Finnish Centre for Pensions
Working Papers 5

Pension policy responses to changing division of labour within the family

Eila Tuominen
Finnish Centre for Pensions
FIN-00065 ELÄKETURVAKESKUS
Phone: +358 10 7512151
Fax: +358 10 7512580
Email: eila.tuominen@etk.fi

Sini Laitinen-Kuikka
Finnish Centre for Pensions
FIN-00065 ELÄKETURVAKESKUS
Phone: +358 10 7512479
Fax: +358 10 751 2580
Email: sini.laitinen-kuikka@etk.fi

Helsinki 2003
ISSN 1458-753X
ISBN 951-691-09-04

Contents

SUMMARY

Over the last decades, female employment rates have increased considerably and the family institution has changed in many ways in the EU. This paper examines how pension policy makers have responded to these challenges in different countries. The relationship between the changing division of labour within the family and pension provision is discussed in more detail in the context of different welfare state regimes. The focus is mainly on changes in old-age pensions and survivors' pensions in the countries compared. There were marked differences in the changes concerning both the family institution, especially women's labour market participation and the responses of pension policy to these changes. The most distinct differences are seen on the north-south axis of the welfare states. However, it proved that countries representing different welfare state regimes have developed modern solutions to changed needs and risk patterns, responding to the phase of modernisation in society.

INTRODUCTION

Contemporary pension policy emphasizes high employment rates as a crucial measure for the financing of increasing pension expenditure due to an ageing population in Europe. The birth rate is expected to remain low, which, in combination with an ageing population, would lead to an unfavourable age structure and a shortage of a young labour force. The demographic forecast is a strong argument for the growing demand for a female labour force and a better work-family reconciliation in order to attract women to return to paid work. A common target for increasing the employment rate and the need to increase especially female employment has been clearly expressed in the pension policy of the EU. In December 2001 broad common objectives for the future pension policy of Member States were agreed on. The general aim of this process is to ensure the adequacy of pensions, the sustainability and the modernisation of pension systems in response to changes in the labour market and in society in general. One of the eleven more detailed objectives concerning the challenge of the modernisation of pension systems is especially devoted to gender equality. It says that Member States should “review pension provision with a view to ensuring the principle of equal treatment between women and men, taking into account obligations under EU law” (Council of the European Union 2001). The progress made in the Member States towards these objectives is monitored and evaluated by the Commission and the Council.

The employment strategy of the EU has issued a target for a female employment rate of 60 per cent in 2010. Member States have been encouraged to set their own national targets according to this (The future of the European Employment Strategy, 2003). These efforts mean for women that the time in paid work outside the home will continue to increase, and the lifetime earnings of women will increase accordingly. In spite of the favourable prospect for women’s paid work outside the home and for increasing pension accrual, there are many gendered features in labour market participation and in caring work, which make it more difficult for women than for men to get an adequate pension in old age. Women still shoulder a greater part of the household work and childcare and these family responsibilities frequently disrupt their employment. Women who move in and out of the labour force often lose pension benefits in both public and private pension schemes. The expansion of “flexible forms of working” make it likely that the numbers of such workers will increase rather than decrease in future years, thereby increasing the number of people with inadequate pension rights. The cost of an irregular work history can be individually high. The contradicting interests related to traditional caring obligations and women's increased employment should be carefully monitored.

Increasing pressures on public expenditure and ageing populations have already led many EU countries to cut public pension benefits during the last decades. An assumption that is central to the politics of pension reforms is that increases in the proportion of elderly people in national populations necessarily lead to increased and unsustainable state expenditure. In pension reforms the link between lifetime earnings and benefits has been tightened. Many countries have also taken measures to encourage the expansion of private pension provision. The trend throughout the European Union from state sponsored, pay-as-you-go pension schemes towards occupational and private pension schemes may mean a more discriminatory future environment for women in the EU (Hutton 1998, Ginn and Arber 1999, Ginn et al. 2001). There is a risk that these changes make pension systems less advantageous for women in the future.

Many European countries have recognized the problem of linking benefits to past earnings and employment history and have succeeded in reducing gender inequality in old age to some degree by adding 'women-friendly' provisions to mandatory schemes. However, with respect to labour market participation and the family responsibilities of women, there are marked differences in pension provision among European countries. The picture of these differences is rather obscure so an exploration of these issues is needed.

FRAMEWORKS FOR COMPARING PENSION PROVISION FROM A GENDER PERSPECTIVE

Pension provision through state, market and family

Differences in pension provision between nations cannot be explained without paying attention to the way welfare states are institutionalised in Europe. Comparative analyses on the origins and development of modern welfare states have flourished over the past two to three decades. Recent studies markedly build on the well-known work of Esping-Andersen (1990). The three regime types, liberal, conservative and social democratic, are based on a clustering of countries along three dimensions of variability, state-market relations, stratification and social rights. The key issue in the analyses of Esping-Andersen is the principle of social rights. Social rights permit people to make their living independent of pure market forces. The more extensive the coverage of the benefits designated as social rights and the higher the level of benefit is, the smaller the dependency of the labour force on the market. The concept of social rights has, thus, been defined in relation to labour market dependence and is referred to as decommodification by Esping-Andersen. The level of decommodification provided by the welfare state depends on the stringency of eligibility rules, on the level of income replacement and on the range of entitlements. In sum, a highly decommodifying welfare state is one which grants benefits irrespective of the claimant's fulfilment of given conditions, such as the record of paid contributions.

There appears to be a clear coincidence of high decommodification and strong universalism in the Scandinavian welfare states, whereas the continental European countries group closely together as corporatist, conservative countries, and are modestly decommodifying. In social democratic and conservative regimes, all citizens are under the umbrella of state provision, but the former states are universalistic, egalitarian, and provide significant public services and decommodification of labour (alternatives to participation in the labour market), while the latter preserve status and class differentials, offer few public services, and condition benefits on employment. The direct influence of the state is restricted to the provision of income maintenance benefits related to occupational status. A distinctive characteristic of the conservative regime is the principle of subsidiarity. The state will only interfere when the family's capacity to serve its members is exhausted.

Furthermore, in the social democratic welfare states, women – regardless of whether they have children or not – are encouraged to participate in the labour market. Whereas, in the conservative welfare states, labour market participation by married women is discouraged because this regime type is committed to the preservation of traditional family structures.

The third regime type, the liberal welfare state, is characterized by low decommodification and strong individualistic self-reliance and the primacy of the market. Within this type of welfare state, there is little redistribution of incomes and the realm of social rights is rather limited. Liberal regimes promote market provision of services, encourage dualism between the majority of market-reliant citizens and those who rely on public provision, and offer few alternatives to participating in the market.

Esping-Andersen's welfare state typology inspired fruitful research. Several authors have reconceptualized institutional structures of welfare states and have formed divergent typologies. A crucial reason for reconceptualization is a criticism that the gender-dimension is neglected in the typology of Esping-Andersen (Arts and Gelissen 2002). It is argued that a systematic discussion of the family's place in the provision of welfare and care is lacking. Not only the state and the market provide welfare, but also families. According to many authors, it is the gender division of paid and unpaid work – especially care and domestic work - that needs incorporating in the typology (Orloff 1993, O'Connor et al. 1999). A large body of comparative research has developed over the 1990s, showing that welfare policies of all kinds are shaped by gender relations, and in turn affect gender relations and gender differences in living conditions (den Dulk and Remery 1997, Ginn et al. 2001, Gornick et al. 1997, Trifiletti 1999, van Doorne-Huiskes et al. 1998?, Anttonen and Sipilä 1996). However, the finding of many comparative analyses on gender and the welfare state is that regimes seldom fully explain gender differences in labour force participation and the institutional heterogeneity of the welfare state strategies adopted by different countries.

In this paper, we analyse pension rights in the national pension schemes of the EU from a gender perspective by using the mainstream regime-type framework based on the work of Esping-Andersen. Instead of a three-fold regime typology we use a four-fold version. In the Mediterranean countries the family institutions, welfare states and labour market participation of women differ from those of continental European countries in such marked ways that the separation of these countries into a southern European regime is justified (Ferrera 1996, Trifiletti 1999, Anttonen and Sipilä 1996). Familialist welfare structures are most powerful in southern Europe and, for example, support for mothers' employment is clearly the lowest. Therefore, in this working paper the Southern European countries are separated into a divergent regime from the continental conservative regime.

An important aspect of pension benefits is the extent to which they allow individual claims for benefits or 'familise' recipients through derived benefits or household means testing. Individual pension rights refer to a person's own insurance record or residence-based rights and derived rights are based on a spouse's insurance record. From the gender perspective, we examine how policy makers have responded in pension policy to challenges due to changes in the gender division of labour and the reshaping of the family institution.

TRENDS IN FAMILY FORMATION AND WOMEN'S EMPLOYMENT

Demographic changes in family formation issue a challenge to pension provision based on derived pension rights and on the traditional family institution. Legal marriage has lost its weight as the only socially recognized family form in Western societies. Due to an increasing number of divorces, more people are living as singles and single parents. Also "serial monogamy" has become more widespread, i.e. people marry for the second and third time. In spite of this, there is a general trend towards decreasing marriage rates (Hatland 2001, see appendix table 1). Furthermore, new family forms have emerged as alternatives to marriage. Cohabiting, especially among young couples, has become a common alternative to marriage. A relevant question here is how pension schemes in the EU countries have responded to these new needs and risks patterns.

Due to women's increased economic activity outside the home, marriage is no longer a financial necessity for European women, even in the case of pregnancy. An obvious indicator for this is the number of extra-marital births that have increased rapidly during recent decades. This trend is seen to some extent in all EU countries: in 1980 every tenth child was born outside marriage and by 2000 it was already over every forth. The highest figures are seen in the Nordic countries and also in France and in the United Kingdom (40–55%), and the lowest in Italy (10%) and Greece (4%) (Statistics in focus, theme 3, 17/2002). Although parents often enter into marriage after childbirth, statistics do not indicate the number of these marriages.

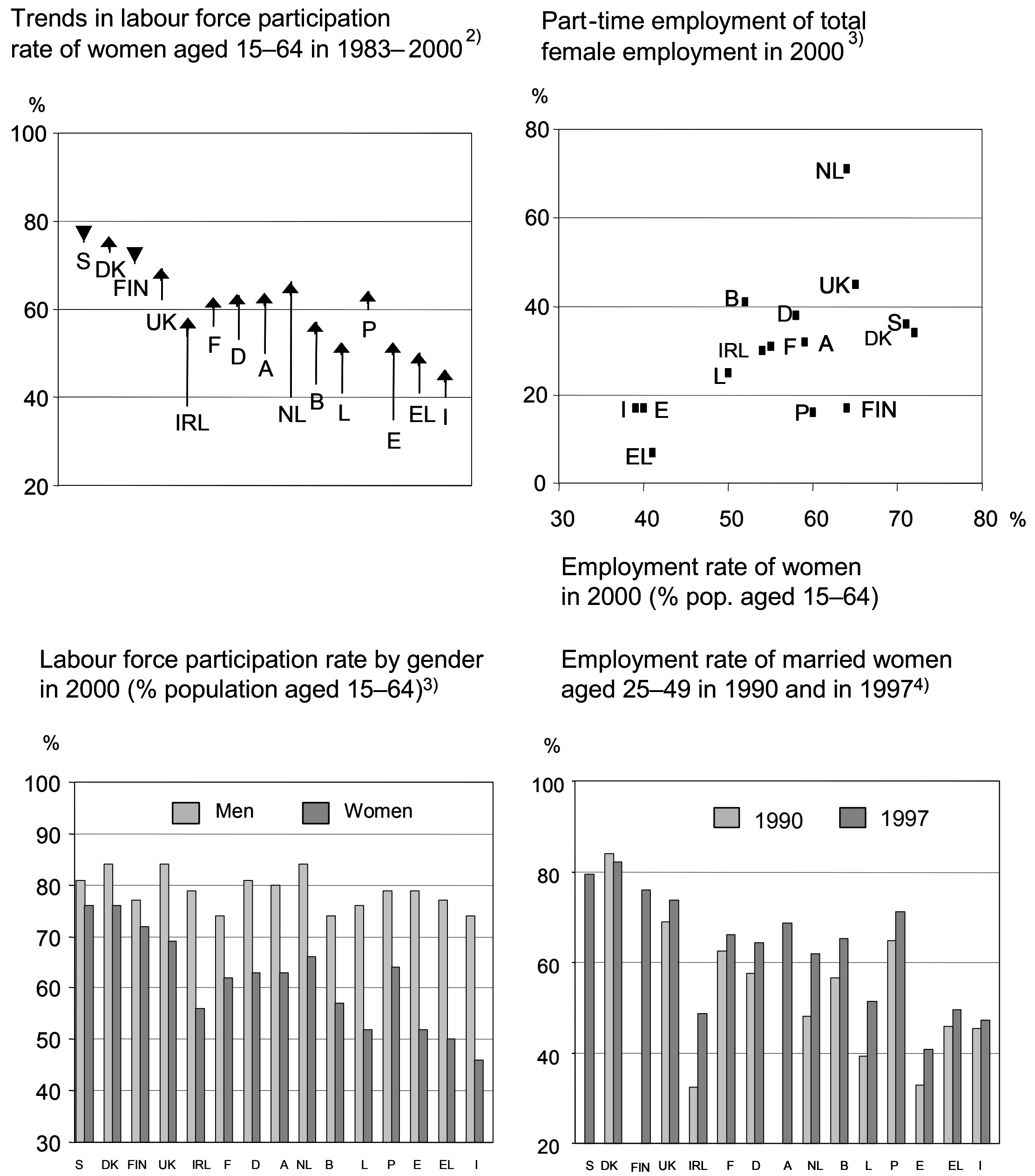
Clearly, there are noteworthy differences in the traditional family institution between countries in the EU. Legal marriage has preserved its status quite well in southern Europe. In the Mediterranean countries, extra-marital births are rather rare and divorce rates are low in comparison to the Nordic countries and also to many other continental countries. In spite of the strong position of legal marriage, there has been a drastic decreasing trend in fertility rates in southern Europe (appendix table 1). Paradoxically, familialist welfare of the Mediterranean countries is a major cause of low fertility rates. An important driving force behind this trend lies in the increased difficulties young adults face in starting a family. These difficulties are more and more related to high youth unemployment rates. Family formation has been postponed by a couple of years in all European countries due to longer time spent in education and then in search of stable employment. However, a recent trend has been that higher fertility rates go together with high female employment (Esping-Andersen et al. 2002, 16, 63–67). Today, childcare responsibilities are not obstacles to women's paid work outside the home as much as before.

The data in figure 1 indicate a well-known phenomenon that one of the most profound changes during recent decades has been women's increased economic activity. Since the 1980s, the activity rate of women has increased over ten percentage points in the EU at the same time as the activity rate of men, due to early retirement, has decreased nearly as much. Thus, there has been a tendency towards convergence in the labour market participation of women and men.

Still, the activity rates of women in comparison to men are lower in every EU country (figure 1). While it is tempting to speak of a converging trend towards higher levels of female employment across the EU, substantial differences in participation remain. The Nordic countries have held a leading position in women's employment rates in spite of the decreasing rates during the 1990s. The incentives to register in the labour force declined due to a recession. Especially in Finland, employment rates stayed at a lower level than ten years ago (see appendix figure 1). Nevertheless, there are no signs that families have returned to the house-wife and one-breadwinner model. In the Nordic countries, female employment rates still come closest to their male counterparts.

With respect to continental vs. southern European welfare states, there are clear differences in the economic activity of women. In 2000, the female labour force participation rates in the Mediterranean countries were clearly behind the EU average of 60 percent. However, Portugal constitutes an exception in the southern European regime. The employment rate of Portuguese women is closer to the countries of the continental regime, where the female labour force rates are near the average of the EU (except in Luxembourg). It is worth emphasizing that there has been a great deal of dynamism in female employment also in the southern European countries (see appendix figure 1). Women have continuously increased their participation in the labour market, although the institutional arrangements have not been especially conducive to female employment.

Between the Anglo-Saxon welfare states, Ireland and the United Kingdom, there are marked differences in activity rates and also in age-specific employment rates (see appendix figure 1). In the United Kingdom, a high level of



1) A= Austria, B= Belgium, D= Germany, DK= Denmark, E= Spain, EL= Greece, F= France, FIN= Finland, I= Italy, IR= Ireland, L= Luxembourg, NL=The Netherlands, P= Portugal, S= Sweden, UK= United Kingdom.
2) Source: OECD Employment Outlook 1997 and 2001
3) Source: OECD Employment Outlook 2001, Employment in Europe 2001
4) Source: Labour Force Survey 1990 and 1997 in the EU countries. The data of Sweden, Finland and Austria are not available from 1990.

Figure 1. Features of female labour market participation in the EU countries[1)]

female employment is associated with a large service sector. Labour market deregulation has led to a rapid growth of part-time jobs, especially for women, under relatively unfavourable conditions (Esping-Andersen et al. 2002). The activity rate of Irish women is still low, and close to the southern European counterparts.

Clearly, motherhood's effect on economic activity varies considerably from one country to another, although the integration of women of childbearing age to the labour market has increased generally (see appendix figure 1). This is also seen above in figure 1. Employment rates for married women aged 25–49 has increased dramatically in many countries (Ireland, the Netherlands, Germany, Belgium, Luxembourg, Portugal and Spain). Female activity rates generally fall as the number of children increases, although the exact effect varies considerably among Member States. In Finland, for example, the number of children makes little difference to the employment rate of women, though this does not concern women with children under 5 years. On the other hand, in Germany, Ireland, Luxembourg, the Netherlands and the United Kingdom, employment rates for women with at least one child are markedly lower than for those with no children. Also the age of the child makes a difference in these countries (Employment Rates Report 1998, Windebank 1996).

Due to marriage and motherhood, women face employment interruptions, which cause working career and wage penalties. For women with childcare responsibilities, full interruption in paid work has dramatic effects on lifelong earnings and, accordingly, on pension accrual. As a rule of thumb, if a full-time worker interrupts her career for a 5-year interim, she will forego 1.5–2 percentage points per annum in potential lifetime earnings. This massive loss would, however, decline to only 0.5 percent per year if the same woman were to remain employed on a part-time basis for the same 5 years (Esping-Andersen et al. 2002, 78–80). For women with childcare responsibilities, a continuity of the working career is crucial in avoiding wage penalties.

In the European countries, the share of part-time employment of total female employment varies significantly. The variation is huge between countries, from 7 to 71 per cent in Greece and the Netherlands respectively. There seems to be a clear correlation in that the higher the female employment rate, the higher the proportion of women in part-time jobs is (figure 1). Here, the Nordic countries and especially Finland seem to be the exceptions to the rule. Also in Portugal, in spite of a high female employment rate, the share of part-time work is low. So in this respect it remains a southern European country.

A well-known phenomenon is that part-time work – which usually means working weeks of less than 31 hours – is often associated with poorer working conditions, job insecurity and lack of fringe benefits, as well as lower hourly pay. Recent comparative research has indicated that where hours are longer, part-time employment is less strongly linked to low pay, low occupational status and poor long-term prospects. Furthermore, part-time work of women tends to be in the prime earnings years when opportunities for wage gains are highest (Ginn et al. 2001). Although a motherhood effect on women's lifetime earnings and, accordingly, pension accrual varies considerably from one country to another, this has an adverse effect on women's pension accrual, to some extent, in every country.

Over recent decades, remarkable changes can be seen in the average time spent in the labour force both among women and men[1] (table 1). Since the beginning of the 1980s, the average time in work has shortened generally by a couple of years for men. The only exception is the Netherlands, where the average years have increased. At the same time, the average working career of women has become considerably longer. The lengthening is especially remarkable in the Netherlands, Ireland, Spain, and also in Germany, Belgium and Greece.

With respect to pension policy objectives concerning the modernization of pension schemes in the EU, the challenges to the national policy vary considerably. There are countries where the average years in the labour force during the life course are almost as long for both genders (the Nordic countries). On the other hand, there are countries where the length of female working careers is about two thirds of that of men and a familialist welfare model is strong (Ireland, Luxembourg, the southern European countries except Portugal). These marked differences produce differences in needs and risks patterns, which are important in the context of evaluation of pension schemes at a national level.

In European societies, the average age of exit from the labour market is lower for women than for men (table 1). Hence, the average years of drawing a pension after leaving the labour force are longer for women than for men[2]. In addition, differences in life expectancy favouring women generally make the pension period considerably longer for women than for men. Women's contribution time in relation to the pension period is especially disproportional in

1 It is worth noticing that these calculations are based on the activity rates at a certain cross-section date (cf. Palmer 1999, 463).

2 Here, it is worth noticing that the average exit age is not necessarily the average age of retirement. Furthermore, this method of calculating the average age does not take into account early retirement before the age of 55 years (cf. Palmer 1999, 463).

countries where female economic activity is low. In the southern European countries (Greece, Spain and Italy), for example, the average pension period is longer than the time spent in the labour market: during the life course, the pension period is over 100 per cent of the average years in work. Accordingly, the same ratio for Nordic women is about 60–70 per cent, and for men generally 50–60 per cent. The huge disproportion between the contribution time and the pension period indicates pressures on financing the pension expenditure especially in defined benefit schemes.

Table 1. Average years in the labour force[1)], average age of exit[2)] and average pension period from age of exit[3)] in 2000.

	Years in labour force 1983 1)	Years in labour force 2000 1)	Change 1983/-00, years	Age of exit 2)	Pension period 3)	Pension period/ aver. work years
			MEN			
EU 15	-	38,5	-	60,3	20,3	.52
Sweden	42,8	39,8	-3,0	62,3	18,9	.47
Denmark	41,8	41,4	-0,4	61,5	18,2	.44
Finland	39,6	37,1	-2,5	59,8	20,2	.54
United Kingdom	43,8	41,3	-2,5	61,3	18,8	.46
Ireland	42,9	39,7	-3,2	61,5	17,6	.44
France	39,2	35,7	-3,5	59,2	22,1	.62
Germany	40,7	40,0	-0,7	60,5	19,7	.49
Austria	-	38,6	-	59,5	20,9	.54
The Netherlands	38,3	40,6	+2,3	60,1	19,9	.49
Belgium	38,0	35,1	-2,9	58,6	21,6	.62
Luxembourg	38,7	35,9	-2,8	58,9	20,9	.58
Portugal	43,4	39,4	-4,0	61,5	17,9	.45
Spain	42,3	39,2	-3,1	61,0	20,0	.51
Greece	40,7	38,1	-2,6	60,7	20,8	.55
Italy	39,7	35,6	-4,1	59,2	21,6	.61
			WOMEN			
EU 15	-	29,2	-	58,1	26,3	.90
Sweden	38,6	37,4	-1,2	61,6	23,3	.73
Denmark	35,6	37,0	+1,4	59,9	23,1	.62
Finland	35,8	35,1	-0,7	59,5	24,4	.70
United Kingdom	30,5	33,7	+3,2	59,3	24,1	.72
Ireland	17.1	27,0	+9,9	57,8	24,7	.91
France	27,5	29,4	+1,9	58,3	27,4	.93
Germany	25,6	31,2	+5,6	58,4	25,5	.82
Austria	-	30,1	-	56,9	27,2	.90
The Netherlands	19,1	31,6	+12,5	57,6	26,6	.84
Belgium	21,6	26,8	+5,2	56,6	27,8	1.04
Luxembourg	19,5	24,2	+4,7	56,7	27,3	1.13
Portugal	27,7	31,6	+3,9	59,3	23,6	.75
Spain	16,6	25,3	+8,7	57,3	27,6	1.09
Greece	19,3	24,6	+5,3	57,6	26,4	1.07
Italy	19,5	22,4	+2,9	56,6	28,0	1.25

1) Average years in the labour force are based on labour force participation rates of the population aged 15–24, 25–54 and 55–64 in 1983 and in 2000.

2) The average age of exit is calculated as 55 + the average number of years in the labour force for persons aged 55–64 according to Labour Force Statistics 2000.

3) Average pension period= life expectancy at age 65 plus average years outside the labour force between ages 55–64, according to Labour Force Statistics 2000.

Source: OECD Employment Outlook 1997 and 2001, Demographic statistics 1999, Eurostat.

PENSION POLICY RESPONSES TO THE CHANGING DIVISION OF LABOUR

Changes in minimum pension provision

In the EU women represent the majority of older people – nearly 60% of people aged over 65 and almost two thirds of those aged over 75 (COM(2002),85). The oldest pensioners again tend to be more at risk from poverty than younger ones (COM(2002),28). This may be due to several factors. Older women have earned lower pension entitlements because of their lower labour market participation rates (see figure 1). There are probably also more widows without sufficient survivors' pensions in these cohorts (COM(2002),28). Inflation may also have eroded the purchasing power of an individual pension benefit.

Although, in the future, most women will have their own earnings-related pensions complementing the minimum pension and diminishing the risk of poverty, minimum pensions will probably play a bigger role in women's pension provision than it does in that of men for a long time to come. This is indicated by women's still shorter working careers (see table 1). Changes in these pensions are thus interesting from a gender perspective.

The level of the minimum pension today is rather modest in most European countries, although the variation between the countries is large (see table 3 in the appendix). The figures compare poorly, however, because there are various kinds of other benefits, which may have a considerable effect on the minimum guarantee provided by the state in different countries. The adjustment of these pensions is usually linked to a consumer price index or it is made on an ad hoc basis (Laitinen-Kuikka et al. 2002). In many countries this means that the longer the period of retirement the more the pension will lag behind the general increase in the wealth of the society. As can be seen from table 1, the retirement periods of women are longer than those of men. The adjustment method is thus especially important to them.

The main difference between the welfare state regimes in the way of organizing minimum protection in old age has been the extent of universality vs. means testing as eligibility criteria. While these pensions used to be extensively universal in the Nordic countries, in the continental countries they were strictly means-tested, with the exception of the minimum pensions paid in the earnings-related schemes. In the United Kingdom the statutory minimum pension is dependent on the contribution record of the beneficiary, although women can receive a pension based on the contribution record of their husband, ex-husband or late husband (Laitinen-Kuikka et al. 2002, 73-74). The eligibility criteria have been changed lately in a way which seems to diminish the differences between the regimes.

In all Nordic countries the minimum pension is residence-based. The amount of the pension was, however, made dependent on the years of residence in Finland and Sweden, when these countries applied for EU membership. In Denmark this had been made earlier. This change may affect pension provision for immigrants, especially women with many children.

Another reform, which can be considered more principal, was made in the minimum pensions in Finland and Sweden during the 1990s. In both countries the whole amount of the minimum pension was made dependent on the amount of the employment-based pension, so that persons with a moderate employment-based pension receive no minimum pension at all. Previously a basic amount of the minimum pension was paid to all residents. As the minimum pension in the Nordic countries has been considered an example of "exit out of work" policy it seems that these reforms have diminished the decommodification nature of Swedish and Finnish pension provision. This is strengthened by the fact that the amount of the minimum pension is rather low and lags behind the earnings-related pension because the adjustments of the pension follow the consumer price index only.

Denmark still represents the Nordic regime well in respect of the minimum pension. A basic amount of the pension is paid to all retired residents irrespective of other income. The pension system in the Netherlands resembles the Danish system and differs from other continental countries. In both countries the replacement rate of the minimum pension is also higher than in other Member States (see table 3 in the appendix). These pensions are financed by tax revenues and thus constitute an element of solidarity among the pensioners and between the generations. This solidarity benefits women with short careers due to child rearing and women with low incomes. Each year of employment accrues employment-related pension rights in addition to this basic pension because the amount of the pension is not diminished by other pension income. (Laitinen-Kuikka et al. 2002.)

In most continental and southern European Member States the minimum pension is paid from social assistance and is dependent on the whole family income. In Austria and Luxembourg there is no special minimum pension but a general guaranteed minimum income could be paid to those without sufficient means in old age. This was previously the case also in Germany, but since the pension reform of 2001, a special social assistance benefit is payable to low-income pensioners. This benefit need not be repaid by the beneficiary or by the relatives, as general minimum income. From a gender perspective the difference compared to the Nordic countries and the Netherlands is that the whole family income is considered in the means test. The lack of an individual right to the benefit often means that wives remain economically dependent on their husbands.

In these countries a minimum pension is also often combined to the earnings-related pension and is eligible to those having contributed for a minimum period, which is often quite long. This minimum amount helps working women with low incomes, part-time employment etc. to accrue a moderate earnings-related pension. Because of the length of the contribution period needed, it may, however, be difficult for many women to become eligible or accrue the full amount of this minimum. If credited insurance periods are taken into account in this eligibility criterion, as in Germany, it will be easier for women to fulfill it.

In the United Kingdom the minimum income of the poorest old persons was markedly improved in 1999, when a minimum income guarantee was introduced. A Pension Credit replaced it in 2003. This social assistance benefit can be paid to people aged 60 or over. It will entitle single persons to an income of at least £102.10 per week (couples £155.80). The income test is less severe than before, meaning that this benefit is estimated to reach nearly half of all couples over age 60 (Council of the European Union 2003, 109). It reflects not only the generosity of the benefit but also the low level of pensions in the UK.

It is interesting to note that in Germany and in the UK, where minimum income guarantee for the elderly has lately been improved, it has been made through the general income support system, which has usually been considered more stigmatizing than social security benefits. In Germany minimum social security pension provision was strongly demanded by some political groups, but it could not be agreed on. As the minimum benefits are usually financed by taxes regardless of the institutional organization of them, the channel of payment seems to be more a question of principle. The social security coordination rules in the EU may also affect the solutions, because social assistance benefits are not transferable from one country to another. It may also be due to "path dependency"; being means-tested they may be easier to govern by offices used to paying this kind of benefit . From the point of view of the beneficiaries, mostly women, it would be important to know how much stigma is still connected to receiving these benefits.

To summarize, it seems that minimum pension provision in the EU countries, representing different welfare state regimes, has converged somewhat. While in some of the Nordic countries the universality of these benefits has diminished, a broadening of the coverage has occurred in some of the continental countries. As the level of these benefits has been improved in many continental countries as well as in the UK, there is still more convergence in the amount of the benefits, irrespective of the institutional organization of them. This is not to say that the way of organizing would not be important. The economic independence given by these benefits to older persons, especially women, remains highest in the Nordic countries and the Netherlands. Also the stigma connected to receiving these benefits can be expected to be lower or non-existent in the residence-based schemes.

Trends in statutory earnings-related pension schemes

In most EU countries the statutory earnings- or employment-related pensions constitute the main source of income for pensioner families. With the exception of Denmark, this is the case also in the Nordic Member States. In the Nordic countries, earnings-related pension entitlements are individual in the same way as entitlement to the universal minimum pensions. At the other end of the individual – derived rights axis are those continental and Anglo-Saxon countries, where a spouse supplement is added to the breadwinner's pension if the spouse has no own pension income. These kinds of higher benefits are paid e.g. in Belgium, where there are two different accrual rates depending on whether the beneficiary has an economically dependent spouse or not. A supplement to the breadwinner's pension may be paid also in Ireland, the UK and France, and in the old Greek pension scheme (Laitinen-Kuikka et al. 2002). These supplements benefit families in which the wives have worked at home for the whole or most of their working age rearing children and as housekeepers. Because these kinds of careers are becoming rare, the supplements are losing their importance. In some countries they have already been abolished. From an equality perspective this can be considered to be a positive development.

In the UK the wife of a retired husband may apply for a basic pension based partly or totally on the insurance record of her husband. Also the divorced or widowed wife has this right if she has not remarried. These pensions are paid directly to the wives, and are therefore more individual than the supplements mentioned above. Because the child-rearing years are also generously credited in the individual basic pension accrual of women, this derived pension possibility benefits mostly those women who have stayed out of the labour market for most of their lives. These features in UK pension provision seem to contradict our typology, where liberal welfare state regimes consider women primarily as workers and not as wives and mothers. However, this possibility is related only to flat-rate basic pensions. The level of the state pensions, the basic pension and the earnings-related pension together, seems not to support the breadwinner model of pension provision. It is rather low compared to continental and Scandinavian statutory pension provision.

In southern European countries the minimum insurance period for entitlement to the statutory earnings-related pension is long, 15 years in other countries except Italy, where 5 years are required in the new scheme (see table 3 in the appendix). Child rearing is compensated for in the pension scheme only minimally (see table 4 in the appendix). These features of the system seem to support the one breadwinner family model strongly. The lack of institutional care for children further accelerates this. On the other hand, the levels of state earnings-related pensions are rather high compared to other European countries because they are meant to support both spouses in old age. These pension systems seem to reflect the labour market reality in these countries. As the labour market participation rate of women is also increasing in these countries, it becomes important that pension systems are modernised in a way, which takes this into account.

In many countries tightening of the connection between the contributions paid and benefits accrued can be seen in the earnings-related pension schemes, which have earlier been more of a final salary type. Periods on which pensions are calculated have been lengthened, for example, in France and in Finland. In Finland earnings-related pensions of private-sector employees will be based on the total career earnings as of 2005 instead of the 10 last years in each employment as now.

In Sweden and Italy more profound reforms have been made. The reformed state old-age pension schemes in these countries are called "notional defined contribution schemes" (NDC). They are called "notional" because the contribution, or most of it, is not funded as in "real" defined contribution schemes; only notional accounts have been established for all insured persons. However, the main principle is the same: the contribution is fixed and the amount of the pension varies depending, among other things, on the life expectancy of the cohorts in pensionable age. In these schemes the average increase in life expectancy of both women and men is used when determining the amount of the pension. This is because the schemes are part of the state social security system, which is based on the principle of solidarity.

In these schemes the connection between career earnings and the amount of the pension is very clear. It may, however, be relaxed by credits admitted for certain unpaid periods such as unemployment, sickness, disability and care of children or a disabled family member (see table 4). Also years for which a student allowance is paid may be credited. All these periods are made up in Sweden. In Italy the compensation of unpaid periods is much more limited. This shows that the same basic model can reflect differences in various welfare regimes.

As the example of Sweden shows, notional defined contribution schemes can combine the "workfare" principle and individual responsibility with the principle of solidarity in a new and interesting way. However, in this kind of scheme the responsibility of the state has been fixed in advance and the individuals have to bear the risk of unknown changes, like increases in life expectancy, higher than expected financial burdens on the system etc. These are very difficult for individuals to evaluate. The younger you are the more difficult it is, because so many years are left until retirement. Yet decisions concerning e.g. additional retirement savings must be made long before retirement. This uncertainty may increase the perceived need for private savings. Thus, emphasizing the responsibility of the individual instead of society may in the long run diminish the solidarity between individuals concerning pension provision.

In Sweden a small part of the pension contribution is funded by private funds and thus forms a "real" defined contribution pension. For these funds no minimum return requirement is set. The individual may choose the funds into which his or her contributions are invested and they also bear the investment risk themselves. This further accelerates the own responsibility principle.

When the connection of contributions and benefits is tightened, it is important from women's point of view that unpaid periods of care are credited in one form or another. In the next section we will look closer at the changes made in different countries in this respect.

Compensating for unpaid periods

In countries like Denmark and the Netherlands where residence-based basic pensions are generous, these pensions can be considered to moderately compensate for the losses of earnings-related pension benefits due to caring responsibilities. But in countries where the residence-based pension is diminished by the earnings- or employment-related pension and in countries where no residence-based pension exists, it is important that caring responsibilities are compensated for in some other way. Pension crediting, as mentioned above, is the most common way of doing this. It promotes the individualisation of pension provision in contrast to the spouse supplements or derived rights described earlier. It can also be applied in a gender-neutral way, which gives parents better possibilities to choose how they want to organise childcare and possible care of their sick or aged relatives. This neutrality may enhance a more equal division of paid and unpaid work between the sexes and thus alter attitudes towards caring work also in the labour market. To be neutral the compensation must be high enough. Otherwise it will not be a real alternative to men, who most often are the higher earners in the family. Even if it were added to the expenses of pension systems in some countries, the result might be a positive balance in labour market participation rates.

Details of crediting unpaid periods in different countries are described in table 4 in the appendix. These benefits have been improved during the last decade in many EU Member States, e.g. in Germany, Austria, Belgium, Sweden and quite recently in Finland too. The latest lengthening of credited periods for childcare in Germany was prompted by the effort to encourage the labour force participation of women. If the pension rules are very strict and a moderate pension difficult to reach, there are no incentives for women to return to the labour market after the first child is born. In Germany and Belgium particular effort has lately been made also in pension systems to encourage part-time work connected to part-time caring. In Germany pensionable incomes of parents, who work part-time because of rearing children younger than 10 years, have been increased by 50 percents. In Belgium a parent of a child younger than 6 years can be credited for three years of full-time leave or one year of full-time leave and four years of part-time leave.

It is important to note that in continental countries credited periods are often also included in the insurance period requirement for the entitlement to a pension and the special insurance period requirement for the entitlement to a minimum pension. For example, in Germany a small pension can be paid solely based on credited periods of childcare. Credits thus loosen considerably the tie between the employment and the right to and amount of a pension both for men and women. This has often been left unnoticed when pension provision in these countries has been examined.

Southern European countries differ from other continental countries. In Portugal and Greece only the maternity allowance period of a few months is credited. Even in the new Italian scheme, in addition to the maternity period, only ten months of care of a child is compensated to those women who retire before the age of 65. This means that childcare periods may diminish the pension of many mothers.

Policy responses in survivors' pensions

Survivors' pension benefits have been undergoing restructure during the last decade in many European countries. A trend towards gender neutrality and means testing has been obvious. The right to a surviving spouse's pension has been extended to men, and simultaneously the eligibility rules for the pension have been tightened to avoid the increase in pension expenditure.

In some countries the reform of the survivors' pension has been profound. For example, in Sweden the main principle after the amendment of the law in 1990 is that a surviving spouse's pension is paid to the spouse only for ten months or until the youngest child is 12 years old. It is called an adjustment pension. A special pension may be paid to those unable to earn their living by work. The principle that earnings-related pension schemes compensate for lost earnings has thus been remarkably weakened.

In Finland this change towards gender neutrality and a compensatory role of the surviving spouse's pension was carried out by a pension adjustment rule. Since 1990 the surviving spouse's own accrued earnings-related pension diminishes the widow's/ widower's pension through a certain formula. The effects of the pension adjustment are generally smaller on widows' than on widowers' benefits due to the gender differences in individual earnings-related pensions. Thus, pension adjustment in the surviving spouse's pension also levels out pension differences caused by childcare responsibilities.

In the Netherlands the residence-based survivors' pension became means-tested in 1996. Also other eligibility criteria were tightened. At the same time the coverage was extended to non-married couples and couples of the same sex. In 1998 the income-test was extended to pensions which had started before 1996.

The survivors' pension was also amended in Germany in connection with the large pension reform in 2001. The so-called small surviving spouse's pension, which is awarded to widows or widowers that are younger than 45, are not disabled or have no children under age 18, became time-limited to two years. In this context old age pension splitting was made available as an alternative to a widow or widower's pension. This splitting happens when one or both of the spouses retire. Part of the pension rights accrued during the marriage to the spouse with a higher income is transferred to the insurance record of the other. After this splitting no widow's/widower's pension is payable to the couple. Pension splitting benefits those who have their own income, which would diminish their survivors' pension. It thus promotes the individualization of pension rights.

In the UK men became eligible for a widower's pension only in 2001. The amount of the earnings-related surviving spouse's pension will gradually be reduced by half (Laitinen-Kuikka et al. 2002).

Reforms in survivors' pensions have thus been made in countries representing all different welfare state regimes. One difference remains after these changes, however. In continental and Mediterranean countries the insurance more often covers a large family, so that, not only spouses, ex-spouses and children, but also other near relatives, such as parents, grandchildren, siblings etc., may receive the pension if they were economically dependent on the deceased. This reflects the "familialist" structure of these welfare states.

Efforts to enhance occupational and personal pension provision

In all EU countries some effort has been made to limit the increase in public pension expenditure in the coming decades. These efforts have often been combined with reforms in legislation regulating occupational and personal private pensions. The aim of these reforms has been to make these pensions more reliable and affordable to the employees and economically interesting to organize on the part of employers. Extended second and third pillar pension provision would thus compensate for the impairments in public pensions. This was the explicit aim e.g. of the German government in the pension reform of 2001.

At the same time there has been a global trend to transform occupational defined benefit schemes to defined contribution schemes. The major reason for this has been that it is easier for the employer to evaluate future pension expenditure when the contributions are fixed. This again has become more important because life expectancy has continued to increase.

In defined contribution schemes the amount of the contribution is fixed and the amount of the pension benefit depends on the amount of contributions paid during the whole career increased by the returns received on them during funding and diminished by administration costs. When these savings are transformed into a monthly pension, they are divided by the expected period of payment. Women having longer life expectancy thus receive a smaller monthly pension than men if unisex tariffs are not used. This again is seldom the case in company or private pensions. It is of course possible to stipulate a law which makes it mandatory; this has lately happened in the Netherlands (COM(2002),90).

Defined contribution pensions are strictly connected to contribution payments and thus to employment. Contributions are paid from the salary and directly reflect the amount of the total career earnings. This is a feature disadvantageous to women with children. A feature common to all funded defined contribution schemes is that the liability of the adequacy of the pension is transferred to the individual employee. If no minimum return requirement is set, as is usually the case, periods of low returns may lead to unexpected losses in the pensions. This is currently the case in the USA, where these kinds of labour market and private pensions are common.

Coverage of occupational pension schemes varies from 7 to 90 per cent of the working population in the EU countries (see table 2 in appendix). There are also big differences in coverage between different sectors. Some companies require many years of employment before the employee will qualify as a member of a supplementary pension scheme and she or he may lose accrued pension rights if she/he resigns before retirement age. Also the adjustment methods of pensions are often weaker than in statutory schemes. For women with children these kinds of schemes are especially disadvantageous compared to statutory pensions.

Coverage is higher in countries where labour market organizations have established such schemes. Labour market schemes are common in Sweden, Denmark, France, the Netherlands and Greece and are also becoming more popular in Germany after the pension reform. Efforts to enhance them can be seen in Belgium, Italy, Spain and Portugal as well. In the first-mentioned countries the coverage is high because these schemes are often mandatory to all employers and employees in the sector concerned. The larger the scheme the more it can benefit from economies of scale. In defined contribution schemes this is reflected in the administrative costs, which are easier to keep low in large schemes. The size of these costs directly affects the amount of the benefits. It may also be easier to connect features of solidarity, such as unisex tariffs, to large schemes, where pension agreements are negotiated between strong partners and contributors are many.

In both Anglo-Saxon EU countries the possibilities of accruing a voluntary individual supplementary pension have been advanced in recent years. In the UK a *stakeholder pension scheme* has been established especially for low and middle-income earners. The maximum amount of administrative costs in this scheme is fixed and it is supported through the tax system. This is a liberal welfare state way to promote adequacy of pension provision.

Occupational pensions and personal savings can also be combined so that the labour market partners administer a fund into which contributions are paid both by employers and employees. The new German labour market schemes are an example of this kind of mix. Although women are more often disadvantaged by these schemes than by state pension provision, e.g. because employers seldom have an interest in compensating for unpaid periods of childcare, they may give families more flexibility in division of labour at home and outside. It is possible to continue paying contributions to these schemes also during childcare or elderly care periods and such decision might be easier for families to make than to take a private pension insurance.

In Germany a voluntary personal pension savings scheme was also established in 2001. People are encouraged to pay contributions to a pension fund by tax advantages, which favor low- and middle-income families.

Pensions splitting as one solution to the equality problem

The diminished meaning of marriage as a lifelong contract makes reliance on a husband for an income in later life an ever more risky strategy for women. Increases in divorce, lone parenthood, remarriage and step-parenthood are unlikely to reverse. For those women who have not had the possibility to accrue individual pension rights, other mechanisms to compensate for the losses due to childcare responsibilities are needed. Splitting the pension rights between the spouses is one strategy to settle this problem. It is also a gender-neutral and more or less cost-neutral way of doing it. It has been used e.g. in Germany, the Netherlands and Switzerland. In all these countries it is mandatory. In Germany the spouse with better pension accrual during the marriage can compensate this in some other way too.

In the UK splitting of pension rights accrued during the marriage was made in principle mandatory at the end of the 1990s. Also there spouses can agree on some other way of compensation. The splitting concerns both statutory earnings-related and private pensions and is important especially for women with long unpaid periods of childcare. The importance of splitting is further accentuated in the UK by the fact that the level of statutory pensions has been low and occupational and personal pensions are diminished by career breaks. The traditional family model has also been common, but the divorce rate is still high.

Splitting of pension rights during the marriage has been made possible in Germany, as mentioned earlier, and in Sweden for part of the statutory premium pension. In the latter case pension rights can be transferred to the spouse annually. Outside the EU a very modern way of splitting pension rights was introduced in the statutory pension scheme of Switzerland in 1997. If both spouses are eligible for retirement pension, their incomes during the marriage added by credits paid for rearing children or relatives will be split when the amount of the pension is determined.

In spite of this positive development it is still possible in many EU countries for women who have stayed outside the labour market the greatest part of their working age because of childcare or care of elderly relatives and housekeeping to lose their pension safety net almost completely on divorce. The individualisation of pension rights therefore seems to be by far the best way to protect the adequacy of the pension provision of women.

CONCLUSIONS

This examination indicated that there were marked differences in the phase of change concerning both the family institution, especially women's labour market participation and the responses of pension policy to these changes. The most distinct differences are seen on the north-south axis of welfare states. The change seems to have been modest in the southern European countries. Although the labour market participation rate of women has increased, it is still lower than in northern Europe and also lower than in many continental European countries. In the Mediterranean countries the traditional family institution seems to have maintained its role as a social safety net. Both the economic activity of married women and the prevalence of divorces are rather low. Those women who work mostly work full-time.

In the southern European countries changes in pension provision have also been rather modest compared to those in northern Europe. With the exception of Italy, where a comprehensive reform of the pension system has been carried out, only minor parametric reforms have been made in these countries so far. The replacement rates of breadwinner's retirement pensions are rather high and the surviving spouse's pensions still maintain a moderate level of income to widowed spouses. The final salary principle is still dominating in statutory pensions and may benefit those women who return to work after years of childcare if they have years enough to fulfill the eligibility criteria. On the other hand, childcare is credited only minimally. It thus seems that pension provision in these countries support the traditional on-off labour market participation of women. Women work either full-time or remain outside the labour market for most of their working age; the last alternative is still common. The "familialist" pension model responds rather well to pension provision needs in societies with traditional families; however, it has simultaneously a negative impact on women's search for economic independence. Low fertility rates are an outcome of the welfare policy of the Mediterranean countries.

The pressure to change the statutory pension schemes in these countries is, however, high. In the evaluation of the Commission in December 2002, all except Portugal were classified as countries where further pension reforms are needed to make them financially sustainable in the future (COM(2002)). When these reforms are made, they should respond to the actual possibilities of women to participate in the labour market.

Other continental countries seem to be in many aspects in the middle of the north-south axis. Today, women’s labour market participation is higher than in southern Europe, but clearly lower than in the Nordic countries. The durability of marriages has weakened considerably and also cohabiting and extra-marital births are less rare in the continental than in southern European welfare states.

Statutory pension schemes seem to reflect the phase of transformation to a modern welfare state in progress in these countries. There are various strategies for compensating women for unpaid caring work. Pensions’ splitting upon divorce and upon retiring is one such method, although not used very widely so far. Also derived rights, such as surviving spouse’s pensions, are still needed by elderly women. In some countries, however, surviving spouse’s pensions eligibility conditions have been tightened. A more modern way of compensating for unpaid caring work is crediting these periods to the personal insurance record of the worker. If the compensation is moderate, it may also be used by men and is thus neutral from a gender perspective. In many continental countries this possibility exists and the compensation is rather good. One way of enhancing women’s labour market participation used in some of these countries is the possibility to work part-time without losing pension accrual when the children are small. For many families in continental countries, this seems to be an ideal way to reconcile work and family in a balanced way.

In Anglo-Saxon countries, labour market participation of women has increased due to low quality jobs with low pension accrual, thus risking the adequate level of pension benefits in old age. The recent increase in the level of statutory earnings-related pensions will benefit especially low- and middle-income earners, i.e. the group most women belong to. Also the new personal pension savings scheme should make it more profitable for these women to save supplementary pension benefits. The high risk of divorce in the UK is considered in the mandatory pensions splitting upon divorce. This is an effective way to protect the equality of the spouses in families with a traditional division of labour. Yet women in the higher salary classes, who stay at home some years, are often disadvantaged in a pension system in which occupational and private personal pensions form a major part of pension provision. Different tariffs used for men and women when changing the savings into a pension still accelerates the disadvantage for women. The losses in pension accrual might be even higher for men taking care of the children, thus prohibiting sharing of unpaid work.

In the Nordic EU countries, women’s integration into the labour market is high. Pension systems in these countries, founded both on solidarity and on individual rights, respond well to the changed position of women. In societies where the family has lost much of its stability, pension systems based on individual rights have become necessary. There are differences, however, also among these countries. In Sweden and Denmark part-time work of women is rather common and the pension systems compensate for the lost earnings moderately, whereas in Finland the full-time work of women is the rule. This, combined with the fact that unpaid work at home is still unevenly divided between the spouses, often puts a heavy load on women with children. The reductions in the care of the elderly make this load still heavier for those women who also take care of their own parents. Difficulties in reconciliation of work and family seem to increase interruptions of the working career of women with small children.

In the EU pension strategy a common goal for all Member States is to also enhance women's employment through arrangements in the pension schemes. In this paper we have described some of the measures taken in different Member States. However, if Finnish families reflect the future of European families with both spouses working full-time, taking care of their children and helping their elderly parents, it seems that paid and unpaid work should be divided more equally. More gender equality in the labour market is also needed with respect to the reconciliation of work and family. In the future Europe, where more elderly people are in need of care, combining paid and unpaid work remains a Gordian knot.

REFERENCES

Anttonen A. and Sipilä J. (1996), European social care services: is it possible to identify models? Journal of European Social Policy, Vol 6 (2), 87–100.

Arts W. and Gelissen J. (2002). Three worlds of welfare capitalism or more? Journal of European Social Policy Vol 12 (2): 137–158.

COM(2002): Draft joint report by the Commission and the Council on Adequate and sustainable pensions. 17.12.2002.

Council of the European Union (2001). Quality and viability of pensions – Joint report on objectives and working methods in the area of pensions. 14098/01. Brussels, 23 November 2001.

Council of the European Union (2003). Draft joint report by the Commission and the Council on adequate and sustainable pensions. 6527/1/03. Brussels, 26 January 2003.

Employment Rates Report 1998.

Esping-Andersen G. (1990) Three Worlds of Welfare Capitalism. Great Britain.

Esping-Andersen G, Gallie D, Hemerijck A, and Myles J (2002). Why We Need a New Welfare State. Oxford University Press.

Van Doorne-Huiskes A., den Dulk L. and Schippers J. (1998?), Epiloque: Towards new patterns of responsibility for work-family policies? Amsterdam.

Den Dulk L. and Remery C. (1997), Work-family arrangements in organisations, in K. Tijdens, A. van Doorne-Huiskes and T. Willemsen (eds) Time allocation and Gender. The relationship between paid labour and household work. Tilburg.

Ferrera M. (1996), The ”Southern” Model of Welfare in Social Europe. Journal of European Social Policy 6 (1): 17–37.

The future of the European Employment Strategy (EES) “A strategy of full employment and better jobs for all”. Communication from the Commission to the Council, The European Parliament, The Economic and Social Committee and the Committee of the Regions. Brussels 14.1.2003.

Ginn J. and Arber S. (1996), Patterns of Employment, Gender and Pensions: The Effect of Work History on Older Women’s Non-State Pensions. Work, Employment & Society, Vol. 10, No. 3, pp 469–490.1

Ginn J. and Arber S. (1999), Changing patterns of pension inequality: the shift from state to private sources. Aging and Society, Vol 19, Part 3, 319–342.

Ginn J., Street D. and Arber S. (2001), Gross-national trends in women’s work. In J. Ginn, D. Street and S. Arber (eds), Women, Work and Pensions. Open University Press.

Gornick J. C., Meyers M. K. and Ross K. E. (1997), Supporting the employment of mothers: policy variation across fourteen welfare states. Journal of European Social Policy, Vol 7 (1): 45–70.

Hatland A. (2001). Changing family patterns: A challenge to social security. In M. Kautto, J.Fritzell, B. Hvinden, J. Kvist and H. Uusitalo (eds.). Nordic Welfare States in the European Context. London.

Hutton S. (1998). Progress Report. Incomes in retirement in the UK: changes in the debate since 1996 and prospects fot the future. Ageing and Society, Vol 18, 1998, 611–626.

Laitinen-Kuikka S. (2002). Avoimen koordinaation menetelmän soveltaminen eläkepolitiikassa. In Saari Juho (et.) Euroopan sosiaalinen ulottuvuus. Sosiaali- ja terveysturvan keskusliitto ry. Helsinki.

Laitinen-kuikka S., Bach J., Vidlund M. (2002). Eläketurva Länsi-Euroopassa. A manuscript. The Central Pension Security Institute.

Meulders D. (1996), Individualisation of rights and social protection. International Social Security Association, European Conference: Adapting to new economic and social realities: what challenges, opportunities and new tasks for social security? Aarhus 19–21, November 1996.

O'Connor, J. S, Orloff A. and Shaver S. (1999). States, Market, Families. Gender, Liberalism and Social Policy in Australia, Canada, Great Britain and the United States. Cambridge.

Orloff A. S. (1993), Gender and the Social Rights of Citizenship: a Comparative Analysis of Gender relations and Welfare States. American Sociological Review 58 (3): 303-328.

Palmer Edward (1999), Exit from Labour Force for Older Workers: Can the NDC Pension System Help? The Geneva Papers on Risk and Insurance Vol. 24 No. 4 (October 1999), Oxford.

Trifiletti R. (1999), Southern European welfare regimes and the worsening position of women. Journal of European Social Policy, Vol 9 (1): 49–64.

Tuominen E. and Laitinen-Kuikka S. (2002), Female employment, unpaid work and retirement pensions in the EU. Paper to be presented at the XI Nordic Social Policy Research Meeting Helsinki 22–24 August 2002, WG 10: Gender, Work and Family

Van Stigt J., van Doorne-Huiskes A. and Schippers J. (1998?), European regulation and initiatives on work-family policies, in L. den Dulk, A. van Doorne-Huiskes and J. Schippers (eds) Work-Family arrangements in Europe, Amsterdam.

Vidlund M. (2001). Eläkkeistä ulkomailla: Ison-Britannian eläkeuudistus. Eläketurvakeskuksen katsauksia 2001:5.

Windebank J. (1996), To what extent can social policy challenge the dominant ideology of mothering? A cross-national comparison of Sweden, France and Britain. Journal.

Appendix table 1. Demographic trends in 1980–2000 related to family formation in the EU countries.

	Crude marriage rate		Crude divorce rate		Crude birth rate	
	(per 1000 average population)					
	1980	2000	1980	2000	1980	2000
EU 15	6,3	5,1 e	1,4	1,9 e	13,0	10,8 e
<u>Nordic regime</u>						
Sweden	4,5	4,5	2,4	2,4	11,7	10,2
Denmark	5,2	7,2	2,7	2,7	11,2	12,6
Finland	6,1	5,1	2,0	2,7	13,2	11,0
<u>Anglo-Saxon regime</u>						
United Kingdom	7,4	5,1	2,8	2,6	13,4	11,4 *
Ireland	6,4	5,0 p	-	0,7 p	21,8	14,3 p
<u>Continental regime</u>						
France	6,2	5,2 p	1,5	2,0 1)	14,9	13,2 p
Germany	6,3	5,1	1,8	2,4	11,1	9,3
Austria	6,2	4,8	1,8	2,4	12,0	9,6
The Netherlands	6,4	5,5	1,8	2,2	12,8	13,0
Belgium	6,7	4,4	1,5	2,6	12,6	11,3 p
Luxemburg	5,9	4,9	1,6	2,3	11,4	13,1
<u>Southern European regime</u>						
Portugal	7,4	6,2	0,6	1,9	16,2	11,7
Spain	5,9	5,3 p	-	1,0	15,3	9,9 p
Greece	6,5	4,3 *	0,7	0,9 p	15,4	9,6
Italy	5,7	4,9	0,2	0,7	11,3	9,4

p provisional data
* national estimate
e Eurostat estimate
1) 1999
Source: Statistics in focus. Population and social conditions, theme 3 - 17/2002.

Appendix table 2: Coverage of state and labour market pension provision by regime in the EU countries in 2002.

Countries	State pensions			Labour market pensions
	Coverage	Schemes	Earnings/pension ceiling per month (in 2002) and as % of average national salary[5]	Coverage as % of working population
Nordic regime				
Denmark	resident population, employees	national pension, contributions based pension for employees	contribution based pension max. 228 € in month (6%)	80 (compulsory to most employees)
Finland	employees and self-employed, resident population	earnings-related pension, minimum pension	no ceiling	20
Sweden	employees and self-employed, resident population	contributions based pension, minimum pension	earnings: 2619 € (98%)	90 (compulsory to most employees)
Continental regime				
Austria	employees and self-employed	earnings-related pension with minimum	earnings: €2826 (121%)	10
Belgium	employees and self-employed, persons without means	earnings-related pension, minimum pension	earnings: €3223 (126%)	30
France	employees and self-employed, persons without means	earnings-related pension, minimum pension	earnings: €2352 (115%)	80 (compulsory to most employees)
Germany	employees and some self-employed	earnings-related pension with minimum	earnings: €4500 (155%)	65
Luxemburg	employees and self-employed	earnings-related pension with minimum	earnings: €6451 (210%)	30
The Netherlands	resident population	national pension	-	90 (compulsory to most employees)
Southern European regime				
Greece	employees and self-employed	earnings-related pension with minimum	pension ceiling	compulsory to 50% of employees
Italy	employees and self-employed, persons without means	earnings-related pension, minimum pension	earnings: €6370 (year 2001), (387%)	10
Portugal	employees and self-employed, persons without means	earnings-related pension with minimum, minimum pension	no ceiling but to those in leading position	7
Spain	employees and self-employed, persons without means	earnings-related pension, minimum pension	earnings: €2574 (176%)	15
Anglo-Saxon regime				
Ireland	employees and self-employed, persons without means	flat-rate pension	full pension €638,30 per month (23%)	46
United Kingdom	employees and self-employed (for flat-rate pensions), those aged 80 without means	flat-rate pension, earnings-related pension with minimum	earnings: €4145 (182%)	50

[5] estimated average wages in 2002 (source: Commission of European Union, not published)

Appendix table 3: Level of state old-age pension provision for a single pensioner in the EU countries in 2002

Countries	Full minimum pension/month (before taxes) and as % of average national wages[6]	Earnings- or contribution-based pension			
		Minimum insurance period	Accrual period for target level/full pension	Target level/full pension	Adjustment method of the earnings-or contribution based pensions
Nordic regime					
Denmark	€1182 (33%)	no minimum	years between the age of 16 and 67 (52 years)	full pension €228 per month	depends on the returns of the funds
Finland	€487,60 (21%)	no minimum	about 40 years	60% of the a. e. during the last 10 years in each employment[7]	prices and wages (80/20)
Sweden[5]	€726[1] (27%)	no minimum	years from the age of 16, no upper limit	depends on the amount of contributions paid and partly on the returns of funds	wages
Continental regime					
Austria	no scheme	15 years[2]	40 years	80% of the a. e.[4] of the best 15 years	wages
Belgium	€597 (23%)	no minimum	45 years	60% of the a. career earnings	prices
France	€569 (28%)	no minimum	37,5 years	50% of the a. e. of the best 25 years	prices
Germany	no scheme[8]	5 years[2]	45 years	approximately 60% of a. career earnings	wages
Luxemburg	no scheme	10 years no scheme	40 years	71,2% of a. career earnings	prices
The Netherlands	€869 (32%)	no scheme	no scheme	no scheme	no scheme
Southern European regime					
Greece	no general scheme	15 years[2]	no upper limit	after 35 years 60% of the a. e. of the last 5 years	civil servants wages
Italy[5]	€340,68 (21%)	5 years[2]	..	depends on the amount of contributions paid	prices
Portugal	€138,27 (13%)	15 years[2]	40 years	80-86% of a. career earnings depending of wage level	government decisions usually linked to prices
Spain	€293,83 (20%)	15 years[2]	35 years	100% of the a. e. during the last 15 years	prices
Anglo-Saxon regime					
Ireland	€614 (22%)	5 years + 10 weeks per year[2]	48 weeks per year from age 16 till 66[2]	full pension €638 per month	government decisions usually linked to prices
United Kingdom[5]	€695,40[3] (30%)	one year	49 years	40 -10% of a. career earnings depending of wage level	prices

[1] The minimum garanteed pension at the level of the year 2002. The pension is paid from the year 2003. In 2002 a national pension the amount of which is lower is still paid.
[2] Unpaid (credited) insurance periods can be included in this time
[3] For those aged over 80
[4] average earnings
[5] the information considers only the latest pension schemes. In som e countries this scheme replaces the old scheme only gradually.
[6] estimated average wages in 2002 (source: Commission of European Union, not published)
[7] From 2005 average earnings during the whole career will be considered and no target level is set.
[8] A special benefit from social assistance may be paid from 2003.

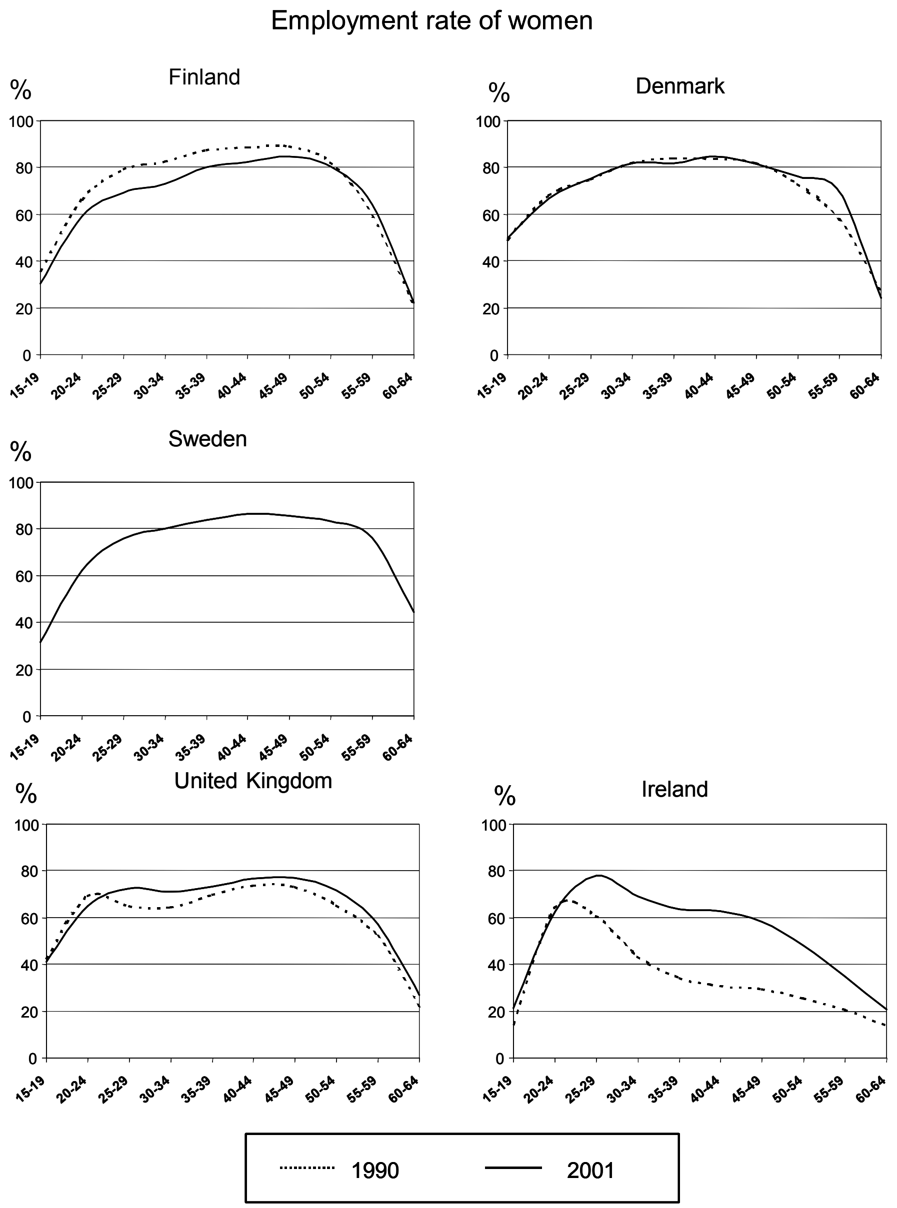
Table 4: Crediting child care leave and other unpaid periods in the earnings-related or contributions-based pension schemes in EU

Country	Child care leave	Military/civilian service	Student years	Unemployment	Sickness, disability or rehabilitation	Care of disabled family-member
Nordic regime						
Denmark	maternity allowance period if contributions paid	no	no	yes	yes	no
Finland	unpaid period of one year within employment is usually credited[3]	no	no	yes	yes	(yes)
Sweden	for care of children under age 4 even if in paid work	yes	yes	yes	yes	yes
Continental regime						
Austria	for care of children under age 4	yes	yes[1]	yes	yes	yes
Belgium	3 years full time leave or 1 year full time + 4 years part-time	Yes[2]	no	yes	yes	yes
France	paternity allowance period, 2 years per child for mother even if in paid work	yes2	no	yes	yes	yes
Germany	for care of children under age 4 even if in paid work, for care of children under age 10 if in part-time work or at home with 2 or more c.	yes	yes	yes	yes	yes
Luxemburg	2 to 4 years for care of children under age 4	yes2	yes	yes	yes	yes
The Netherlands	no scheme (but high national pension)	-	-	-	-	-
Southern European regime						
Greece	maternity allowance period if contributions paid	yes	no	yes	yes	no
Italy	maternity/paternity allowance + 10 months for care of child under age 8	..	no	yes	yes	yes
Portugal	maternity allowance period	yes	no	yes	yes	no
Spain	1 year of care of a child younger than 3 years	yes	no	yes	yes	..
Anglo-Saxon regime						
Ireland	for years of care of a child under age 12 (max 20 years)	no service	no	yes	yes	yes
United Kingdom	for years of care of a child under age 16	no service	yes	yes	yes	yes

[1] If contributions paid
[2] General military service terminated
[3] From 2005 the care of children under age three for a parent who stays at home.

Source: Laitinen-Kuikka, Bach, Vidlund 2002

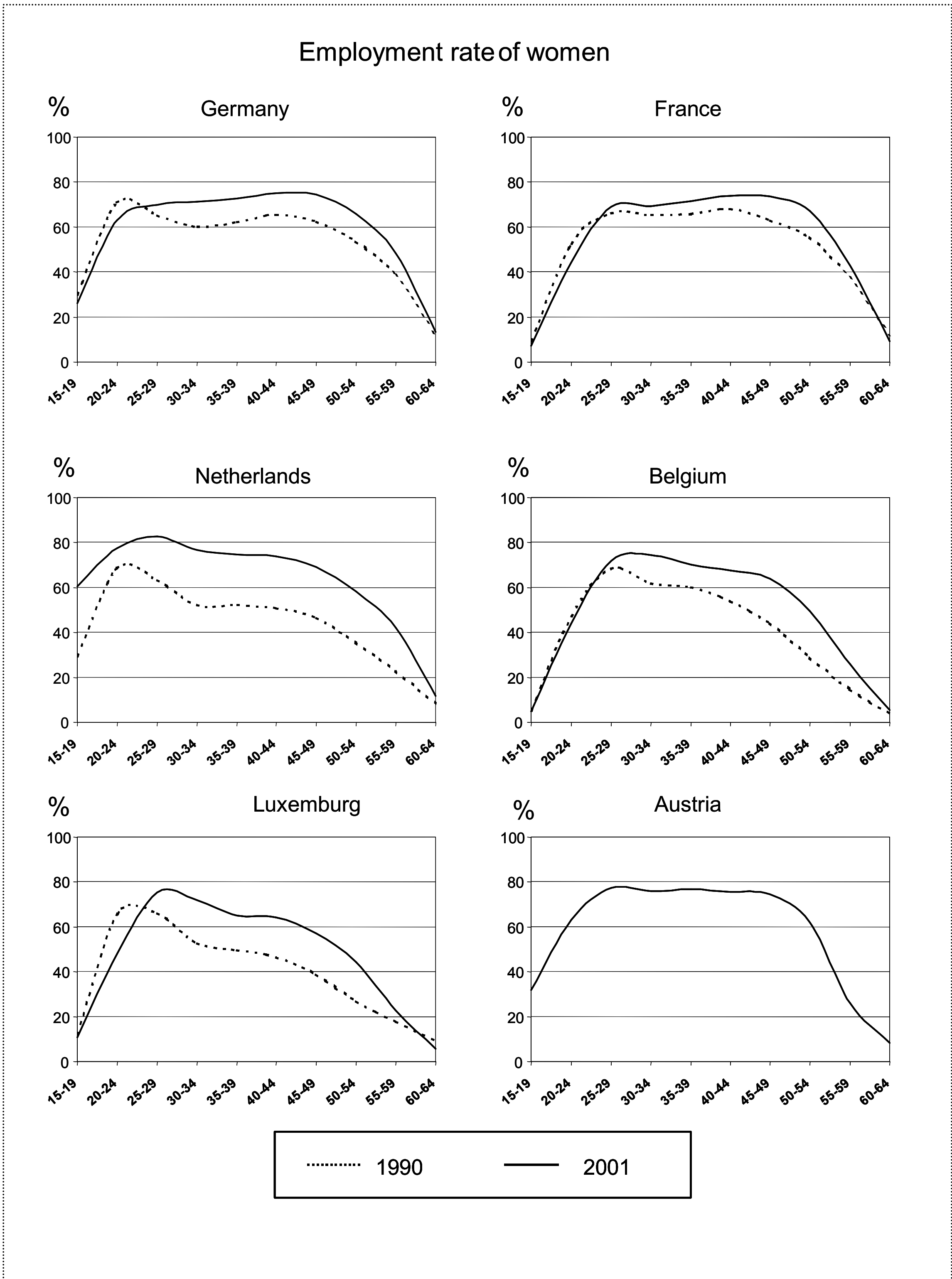
Appendix figure 1. Employment rates of women (aged 15–64) in the EU countries[1] in 1990 and 2001.



1) The data concerns the 12 EU countries in 1990 and the 15 EU countries in 2001, therefore the data of Sweden and Austria is lacking from 1990. The Finnish data is from the national labour force survey from the year 1990.

Source: Population and Social Conditions, theme 3. Labour force survey 1990 and 2001.

Appendix figure 1 continues…



Appendix figure 1 continues…