECD studies, but this scale is, however, only one of many choices. The choice of equivalent scale has great influence on the results in the shape of the distribution of incomes among family types, and care should therefore be taken in interpreting these results. A different scale would, as a matter of course, show a somewhat different distribution of incomes.

The figure in Chapter 3 shows the distribution of income for all households as well as for single people and cohabiting households, broken down by quartiles. In all three figures, the quartiles have been fixed on the basis of the disposable incomes for all households, irrespective of family type. Figure 4.1 in Chapter 4 shows the distribution of income regarding single people and couples under the age of 45, with or without children, respectively.

In Chapter 7, Figure 7.1 shows the distribution of income regarding single people and couples over 65/67 years in per cent of the income for single people and couples under 65/67 years. As regards two-parent families, placement in the age group is determined by the age of the key person. The key person is defined as the person earning the highest income.

The spread sheets which form the basis for the tables and figures in the present publication concerning distribution of income can be downloaded from NOSOSCO's home page (cf. the colophon).

## Purchasing Power Parities

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

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

The PPP calculation used in the present publication is PPP-Euro. The following estimates have been used for the individual countries: Denmark 9.21; Finland 6.867; Iceland 91.8; Norway 11.09; and Sweden 10.91. In the calculation in the tables of income distribution which are based on 1995-data, estimates for 1995 have been used.

## Ways of Comparing the Nordic Countries with the EU Member States

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

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

## METHOD

### Miscellaneous

In 1995, Norway started, as the first of the Nordic countries, to use the SNA-93 and the ESA-95 when calculating 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. Denmark started using SNA93 in 1997 and has also adjusted its GNP. The transition to a new classification system has, however, only resulted in an increase of the GNP of about 4 per cent.



### *Chapter 3*

# Population and Income Distribution

## Population

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

After stagnating for several years, the birth rate has again increased during recent years. In some of the countries, the birth rates have, however, started to fall. The increased number of infants has, to varying degrees, 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 from one country to another and between the two sexes. In all the countries, there are more women in the oldest age groups, which naturally results in many of them living alone during their last years.

Of the Nordic countries, Sweden has the oldest population, 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 in respect of the youngest age groups, whereas the trend towards there being more people in the oldest age groups, in particular as far as women are concerned, is also found within the EU countries.

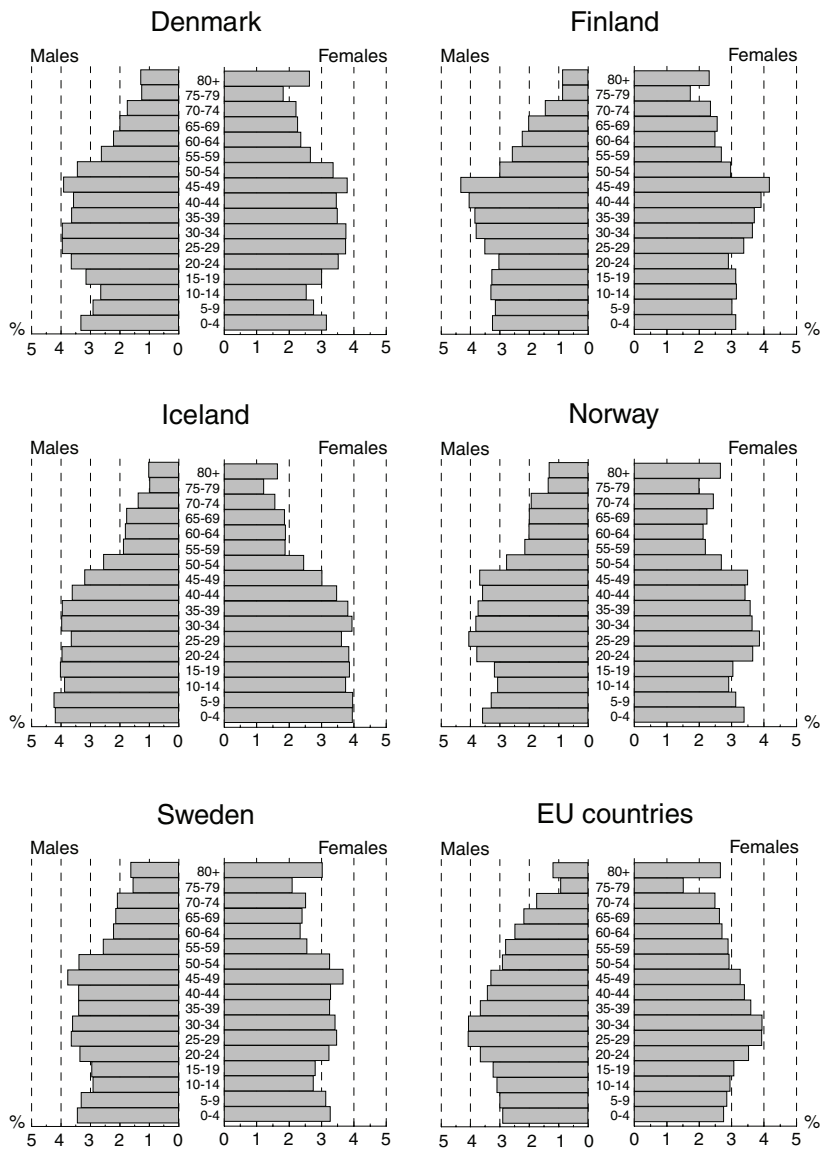
POPULATION AND INCOME DISTRIBUTION

**Table 3.1 Mean population by sex and age, 1996**

	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	243	9	231	9	16	12	219	10	419	10
7-17 »	325	12	363	15	24	18	303	14	590	14
18-24 »	256	10	225	9	15	11	212	10	396	9
25-49 »	995	38	988	40	49	37	825	38	1,565	36
50-64 »	451	17	414	17	17	12	319	15	745	17
65-79 »	261	10	229	9	11	8	229	11	507	12
80+ »	67	3	45	2	3	2	59	3	145	3
Total	2,599	100	2,496	100	135	100	2,166	100	4,368	100
<i>Females</i>										
0-6 years	231	9	222	8	15	11	207	9	398	9
7-17 »	310	12	348	13	23	17	288	13	560	13
18-24 »	247	9	215	8	14	11	205	9	379	8
25-49 »	956	36	951	36	48	36	788	36	1,503	34
50-64 »	454	17	430	16	17	13	320	14	743	17
65-79 »	328	12	343	13	13	9	287	13	618	14
80+ »	138	5	120	5	4	3	119	5	272	6
Total	2,665	100	2,628	100	134	100	2,215	100	4,473	100
<i>Males and females</i>										
0-6 years	475	9	453	9	31	12	426	10	817	9
7-17 »	635	12	711	14	47	17	592	14	1,150	13
18-24 »	503	10	440	9	29	11	418	10	775	9
25-49 »	1,951	37	1,938	38	98	36	1,614	37	3,068	35
50-64 »	905	17	844	16	34	12	639	15	1,488	17
65-79 »	589	11	573	11	24	9	516	12	1,126	13
80+ »	205	4	165	3	7	3	178	4	418	5
Total	5,263	100	5,125	100	269	100	4,381	100	8,841	100

POPULATION AND INCOME DISTRIBUTION

Figure 3.1 Population by sex and age as percentage of the total population, 1996



## Income Distribution

Several previous studies have shown that the differences in the income level are relatively small in the Nordic countries in comparison with those in most of the OECD countries. Figure 3.2 shows the distribution of the disposable household income for each country in 1995, broken down by quartiles.

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

As it appears from the figure, the distribution of income among the households is relatively homogenous in the Nordic countries.

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

Figures 3.3 and 3.4 firstly show the average disposable income for single people and couples, broken down by quartiles, converted into PPP-Euro. Secondly, they show the distribution on factor income and social services and benefits in per cent of the gross income, as well as the tax in per cent of the gross income in 1995.

The quartiles have been fixed on the basis of the disposable incomes for the total number of households. As was the case in Figure 3.2, equivalent incomes have been used (cf. Chapter 2).

In Finland and Norway, almost half of the single person-households – with or without children – are found in the lower quartile. The proportion of households of couples of the lower quartile is only 10 per cent or less in all countries. The results should, however, be interpreted with some care, as the choice of equivalence scale is of great importance to the relative income level in the individual types of household.

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

## POPULATION AND INCOME DISTRIBUTION

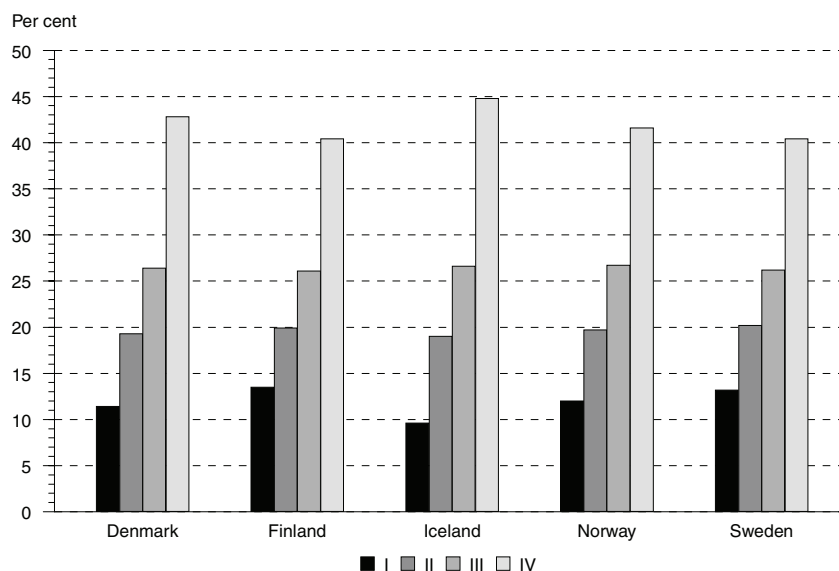
lowest quartile, and this applies to both single people and couples. Social benefits constitute, however, also a considerable part of the gross incomes in the higher quartiles for single people and couples in Finland and Sweden, as well as for single people in Denmark.

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. This is mainly due to the proportion of pensioners and other households, who receive transfer incomes, being larger among single people than among couples.

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 contributes to eliminating the differences in the incomes.

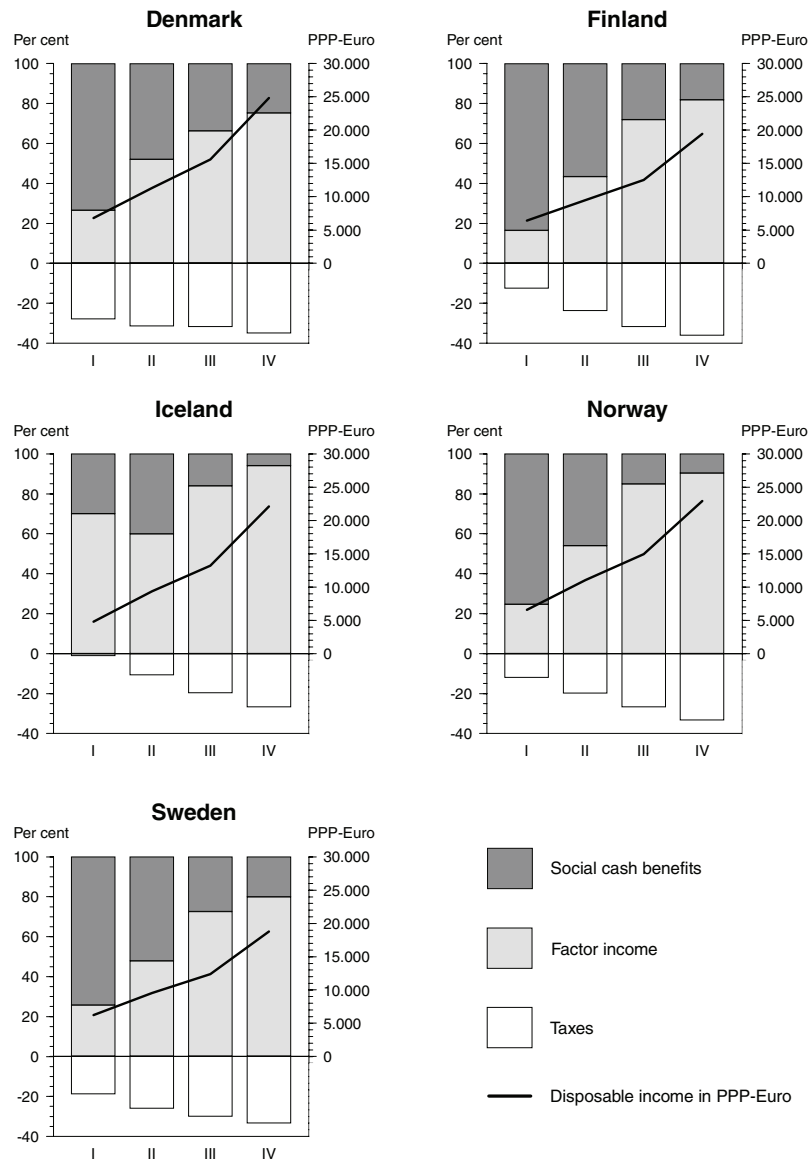
The tax share of the gross income is clearly higher in Denmark than in the other countries. This is, among other things, due to the fact that employers' social contributions play a significantly larger role in the financing of public benefits in the other Nordic countries, cf. Chapter 10. The differences in the taxation of the social benefits in various countries also play a part in this connection.

**Figure 3.2 Distribution of household incomes by quartiles, per cent, 1995**



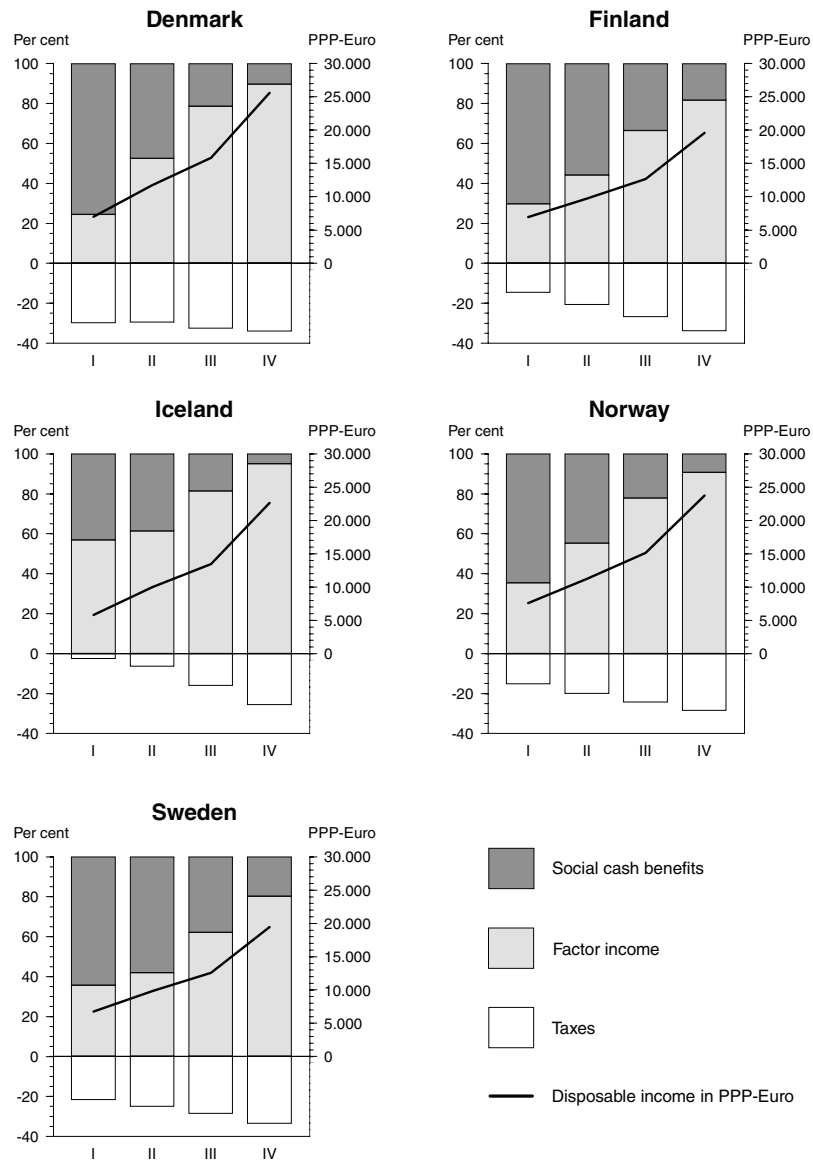
POPULATION AND INCOME DISTRIBUTION

**Figure 3.3 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentage of the gross income, broken down by quartiles, 1995. Single people with or without children**



POPULATION AND INCOME DISTRIBUTION

**Figure 3.4 Average disposable income in PPP-Euro, distribution in per cent of the gross income on factor incomes, social cash benefits and taxes as percentage of the gross income, broken down by quartiles, 1995. Married and cohabiting couples with or without children**



*Chapter 4*

# Families and Children

While the Nordic countries spend almost the same proportion of the total social expenditure on families and children, somewhat larger differences are seen in the expenditure patterns in the EU countries.

**Table 4.1 Expenditure on families and children as percentage of the total social expenditure in the EU, Iceland and Norway, 1995**

Denmark	12.4	Austria	11.3	Italy	3.5
Finland	13.3	Belgium	8.2	Luxembourg	13.2
Iceland	12.9	France	9.0	The Netherlands	4.7
Norway	13.3	Germany	7.5	Portugal	5.8
Sweden	11.3	Greece	..	Spain	1.8
		Ireland	11.7	United Kingdom	9.0

Note: The source for data on the EU is EUROSTAT: *Social Protection Expenditure and Receipts*. For Iceland and Norway, *Social Protection in the Nordic Countries 1995* has been used (NOSOSCO 7:1997). The data for Norway have, however, been revised.

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

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

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



FAMILIES AND CHILDREN

**Table 4.2 Families by family type, 1996**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	Sweden <sup>3)</sup>
<i>Number of families with children aged 0-17 years (1,000)</i>	645	635	39	570	1,143
Percentage of whom are:					
– Married couples	64	69	56	64	81 <sup>4)</sup>
– Cohabiting couples	18	13	23	14	
– Single people	19	18	21	22	19
Total	100	100	100	100	100
<i>Number of families without children (1,000)</i>	2,221	2,077	104	1,482	2,399
Percentage of whom are:					
– Married couples	27	26	23	32	36 <sup>4)</sup>
– Cohabiting couples	7	7	3	..	
– Single people	65	67	74	68	64
Total	100	100	100	100	100
<i>Number of single people with children (per cent):</i>					
Men	12	12	6	11	21
Women	88	88	94	89	79
Total	100	100	100	100	100
<i>Number of single people without children (per cent):</i>					
Men	50	48	54	47	59
Women	50	52	46	53	41
Total	100	100	100	100	100
<i>Average number of people per family</i>	1.8	1.9	2.9	2.1	2.1 <sup>5)</sup>

1 Children aged 0-15 years.

2 Calculated for 1997.

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

4 Incl. cohabiting people.

5 Calculated as per December 31, 1995.

The significance of social cash benefits to the disposable incomes of families with and families without children appears from Figure 4.1. The figure shows the distribution of gross income on factor income and social cash benefits for families with and families without children, respectively, broken down by single people and couples. The relative income level for single people and couples with or without children, respectively, appears from

FAMILIES AND CHILDREN

Figure 4.1 Income structure in 1995 for single people and for married and cohabiting couples aged 20-44 years

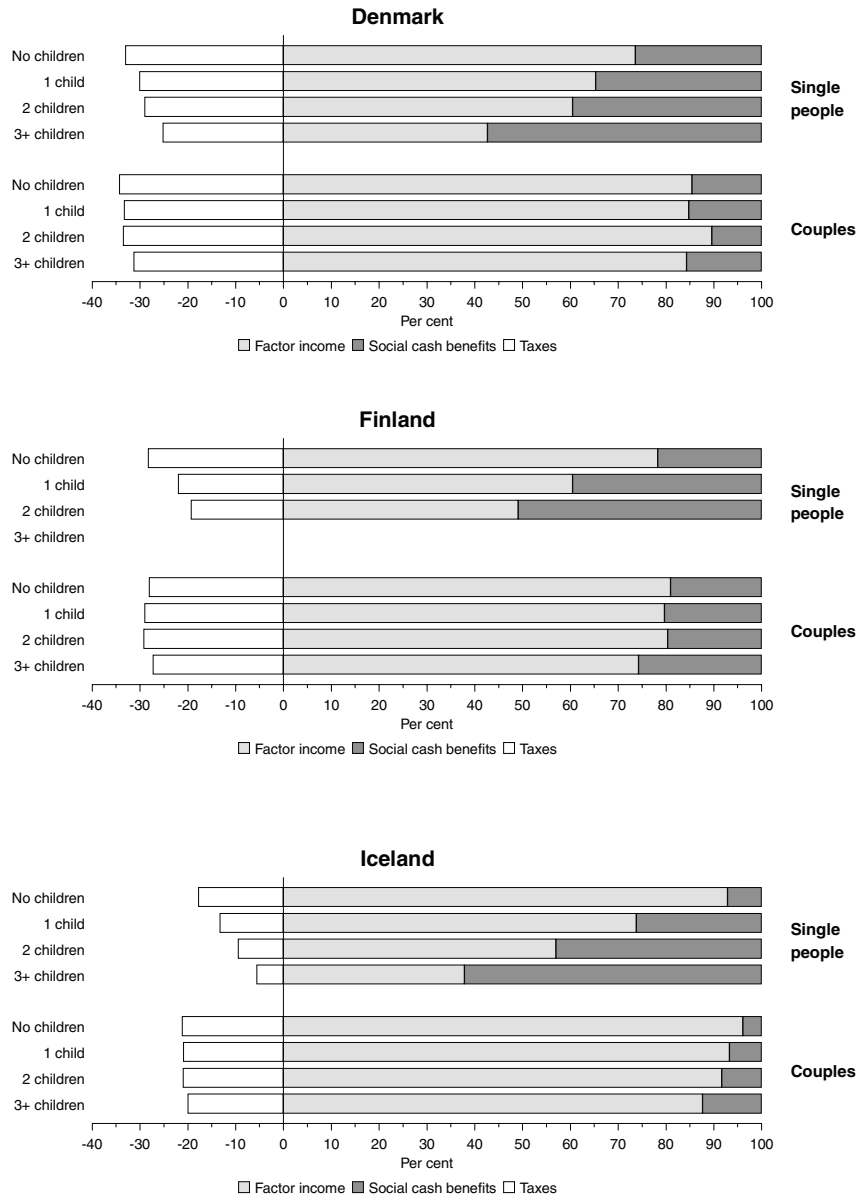


Figure 4.1 continued ...

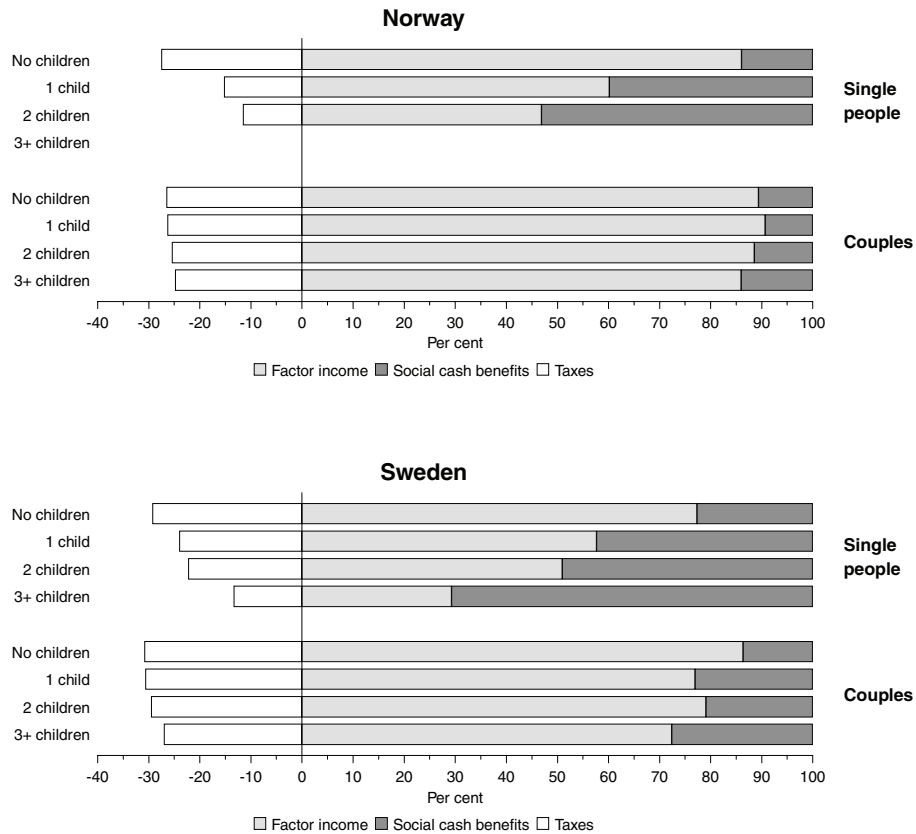


Table 4.3, as the average disposable income for all single people and all couples with children have been fixed at 100.

In this connection, a family consists of adults and children living together at the same address, irrespective of the children's ages. Families with children are defined as families with children of the age group 0-17 years living with their parents. As to Iceland, children over 15 years are, however, counted as independent households. In the comparison, equivalent incomes have been used (cf. Chapter 2).

## FAMILIES AND CHILDREN

**Table 4.3 Index for disposable income for single people and married and cohabiting couples with or without children, respectively, and total disposable income in PPP-Euro for all in the age group 20-44 years 1995 (Total disposable income = 100)<sup>1)</sup>**

	Denmark		Finland		Iceland		Norway		Sweden	
	Single people	Couples	Single people	Couples	Single people	Couples	Single people	Couples	Single people	Couples
<i>Index for disposable income</i>										
No children	103	108	100	103	102	172	102	113	102	113
1 child	91	101	95	103	90	107	92	103	93	101
2 children	74	97	104	97	83	93	83	94	92	96
3+ children	62	83	–	94	76	79	–	90	90	87
<i>Total disposable income in PPP-Euro</i>	11,191	16,616	9,826	13,233	10,531	11,023	11,649	16,214	9,658	12,996

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

As appears from Table 4.3, the equivalent disposable incomes for families without children are generally higher than are the disposable incomes for families with children. In Finland, however, single parents have a higher disposable income than have single people without children. Cohabiting and married couples with one child have a disposable income that corresponds to that of cohabiting and married couples without children. It is furthermore characteristic for both single parents and couples that the disposable income is generally lower, the more children there are in a family.

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

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

In all the countries, social benefits and taxes contribute to equalize the differences in factor income for single people and couples, for families with children and families without children, and for families with one child and

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

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

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

### Daily Cash Benefits in Connection with Childbirth or Adoption

#### – *Financial support to all*

In 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.

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

## FAMILIES AND CHILDREN

**Table 4.4 Rules governing payment of income-substituting cash benefits in the event of childbirth as per December, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Working (employees)</i>					
Maximum number of weeks in which maternity benefits are payable	28	44 (47)	26	42/52 <sup>4)</sup>	Approx. 64 weeks <sup>6)</sup>
Of which (weeks):					
– Only the mother	18	18	8	9	4
– Only the father	2 <sup>1)</sup>	3	–	4	4
– Either the mother or the father	10	26	18 <sup>3)</sup>	29/39	Approx. 64 weeks
Of which:					
– Before birth	4 <sup>2)</sup>	5-8	4	12	Max. approx. 9 weeks
– After birth	24	36-39	22 <sup>3)</sup>	39/49	Max. approx. 64 weeks
Benefit taxable?	Yes	Yes	Yes	Yes	Yes
<i>Not working</i>					
Maximum number of weeks in which maternity benefits are payable	–	44 (47)	26	Non-recurrent payment	Approx. 64 weeks
Benefit taxable?	.	Yes	Yes	No	Yes
Leave period sharable with father?	.	Yes, but for a max. of 26 weeks	Yes, but for a max. of 19 weeks	No <sup>5)</sup>	Yes

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

2 The period may be prolonged in case of a difficult pregnancy, or if work is a risk to the foetus. Public-sector employees and some private-sector 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.

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

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.

**Table 4.5 Amount of income-substituting cash benefits in the event of childbirth as per December, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Working (employees)</i>					
Amount of maternity benefit (per week) in per cent of previous income	100	Normally 70	..	100/80	75 <sup>3)</sup>
Min. amount per week in national currency	–	FIM 360	ISK 6,287	NOK 618	SEK 420
Min. amount per week in PPP-Euro	–	52	67	40	38
Max. amount per week in national currency	DKK 2,617 <sup>1)</sup>	–	ISK 14,281 <sup>2)</sup>	NOK 4,731	SEK 3,906
Max. amount per week in PPP-Euro	284	–	151	408	358
<i>Not working</i>					
Amount of maternity benefit (per week)	–	FIM 360	ISK 7,994	Non-recurrent payment, NOK 32,138	SEK 420

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

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

3 The 30 days parental benefit (the so-called “mother/father month”), to which the other parent is not entitled, is payable by 85 per cent.

The benefit payable prior to childbirth can only be granted to the mother, whereas in all the 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 affiliated with the labour market in order to receive the benefit, either by being self-employed, a wage-earner, or a recipient of unemployment or sickness benefits according to specific rules.

## FAMILIES AND CHILDREN

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

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

The compensation level in connection with childbirth also varies considerably from one country to another. Figure 4.2 shows the disposable income at five different income levels, i.e. for a single employed person with no children and for a single mother receiving maternity benefit.

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

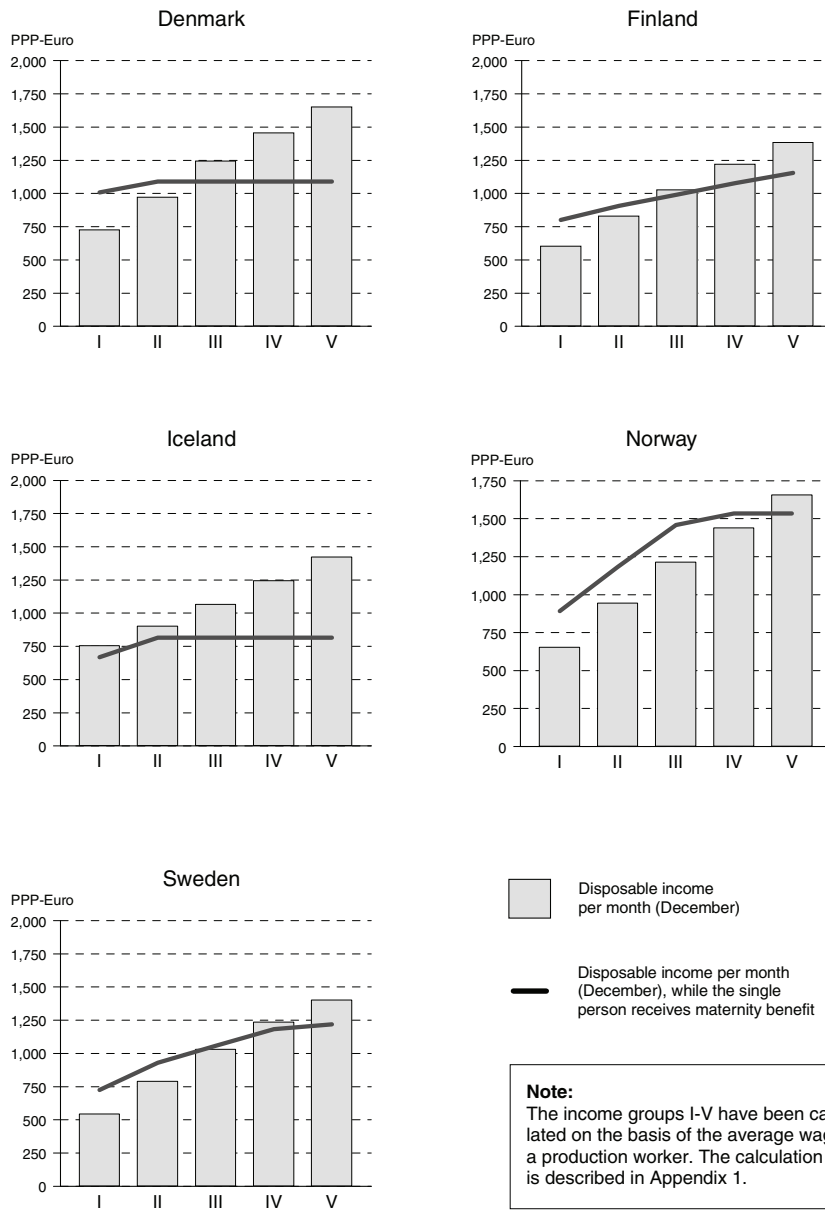
As can be seen from Figure 4.2, compensation is over 100 per cent for single parents in the lowest income brackets in all the Nordic countries, with the exception of Iceland. This is primarily due to the child allowances payable for new-born children, but also to the housing benefit being higher for families with children than it is for families with no children. This also applies to couples, cf. Figure 4.3.

In respect of couples with two children besides the new-born, the high compensation level in the lowest income groups (in particular in Finland and 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 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 previous income (cf. Table 4.5). In Finland, in re-



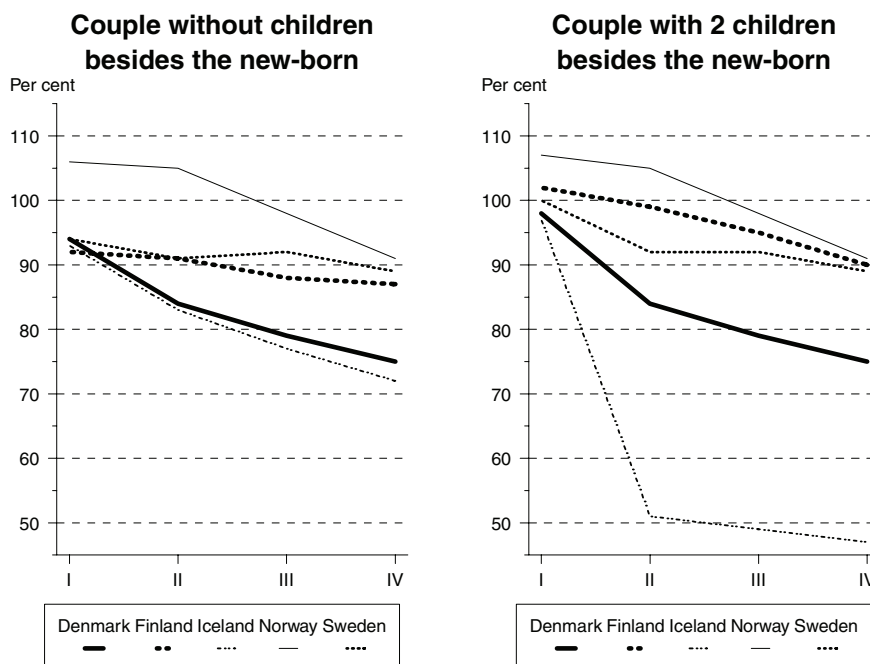
**Figure 4.2 Disposable income for a single person with a new-born child, 1996**



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

FAMILIES AND CHILDREN

**Figure 4.3 Disposable income while receiving maternity benefit as percentage of disposable income when working, 1996**



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

turn, 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 and Sweden and lowest in Iceland and 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.

**Table 4.6 Recipients of daily cash benefits in the event of pregnancy, childbirth or adoption during the year, 1990-1996**

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

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

This partly reflects differences in both the coverage of the schemes, partly in the duration of the period in which one is entitled to that benefit. Norway has seen a rise in the number of men receiving daily cash benefits. This is both due to a new scheme from 1993 giving men an exclusive right to four weeks of leave with daily cash benefits as well as a 'time-account' scheme that since 1994 has allowed for flexible use of leave of absence with daily cash benefits. The Swedish figures are not comparable with those from the other countries, as the benefit is payable for more days per child than is the case in any of the other countries. Besides, parents are entitled to daily cash benefits until a child turns 8. About 75 per cent of the parental daily cash benefit is, however, payable during the first two years after a child has been born.

## 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 employers, leave periods may be prolonged to a total of 52 weeks. The leave scheme applies to both wage earners, self-employed and unemployed people. During a parental leave period, a child must not make use of any public day care facility if it is under the age of three years, and may only be in half-day care if it is between three and eight years. 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. 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 a place in a municipal day care institution or 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 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, 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 also schemes entitling parents to stay at home without pay to take care of their children.

### *Minding of sick children*

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

In all the countries, parents themselves decide whether the mother or the father will stay at home to take care of a 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 allowance is tax free and independent of parents' income. In Denmark, the allowance is payable until a child reaches the age of 18; in Finland, until a child reaches the age of 17; and in Iceland, Norway, and Sweden, until a child reaches the age of 16 years. In Sweden, however, the age limit is 20 years if a child is

## FAMILIES AND CHILDREN

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 the Finnmark and in certain municipalities in Troms County.

**Table 4.7 Annual amount of child allowance as per December, 1996**

	Denmark DKK <sup>1)</sup>	Finland FIM	Iceland ISK <sup>2)</sup>	Norway NOK <sup>3)</sup>	Sweden SEK
<i>Couple with:</i>					
1 child	9,100	6,420	39,448	11,112	7,680
2 children	18,200	14,304	68,216	22,740	15,360
3 children	27,300	23,652	74,832	35,832	25,440
<i>Single parent with:</i>					
1 child	17,072	8,820	171,241	22,740	7,680
2 children	30,692	19,104	321,631	35,832	15,360
3 children	44,312	30,852	476,946	49,572	25,440
Average amount of child allowance per child (KR/FIM)	9,635	7,668	70,207	13,616	8,250
Average amount of child allowance per child (PPP-Euro)	1,046	1,117	765	1,228	756

1 Calculations have been made on the basis of a general family allowance for the 3-6 year-olds of DKK 2,275 per quarter for both single parents and couples. The allowance for the 0-2 year-olds amounted to DKK 2,550 per quarter, and for the 7-17 year-olds to DKK 1,775 per quarter.

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

3 The calculation 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.

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

In Finland and Norway, the child allowance per child is increased for each child in the family. In Denmark and Norway, an extra child allowance is granted to single providers. Until and including 1995, families with children in Sweden also received a multiple birth supplement, if they received child allowance for three or more children. As from 1996, allocation of new multiple birth supplements was discontinued. Families who were granted a multiple birth supplement in 1996 will, however, keep it.

In Denmark, special child allowances may also be granted where one of the parents is a pensioner, or where one of the 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 live together, a maintenance allowance will normally be payable by the parent not living with the child. A maintenance allowance for children will be fixed in connection with dissolution of marriage and 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. In Norway, the number of children receiving maintenance-allowance advances as percentage of the number of children entitled to allowances is decreasing.

## FAMILIES AND CHILDREN

**Table 4.8 Amounts of maintenance-allowance advances in 1996**

	Denmark	Finland	Iceland	Norway	Sweden
Maximum amount per child per year, KR/FIM	8,676	7,602	129,528	12,190	14,076
Maximum amount per child per year, PPP-Euro	942	1,107	1,411	1,099	1,290

**Table 4.9 Number of children receiving maintenance-allowance advances as percentage of the population under 18 years, 1990-1996**

	Denmark	Finland	Iceland	Norway	Sweden
1990	14	7	16	12	15
1995	15	10	17	15	16
1996	15	10	18	11	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 transitional allowance for maintenance by the social security scheme.

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 or 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, 65 per cent of the municipalities provided a child-minding guarantee in 1996 for children aged 0-9 years, whereas another 5 per cent guaranteed child-minding for the age group 1-5 years. In Finland, all children under seven years have since 1996 been entitled to a place in a municipal day care institution, or in family day care. Families with children under three years may instead of municipal day care choose to receive a benefit for staying at home to look after their children themselves. Since 1 August 1997, parents may also have their children looked after in a private home with municipal subsidies. The municipalities pay the direct amount to the private individual who looks after the child/children. In Iceland, 87 per cent of all children aged 3-5 years, and 62

## FAMILIES AND CHILDREN

per cent of all children aged 0-5 years had places in public day care institutions for children, or in family day care. In Norway, 45 per cent of all children aged 0-6 years had places in a kindergarten or in family day care. In Sweden, children whose parents are actively employed or study are given priority to a 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. Municipal child-minders are employed and paid by the local authorities and receive the children in their own homes. As is the case with places in day care institutions, parents pay for having their children minded in family day care.

In all the countries, there is also private family day care that is run without any subsidies from public authorities. Such child-minding options are not included in the Nordic social statistics.

### *Pre-school classes*

In both Denmark, Finland, and Norway, there are special classes preparing young children for school. These classes have, 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.

In Norway, about half of all 6 year-olds participate in measures preparing them gradually for school at the age of 6.

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, Iceland and Sweden. The range of offers varies from one municipality to another.

**Table 4.10 Children enrolled in day care institutions and family day care (thousands) by age, 1990-1996**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	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	..	367
7-10 years	53	17	1	..	146
0-10 year-olds, total	303	213	13	..	512
<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	112	11	-	..	198
0-10 year-olds, total	409	190	17	..	688
<i>1996</i>					
0-2 years	101	41	5	42	124
3-6 years	217	165	12	150	408
0-6 years, total	318	206	17	192	532
7-10 years	122	11	-	..	209
0-10 year-olds, total	440	217	17	..	741

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

2 Comprises only children between 0 and 6 years, excluding educational measures for the 6-year-olds.

## FAMILIES AND CHILDREN

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

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

**Table 4.11 Children enrolled in day care institutions and family day care, by age as percentage of the respective age groups, 1990-1996**

	Denmark	Finland	Iceland <sup>1)</sup>	Norway <sup>2)</sup>	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	36	48
7-10 years	24	7	3	..	38
0-10 year-olds, total	49	30	28	..	44
<i>1995</i>					
0-2 years	46	18	37	21	37
3-6 years	81	55	64	61	74
0-6 years, total	65	39	53	44	59
7-10 years	50	5	–	..	45
0-10 year-olds, total	60	27	35	..	54
<i>1996</i>					
0-2 years	48	22	37	23	40
3-6 years	83	63	64	61	83
0-6 years, total	67	46	53	45	66
7-10 years	53	4	–	..	46
0-10 year-olds, total	63	31	34	..	59

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

2 Comprises only children between 0 and 6 years, excluding educational measures for the 6-year-olds.

## Child and Youth Welfare

### *– Preventive measures are in focus*

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

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

In Denmark, 29,880 families made use of one or more preventive measures during 1996 in the shape of advisory services, practical educational support in the homes, family treatment, stays in residential institutions for both parents and children, or financial support with a view to avoiding placing children outside of their homes. Furthermore, by the end of 1996, 5,120 children and youths had been placed in residential care, with foster families, or in other relevant places, to relieve their parents from taking care of them for a while. 1,396 children and youths had had a personal advisor appointed to them, and 1,611 children and youths received financial support to stay at boarding or continuation schools without that being an actual placement outside of their own homes.

In Finland, the preventive child welfare service is responsible for influencing the development of children's well-being as well as to prevent the risks to which a child may be exposed. Such measures may be support staff or support families, support to getting a job, a place to live, or support to hobby activities. In 1996, 33,269 people received support. 92 per cent of these were children under 18 years, whereas the remaining 8 per cent were between 18 and 20 years. During 1996, there was an addition of 9,118 new clients, corresponding to 27 per cent of all those receiving assistance.

In Iceland, 1,045 children made use of one or more preventive measures during 1996. Of these, 649 were placed outside of their homes for short or long periods.

In Norway, 22,690 children made use of one or more preventive measures in 1996. 7,880 were placed in respite homes, 6,360 were allocated support contacts, and 8,780 received financial or other support. Part of the children were also placed outside of their homes as part of the preventive scheme. The Child Welfare Service cared for 5,900 children in 1996, all of whom were placed outside of their homes, either with families or in institutions for children, etc.

## FAMILIES AND CHILDREN

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

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

Another kind of activity is the so-called contact staff. A child or youth is assigned an adult contact person or family whom they see regularly. About 12,300 children and youths had, as at 31 December 1996, been assigned such a contact person.

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

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

Most placements of children 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

**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, 1990-1996**

	1990	1995	1996
<i>Denmark</i>			
0-6 years	6.8	3.9	3.8
7-14 years	14.9	11.9	11.8
15-17 years	34.2	29.3	29.3
18-20 years	17.9	15.0	15.9
0-20 years	16.1	12.0	11.9
<i>Finland</i>			
0-6 years	4.9	5.1	5.0
7-14 years	6.8	8.3	8.6
15-17 years	11.4	12.7	13.3
18-20 years	5.0	8.7	9.3
0-20 years	6.5	7.9	8.2
<i>Iceland<sup>1)</sup></i>			
0-6 years	5.5	..	5.2
7-14 years	17.1	..	9.4
15-17 years	8.1	..	14.5
18-20 years	..	..	..
0-20 years	10.2	..	8.8
<i>Norway</i>			
0-6 years	3.7	3.4	3.3
7-14 years	6.6	7.9	7.5
15-17 years	10.2	14.2	14.0
18-20 years	3.8	7.4	8.3
0-20 years	5.8	7.1	6.9
<i>Sweden</i>			
0-6 years	3.7	3.6	3.3
7-14 years	7.9	7.0	7.1
15-17 years	14.5	14.4	14.2
18-20 years	5.8	5.1	5.2
0-20 years	7.1	6.5	6.4

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

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 com-

## FAMILIES AND CHILDREN

munal 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.

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

In Denmark, the expenditure on the child-minding leave scheme decreased considerably from 1995 to 1996 as a result of a decrease in the number of parents on leave from 42,000 in 1995 to 31,000 in 1996. In return, the expenditure on day initiatives increased as a result of an increase in the number of enrolled children of about 30,000 from 1995 to 1996, including children under the after-school club schemes. The expenditure on after-school schemes that is not included in the Nordic expenditure statistics, increased from about DKK 1.7 billion in 1995 to about DKK 1.9 billion in 1996.

In Finland, the social expenditure on families with children decreased notably in 1996. This is mainly due to the fact that the level of home-care support fell by more than 20 per cent. Also the level of child maintenance allowances decreased. At the same time, the municipal expenditure on day care for children increased as all children became entitled to an offer of day care.

In Iceland, the expenditure on cash benefits in 1996 is almost identical to that of 1995, whereas the expenditure on services during that same period increased by 11.8 per cent. The highest increase in expenditure took place in connection with the day care institutions.

In Norway, the increase in expenditure from 1995 to 1996 is due to higher expenditure on measures aimed at children. The expenditure on kindergartens increased, in spite of less places being offered. This is due to the fact that day care institution offers from then on also comprised younger age groups as well as an offer to children to stay longer in the institutions. To this should be added a change in the statistics in relation to 1995 as the figures for both 1995 and 1996 have been adjusted as to the payments of the person liable to pay maintenance.



FAMILIES AND CHILDREN

**Table 4.13 Expenditure on and financing of cash benefits and services for families and children, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Income maintenance in the event of childbirth and adoption	4,595	2,913	642	5,715	11,598
B. Birth grants	–	52	582	604	24
C. Parental leave benefits	2,803	2,042	–	455	2,611
D. Family allowances	10,719	8,398	5,006	12,393	14,618
E. Supplements	–	..	–	–	–
F. Other	77	519	479	2,985	3,367
a. Of which advance on maintenance allowance	77	519	479	490	3,359
Cash benefits, total	18,193	13,924	6,709	22,152	32,218
<i>Services, million KR/FIM</i>					
A. Child day care	16,407	6,589	3,419	8,887	24,585
B. Accommodation	4,370	688	633	956	3,962
C. Home help	221	192	50	–	–
D. Other	1,153	1,055	603	3,961	3,119
Services, total	22,151	8,524	4,706	13,804	31,666
Total expenditure, million KR/FIM	40,344	22,448	11,415	35,956	63,884
Total expenditure per capita, PPP-Euro	832	638	462	740	662
Expenditure as percentage of GDP	3.8	3.9	2.4	3.5	3.8
<i>Financed by (per cent)</i>					
– Public authorities	84.9	86.0	93.8	81.2	72.2
– Employers	0.3	5.3	6.2	10.7	15.4
– Insured people (contributions and special taxes)	14.8	8.7	–	8.1	12.4
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	396	-984	294	1,897	-2,314
– Per cent	1.0	-4.4	2.6	5.4	-3.6

In Sweden, the expenditure on cash benefits to families with children decreased as a result of a reduction in the benefit from the parent insurance to the effect that the compensation level was reduced from 80 to 75 per cent.

## FAMILIES AND CHILDREN

Furthermore, the child allowance was reduced, and the multiple birth supplement was abolished as from 1 January 1996.

### *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 incomes and the period of time which the child spends in the institution, but there is also a fixed charge independent of income and period of time. The charge payable for child-minding in one of the private care schemes ought in principle to be the same as the charge payable in the municipal schemes. In none of the countries may the charges exceed the actual costs of a place in an institution.

In Denmark, the total amount of user charges was approximately 22 per cent of the running costs. In Finland, user charges were about 15 per cent for municipal day care. In Iceland, charges for part-time places in municipal day care institutions were about 35 per cent of the total running costs, and charges for after-school club schemes were about 34 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 46 per cent of the expenditure on 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 15 per cent of the total running costs.

## Chapter 5

# Unemployment

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

The rules 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 EU, Iceland and Norway, 1995**

Denmark	14.7	Austria	5.6	Italy	2.2
Finland	14.3	Belgium	14.3	Luxembourg	3.0
Iceland	4.3	France	8.2	The Netherlands	10.1
Norway	6.6	Germany	9.1	Portugal	5.5
Sweden	11.1	Greece	..	Spain	14.3
		Ireland	17.3	United Kingdom	5.9

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. The apparent increase in the unemployment rate in Norway is due to a restructure of the statistics. Had the method of gathering information been the same in both 1995 and 1996, the unemployment figures would have been lower for both men, women, and young people of the ages 16 to 24 years.

## UNEMPLOYMENT

**Table 5.2 The population aged 16-64 years by activity, 1996**

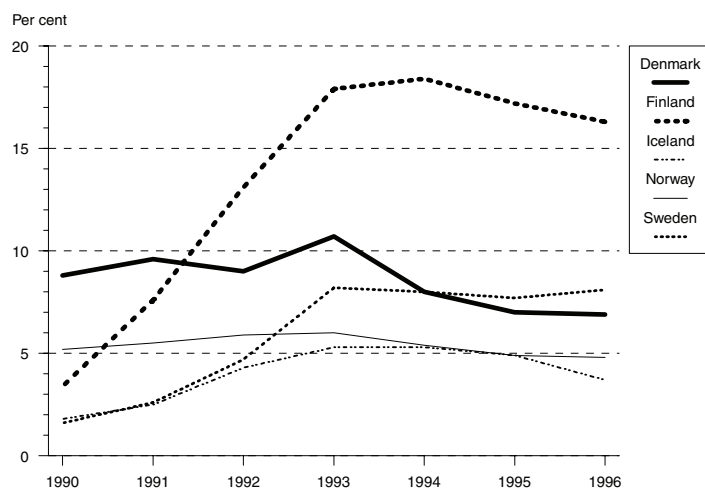
	Denmark	Finland	Iceland	Norway	Sweden
The population aged 16-64 years (1,000)	3,471	3,416	163	2,782	5,537
<i>Of whom (per cent):</i>					
Employed, total	74.6	62.0	82.6	75.3	71.6
– Full-time employed	60.5	55.8	61.4	..	54.6
– Part-time employed	14.1	4.8	21.2	..	16.8
Unemployed	5.5	12.1	3.2	3.9	6.3
Outside of the labour force	19.9	25.9	14.2	20.9	22.2
Total	100.0	100.0	100.0	100.0	100.0
<i>Extent of work</i>					
Average number of working hours per employee aged 16-64 years per year <sup>1)</sup>	1,685	1,796	1,869	..	1,637
Average number of working hours per person aged 16-64 years <sup>2)</sup>	1,257	1,114	1,544	..	1,171

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 Development in the unemployment rate, 1990-1996**



## UNEMPLOYMENT

**Table 5.3 Development in the unemployment rate by sex, 1990-1996**

	Total number of unemployed people	Unemployed people as percentage of the labour force					
					16-24 year-olds		
		Total	Men	Women	Total	Men	Women
<i>Denmark<sup>1)</sup></i>							
1990	258,000	8.8	8.2	9.6	12.1	11.8	12.4
1995	197,000	7.0	6.1	8.2	9.7	8.8	10.6
1996	195,000	6.9	5.7	8.3	9.7	8.2	11.4
<i>Finland<sup>2)</sup></i>							
1990	88,000	3.4	4.0	2.8	6.7	8.2	5.2
1995	430,000	17.2	17.6	16.7	29.9	31.1	28.5
1996	408,000	16.3	16.3	16.2	27.4	29.1	25.4
<i>Iceland</i>							
1990	2,255	1.8	1.4	2.2	..	..	..
1995	7,200	4.9	4.8	4.9	11.0	13.1	8.6
1996	5,500	3.7	3.4	4.1	8.4	9.2	7.6
<i>Norway<sup>3)</sup></i>							
1990	112,000	5.2	5.6	4.8	11.8	12.7	10.7
1995	107,000	4.9	5.2	4.6	11.8	12.2	11.5
1996	109,000	4.9	4.8	4.9	12.4	12.1	12.8
<i>Sweden</i>							
1990	75,100	1.6	1.7	1.6	3.7	3.8	3.6
1995	333,000	7.7	8.5	6.9	15.3	16.7	14.0
1996	347,100	8.1	8.5	7.5	15.7	16.7	14.5

1 The figures are based on labour force surveys carried out as situation surveys during spring. Young men and women here mean the 15-24 year-olds. The surveys for 1995 and 1996 are 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.

3 The statistics were restructured in 1996, for which reason the figures are not directly comparable with those from previous years.

## 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 *basic daily cash benefits*. People who have received income-related daily cash benefit or the basic amount for the maximum period of two years, and who are still unemployed, are paid a so-called labour market assistance. This also applies to people entering the labour market for the first time.

In all the countries, the unemployment insurance scheme is financed by employer and government contributions. In addition, membership contributions are payable to the unemployment insurance fund 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 insur-

## UNEMPLOYMENT

ance 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. In July 1996, the total daily cash benefit period was reduced to six years and from 1 January 1998, it will be further reduced to five years. At the same time, the entitlement and obligation to be offered activation will be gradually advanced, as continuous activation is required during the last three years of the total period. As from 1997, entitlement to unemployment benefit is subject to 52 weeks of work within a period of three years.

Members of unemployment insurance funds, who have reached the age of 50 years at the end of the total unemployment benefit period, and who would have been entitled to voluntary early retirement benefit from the age of 60 years, shall be entitled to unemployment benefit until the 60th year. Members who have reached the age of 60 years, are only entitled to unemployment benefit for two and a half 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 are entitled to unemployment benefit until they reach the age of 60. After that, they are entitled to unemployment pension.

In Iceland, one must have worked for at least 425 day-time hours during the past 12 months in order to be entitled to unemployment benefit. Unemployment benefit is payable for 260 working days, after which 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. Payment of unemployment benefit cannot exceed five years.

In Norway, a prerequisite for being entitled to unemployment benefit is that one has earned an income during the last calendar year, prior to becoming unemployed, or has had an average income from work during the last three years, amounting to NOK 30,750. Unemployment benefit is pay-

## UNEMPLOYMENT

able for a maximum of 80 weeks. After a benefit-free period of 13 weeks, unemployment benefit may be granted for another period. Dispensation may be given people over the age of 50.

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

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 during which unemployment benefit is not payable. In Denmark and Iceland, there is no qualifying period; in Norway, there are three qualifying days, whereas Finland and Sweden have five qualifying days. In Finland, the number of qualifying days was 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 or without children, calculated at five different income levels. The calculation has been made for insured and non-insured people, respectively (the latter only in respect of Denmark, Finland, and Sweden).

As it appears from the figures, there are marked differences in the compensation for insured and non-insured people, respectively. This applies in



## UNEMPLOYMENT

particular to 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 previous income. This is highest in Denmark and lowest in Finland and Norway. In Iceland, a fixed amount is payable, irrespective of previous income. Secondly, the compensation level depends on the maximum amounts. In Finland, there is no upper limit to the amount of daily cash benefits.

The compensation increase from level I to II in Norway is due to the rules governing payment for children in day care institutions. In Sweden, the compensation increase from level I to II is due to the way in which the basic allowance is calculated in the tax system.

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. In Denmark and Iceland, the compensation level decreases steeply when going from the low income level to the higher levels.

## UNEMPLOYMENT

**Table 5.4 Rules applying to payment of cash benefit in the event of unemployment as per December 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>					
Age limit for entitlement to unemployment benefit	19-66 years <sup>1)</sup>	17-64 years	16-69 years	16-66 years	16-64 years <sup>5)</sup>
Number of qualifying days	–	5	–	3	5
Maximum number of days of unemployment benefit	1,560 within 8 years (5 benefit days per week for 6 years)	500 within 4 years <sup>3)</sup> (5 benefit days per week)	260	480 (80 weeks of 6 working days)	300/450 <sup>6)</sup>
Benefit reobtainable?	Yes	Yes	Yes	Yes	Yes
On which conditions?	By complying with the requirement of 26 weeks' work within the past 3 years	By complying with the requirement of 26 weeks' work within 2 years	Payment of unemployment benefit discontinued for 16 weeks	Payment of unemployment benefit discontinued for 13 weeks <sup>4)</sup>	By complying with the requirement of 80 days' work distributed on 5 month within a 12 months period before unemployment
Benefit taxable?	Yes	Yes	Yes	Yes	Yes
Supplement for children?	No	Yes	Yes	Yes	No
<i>Non-insured individuals</i>					
Age limit for entitlement to unemployment benefit	18-66 years <sup>2)</sup>	17-64 years	–	16-66 years	20-64 years
Maximum benefit period	.	.	.	.	150/300/450 <sup>7)</sup>

1 Individuals between the ages of 18 and 65 years are entitled to join an unemployment insurance fund and to receive unemployment benefit between the ages of 19 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.

UNEMPLOYMENT

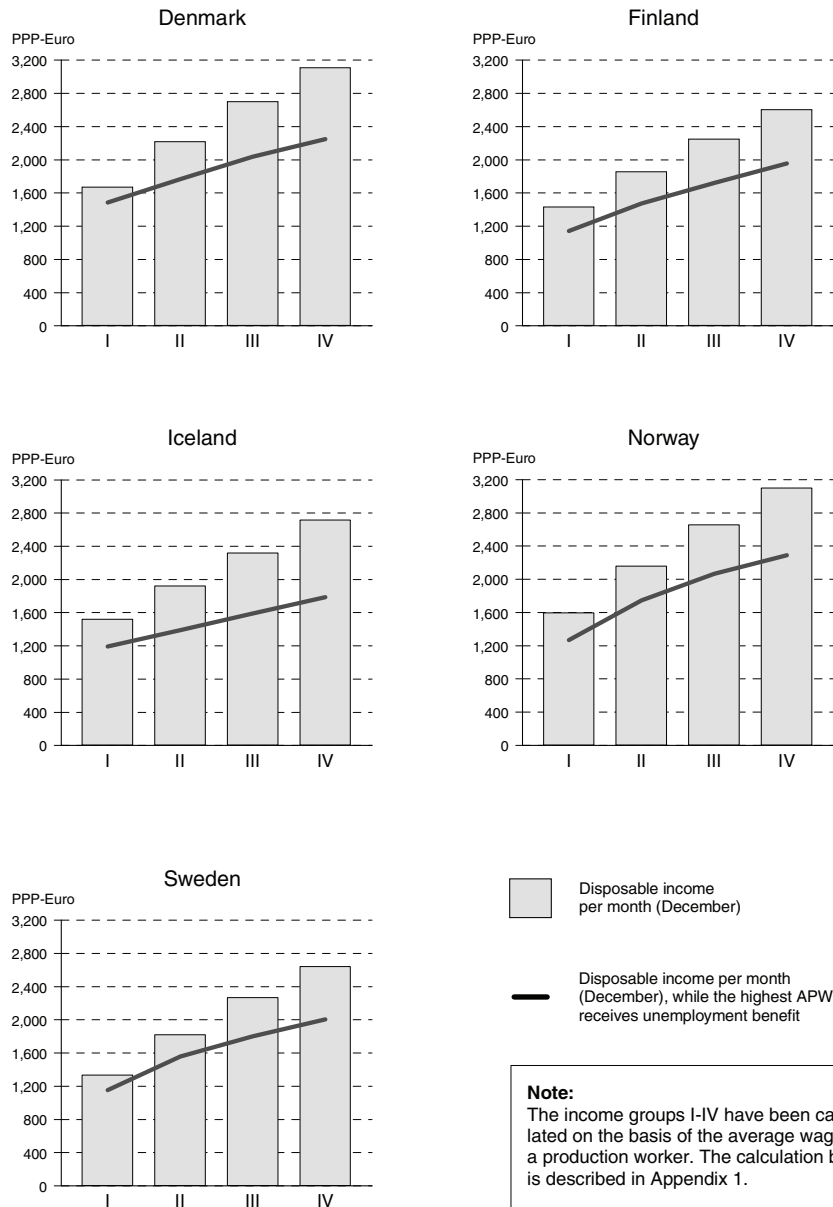
**Table 5.5 Amount of cash benefit in the event of unemployment as per December 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Insured individuals</i>					
Amount of unemployment benefit (per week)	c	Income-related benefit: average on 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 + child supplement	75 per cent of the previous income from work 5 days per week
Min. amount per week in national currency	DKK 2,145	FIM 590	ISK 3,042	NOK 369	SEK 1,150
Min. amount per week in PPP-Euro	232	86	33	33	105
Max. amount per week in national currency	DKK 2,615	.	ISK 12,166 <sup>4)</sup>	NOK 2,952	SEK 2,820
Max. amount per week in PPP-Euro	284	.	133	266	258
<i>Non-insured individuals</i>					
Amount of benefit per week	<i>Young people under 25 years:</i> DKK 493/1,008 <sup>2)</sup> <i>Others:</i> DKK 1,570/2,090 + special assistance <sup>3)</sup>	FIM 0-590 + child supplement: FIM 48-90	.	Means-tested social assistance	SEK 1,150

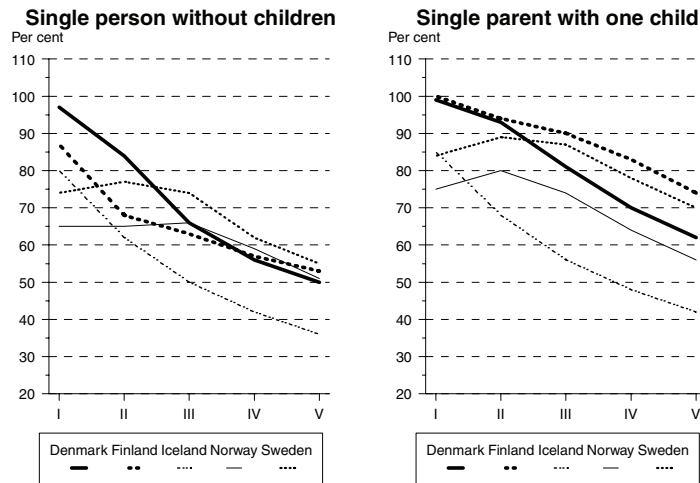
- 1 Employers pay daily cash benefit of DKK 466 per day for the first and second day of unemployment.
- 2 Special benefits for young people under the age of 25 with no obligation to provide for children at home and with no previous income from work above 60 per cent of the unemployment benefit for 18 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.

## UNEMPLOYMENT

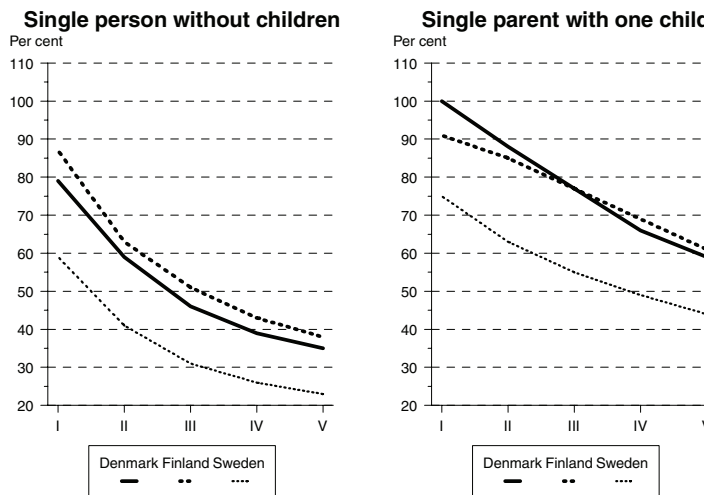
**Figure 5.2 Disposable income for an insured couple without children, 1996**



**Figure 5.3 Disposable income while receiving unemployment benefit as percentage of disposable income while being employed, 1996**



**Figure 5.4 Disposable income for non-insured individuals as percentage of disposable income while being employed, 1996**



**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 Appendix 1.

## UNEMPLOYMENT

**Table 5.6 Number of people (1,000) who received cash benefits for at least one day in connection with unemployment, 1990-1996**

	Denmark	Finland	Iceland	Norway <sup>1)</sup>	Sweden
<i>1990</i>					
Insured	621	171	11	303	262
Non-insured	116	126	..	–	36
Total	737	289	11	303	298
Total in per cent of the labour force	26	11	..	14	7
<i>1995</i>					
Insured	672	678	19	310	824
Non-insured	111	270	..	–	137
Total	783	807	19	310	961
Total in per cent of the labour force	28	32	..	14	22
<i>1996</i>					
Insured	658	562	17	284	817
Non-insured	97	315	..	–	133
Total	756	774	17	284	950
Total in per cent of the labour force	27	31	12	13	22

1 Calculated on the basis on 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 1996, 41,411 people received unemployment pension of an average of FIM 5,212 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 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, the activation options in the labour market and social policies have played an increasingly important role since the labour market reform in 1994.

As from April 1996, unemployed recipients of daily cash benefits under the age of 25 years who have had no vocational training qualifying them for the labour market are, after 6 months of unemployment entitled and obliged to receive an offer of education or training for a minimum of 18 months.

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

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 18 months; for people with an education/training qualifying them to work, however, only 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.

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 the amount of daily cash benefits or cash assistance.

## UNEMPLOYMENT

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 benefits and services to the unemployed. In addition, labour market authorities offer unemployed people a number of measures in order better to qualify them for the needs of the labour market. The labour market measures must, however, not compete with the general offers of education and training.

In Sweden, 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 guiding activities managed by the employment service include i.a. information on vocational training and education as well as various activating measures such as job application activities.

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

When the recession set in at the beginning of the 1990s, vocational training was prevalent among labour market measures, but since 1992, focus has clearly shifted towards employment stimulating measures. These schemes include i.a. introduction to the work place which is to provide unemployed people looking for work via the employment service with vocational guidance, practice and vocational experience. As a supplement to the general labour market measures, a data/activity centre has been set up for the unemployed, with a view to teaching them to work with information technology. Young unemployed people between 18 and 20 years may receive in-service training in a municipal enterprise. Young unemployed people over 25 years may be offered relief work if they cannot be offered other measures and are at risk of losing their unemployment benefit. Moreover, there are schemes



## UNEMPLOYMENT

concerning working life development, aimed at inducing unemployed people to return to the general labour market, as well as recruitment support aimed first and foremost at stimulating new employment, particularly in private enterprises.

**Table 5.7 Number of activated people, 1996**

	Number of activated people during the year		Number of activated people at the time of survey/average number of people activated		Activated people as percentage of the labour force at the time of survey	
	Total	16-24 year-olds	Total	16-24 year-olds	Total	16-24 year-olds
<i>Denmark</i>						
Employment with income support	116,201	30,713	48,617	9,159	1.7	6.6
Education and training	154,809	12,870	53,372	3,823	1.9	2.8
Other	19,810	7,014	4,211	1,288	0.2	1.5
Total	263,032	50,597	106,200	14,270	3.7	10.9
<i>Finland</i>						
Employment with income support	183,789	43,412	64,625	14,478	2.6	5.6
Labour market training	103,640	17,359	42,310	6,807	1.7	2.7
Labour market support	39,688	35,518	9,978	8,864	0.4	3.5
Total	327,117	96,289	116,913	30,149	4.7	11.8
<i>Norway</i>						
Public employment measures	..	..	5,727	595	0.3	0.2
Wage support to employers	..	..	3,276	1,049	0.1	0.3
Education measures	..	..	26,879	11,252	1.2	3.7
Total	..	..	35,882	12,896	1.6	4.2
<i>Sweden</i>						
Supply affecting measures	265,865	..	48,746	..	1.1	..
Demand stimulating measures	792,338	..	159,859	..	3.7	..
Total	1,058,203	..	208,605	..	4.8	..

## UNEMPLOYMENT

# 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.

**Table 5.8 Number of vacancies registered with the employment offices. In thousands and as percentage of the labour force, 1990-1996**

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

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

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

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.

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

In Denmark, expenditure on unemployment benefits decreased as a result of a decrease in unemployment. The average number of people receiving daily cash benefits dropped from 236,000 in 1995 to 202,000 in 1996. Expenditure on activation of daily cash benefit and cash assistance recipients increased although the total number of activated people decreased from about 110,000 'full-year individuals' in 1995 to about 106,000 in 1996. There has, however, been an increase in the relatively expensive activating measures, including education, and a decrease in the relatively inexpensive measures.

In Finland, the social expenditure on unemployment was more or less the same as in 1995 and 1996, but the expenditure on cash assistance was slightly reduced as the same rate as the unemployment rate went down. Simultaneously, the aim is more activating measures, for which reason the expenditure on job training increased.

In Iceland, cash benefits have decreased by 12.5 per cent. Expenditure on unemployment benefits dropped by 9.9 per cent, and expenditure on job training decreased by 38 per cent, which reflects a decreasing unemployment rate from 1995 to 1996. On the other hand, expenditure on services increased by 21.6 per cent.

In Norway, expenditure dropped in connection with unemployment by 12.7 percent from 1995 to 1996. Decreases in daily cash benefits and services are mainly due to a decrease in the number of unemployment benefit recipients.

In Sweden, expenditure on cash benefits in connection with unemployment has largely remained the same.

## UNEMPLOYMENT

**Table 5.9 Expenditure on and financing of cash benefits and services in connection with unemployment, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Full unemployment benefit	25,775	19,224	2,923	8,936	37,565
B. Partial unemployment benefit	–	..	–	38	–
C. Early retirement benefit for labour market reasons	–	2,397	–	–	–
D. Vocational training allowance	15,926	1,308	204	–	14,028
E. Redundancy compensation	–	189	–	–	–
F. Other	99	–	–	–	–
Cash benefits, total	41,800	23,118	3,127	8,975	51,593
<i>Services, million KR/FIM</i>					
A. Mobility and resettlement	–	8	–	–	232
B. Vocational training	–	1,283	–	2,812	7,854
C. Other	2,961	622	101	2,964	–
a. Of which employment services	812	622	101	1,947	..
Services, total	2,961	1,913	101	5,775	8,086
Total expenditure, million KR/FIM	44,761	25,031	3,228	14,750	59,679
Total expenditure per capita, PPP-Euro	923	711	131	304	619
Expenditure as percentage of GDP	4.2	4.3	0.7	1.4	3.6
<i>Financed by (per cent)</i>					
– Public authorities	35.6	61.9	4.4	57.8	37.5
– Employers	11.6	26.8	95.6	23.9	58.3
– Insured (contributions and special taxes)	52.8	11.3	–	18.2	4.2
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	-2,788	-196	-510	-2,155	-5,243
– Per cent	-6.2	-0.8	-15.8	-14.6	-8.8

## Chapter 6

# Illness

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

**Table 6.1 Expenditure in connection with illness as percentage of total social expenditure in the EU, Iceland and Norway, 1995**

Denmark	17.8	Austria	25.6	Italy	21.4
Finland	21.2	Belgium	25.8	Luxembourg	24.3
Iceland	37.9	France	29.0	The Netherlands	28.9
Norway	25.8	Germany	31.1	Portugal	32.8
Sweden	21.6	Greece	..	Spain	30.0
		Ireland	35.4	United Kingdom	25.8

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*

The structures of the wage and daily cash benefit schemes vary considerably from one country to another. In Denmark, public-sector employees and some private-sector employees are paid in full during illness according to collective agreements. In Iceland, wages payable during illness, as well as

## ILLNESS

the supplementary daily cash benefit schemes of the unions, form the all-important part of the general daily cash benefit scheme. After one year of employment with one and the same employer, an employee is entitled to one month's pay in the event of illness. The majority of employees have a statutory right, or a right deriving from collective agreements, to receive wages for a fairly long period of time. When entitlement to pay during illness ceases, supplementary daily cash benefits may be payable in addition to the public sickness benefit scheme. Wages payable during illness also play an extremely important part in Finland. In Norway, daily cash benefits are financed by the national social security fund. Absence due to illness entitles a person to sickness benefit if he has been employed for at least 14 days and has an income from work of at least half of the basic amount payable by the national social security fund, corresponding to NOK 20,500 per year.

In several of the countries, self-employed people can take out an insurance ensuring them sickness benefit in case of illness. Entitlement to sickness benefit in Denmark is based on a so-called accumulation period which is three months. Similar schemes are not found in the other countries.

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

In Sweden, there is a qualifying period of one day before sickness benefit is payable. In Finland, the qualifying period is nine working days, whereas the Icelandic public insurance scheme operates with a qualifying period of 21 days. Most wage earners are, however, entitled to be paid wages during this period. In Denmark and Norway, there is no qualifying period.

In several of the countries, a so-called employer period has been introduced, during which employers pay wages or sickness benefit during the first weeks of absence due to illness. In Denmark, Norway, and Sweden, employers pay sickness benefit for the first two weeks of a period of illness. In Norway, this particular period was prolonged by two days as from 1 April 1998. In Sweden, the employer period was prolonged to four weeks for the period 1 January 1997 to 1 March 1998. Public employers in Denmark and Norway pay wages for the entire period in which an employee is absent due to illness. In Denmark, employers are obliged to pay compensation during the employer period, either in the shape of daily cash benefits, or as wages. In Norway, all employers pay full wage compensation for incomes of up to NOK 246,000 per year. In Sweden, sick pay is 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 1996**

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

1 Under special circumstances, the benefit period may be prolonged. This applies, for 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 1996**

	Denmark	Finland	Norway	Sweden
Amount of sickness benefit as percentage of income from work	100 per cent	Normally 70 per cent	100 per cent	75 per cent
Max. amount per week in national currency	DKK 2,617 <sup>1)</sup>	.	NOK 4,527	SEK 4,109
Max. amount per week in PPP-Euro	284	.	427	358
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.

ILLNESS

Figure 6.1 Disposable income for couple without children, 1996

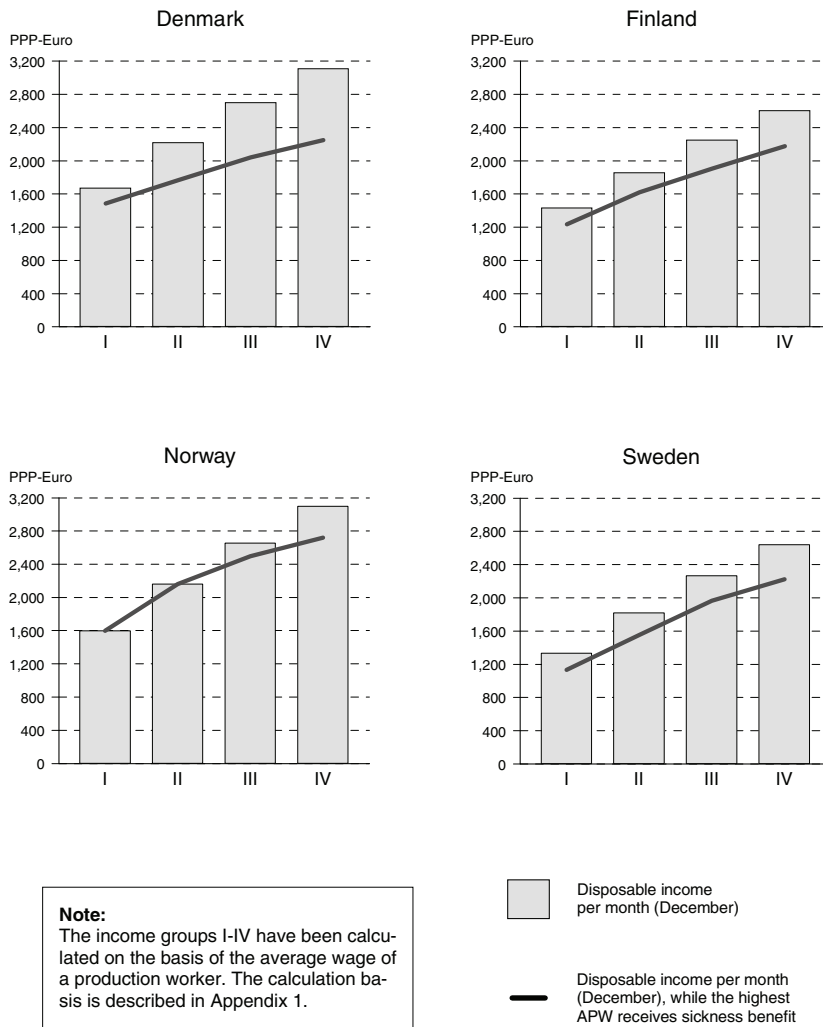
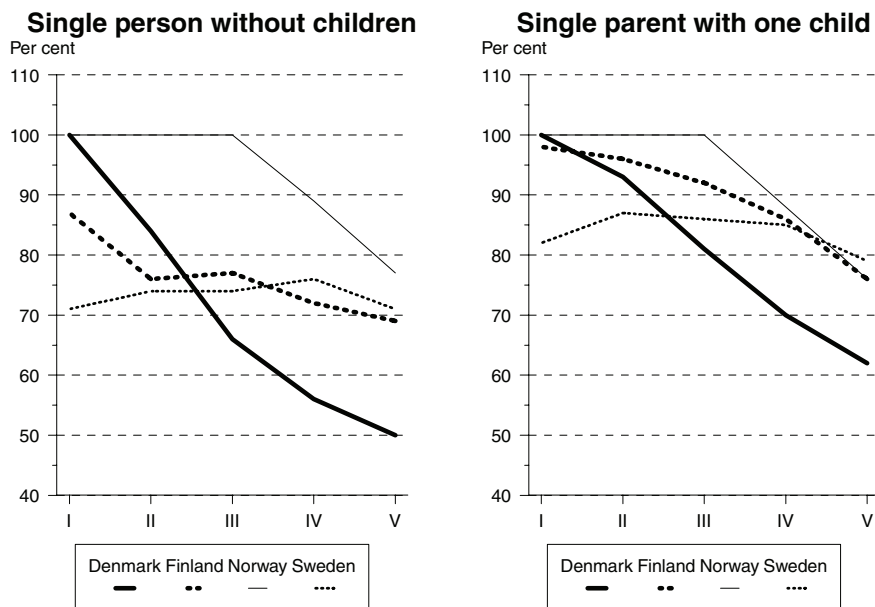


Figure 6.1 shows the disposable income at four different income levels for a couple with no children, where both have work, or where the person earning the most starts receiving sickness benefit. Figure 6.2 shows the disposable income at five different income levels for a single person with no children and for a single parent with one child receiving sickness benefit in per cent of the disposable income from work.



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 Norway and Sweden. The differences depend partly on the amount of the daily cash benefit in relation to the income from work (they are highest in Denmark and Norway and lowest in Finland), partly on the maximum amount which is relatively low in Denmark in relation to Sweden and – in particular – Norway. In addition, it is significant that Finland has no upper limit to the amount of the daily cash benefits.

**Figure 6.2 Disposable income while receiving sickness benefit as percentage of disposable income from work, 1996**



**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 Appendix 1.

## ILLNESS

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, 1990-1996<sup>1)</sup>**

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

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

2 Refers to 1991.

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

**Table 6.5 Number of sickness benefit periods of at least 15 days (per cent), 1996**

	Denmark	Finland	Norway	Sweden
<i>Duration (days)</i>				
15-21	24.5	29.7	18.1	23.2
22-29	12.6	18.0	14.1	18.4
30-59	24.2	22.1	27.5	26.4
60-89	10.5	8.2	11.8	9.9
90-119	6.1	3.8	6.6	5.3
120-149	3.7	2.0	4.1	3.2
150-179	2.7	1.4	2.9	2.2
180-359	8.7	6.4	9.3	5.6
360+	6.9	1.4	5.6	5.8
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. The 5.6 per cent in Norway of over 360 days also covers people who have not reported well after a year's (365 days) illness, but they do not receive sickness benefit for more than one year.

## 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 injury benefits are payable, usually equivalent to normal wages.

## Services

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

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

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

## Hospitals

– *The hospital service is mainly a public issue*

In all the Nordic countries, there are general hospitals with out-patient clinics/policlinics and emergency wards. 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, but there are also a few private hospitals.

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

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

**Table 6.6 Discharges and average length of stay in somatic hospital wards, 1990-1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Number of discharges from somatic hospital wards per 1,000 inhabitants</i>					
1990	193	180	166	155	170
1995	190	193	181 <sup>1)</sup>	159	168
1996	190	209	..	163	152
<i>Average length of stay (days) in somatic hospital wards</i>					
1990	6.7	7.2	7.6	7.1	7.5
1995	6.1	5.6	6.3	6.7	6.1
1996	6.1	5.3	..	6.2	6.4

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

1 Figures for 1995 refer to 1994.

## Medical Treatment, Etc.

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

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

In Denmark, general medical treatment is provided solely by self-employed general practitioners, fully financed and according to agreement with the public authorities. In Norway, about 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 is performed by self-employed general practitioners. About 20 per cent of the general medical treatment and visits 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 available in all the countries. It is performed by

## ILLNESS

specialists according to agreement with the public authorities. These services are provided either according to general or to specific rules.

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

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 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.

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.

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

## 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 increasing payments to insured unemployed people and an increased number of dispensations from the general limited duration of one year. In return, there has been a decrease in the estimated expenditure during the employer period. The expenditure on services within the health sector has largely remained consistent from 1995 to 1996.

**Table 6.7 Expenditure and financing of cash benefits and services in connection with illness, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Paid sick leave	11,336	7,261	6,255	24,977	22,466
Of which:					
a. General sickness benefit	6,736	2,372	386	13,221	14,611
b. Daily cash benefits in employer period	4,600	4,200	5,664	11,756	5,200
c. Special insurance in the event of industrial injury or occupational disease	–	539	205	–	2,448
B. Other	390	–	–	38	33
Cash benefits, total	11,726	7,261	6,255	25,015	22,499
<i>Services, million KR/FIM</i>					
Services, total	45,876	31,161	27,188	48,159	102,797
Total expenditure, million KR/FIM	57,602	38,422	33,443	73,173	125,296
Total expenditure per capita, PPP-Euro	1,188	1,092	1,354	1,506	1,299
Expenditure as percentage of GDP	5.4	6.7	6.9	7.2	7.5
<i>Financed by (per cent)</i>					
– Public authorities	84.9	63.6	81.0	60.4	63.4
– Employers	7.5	21.6	18.9	29.4	23.2
– Insured (contributions and special taxes)	7.6	14.8	0.0	10.1	13.4
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	-39	949	820	6,908	-1,051
– Per cent	-0.1	3.0	3.0	14.3	-1.0

In Finland, the expenditure on illness has increased considerably since 1995, as the municipal authorities have not succeeded in curbing the expenditure. The expenditure on pharmaceutical products increased by 10 per cent, mainly due to new costly products. In return, the expenditure on sickness benefit decreased, as a basic change of the sickness benefit system was implemented in 1996. According to the new rules, the sickness benefit only replaces lost income from work.

## ILLNESS

In Iceland, the expenses for cash assistance during illness have remained almost unaltered from 1995 to 1996. The expenditure on services increased, however, by 6.2 per cent during that period, which is first and foremost a result of an increase in the expenditure on hospital services.

In Norway, the expenses for sickness increased by 10.5 per cent from 1995 to 1996. The expenditure on sickness benefit increased by 16.6 per cent. If the figures are adjusted for the increase of wages and in the employment rate, the increase was 8.3 per cent. The number of sick days per employee receiving sickness benefit from the national social security fund was 9.7 days in 1996, which equals an increase of about 10 per cent in relation to 1995.

In Sweden, the drop in the expenditure in connection with illness is due partly to less absence due to illness, partly to the fact that the compensation level was reduced from 80 to 75 per cent as from 1 January 1996.

### *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 1996 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. In Finland, people born in 1956 or later are paid a supplement of about 50 per cent to dental treatment, and 75 per cent subsidies to examination and preventive treatment.



*Pharmaceuticals*

In Denmark, patients' share of the costs for pharmaceutical products, including over-the-counter products, amounted to about 42 per cent in 1996. The National Health Insurance Service (the counties) financed about 51 per cent and the municipalities financed the remaining 7 per cent of the expenses. 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 part of the expenses. In Norway, user charges for medication paid by private individuals amounted to about 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 33 per cent. In Sweden, user charges amounted to 21 per cent of the expenses.

*Hospitalization*

In Denmark, Iceland, and Norway, hospitalization is free of charge. In Finland, a maximum of FIM 125 per day is payable for short-term hospitalization, 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.

**Table 7.1 Expenditure on old age, disability and survivors as percentage of total social expenditure in the EU, Iceland and Norway, 1995**

Denmark	48.3	Austria	56.0	Italy	72.9
Finland	47.6	Belgium	49.0	Luxembourg	57.8
Iceland	41.3	France	48.9	The Netherlands	52.9
Norway	47.4	Germany	49.5	Portugal	55.4
Sweden	49.4	Greece	..	Spain	53.0
		Ireland	30.6	United Kingdom	51.3

Note: See Table 4.1.

Figure 7.1 shows the disposable income for families, where the key person, i.e. the person earning the most, is over 65/67 years, as percentage of the disposable income for single people and couples under 65/67 years.

As in the other chapters, also here equivalent incomes are used (cf. Chapter 2). The disposable income is the factor income plus social cash benefits, less tax. As mentioned in Chapter 2, a different family grouping is used in Iceland, and the result in Figure 7.1 will consequently be different.

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 Iceland, where the average disposable income is a little higher for families over 67 years than for families under 67 years. This must be seen in relation to the fact that children over 15 years living with their parents in the statistics count as independent families, which is not the case in the four other countries (cf. Chapter 2).

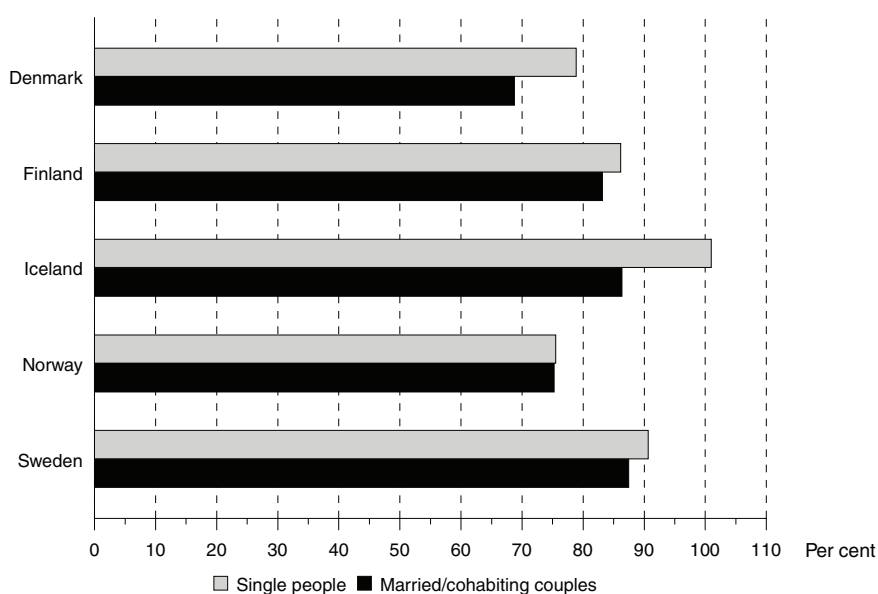
The differences in the average disposable income for single people who are over or under 65/67 years, respectively, are relatively small and – with the exception of Norway – significantly smaller than for couples. This is, among other things, a result of the pension systems in the Nordic countries paying a relatively high compensation to single people in relation to previous income, cf. Figure 7.2.

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 and Norway. This is due to the supplementary pension being relatively small in Denmark and Norway, in particular in relation to the extended supplementary pension schemes in Sweden and Finland. Income from supplementary pension schemes, which is included in Figure 7.1 (but not in Figure 7.2), probably plays a more important role in Denmark and Norway than it does in Iceland, Sweden, and

## OLD AGE, DISABILITY AND SURVIVORS

Finland. Apparently, the schemes are not sufficiently developed to equalize the great differences in the statutory supplementary pension schemes.

**Figure 7.1 Disposable income for single and cohabiting people over 65/67 years as percentage of disposable income for single and cohabiting people under 65/67 years, 1995**



## 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 special old age pensions.

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 reduced working capacity. 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 described together with the invalidity pensions in the other countries, and the ordinary and increased ordinary anticipatory pensions are described together with the special old age pension schemes.

In Finland, Norway, and Sweden, a special pension is granted to widows and widowers. This pension form has been abolished in Denmark and Iceland, 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 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 premiums and payments from the insured and employers.
- c. Additional pensions established by law or by agreements between employers and employees.

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

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

In Denmark, the supplementary pension depends solely on the length of the contribution period and the extent of the employment, whereas it in the

## OLD AGE, DISABILITY AND SURVIVORS

other countries depends on the qualifying period and the amount of income from work. Since 1996, the basic pension in Finland depends on the amount of income from work. No basic pension is payable where the labour pension exceeds about FIM 5,000 per month (for married people FIM 4,500 per month).

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

## Taxation of Pensions

In Denmark, pensioners have since 1994 been taxed according to the same rules as apply to other tax-payers. In Iceland, pensions are normally also taxable, but the child allowance and the supplement 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.

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

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.2 Pension recipients, by type of pension, 1996<sup>1)</sup>**

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

1 As a result of the concluded EU/EEA Agreement, the rules governing entitlement to basic pension in the Nordic countries have become almost identical. As a main rule, one must – 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, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Child supplement</i>	Ordinary and special child allowance	Yes <sup>2)</sup>	Yes	Yes	Yes <sup>5)</sup>
– Income-adjusted?	No	No	Yes	Yes	Yes <sup>6)</sup>
– Taxable?	No	No	Yes	Yes	Yes
<i>Supplements to people receiving only the basic pension</i>	Yes	. <sup>3)</sup>	Yes	Yes	Yes <sup>7)</sup>
– Income-adjusted?	Yes	. <sup>3)</sup>	Yes	Yes	Yes <sup>6)</sup>
– Taxable?	Yes	. <sup>3)</sup>	Yes	Yes	Yes
<i>Housing benefit</i>	Yes <sup>1)</sup>	Yes	No <sup>4)</sup>	Yes	Yes
– Income-adjusted?	Yes	Yes	Yes	Yes	Yes
– Taxable?	No	No	Yes	No	No
<i>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 <sup>2)</sup>	No	No	Yes <sup>5)</sup>
– 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 As from 1996, neither child supplement nor spousal supplement will be awarded. The child supplement will have totally disappeared by the year 2001, and the spousal supplement by the year 2002.

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

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

5 The child supplement will have totally disappeared by the year 2005. The wife supplement has been phased out since 1990. As from the year 2000, the wife supplement will no longer be granted.

6 Only in respect of the labour market supplementary pension.

7 Only granted to people with a low labour market supplementary pension.



## Number of Pension Recipients

**Table 7.4 Pension recipients, by age, in thousands and as percentage of the age group as per December 1996**

	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	34	1.9	30	1.8	4	4.5	69	4.6	47	1.7
40-49	53	7.0	49	5.9	2	6.8	48	7.8	78	6.4
50-54	62	15.8	41	12.3	1	10.7	35	12.5	69	10.9
55-59	76	26.4	85	29.9	2	15.7	42	21.1	91	19.3
60-64	149	61.0	198	81.1	3	27.4	59	33.7	153	37.9
65-66	69	76.5	97	103.3	2	39.5	32	44.0	164	102.0
67+	708	100.7	664	102.6	26	98.9	626	99.9	1,410	102.0
Total	1,150	26.8	1,164	28.4	40	20.3	911	26.1	2,012	28.5

The figures in Table 7.4 are exclusive of child pensioners, widow pensioners and partial retirement pensioners. In the total number of pensioners, recipients of voluntary early retirement benefit have been included in the figures concerning Denmark (125,095 people) of the ages 60-66 years, and people who receive transition allowance (45,018 people) of the ages 50-59 years. As the widow's pension has been abolished in Denmark, and widows instead may apply for anticipatory pension, the number of pension recipients in Denmark is overestimated in relation to the other Nordic countries. The reason for the high rates for the 60-64 year-olds in Finland is that public-sector employees are pensioned 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 were in 1996 25,392 people of the age 60-64 years who received partial retirement pension. If they are included in the calculation, 44.2 per cent of the 60-64 year-olds in this group were pensioners, corresponding to a total of 177,943 people.

## OLD AGE, DISABILITY AND SURVIVORS

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

The qualifying age 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 qualifying age 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 various countries.

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

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

### *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 re-

ipients in relation to any income from work. In Finland, a reform was implemented in 1996 to the effect that all of the basic pension is dependent of other income. At the beginning of 1997, the basic amount and the pension supplement were combined to one benefit. In Iceland, the basic amount is adjusted in relation to other taxable income according to special rules, including a spouse's income and the supplementary pension. In Sweden, the basic pension is independent of other income.

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

In Finland and Sweden, the basic pension is calculated in relation to the amount of the supplementary pension. 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 the most important contribution in Iceland, Finland, and Sweden. The condition for being awarded supplementary pension is in all the countries that one has previously been affiliated with the labour market. In Norway, the supplementary pension is calculated in relation to the basic amount of the basic pension.

### *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 additional pension schemes. In Finland, these pension schemes are insignificant as there is no limit to the amount of the supplementary pension. In Iceland, the additional pensions are included in the statistics as supplementary pensions.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.5 Monthly minimum amount of pension, 1996**

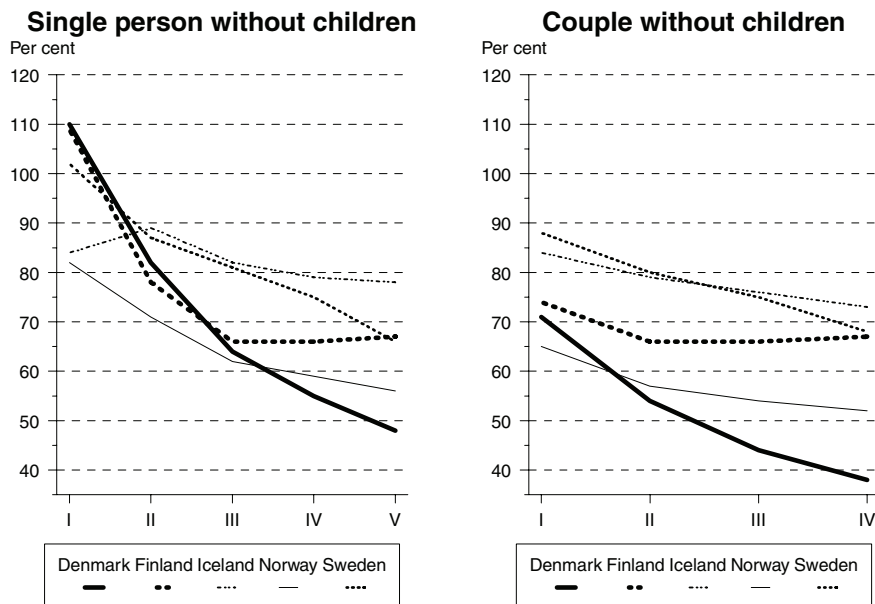
	Denmark	Finland	Iceland	Norway	Sweden
<i>Single people</i>					
Min. amount of pension per month KR/FIM					
– Basic amount	3,798	446	13,373	3,417	2,838
– Supplement	3,765	2,086	26,615	2,103	1,641
Min. amount of pension per month, total					
– KR/FIM	7,563	2,532	39,988	5,520	4,479
– PPP-Euro	821	369	436	498	411
<i>Married couples</i>					
Min. amount of pension per month KR/FIM					
– Basic amount	7,596	982	24,072	5,126	4,642
– Supplement	3,336	3,546	53,229	4,206	3,282
Min. amount of pension per month, total					
– KR/FIM	10,932	4,438	77,301	9,332	7,924
– PPP-Euro	1,187	646	842	841	726

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 and 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 a 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 extended in Sweden. The same applies to the Icelandic supplementary pension schemes. The very high compensation levels for single people in the lowest income brackets in Denmark and Finland – as well as for single people and couples with children in the equivalent income groups in Sweden – is a result of the relatively high amount of

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

**Figure 7.2 Disposable income when receiving old age pension (incl. supplementary pension) as percentage of disposable income when working, 1996**



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

## OLD AGE, DISABILITY AND SURVIVORS

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 additional pension schemes (which do not appear from the figures). These schemes play a more important part in Denmark and Norway.

**Table 7.6 Pensioners receiving old age pensions in the form of basic pension and supplementary pension, by the end of the years 1990-1996**

	Old-age pensioners, total (thousands)	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 <sup>1)</sup>		
		Total	Men	Women	Total	Men	Women
<i>Denmark</i>							
1990	706	42.9	10.6	32.3	57.1	29.9	27.2
1995	709	46.3	11.1	35.2	53.7	29.5	24.2
1996	707	44.7	10.7	34.1	55.3	30.0	25.3
<i>Finland<sup>2)</sup></i>							
1990	737	19.9	2.5	17.4	80.1	34.0	46.1
1995	804	13.4	1.6	11.8	86.6	36.1	50.5
1996	823	12.8	1.8	11.0	87.2	36.3	50.9
<i>Iceland</i>							
1990	24	33.7	12.7	21	66.3	31.3	35.0
1995	26	17.7	4.7	12.9	82.3	38.6	43.8
1996	..	..	..	..	..	..	..
<i>Norway</i>							
1990	613	48.9	9.1	39.8	51.1	31.5	19.6
1995	625	41.3	6.4	34.9	58.8	34.2	24.5
1996	626	39.1	5.7	33.4	60.8	34.9	26.0
<i>Sweden</i>							
1990	1,554	25.3	2.1	23.2	74.7	40.7	34.0
1995	1,590	19.0	1.6	17.4	81.0	41.3	39.7
1996	1,593	17.7	1.3	16.4	82.3	41.3	41.0

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.

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

As can be seen from Table 7.6, there are big differences among the countries in respect of how many people receive supplementary pension. Denmark and Norway show the lowest number, whereas Finland and Sweden, which both have a well-developed supplementary pension system, show the highest number of supplementary pension recipients. There are, however, quite a few women in the two countries who do not receive supplementary pension. Although the number of women receiving supplementary pension is increasing, it is still low in comparison with the number of men receiving that pension.

## Special Old Age and Partial Retirement Pensions

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

**Table 7.7 Monthly amount of the special old age/partial retirement pensions as per December 1996**

	KR/FIM	PPP-Euro
<i>Denmark</i>		
Basic ordinary anticipatory pension <sup>1)</sup>	6,888	748
Voluntary early retirement pay <sup>2)</sup>	9,121	990
Partial retirement pension <sup>3)</sup>	5,058	549
Transition allowance <sup>2)</sup>	9,000	977
<i>Finland</i> <sup>3)</sup>		
Partial retirement pension	3,245	473
Special pension to farmers	3,946	575
<i>Norway</i> <sup>4)</sup>		
Pension by collective agreement	9,060	817
Special pension to sailors	2,700	243
Special pension to fishermen	4,100	370
Special pension to woodsmen	2,600	234
<i>Sweden</i> <sup>3)</sup>		
Partial retirement pension	4,656	427

1 Average pension paid out as per January 1996.

2 Average amount of benefit paid out during 1996.

3 Average amount of pension paid out in December 1996.

4 Average amount per month, December 1996 (average annual amount divided by 12).

## OLD AGE, DISABILITY AND SURVIVORS

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. The Finnish unemployment pensions are described in Chapter 5.

**Table 7.8 Pensioners receiving special old age and partial retirement pensions, by sex and age, 1996**

	Total	-49		50-59		60-64		65-	
		M	W	M	W	M	W	M	W
<i>Denmark</i>									
Basic ordinary anticipatory pension	106,312	11,473	14,648	10,496	24,062	6,221	23,569	2,896	12,947
Voluntary early retirement pay <sup>1)</sup>	170,113	.	.	14,585	30,433	42,394	42,304	21,948	18,449
Partial retirement pension	4,726	.	.	.	.	2,303	698	1,374	351
<i>Finland</i>									
Partial retirement pension	6,104	.	.	878	1,061	1,983	2,182	.	.
Special pension to farmers	45,144	.	24	2,671	5,267	6,453	8,021	11,000	11,708
<i>Norway</i>									
Pension by collective agreement	10,627	..		..		1,391	1,067	4,693	3,476
Special pension to sailors <sup>2)</sup>	19,737	..		144	..	4,358		15,265	
Special pension to fishermen <sup>3)</sup>	1,763	..	..	..	..	..	..	..	..
Special pension to woodsmen	157	..	..	..	..	..	..	..	..
<i>Sweden</i>									
Partial retirement pension	25,392	.	.	.	.	15,874	9,518	.	.

1 Including 45,018 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.

3 As per December 31, 1997 (no data available for 1996).



## Services to the Elderly

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

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

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

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

**Table 7.9 People aged 65 years and over living in institutions and in service housing, total and as percentage of the total number of elderly, December 1996**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway	Sweden <sup>3)</sup>
<i>People of the ages</i>					
65-74 years	8,711	7,082	674	8,247	{ 32,503
75-79 years	9,767	{ 35,126	682	11,595	
80+ years	40,827		2,289	45,180	94,509
Total 65/67+ years	59,305	42,208	3,645	65,022	127,012
<i>As percentage of the respective age groups</i>					
65-74 years	2.6	1.6	3.8	2.9	{ 2.9
75-79 years	6.0	{ 11.4	11.5	7.5	
80+ years	19.9		31.9	25.1	22.6
Total 65/67+ years	8.4	6.6	11.8	9.4	8.2

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

2 Age groups 65-74 and 75+ years.

3 Age groups 65-79 and 80+ years.

## OLD AGE, DISABILITY AND SURVIVORS

### *Home help/home nursing*

**Table 7.10 Elderly people receiving home help, 1996**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway	Sweden <sup>3)</sup>
<i>Recipients of home help</i>					
65-74 years	{ 66,194	19,482	..	1,674	{ 58,106 <sup>4)</sup>
75+79 years		42,320	..	22,322	
80+ years	93,498	25,387	..	58,162	115,203
Total 65+ years	159,692	87,189	5,867	97,231	173,309
<i>Recipients of home help as percentage of the age group</i>					
65-74 years	{ 13.2	4.4	..	5.9	{ 5.2 <sup>4)</sup>
75+79 years		17.8	..	14.4	
80+ years	45.7	36.3	..	32.3	27.6
Total 65+ years	22.6	11.7	19.0	15.6	11.2

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

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

3 People who as per 31 December 1996 had been granted home help and who live in their own house or flat or in service housing.

4 Age group 65-79 years.

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 to elderly people who need nursing, but who are otherwise still capable of managing on their own in their homes.

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

### *Other open care schemes*

#### *Support services and leisure activities*

In the Nordic countries, pensioners are offered various kinds of support services and activating measures either on a municipal or 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. Part of the activities may take place in the special centres for elderly people.

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

## Disabled People

### Health-Related Anticipatory Pension

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

In Denmark, the old age pension (retirement pension), invalidity pension, widow's pension, and anticipatory pension are integrated in a coherent set of rules. Anticipatory pensioners are awarded basic pension according to the same rules as apply to old age pensioners. In addition, anticipatory pensioners receiving intermediate anticipatory pension receive a disablement allowance, and anticipatory pensioners receiving highest anticipatory pension receive an unemployment allowance in addition to the disablement allowance. The disablement allowance and the unemployment allowance are not

## OLD AGE, DISABILITY AND SURVIVORS

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.

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 Finland, Iceland, Norway, and Sweden.

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

In Norway, *rehabilitation benefit* is normally payable before anticipatory pension 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 only, contrary to the retirement pension which is based on the 20 best earning years.

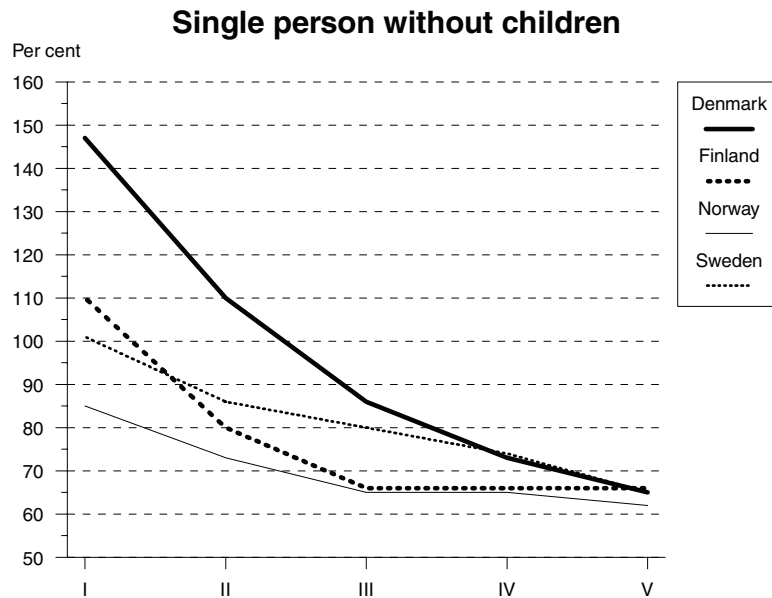
Also the other anticipatory pension schemes (which in this report are referred to as special old age pensions) may affect the number of anticipatory pensioners. In Denmark and Finland, there is, for example, a large number of pensioners who mainly draw pension for other reasons. The existence of schemes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

Figure 7.3 shows the compensation level for a single 50-year-old anticipatory pensioner who have previously been employed, and who has completely lost his working capacity. The very high compensation level in

Denmark is due to the highest anticipatory pension being independent of any previous income. Besides, people who have completely lost their working capacity are paid both an invalidity amount and an unemployment amount. Furthermore, the rules governing housing benefits for pensioners are relatively favourable. The anticipatory pension in the other countries is calculated in relation to previous income from work.

**Figure 7.3 Compensation level for a single 50-year-old anticipatory pensioner without any working capacity, 1996**



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

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.11 Average monthly amount of anticipatory pension, 1996**

	KR/FIM	PPP-Euro
Denmark <sup>1)</sup>	8,985	976
Finland	5,149	750
Iceland	40,733	444
Norway	7,324	660
Sweden <sup>2)</sup>	7,560	693

1 Average amount for highest and intermediate anticipatory pensions as per January 1996.

2 Average pension amount per December 1996, including pension supplement and other supplements.

The decrease in the number of new anticipatory pensioners in Denmark is due to a restructure of the pension system to the effect that residents in nursing homes, etc. are paid their pension, which meant relatively many new anticipatory pensioners receiving in particular the highest anticipatory pension up until the beginning of 1995. In addition, there has been a trend towards awarding more people the general health-related anticipatory pension (special old-age pensions) instead of the intermediate anticipatory pension, which i.a. is due to changes in the awarding competence and in the financing of anticipatory pension. Both in Norway and Sweden, the rules governing award of anticipatory pension have been tightened. In Finland, the number of anticipatory pensioners has decreased. This is due to the fact that the qualifying age for individual anticipatory pension has been raised, and that older long-term unemployed people receive unemployment pension and consequently do not apply for anticipatory pension.

OLD AGE, DISABILITY AND SURVIVORS

**Table 7.12 Recipients of anticipatory pension and new accession of anticipatory pensioners, by sex, 1990-1996**

	Denmark <sup>1)</sup>		Finland		Iceland		Norway <sup>2)</sup>		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>1995</i>										
Recipients	82,166	83,871	165,348	144,156	4,250	5,769	103,401	132,900	185,413	223,163
New accession	5,941	5,087	..	..	502	723	11,016	12,223	18,639	20,565
New accession as percentage of population	0.3	0.3	..	..	0.6	0.9	0.8	1.0	0.7	0.8
<i>1996</i>										
Recipients	82,462	84,184	160,890	140,898	..	..	104,293	135,136	187,316	231,570
New accession	5,246	4,384	..	..	..	..	11,746	13,186	18,304	20,941
New accession as percentage of population	0.3	0.3	..	..	..	..	0.9	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).

## OLD AGE, DISABILITY AND SURVIVORS

**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, 1990-1996**

	1990		1995		1996	
	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	485	0.2	508	0.2
20-29 »	6,959	0.9	8,317	1.1	7,962	1.1
30-39 »	15,943	2.1	18,305	2.3	18,440	2.3
40-49 »	31,198	4.0	34,919	4.5	34,152	4.5
50-59 »	52,990	9.7	57,198	8.8	58,204	8.6
60-64 »	35,688	14.6	34,504	14.4	34,073	14.0
Total 18-64 »	143,185	4.1	153,728	4.3	153,445	4.3
65-66 »	12,953	13.3	12,918	14.3	12,836	14.2
<i>Finland<sup>1)</sup></i>						
16-19 years	1,980	0.8	1,978	0.8	1,936	0.7
20-29 »	10,477	1.5	9,031	1.4	8,630	1.3
30-39 »	23,286	3.0	20,379	2.7	19,593	2.6
40-49 »	43,970	5.7	49,498	5.9	48,529	5.8
50-59 »	119,384	22.6	113,830	19.4	111,859	18.0
60-64 »	101,835	39.4	114,787	47.6	111,241	45.6
Total 16-64 »	300,932	9.1	309,503	9.2	301,788	9.0
65-66 »	.	.	.	.	.	.
<i>Iceland</i>						
16-19 years	221	1.3	322	1.9	..	..
20-29 »	837	2.0	1,048	2.6	..	..
30-39 »	1,137	2.8	1,825	4.3	..	..
40-49 »	1,275	4.3	1,973	5.6	..	..
50-59 »	1,801	8.7	2,234	9.7	..	..
60-64 »	1,481	14.4	1,712	17.0	..	..
Total 16-64 »	6,752	4.2	9,114	5.4	..	..
65-66 »	695	13.0	905	21.8	..	..
<i>Norway</i>						
16-19 years	668	0.3	778	0.4	808	0.4
20-29 »	6,336	1.0	6,625	1.0	6,758	1.0
30-39 »	18,314	2.9	19,106	2.9	19,754	3.0
40-49 »	38,442	6.7	44,153	7.1	44,470	7.2
50-59 »	69,141	18.0	73,415	16.3	77,214	16.1
60-64 »	65,803	33.6	59,700	33.9	58,669	33.7
Total 16-64 »	198,704	7.4	203,777	7.4	207,673	7.5
65-66 »	35,657	43.8	32,524	42.8	31,756	42.2
<i>Sweden</i>						
16-19 years	3,232	0.7	3,138	0.8	3,061	0.8
20-29 »	10,486	0.9	12,181	1.0	12,162	1.0
30-39 »	25,629	2.2	31,645	2.6	31,895	2.6
40-49 »	59,984	4.8	78,902	6.4	78,259	6.4
50-59 »	120,184	13.7	156,598	14.7	159,974	14.5
60-64 »	141,839	33.5	137,394	34.2	133,535	33.2
Total 16-64 »	361,354	6.7	419,858	7.6	418,886	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 for a compensation to be awarded.

In Sweden, compensation is granted in the shape of annuities in the event that the working capacity has been permanently reduced by at least one fifth (6.6 per cent).

## 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 also have slightly differing rules in this respect. Support may be granted for technical aids which the person concerned need in order to carry out a trade or to remedy his or her disorder, or to relieve the daily existence in the home.

In several of the countries, subsidies may be granted for purchase 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, 1996**

	Denmark <sup>1)</sup>	Finland	Iceland	Norway <sup>2)</sup>	Sweden
Under 65 years, total	14,165	14,040	791	11,168	20,866
Under 65 years as percentage of the age group	0.3	0.3	0.3	0.3	0.3

1 Under 67 years. Including special housing units for the elderly.

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

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

### *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 Norway, this is a pilot project which in 1997 comprise 190 people. In several of the countries, a person may employ one or more people to assist him.

**Table 7.15 People under 65 years receiving home help, 1996**

	Denmark <sup>1)</sup>	Finland <sup>2)</sup>	Iceland	Norway	Sweden <sup>3)</sup>
Recipients of home help under 65 years, total	28,783	46,510	3,258	23,330	17,727
Recipients of home help as percentage of the age groups under 65 years	0.6	1.0	1.4	0.6	0.2

1 Households under 67 years.

2 Households. Out of 46,510 households 6,946 were disabled.

3 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.

## OLD AGE, DISABILITY AND SURVIVORS

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 25 years, the rehabilitation allowance is payable by half of the amount.

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 Market 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 co-operation between i.a. the health, labour market, insurance, and social sectors to the effect that these sectors must provide an overall offer to each person concerned.

In Sweden, a number of compensations and benefits are payable in connection with rehabilitation. Rehabilitation benefits are payable in order to

cover the loss of income for insured people undergoing occupational rehabilitation. Rehabilitation 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.

In Denmark, pension to widows and widowers has been abolished. In Finland, the pension paid is influenced by the survivor's own labour pen-

## OLD AGE, DISABILITY AND SURVIVORS

sion. In Norway, and Sweden, entitlement to survivor's pension is subject to a survivor's ability to provide for him/herself. In Sweden, the current widow's pension will lapse on a long-term basis for most survivors.

Widows and widowers may, in Denmark, apply for ordinary anticipatory pension, which in this report is termed special old age pension. In Finland, Norway, and Sweden, widows and widowers are entitled to survivor's pension in the form of basic pension. The basic pension 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 additional 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, 1990-1996**

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

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 1996, the number of pensioners over 64 years receiving survivors' pension was 167,972 women and 12,831 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, 1996**

	Denmark	Finland	Iceland	Norway	Sweden <sup>1)</sup>
KR/FIM	.	2,239	16,190	4,944	4,966
PPP-Euro	.	326	176	446	455

1 Average amount per December 1996 for pension recipients under 65 years in the shape of widow's pension, transitional pension, and special pension to survivors from both basic pension and labour market supplementary pension.

## Child Pension

– *Children are secured in case their parents die*

In the Nordic countries, child pension has been introduced in the shape 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 orphans, or to children who have lost one parent.

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

In Denmark, Finland, Norway, and Sweden, child pension may also be granted as additional 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, 1990-1996<sup>1)</sup>**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Number of children receiving child pension</i>					
1990	19,753	28,429	1,545	14,751	30,629
1995	17,590	29,338	1,325	13,658	31,208
1996	17,496	29,245	1,254	13,574	30,697
<i>As percentage of children of the qualifying age groups</i>					
1996	1.5	2.3 <sup>2)</sup>	1.7	1.3	1.4 <sup>2)</sup>

1 In 1996, 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.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.19 The average monthly amount of child pension, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
KR/FIM	728	1,558	10,794	1,308	2,390
PPP-Euro	79	227	118	118	219

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

In Denmark, the expenditure on voluntary early retirement benefit and in particular transitional allowance, which has been included under the special old age pensions, has increased considerably from 1995 to 1996. The total average number of recipients of voluntary early retirement pay and transitional allowance increased from 140,000 in 1995 to 169,000 in 1996. Finally, there has also been an increase in the expenditure on care for the elderly and the disabled.

In Finland, the number of old age pensioners increased by 19,000 from 1995 to 1996, causing also the expenditure on pension to increase. In 1996, a number of changes were implemented causing the expenditure on basic pension to decrease. The expenditure on cash benefits to disabled people was in 1996 at the same level as previously, which was due to the number of anticipatory pension decreasing as the age limit was raised. The expenditure on services to the elderly and the disabled increased as a result of the general growth in the need for care of those population groups. In return, the expenditure on institutional treatment remained largely unaltered from 1995 to 1996, whereas the expenditure on home help and out-patient treatment increased. The expenditure on survivors increased slightly which is due to the number of elderly people in the population increasing.

In Iceland, the expenditure on old age pension increased by 6.6 per cent and on anticipatory pension by 6.4 per cent. The increase in the expenditure 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.

In Norway, the expenditure on anticipatory pension increased in 1996



OLD AGE, DISABILITY AND SURVIVORS

**Table 7.20 Expenditure and financing of pensions and other cash benefits to elderly people, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Old age pensions	75,390	43,386	17,828	56,955	168,237
Of which:					
a. Basic pension	53,238	11,843	10,975	26,864	52,948
b. Supplementary pension	2,461	29,831	6,853	23,562	82,950
c. Additional pension	19,692	1,712	–	6,569	32,339
B. Special old-age pensions	27,112	2,665	–	186	–
C. Partial retirement pension	273	226	–	–	1,710
D. Other	–	1,930	–	–	166
Cash benefits, total	102,775	48,207	17,828	57,180	170,113
Total expenditure, million KR/FIM	102,775	48,207	17,828	57,180	170,113
Total expenditure per capita, PPP-Euro	2,120	1,370	722	1,177	1,764
Expenditure as percentage of GDP	9.6	8.4	3.7	5.6	10.1
<i>Financed by (per cent)</i>					
– Public authorities	49.9	17.5	23.6	34.3	9.8
– Employers	17.2	66.4	55.3	37.7	68.2
– The insured (contributions and special taxes)	32.9	16.1	21.1	28.0	22.0
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	3,654	2,491	726	2,384	6,115
– Per cent	3.6	5.2	4.1	4.2	3.1

due to a relatively large increase of the basic amount. At the same time, an increase in the expenditure on supplementary pension could be registered, as more pensioners had qualified for supplementary pension. The number of anticipatory pensioners increased slightly from 1995 to 1996, but there was a simultaneous decrease in the number of new pensioners receiving anticipatory pension.

There has been a minor increase in the expenditure on institutions which is partly due to wage increases, partly to local authorities putting priority to institution places and housing where special care is provided.

Widows of the ages 50-66 years form the largest group of survivor pen-

OLD AGE, DISABILITY AND SURVIVORS

**Table 7.21 Expenditure and financing of pensions and other cash benefits to disabled people, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Anticipatory pensions	18,974	13,633	7,222	23,069	42,739
Of which:					
a. Basic pension	18,974	4,080	4,923	9,519	13,421
b. Supplementary pension	–	9,438	2,148	11,663	23,190
c. Additional pension	–	115	151	1,887	6,128
B. Early retirement benefit due to reduced working capacity	48	4,050	–	–	–
C. Care allowance	–	423	–	2,212	2,464
D. Financial integration of the disabled	2,486	288	–	5,308	1,177
E. Other	3,511	3,398	–	1,122	–
a. Of which occupational injury	2,280	2,761	–	79	–
Cash benefits, total	25,018	21,792	7,222	31,711	46,380
Total expenditure, million KR/FIM	25,018	21,792	7,222	31,711	46,380
Total expenditure per capita, PPP-Euro	516	619	292	653	481
Expenditure as percentage of GDP	2.3	3.8	1.5	3.1	2.8
<i>Financed by (per cent)</i>					
– Public authorities	91.1	20.6	26.9	40.8	16.2
– Employers	8.9	60.6	55.9	33.8	59.7
– The insured (contributions and special taxes)	–	18.8	17.2	25.4	24.1
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	188	-108	283	1,181	-1,856
– Per cent	0.8	-0.5	3.9	3.7	-4.0

sion recipients. As people in that age group have to an increasing extent also had an income of their own entitling them to a pension, the survivor's pension will be reduced or discontinued. The increase in the expenditure is consequently due to the pension rates having become increased.

OLD AGE, DISABILITY AND SURVIVORS

**Table 7.22 Expenditure and financing of services to elderly and disabled people, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Services, million KR/FIM</i>					
A. Housing	13,056	3,668	6,548	26,448	38,040
B. Assistance to carry out daily tasks	4,221	2,720	688	2,361	19,088
a. Of which home help	4,215	1,810	587	„	„
C. Rehabilitation	1,501	1,999	1,856	4,628	2,062
D. Other	14,167	1,932	515	1,021	5,827
Services, total	32,945	10,319	9,607	34,460	65,017
Total expenditure, million KR/FIM	32,945	10,319	9,607	34,460	65,017
Total expenditure per capita, PPP-Euro	680	293	389	709	674
Expenditure as percentage of GDP	3.1	1.8	2.0	3.4	3.9
<i>Financed by (per cent)</i>					
– Public authorities	100.0	90.5	100.0	95.1	100.0
– Employers	–	3.8	–	2.8	–
– The insured (contributions and special taxes)	–	5.8	–	2.1	–
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	1,307	882	596	1,719	3,633
– Per cent	4.0	8.5	6.2	5.0	5.6

In Sweden, the expenditure on supplementary pension continues to increase. This is partly due to more and more people becoming entitled to a supplementary pension, partly to the fact that the pensioners have on average qualified for larger amounts.

## OLD AGE, DISABILITY AND SURVIVORS

**Table 7.23 Expenditure and financing of cash benefits and services to survivors, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Survivors' pension	1	6,754	2,590	3,644	14,556
Of which:					
a. Basic pension	–	246	226	1,114	1,943
b. Supplementary pension	–	6,189	2,364	899	11,724
c. Additional pension	1	319	–	1,630	889
B. Death grant	–	198	–	–	–
C. Other	–	–	–	3,655	–
Cash benefits, total	1	6,952	2,590	3,655	14,556
<i>Services, million KR/FIM</i>					
A. Funeral grants	188	32	–	193	–
B. Other	–	–	–	–	–
Services, total	188	32	–	193	–
Total expenditure, million KR/FIM	189	6,984	2,590	3,848	14,556
Total expenditure per capita, PPP-Euro	4	198	105	79	151
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	7.2	3.6	45.4	3.8
– Employers	–	71.5	58.3	32.3	60.2
– The insured (contributions and special taxes)	–	21.3	38.1	22.3	36.0
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	-8	136	153	66	511
– Per cent	-4.3	1.9	5.9	1.7	3.5

### *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

## OLD AGE, DISABILITY AND SURVIVORS

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

In Denmark, residents in nursing homes, etc. receive their pension in full and must then pay for services provided as part of their stay 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. Home nursing and the permanent home help service are free of charge. In return, temporary home help must be paid for, depending on income. The proportion of user charges of the total expenditure cannot be calculated.

In Finland, user charges payable for long-term care of the elderly depend on a patient's income. In 1996, 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. User charges for home help depends on the household income. User charges amounted to about 14 per cent of the total expenditure on home help.

In Iceland, the proportion of user charges of the total expenditure cannot be calculated, but user charges for home help amounted to 7 per cent of the municipal expenditure.

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 a stay in an institution (it varies from 75 to more than 90 per cent). User charges payable for home help are 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 amounted to 12.5 per cent for stays in institutions and 3 per cent for home help/home nursing, respectively. As from 1997, there are no user charges for home help.

In Sweden, user charges amounted to approximately 9 per cent of the gross expenditure for the entire care schemes for the elderly and for the disabled. As from 1996, user charges payable for stays in institutions and home help in traditional housing cannot be calculated separately. User charges payable for home help and home nursing represented 6 per cent of the gross expenditure.

*Chapter 8*

## Housing Benefits

**Table 8.1 Expenditure on housing benefits as percentage of the total social expenditure in the EU, Iceland and Norway, 1995**

Denmark	2.4	Austria	0,3	Italy	0.0
Finland	1.5	Belgium	..	Luxembourg	0.2
Iceland	0.7	France	3.2	The Netherlands	1.1
Norway	0.7	Germany	0.6	Portugal	0.0
Sweden	3.4	Greece	..	Spain	0.4
		Ireland	3.1	United Kingdom	7.0

Note: See Table 4.1.

## Housing Benefit to Families

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

In all the countries, housing benefit is granted to both families with and families without children. The regulations governing housing benefit for families with children are more favourable than those applying to families without children.

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. A family's income and the amount of the rent are some of the criteria taken into consideration when granting the benefit. The scopes of these schemes vary greatly from one country to another.

HOUSING BENEFITS

**Table 8.2 Average housing benefit per month to families, 1996**

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month per family, KR/FIM</i>				
Married and cohabiting couples				
– with children	1,270	1,075	1,466	1,524
– without children	445	954	..	859
Single people				
– with children	1,552	1,179	1,398	1,732
– without children	336	587	828	640
<i>Average housing benefit per month per family, PPP-Euro</i>				
Married and cohabiting couples				
– with children	138	157	132	140
– without children	48	139	..	79
Single people				
– with children	169	172	126	159
– without children	36	85	75	59

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

Up through the 1990s, there has been a marked increase in the number of beneficiaries. Particularly affected are single providers due to an increase in unemployment in some of these countries. From 1995 to 1996, however, the number of recipients of housing benefit dropped again due to a tightening of the rules and a decrease in the unemployment rate.

## HOUSING BENEFITS

**Table 8.3 Families receiving housing benefit, 1990-1996**

	Denmark	Finland	Norway	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>1995</i>				
Married and cohabiting couples	33,610	74,402	5,016	198,044
– with children	21,672	49,753	5,016	180,798
– without children	11,938	26,649	..	17,246
Single people	141,265	139,414	13,740	352,416
– with children	66,026	55,838	13,740	228,021
– without children	75,239	75,974	–	124,395
<i>1996</i>				
Married and cohabiting couples	33,150	60,283	4,912	162,980
– with children	22,129	38,802	4,912	155,821
– without children	11,021	21,481	..	7,159
Single people	135,510	131,601	13,017	280,807
– with children	65,292	50,608	13,017	220,093
– without children	70,218	80,993	–	60,714

## 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 rent, etc. In Denmark, the benefit may also be granted to pensioners who own the house or flat they live in. A heating supplement may also be granted to help cover heating costs. In Finland, the housing benefit forms part of the basic pension scheme. In Iceland, a special housing benefit is payable to pensioners with a low income who cannot manage to pay their



## HOUSING BENEFITS

expenses without a supplement to their pensions. In Norway, housing benefit is payable from two different schemes. The benefits from one scheme are granted 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 people receiving survivor's pension having a low personal income. Housing benefit is granted according to rules that apply uniformly to the entire country.

**Table 8.4 Pensioners receiving housing benefit by the end of the years 1990-1996**

	Denmark	Finland	Norway	Sweden
<i>1990</i>				
Married and cohabiting pensioners	54,617	12,036	..	49,800
Single pensioners	223,239	116,288	..	446,900
Total	277,856	130,150	..	496,700
<i>1995</i>				
Married and cohabiting pensioners	68,872	10,484	5,771	42,300
Single pensioners	263,130	131,557	42,869	512,300
Total	332,002	145,289	48,640	554,700
<i>1996</i>				
Married and cohabiting pensioners	64,608	10,021	5,439	70,112 <sup>1)</sup>
Single pensioners	261,978	131,327	43,349	464,675
Total	326,586	144,774	48,788	534,878

1 The large increase in relation to previous years is due to changes in regulations with effect from 1 January 1996. Couples where only one person is a pensioner count in the statistics as married or cohabiting pensioners. These recipients were previously considered as 'single pensioners'.

## HOUSING BENEFITS

**Table 8.5 Average housing benefit per month to pensioners, 1996**

	Denmark	Finland	Norway	Sweden
<i>Average housing benefit per month to married or cohabiting pensioners</i>				
– KR/FIM	1,373	666	1,368	1,384
– PPP-Euro	149	97	123	127
<i>Average housing benefit per month to single pensioners</i>				
– KR/FIM	1,612	617	828	1,621
– PPP-Euro	175	90	75	149

## Expenditure on and Financing of Housing Benefits

In Denmark, the expenditure on housing benefits to pensioners has been almost unchanged from 1995 to 1996. The number of recipient pensioners living in rented housing is still increasing while there has been a decrease in the number of owner-occupier pensioners receiving housing benefit (as from 1996, this type of housing benefit is granted as a loan only). The expenditure on rent subsidy, however, has gone down in 1996 compared to 1995, due to a decrease in the number of recipients. This is i.a. due to a drop in the unemployment rate.

In 1996, Finland saw a tightening of the rules concerning payment of housing benefit, causing a decrease in expenditure.

In Iceland, the expenditure on housing benefit increased by 24.1 per cent. Rules governing housing benefit were introduced only in 1995 and it must be expected that the expenditure level will only stabilize itself in a couple of years.

## HOUSING BENEFITS

**Table 8.6 Expenditure and financing of housing benefits, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Services, million KR/FIM</i>					
A. Housing benefit to people in rented housing	7,804	2,138	695	770	18,441
a. Of which pensioners	6,066	–	260	634	7,740
B. Housing benefit to owner-occupiers	–	161	–	1,329	..
a. Of which pensioners	–	–	–	–	..
Services, total	7,804	2,299	695	2,099	18,441
Total expenditure, million KR/FIM	7,804	2,299	695	2,099	18,441
Total expenditure per capita, PPP-Euro	161	65	28	43	191
Expenditure as percentage of GDP	0.7	0.4	0.1	0.2	1.1
<i>Financed by (per cent)</i>					
– Public authorities	100.0	100.0	100.0	100	99.7
– Employers	–	–	–	–	0.3
– Insured (contributions and special taxes)	–	–	–	–	–
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	-96	-338	122	251	-1,481
– Per cent	-1.2	-14.7	17.6	12.0	-8.0

In Norway, the increase in expenditure on housing benefit is due partly to an extension of the housing benefit scheme for pensioners, partly to an increase in the number of recipients. Furthermore, corrective payments were made to young handicapped people whose housing benefit had been too low during the period of 1993-1995.

In Sweden, the expenditure dropped due to a change of rules and a decrease in the level of benefits.

*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, however, social incidents may occur which are not covered by any special legislation. 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 the total social expenditure in the EU, Iceland and Norway, 1995**

Denmark	4.4	Austria	1.2	Italy	0.0
Finland	2.1	Belgium	2.7	Luxembourg	1.5
Iceland	2.8	France	1.7	The Netherlands	2.3
Norway	3.7	Germany	2.2	Portugal	0.4
Sweden	3.1	Greece	..	Spain	0.4
		Ireland	1.9	United Kingdom	1.0

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 make a statistically based comparison between their data in this chapter.

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 also supplementary social assistance).

## OTHER SOCIAL BENEFITS

In Iceland, a number of benefits, under the heading 'social assistance' are payable to families and children. In the other countries these benefits fall under special legislation.

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

In Denmark, these include 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 the repatriation of sailors.

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

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

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

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

# Cash Benefits

## Social Assistance

*– The last resort in the social safety net*

In all Nordic countries, one may 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.

## OTHER SOCIAL BENEFITS

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 who have not had an income from work amounting to more than 60 per cent of the unemployment benefit received for 18 months, receive a special, lower, youth benefit.

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

In Finland, a person may receive cash assistance in case of delays in payment of other benefits. Local authorities may also grant benefits in order in time to prevent people from getting into financial difficulties. In 1996, the average amount of the social assistance was FIM 1,164 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.

**Table 9.2 Number of individuals receiving social assistance, in total and as percentage of the population, per 1 December, 1995 and 1996**

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

## OTHER SOCIAL BENEFITS

**Table 9.3 Individuals receiving social assistance during the year, in thousands and as percentage of the population 16/18 years or over, 1990-1996**

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

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 for maintenance (refugees not included). Recipients partaking in activating measures are included under labour market measures.

**Table 9.4 Families receiving social assistance during the year as percentage of all families, by type of family, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Families by type (per cent)</i>					
Single men	8.0	20.0	5.5	8.6	15.5
– with children	11.6	27.9	23.7	23.8	16.0
– without children	7.9	19.8	5.3	8.3	15.4
Single women	6.0	14.3	6.1	7.5	18.8
– with children	22.2	32.4	19.4	19.2	37.1
– without children	3.6	11.8	3.3	5.4	14.0
Married/cohabiting couples	6.0	7.9	1.5	3.9	4.5
– with children	9.9	10.2	1.7	4.1	6.5
– without children	3.4	6.1	1.2	3.8	2.3
Total	6.6	12.9	4.1	6.5	10.7
– with children	11.9	14.1	5.4	7.5	11.4
– without children	5.0	12.5	3.6	6.1	10.4

Note: See Table 9.3. For Denmark: family type is unknown in relation to 2,964 individuals.

## OTHER SOCIAL BENEFITS

**Table 9.5 Individuals receiving social assistance during the year, by age. Total and as percentage of their age group, 1996**

	Recipients		Recipients in per cent according to age				
	Total		18-24 years	25-39 years	40-54 years	55-64 years	65+ years
<i>Denmark</i>							
Recipients, total	189,918		8.8	8.0	3.6	1.1	0.2
New, total	59,608		4.6	2.3	0.9	0.4	0.0
<i>Finland</i>							
Recipients, total	444,478		25.2	15.4	10.2	4.9	2.7
New, total	128,968		11.3	5.2	3.0	1.7	1.4
<i>Iceland</i>							
Recipients, total	6,651		4.0	4.5	3.1	2.0	1.2
New, total	3,430		2.5	2.2	1.5	1.0	0.7
<i>Norway</i>							
Recipients, total	176,231		9.4	7.7	4.8	2.8	1.1
New, total	58,501		3.9	2.3	1.4	0.9	0.5
<i>Sweden</i>							
Recipients, total	493,380		16.8	14.9	4.5	2.7	1.6
New, total	143,722		5.9	3.9	1.3	0.8	0.6

**Table 9.6 Average amount of social assistance per family per month, 1996 (PPP-Euro)**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Family type</i>					
Single person	776	212	149	410	431
– with children	928	236	155	407	458
– without children	722	209	146	410	419
Married/cohabiting couple	836	289	151	589	657
– with children	891	301	140	669	712
– without children	697	250	169	502	588



## 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 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. Reunions of families, however, are not included in the statistics. The large number of residence permits granted to refugees in Denmark in 1995, as well as in 1996, is due to the fact that, during those two years, refugees from Ex-Yugoslavia, who had been granted a temporary residence permit, applied for and were later granted refugee status and residence permits.

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

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

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

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

## OTHER SOCIAL BENEFITS

In Sweden refugees 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 was granted residence and work permit in Sweden.

**Table 9.7 Number of refugees received who have been granted residence permit in the Nordic countries, 1990-1996**

	Denmark	Finland	Iceland	Norway	Sweden
1990	3,044	858	41	3,867	12,800
1995	20,347	1,415	5	5,602	5,600
1996	8,253	1,193	30	2,908	4,832

**Table 9.8 Number of asylum seekers, 1990-1996**

	Denmark	Finland	Iceland	Norway	Sweden
1990	5,292	2,743	41	3,692	29,420
1995	5,104	854	5	1,460	9,047
1996	5,896	711	35	1,778	5,753

## 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 health care services 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 include unspecified services provided by the social authorities, help in case of crises, family counselling, centres for battered

women, hospices, homes for the homeless, and others with particular social problems who may need temporary accommodation.

## Treatment of Alcohol and Drug Abuse

– *Several kinds of treatment are available*

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

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

In Denmark, there has been a decrease in cash benefit expenditure from 1995 to 1996 due to a reduced number of recipients. This is partly due to a decrease in the unemployment rate and an increase in the number of activated cash assistance recipients.

Finland has experienced an increase in expenditure, mainly due to a continued increase in the number of recipients.

In Iceland, expenditure on cash benefits decreased by 2.3 pct. in 1996 in relation to 1995. This figure reflects an increase in employment and economic growth in general.

In Norway, the decrease in expenditure is related to a decrease in the number of recipients of social assistance. This is probably due to an im-

## OTHER SOCIAL BENEFITS

provement of the labour market and the provision of relevant vocational training. Besides, activation and guidance of young people have had a high priority with the municipal social departments. It is worth noticing, as well, that changes in the assessment of income substitution and supplementary benefits may influence the expenditure figures.

In Sweden, expenditure on social assistance increased due to a continuous high unemployment rate and the reception of a large number of refugees. The cut in other social security schemes also plays a part in this connection.

**Table 9.9 Expenditure and financing of other social benefits, 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>Cash benefits, million KR/FIM</i>					
A. Income support	7,133	3,072	1,030	3,932	12,208
a. Of which social assistance	–	2,906	1,030	3,932	12,208
B. Other	4,157	–	183	227	–
Cash benefits, total	11,289	3,072	1,214	4,158	12,208
<i>Services, million KR/FIM</i>					
A. Accommodation	688	289	–	384	785
B. Rehabilitation of alcohol and drug abusers	138	437	618	1,462	1,599
C. Other	1,111	422	539	1,523	3,659
Services, total	1,937	1,148	1,157	3,369	6,043
Total expenditure, million KR/FIM	13,226	4,220	2,371	7,527	18,251
Total expenditure per capita, PPP-Euro	273	120	96	155	189
Expenditure as percentage of GDP	1.2	0.7	0.5	0.7	1.1
<i>Financed by (per cent)</i>					
– Public authorities	99.2	97.3	90.6	100.0	100.0
– Employers	0.7	2.7	7.3	–	–
– Insured (contributions and special taxes)	0.0	–	2.1	–	–
<i>Changes 1995-1996 in terms of 1996 prices</i>					
– Million KR/FIM	-962	542	-70	-1,922	1,260
– Per cent	-7.3	12.9	-3.0	-25.5	6.9

**Chapter 10****Social Expenditure**

Following a description of the social protection systems in the previous chapters, an overall survey of social expenditure is presented in this chapter. As stated in Chapter 2, the Nordic social expenditure statistics follow the calculation method used by EUROSTAT as from the previous edition of *Social Protection in the Nordic Countries*.

For the Nordic countries and the EU, the expenditure on social affairs in relation to the Gross Domestic Product (GDP) and measured per capita in PPP-Euro, broken down by functions, is shown in the two following tables.

**Table 10.1 Social expenditure as percentage of the GDP in the EU, Iceland and Norway, 1995**

Denmark	34.3	Austria	29.7	Italy	25.3
Finland	32.8	Belgium	29.7	Luxembourg	25.3
Iceland	19.0	France	30.6	The Netherlands	31.4
Norway	27.4	Germany	29.4	Portugal	20.9
Sweden	35.6	Greece	19.8	Spain	21.9
		Ireland	19.9	United Kingdom	27.7

Note: See Table 4.1.

## SOCIAL EXPENDITURE

**Table 10.2 Social expenditure per capita in the EU, Iceland and Norway, 1995. PPP-Euro**

	Families and children	Unemployment	Illness	Old age, disability and survivors	Housing	Other social benefits	Total
Denmark	768	915	1,109	2,997	152	273	6,214
Finland	651	701	1,040	2,330	73	102	4,897
Iceland	432	145	1,267	1,378	22	95	3,339
Norway	746	356	1,394	2,564	39	199	5,297
Sweden	677	664	1,293	2,951	204	183	5,972
Austria	622	304	1,405	3,070	17	63	5,482
Belgium	431	751	1,356	2,575	..	140	5,253
France	471	431	1,516	2,556	166	89	5,229
Germany	419	509	1,731	2,754	34	123	5,570
Greece	..	..	..	..	..	..	2,163
Ireland	355	526	1,073	930	93	56	3,033
Italy	151	92	916	3,123	1	1	4,285
Luxembourg	988	221	1,816	4,312	12	109	7,458
The Netherlands	256	552	1,583	2,897	60	125	5,473
Portugal	118	114	675	1,140	1	9	2,056
Spain	51	404	844	1,495	11	12	2,817
United Kingdom	392	257	1,131	2,242	308	44	4,375

The account of the social expenditure is divided into four sections. Firstly, an account is given of the social expenditure trend from 1990 to 1996; 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 in relation to the total social expenditure is shown. The Swedish figures for 1990 are calculated by using the previous NOSOSCO specification, while the other countries have used the specification in the ESSPROS manual.

## Social Expenditure Trends, 1990-1996

The development in social expenditure, total and per capita, in current and fixed prices, and in relation to the gross domestic product (GDP) and in purchasing power parities (PPP-Euro) since 1990, appear from the following tables. It should be noted that both Denmark and Norway now use the SNA-93 classification when calculating the GDP (cf. Chapter 2), which has resulted in corrections in respect of the extent of the gross domestic product for these two countries.

**Table 10.3 Social expenditure, total and per capita, 1990-1996**

	Social expenditure		Social expenditure per inhabitant		Social expenditure per inhabitant aged 15-64 years	
	At current prices, million KR/FIM	At 1996 prices, million KR/FIM	At current prices KR/FIM	At 1996 prices KR/FIM	At current prices KR/FIM	At 1996 prices KR/FIM
<i>Denmark</i>						
1990	237,207	267,095	46,150	51,965	68,502	77,133
1995	325,634	332,424	62,288	63,587	92,442	94,370
1996	333,570	333,570	63,380	63,380	94,202	94,202
<i>Finland</i>						
1990	131,528	148,101	26,377	29,701	39,194	44,132
1995	179,830	180,793	35,206	35,394	52,736	53,019
1996	185,385	185,385	36,173	36,173	54,254	54,254
<i>Iceland</i>						
1990	62,290	75,807	244,478	297,529	379,572	461,939
1995	85,984	87,935	321,580	328,876	499,834	511,175
1996	90,345	90,345	335,855	335,855	519,224	519,224
<i>Norway</i>						
1990	190,406	216,872	44,892	51,132	69,334	78,971
1995	253,620	257,005	58,181	58,957	90,091	91,293
1996	266,134	266,134	60,747	60,747	94,074	94,074
<i>Sweden</i>						
1990	470,013	579,526	54,916	67,711	85,552	105,485
1995	588,689	591,568	66,692	67,018	104,726	105,239
1996	590,248	590,248	66,763	66,763	104,765	104,765

## SOCIAL EXPENDITURE

**Table 10.4 Social expenditure in relation to the GDP, 1990-1996**

	GDP, million KR/FIM	Social expenditure as percentage of the GDP	Index for social expenditure in relation to the GDP (1990 = 100)
<i>Denmark</i> <sup>1)</sup>			
1990	825,310	28.7	100
1995	1,011,329	32.2	112
1996	1,065,680	31.3	109
<i>Finland</i>			
1990	515,430	25.5	100
1995	549,863	32.7	128
1996	576,922	32.1	126
<i>Iceland</i>			
1990	364,401	17.1	100
1995	451,547	19.0	111
1996	485,168	18.6	109
<i>Norway</i> <sup>1)</sup>			
1990	722,071	26.4	100
1995	925,866	27.4	104
1996	1,017,794	26.1	99
<i>Sweden</i>			
1990	1,359,879	34.6	100
1995	1,644,983	35.8	103
1996	1,677,883	35.2	102

1 The GDP has been revised, cf. Chapter 2.

**Table 10.5 Social expenditure per capita, 1990-1996 (PPP-Euro in terms of 1996-prices)**

	Denmark	Finland	Iceland	Norway	Sweden
1990	5,642	4,325	3,241	4,611	6,206
1995	6,904	5,171	3,583	5,316	6,143
1996	6,882	5,268	3,659	5,478	6,119



## Financing of Social Expenditure

In order to illustrate the financing of the social expenditure in the Nordic statistics, the direct financing of services and benefits as well as the running contributions paid into social funds are included. Contrary to previous editions, interest and other capital gains are now included in the social expenditure statistics. Interest and capital gains particularly occur in the funds established to guarantee pensions, but also in other social insurance schemes. This will be further dealt with in the following section.

### *Distribution of current contributions by sources of financing*

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

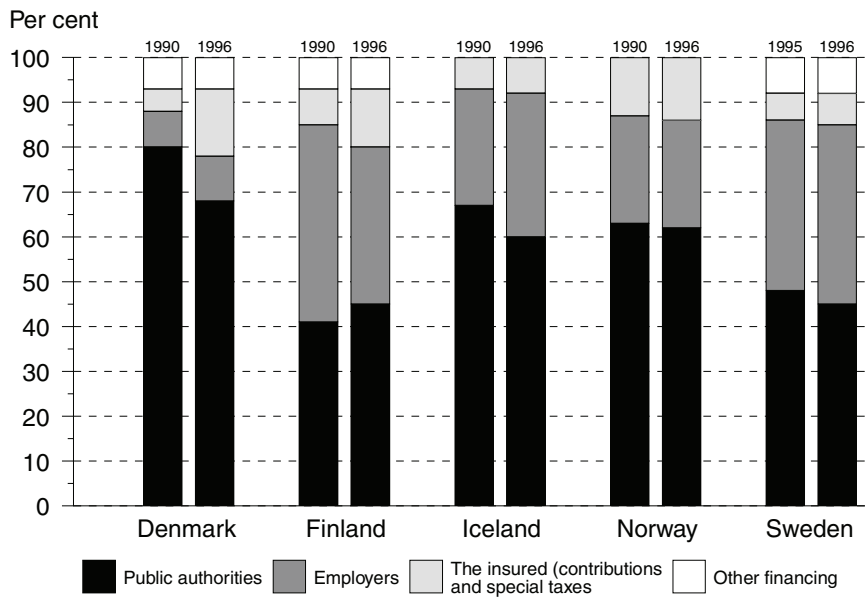
The distribution of current contributions to the financing of social expenditure during the years 1990-1996 is shown in Table 10.6.

SOCIAL EXPENDITURE

**Table 10.6 Current contributions to the financing of social expenditure in per cent, broken down by contributions made by Central Government, local authorities, employers, the insured, and other financing, 1990-1996**

	Public au- thorities, to- tal	Employers	The insured (contri- butions and special taxes)	Other financing	Total
<i>Denmark</i>					
1990	80	8	5	7	100
1995	71	10	13	6	100
1996	68	10	15	7	100
<i>Finland</i>					
1990	41	44	8	7	100
1995	46	34	13	7	100
1996	45	35	13	7	100
<i>Iceland</i>					
1990	67	26	7	—	100
1995	61	31	8	—	100
1996	60	32	9	—	100
<i>Norway</i>					
1990	63	24	13	—	100
1995	62	22	15	—	100
1996	62	24	14	—	100
<i>Sweden</i>					
1990	..	..	..	..	100
1995	48	38	5	8	100
1996	45	40	7	8	100

**Figure 10.1 Current contributions to the financing of social expenditure, 1990 and 1996**



## Block Grants and Government Reimbursement to Local and County Authorities

In all Nordic countries, local authorities are responsible for the administration of part of the social services and benefits. Local authorities have the direct contact with citizens and recipients of social benefits, and it is also local authorities that, in the first instance, meet the costs of services and benefits.

Local and county authorities receive 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 on the basis of the number of inhabitants and their age distribution, or according to the tax base in the various municipalities.

## SOCIAL EXPENDITURE

Government reimbursement may be fixed by law as percentage shares of municipal expenditure or as fixed amounts. Government reimbursement may also be calculated as the difference between expenditure and other contributions, including municipal contributions.

In Denmark, local authorities 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 local or 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 relation to pensions, also used for the building up of funds.

The purpose of the funds, which have gradually gained in significance, may be to guarantee that means are available for future payments (premium reserve systems). The building up of funds may also occur in distribution systems (where the costs should, in principle, be covered by the contributions of the current year) so as to create a buffer to level variations in incoming and outgoing payments between various periods of time.

In Norway, social expenditure, including expenditure on supplementary pensions, is currently financed by the public budget, and the expenditure is consequently excluded from Table 10.7. The Social Security Fund is an independent fund and does not contribute directly to the financing of the running costs concerning the social security schemes.

## SOCIAL EXPENDITURE

**Table 10.7 Development in funds for pension purposes, 1990-1996. Billion KR/FIM in terms of 1996 prices**

	Basic pension	Supplementary pension	Additional pension
<i>Amount of the funds</i>			
<i>Denmark</i>			
At the beginning of the year, 1990	–	80.6	119.0
At the end of the year, 1990	–	86.4	128.6
At the beginning of the year, 1996	–	128.8	179.3
At the end of the year, 1996	–	143.8	196.0
<i>Finland</i>			
At the beginning of the year, 1990	0.8	113.4	33.8
At the end of the year, 1990	0.7	135.8	37.0
At the beginning of the year, 1996	1.6	210.3	33.1
At the end of the year, 1996	1.6	232.3	27.6
<i>Iceland</i>			
At the beginning of the year, 1990	0.1	124.2	–
At the end of the year, 1990	0.1	152.2	–
At the beginning of the year, 1996	–	262.6	–
At the end of the year, 1996	–	306.5	–
<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, 1996	5.0	572.8	351.5
At the end of the year, 1996	5.3	597.4	417.7

## SOCIAL EXPENDITURE

### Social Expenditure by Type and Purpose

Social expenditure is divided by type in 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 the social expenditure according to the purpose of the benefit is quite stable in each country. New legislation and changes in the 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 10.8 Social expenditure in per cent, broken down by main groups, 1995 and 1996**

	Denmark	Finland	Iceland	Norway	Sweden
<i>1995</i>					
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
<i>1996</i>					
Families and children	12.4	12.5	12.9	13.8	11.0
Unemployment	13.8	13.9	3.7	5.7	10.3
Illness	17.7	21.4	37.8	28.1	21.5
Old age, disability and survivors	49.6	48.6	42.1	48.8	50.9
Housing	2.4	1.3	0.8	0.8	3.2
Other social benefits	4.1	2.3	2.7	2.9	3.1
Total	100.0	100.0	100.0	100.0	100.0

**SOCIAL EXPENDITURE**

**Table 10.9 Social expenditure, by type and purpose, 1996. 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>	40,345	100	22,448	100	11,415	100	35,956	100	63,884	100
Income-substituting cash benefits	4,595	11	2,913	13	642	6	8,813	25	14,209	22
Other cash benefits	13,599	34	11,011	49	6,067	53	13,339	37	18,009	28
Services	22,151	55	8,524	38	4,706	41	13,804	38	31,666	50
<i>Unemployment</i>	44,761	100	25,031	100	3,228	100	14,750	100	59,679	100
Income-substituting cash benefits	41,701	93	22,929	92	3,127	97	8,975	61	51,593	86
Other cash benefits	99	0	189	1	—	—	—	—	—	—
Services	2,961	7	1,913	8	101	3	5,775	39	8,086	14
<i>Illness</i>	57,602	100	38,422	100	33,443	100	73,173	100	125,296	100
Income-substituting cash benefits	11,336	20	7,261	19	6,255	19	24,977	34	22,466	18
Other cash benefits	390	1	—	—	—	—	38	0	33	0
Services	45,876	80	31,161	81	27,188	81	48,159	66	102,797	82
<i>Old age, disability and survivors</i>	160,928	100	87,302	100	37,247	100	127,198	100	296,066	100
Income-substituting cash benefits	121,798	76	74,043	85	27,640	74	89,212	70	227,242	77
Other cash benefits	5,997	4	2,908	3	—	—	3,334	3	3,807	1
Services	33,133	21	10,351	12	9,607	26	34,653	27	65,017	22
<i>Housing</i>	7,804	100	2,299	100	695	100	2,099	100	18,441	100
Services	7,804	100	2,299	100	695	100	2,099	100	18,441	100
<i>Other social benefits</i>	13,227	100	4,220	100	2,370	100	7,527	100	18,251	100
Income-substituting cash benefits	7,133	54	3,072	73	1,030	43	4,158	55	12,208	67
Other cash benefits	4,157	31	—	—	183	8	—	—	—	—
Services	1,937	15	1,148	27	1,157	49	3,369	45	6,043	33
<i>Income-substituting cash benefits, total</i>	186,563	57	110,218	61	38,694	44	136,135	52	327,718	56
<i>Other cash benefits, total</i>	24,242	7	14,108	8	6,250	7	16,711	6	21,849	4
<i>Services, total</i>	113,862	35	55,396	31	43,454	49	107,858	41	232,050	40
<i>Social expenditure, total</i>	324,667	100	179,722	100	88,398	100	260,704	100	581,617	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. There are, however, considerable differences from one country to another. The largest tax free cash benefit amounts are granted to families and children. Other social benefits (social assistance) are subject to tax in Denmark and Iceland, but are exempt from tax in the other Nordic countries.

**Table 10.10 Cash benefits exempt from tax/subject to tax, total and as percentage of the GDP, 1995 and 1996**

	Cash benefits exempt from tax		Cash benefits subject to tax	
	Total, million KR/FIM	As percent- age of GDP	Total, million KR/FIM	As percent- age of GDP
<i>1995</i>				
Denmark	18,764	1.9	188,292	18.6
Finland	15,958	2.9	106,896	19.4
Iceland	6,574	1.5	37,653	8.3
Norway	20,204	2.2	126,225	13.6
Sweden	32,457	2.0	323,257	19.7
<i>1996</i>				
Denmark	19,703	1.8	191,099	17.9
Finland	16,000	2.8	108,326	18.8
Iceland	6,651	1.4	39,063	8.1
Norway	19,868	2.0	132,978	13.1
Sweden	31,199	1.9	318,368	19.1



SOCIAL EXPENDITURE

**Table 10.11 Taxation of cash benefits, 1996**

	Social expenditure, million KR/FIM	Of which cash benefits, million KR/FIM	Cash bene- fits exempt from tax, as percentage of total cash benefits	Cash bene- fits subject to tax, as percentage of total cash benefits
	1.	2.	3.	4.
<i>Denmark</i>				
I. Families and children	40,344	18,193	59	41
II. Unemployment	44,761	41,800	–	100
III. Illness	57,602	11,726	–	100
IV. Old age, disability and survivors	160,927	127,794	6	94
V. Housing	7,804	–	–	–
VI. Other social benefits	13,226	11,289	7	93
VII. Administration	8,906	–	–	–
Total I.-VII.	333,570	210,801	9	91
<i>Finland</i>				
I. Families and children	22,448	13,924	64	36
II. Unemployment	25,031	23,118	1	99
III. Illness	38,422	7,261	0	100
IV. Old age, disability and survivors	87,302	76,951	5	95
V. Housing	2,299	–	–	–
VI. Other social benefits	4,220	3,072	96	4
VII. Administration	5,663	–	–	–
Total I.-VII.	185,385	124,326	13	87
<i>Iceland</i>				
I. Families and children	11,415	6,709	80	20
II. Unemployment	3,228	3,127	7	93
III. Illness	33,257	6,255	–	100
IV. Old age, disability and survivors	87,430	27,641	3	97
V. Housing	695	695	55	45
VI. Other social benefits	2,444	1,287	–	100
VII. Administration	1,946	–	–	–
Total I.-VII.	140,415	45,714	15	85

/ ... continued

## SOCIAL EXPENDITURE

**Table 10.11 ... continued**

	Social expenditure, million KR/FIM	Of which cash benefits, million KR/FIM	Cash bene- fits exempt from tax, as percentage of total cash benefits	Cash bene- fits subject to tax, as percentage of total cash benefits
	1.	2.	3.	4.
<i>Norway</i>				
I. Families and children	35,956	22,152	62	38
II. Unemployment	14,750	8,975	–	100
III. Illness	73,173	25,015	–	100
IV. Old age, disability and survivors	127,198	92,546	2	98
V. Housing	2,099	–	–	–
VI. Other social benefits	7,527	4,158	95	5
VII. Administration	5,430	–	–	–
Total I.-VII.	266,134	146,429	14	86
<i>Sweden</i>				
I. Families and children	63,884	32,218	56	44
II. Unemployment	59,679	51,593	–	100
III. Illness	125,296	22,499	–	100
IV. Old age, disability and survivors	296,066	231,049	0	100
V. Housing	18,441	–	–	–
VI. Other social benefits	18,251	12,208	100	–
VII. Administration	8,523	–	–	–
VIII. Other	108	–	–	–
Total I.-VIII.	590,248	349,567	9	91

## *Appendix 1*

# Description of Typical Cases

The calculations of typical cases (see NOSOSCO's home page: [www.nomos.dk](http://www.nomos.dk)) forming the basis of tables and figures for compensation in the event of loss of income in this and the previous publication (1997) have been considerably revised compared with the previous editions 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.

The average salary for an industrial worker (Average Production Worker – APW) is used. This wage average was calculated by the OECD and is used in most comparative studies.

The following family types and income levels 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:

## DESCRIPTION OF TYPICAL CASES

### Typical Case 0

*Income and tax regarding typical cases for an APW, 1996*

#### *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. The employer contribution for Norway corresponds to that paid in Oslo.

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. For Norway, the rates applying in Oslo have been used, and for Iceland the rates applying in Reykjavík.

## DESCRIPTION OF TYPICAL CASES

In all the typical cases, it is assumed that the children are attending day care institutions, with the exception of the infant in typical case I. It is also assumed that the children are in day care institution in the typical cases II and III.

As to child allowance, this includes, in addition to the child allowance 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 amount of the expenses for 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 Iceland and 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.

## DESCRIPTION OF TYPICAL CASES

### *Disposable income*

The disposable income is calculated as gross income plus child allowance and housing benefit less income tax, social security contributions payable by employees, and charges payable for day care institutions. The social security contributions payable by employees include, in the case of Denmark, Finland, and Sweden, contributions to the voluntary unemployment insurance scheme 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 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, 1996*

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, 1996*

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.

## Typical Case III

*Level of compensation for typical cases in connection with unemployment for non-insured people, 1996*

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, 1996*

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

## DESCRIPTION OF TYPICAL CASES

### Typical Case V

*Level of compensation for typical cases in connection with old-age pension, including supplementary pension with maximum qualifying period, 1996*

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 1996.

### Typical Case VI

*Level of compensation for typical cases in connection with anticipatory pension, including supplementary pension with maximum qualifying period, 1996*

The calculation has been made for a single 50 year-old anticipatory pensioner with no children who has been fully employed, until he was awarded anticipatory pension (i.e. maximum qualifying time for a 50 year-old). Moreover, it is assumed that the person in question has completely lost his working capacity.



## *Appendix 2*

# Further information

Further statistical information on the social security systems in the Nordic countries is obtainable from the individual statistical offices in the respective countries. Further information is obtainable from the following:

### DENMARK

Danish Immigration Service  
Ryesgade 53  
DK-2100 Copenhagen Ø  
Phone +45 35 36 66 00  
Fax +45 35 36 19 16  
Web: [udlst.dk/start.htm](http://udlst.dk/start.htm)

Danish Labour Market  
Supplementary Pension  
Kongens Vænge  
DK-3400 Hillerød  
Phone +45 48 20 48 20  
Fax +45 48 20 48 00  
Web: [www.atp.dk](http://www.atp.dk)

Danish National Institute of  
Social Research  
Herluf Trolles Gade 11  
DK-1052 Copenhagen K  
Phone +45 33 48 08 00  
Fax +45 33 48 08 33

Directorate General for Employ-  
ment, Placement and Vocational  
Training  
Blegdamsvej 56  
P.O. Box 2722  
DK-2100 Copenhagen Ø  
Phone +45 35 28 81 00  
Fax +45 35 36 24 11  
Web: [www.ams.dk](http://www.ams.dk)

Directorate of  
Unemployment Insurance  
Finsensvej 78  
DK-2000 Frederiksberg  
Phone +45 38 10 60 11  
Fax +45 31 19 38 90  
Web: [www.dfa.dk](http://www.dfa.dk)

Ministry of Social Affairs  
Holmens Kanal 22  
DK-1060 Copenhagen K  
Phone +45 33 92 93 00  
Fax +45 33 93 25 18  
Web: [www.sm.dk](http://www.sm.dk)

## FURTHER INFORMATION

National Board of Health  
Amaliegade 13  
P.O. Box 2020  
DK-1012 Copenhagen K  
Phone +45 33 91 16 01  
Fax +45 33 93 16 36

Statistics Denmark  
Sejrøgade 11  
DK-2100 Copenhagen Ø  
Phone +45 39 17 39 17  
Fax +45 39 17 39 99  
Web: [www.dst.dk](http://www.dst.dk)

## FINLAND

Central Pension Security Institute  
P.O. Box 11  
FIN-00521 Helsinki  
Phone +358 9 1511  
Fax +358 9 1481 172  
Web: [www.elaketurvakeskus.etk.fi](http://www.elaketurvakeskus.etk.fi)

Ministry of Social Affairs  
and Health  
P.O. Box 267  
FIN-00171 Helsinki  
Phone +358 9 1601  
Fax +358 9 160 3826  
Web: [www.vi.fi/stm/english/index.htm](http://www.vi.fi/stm/english/index.htm)

Social Insurance Institution  
P.O. Box 450  
FIN-00101 Helsinki  
Phone +358 9 43411  
Fax +358 9 4341 530  
Web: [www.kela.fi](http://www.kela.fi)

STAKES  
P.O. Box 220  
FIN-00531 Helsinki  
Tel +358 9 39671  
Fax +358 9 3967 2324  
Web: [www.stakes.fi](http://www.stakes.fi)

Statistics Finland  
FIN-00022 Statistikcentralen  
Phone +358 9 17341  
Fax +358 9 1734 3522  
Web: [www.stat.fi](http://www.stat.fi)

## ICELAND

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

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

National Insurance Institute  
Laugavegi 114  
IS-150 Reykjavik  
Phone +354 560 4400  
Fax +354 562 4535  
Web: [www.tr.is](http://www.tr.is)

## FURTHER INFORMATION

National Insurance Institute for  
Unemployment  
Hafnarhusinu Tryggvagötu  
IS-150 Reykjavík  
Phone +354 511 2500  
Fax +354 511 2520

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

Statistics Iceland  
Skuggasundi 3  
IS-150 Reykjavík  
Phone +354 560 9800  
Fax +354 562 8865  
Web: [www.statice.is](http://www.statice.is)

## NORWAY

Directorate of Labour  
C.J. Hambroes plass  
P.O. Box 8127 Dep.  
N-0032 Oslo  
Phone +47 22 94 2 70 00  
Fax +47 22 92 73 00  
Web: [www.aetat.no](http://www.aetat.no)

Ministry of Social Affairs  
and Health  
P.O. Box 8011 Dep.  
N-0030 Oslo  
Phone +47 22 24 90 90  
Fax +47 22 24 95 75  
Web: [www.dep.no/shd](http://www.dep.no/shd)

National Insurance Administration  
Drammensveien 60  
N-0241 Oslo  
Phone +47 22 92 70 00  
Fax +47 22 92 73 00  
Web: [www.trygdeetaten.no](http://www.trygdeetaten.no)

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Calmeyers gate 1  
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## OTHER

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Luxembourg  
Web: [europa.eu.int/en/int/en/comm/eurostat](http://europa.eu.int/en/int/en/comm/eurostat)

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World Health Organization  
Regional Office for Europe  
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Denmark  
Web: [www.who.dk](http://www.who.dk)

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