



EUROPEAN OBSERVATORY ON  
NATIONAL FAMILY POLICIES

**A Synthesis of National  
Family Policies 1994**

by

John Ditch, Helen Barnes, Jonathan Bradshaw,  
Jacques Commaille and Tony Eardley

*Social  
Europe*  
**DGV**

## EUROPEAN OBSERVATORY ON NATIONAL FAMILY POLICIES

The European Observatory on National Family Policies was established by the Commission of the European Communities in 1989. It is now coordinated from the Social Policy Research Unit at the University of York, United Kingdom. Members of the Observatory are independent experts from each of the countries of the European Union. The aims of the Observatory are to:

- \* monitor trends in the diverse development of family forms
- \* monitor developments in policies which impact on families
- \* monitor demographic, socio-economic and political changes which impact on families
- \* analyze policy and evaluate the impact of family policies
- \* stimulate high quality and independent research on families and family policies
- \* advise the European Commission about family policies
- \* inform public and academic debate about family policies

Formal meetings of the Observatory take place in Brussels twice a year. Specialist meetings and conferences are organised by Observatory members throughout the European Union.

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THE UNIVERSITY *of York*

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# PREFACE

The European Observatory on National Family Policies was established by the Commission of the European Communities to monitor changes in family forms and family policies (and other policies which impact on the family) in all member states of the European Union. Each year two Reports are produced: they are complementary and seek to achieve different objectives. The Synthesis Report analyses, on a comparative basis, the development of family policies and focuses on key themes and questions; emergent policy questions are identified and a contribution made to shaping the policy agenda.

A companion volume serves a separate purpose and reports, descriptively and schematically, on trends and developments within each country. The information reported relates to the period January 1994 - March 1995 and has been mostly obtained from experts in each member state using a pro forma questionnaire. Inevitably there is variation in the extent and detail of coverage. Attempting to describe developments which are so recent brings many challenges: the absence of comparable statistical data and the need for perspective on events are the two most obvious examples.

It is our firm hope and expectation that taken together these volumes will make a helpful contribution to the analysis and development of contemporary family policy. They are written with a commitment to the improvement of quality of life for all families: we hope to have made a small contribution to making that goal a reality.

# ACKNOWLEDGEMENTS

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It is to be emphasized that the contents are the responsibility of the authors alone.

## CHAPTER ONE

# Introduction

The European Observatory on National Family Policies is one of several organisations and research projects charged to monitor and report on changes in family policy. The purpose of this chapter is to place the work of the European Observatory on National Family Policies in a wider context. The development of the European Commission's responsibilities and objectives in the field of family policy will be reviewed. The role and contribution of other international organisations active in the field of European family policy, especially the Council of Europe, will then be described. The United Nations designated 1994 as the International Year of the Family and there will be brief review of its activities and achievements. The chapter will conclude by looking forward to the next Inter-Governmental Conference to revise the Treaty of Maastricht. Debates around this issue, both within and outside the Council chamber, will provide an important opportunity to stimulate further the alignment of family policies with European citizenship in the context of the developing Union.

The European Union has no formal responsibility or powers in the field of family policy. However, this does not mean that there is a lack of interest; on the contrary, there is a long established interest in many facets of family life. The absence of an explicit mention of the family or family policy in any of the founding Treaties of the Union has inhibited but not excluded consideration of these matters. The first formal discussion took place at a Council of Ministers meeting in 1986 when consultation between officials from appropriate national ministries was proposed. The European Parliament and the French Government ensured that the issue was not forgotten and in August 1989 the Commission submitted to the Council of Ministers a communication on family policy [COM(89) 363 final]. Predominantly a review of demographic and socio-economic data in relation to the family, the document nevertheless outlined the basis for Community action. The Communication concluded (para.37) that

‘...the family assumes an essential role and place in the cohesion and future of society. Therefore it should be protected and specific measures adopted in recognition of the services it renders society.’

The conclusion continued (para.52),

‘The legitimacy of Community interest is based not on ideology but on acknowledgement and methods of a Community action at family level; the appropriateness of such Community interest is based less on ideological grounds but more on such objective facts as the economic role of the family, the importance of the family as a



touchstone for solidarity between generations, the irreversible desire for equality between men and women and the wish of women to have complete access to working life. Community action will have to be pragmatic in order to respect the special features of different national policies already created and the varying socio-economic contexts in which such policies play a role.'

This recognition and sensitivity to the primacy of national responsibilities in the context of family policy is reflected in the prudent actions taken by the European Commission in subsequent years: that the Observatory is for **National** Family Policies is further indication of the need to balance European and national perspectives.

In the intervening years the Commission has continued to develop its interest and capacity in relation to family policy. The Networks on Childcare and Equal Opportunities, a range of specialist working parties on female labour supply, work incentives and family living standards, have all contributed to generating valuable information and policy debate. Most recently, in 1994, the Commission's interest in the family has been exemplified in the first report on the Demographic Situation in the European Union produced in accordance with Article 7 of the Maastricht Treaty's Social Protocol. This report analyzed the changing demographic structure of Europe and examined its causes and effects, noting its implications for social and economic organisation (See Chapter 3). The report analyses the nature and causes of family transformation and explains why this transformation cannot be detached from the evolution of social solidarities and dynamics of societal ageing. As the report will be updated every year, there is a consequent need for more accurate and detailed data on families and households, and this request has already been made to the Statistical Office of the European Communities.

The fundamental prerogatives of member state governments in relation to family policy were confirmed in the Commission Communication of 1989 and have been affirmed in many subsequent statements. It is axiomatic that there is recognition of the diversity of conceptions of family policy throughout Europe. Following discussion at the Council of Ministers in 1988, the Commission was asked to promote the sharing of information about family policy and to that end the European Observatory on National Family Policies was established in 1989. The primary objective is to monitor developments in family forms and family policies across the Union. By preparing two annual reports and disseminating them widely, the Observatory is able to contribute to heightening awareness of the family dimension in a range of policy areas including migration, labour market policy, social protection and equal opportunities.

In addition to the work of the Observatory, the Commission created an inter-service group of officials which is charged with ensuring that the family dimension is recognised in the development and implementation of Community policies. Officials from across the Commission meet each year to co-ordinate activities in relation to the family. Whereas members of the inter-service group are internal to the Commission, there is a parallel, but external, group consisting of senior officials drawn from each of the member states of the Union. This group meets twice each year, shares information and has been pro-active in promoting major conferences on aspects of family policy. These ventures have usually been

linked to the rotating Presidency of the Community and during 1994, for example, a conference on 'The Future of the Family' was held in Bonn. Immediately following that conference, an informal meeting of the European Union ministers responsible for the family was held in Berlin in September 1994. Conclusions on demographic trends, changing family structures and their implications for social protection system were agreed: there was no programme for action, however.

During 1994 the Commission established a new Network with an explicit remit to examine 'Families and Work'. It is composed of 12 independent experts, mostly from private companies or trades unions and with a background in the field of industrial relations. Their task is to identify, monitor, analyze and disseminate European experience which seeks to achieve a humane and sensitive balance between work and family life.

Also during 1994, the Commission made a special contribution to the work of the International Year of the Family and undertook several initiatives. First, it published the results of the Eurobarometer on the European Family, conducted during April 1993, which provides an overview of social attitudes to the family and family policy in Europe (See Chapter 2). The Commission, together with the German Presidency organised a large conference on the Future of the Family in Bonn. In addition, the Commission was involved in promoting and organising a number of conferences and seminars, within member states, on many aspects of family policy.

Of course, the Commission is not the only EU body with an interest in family policy. The European Parliament has shown increasing commitment to this area and during 1994 adopted a resolution 'on the protection of families and family units at the close of the International Year of the Family' (14 December 1994). Having referred to all the resolutions and commitments relating to the family previously entered into by the Parliament, and noting the context of rising levels of social exclusion, unemployment and general social change, a long declaration was made which, *inter alia*, endorsed the principle of equal opportunities for women by calling for better child care, training, social protection and continuing education. The Parliament condemned the non-implementation of draft directives on part-time work and parental leave; they expressed regret at the absence of a directive on child care and called for progress on this matter during 1995. They encouraged fair and flexible work opportunities without reduction in either employment rights or status and wanted social security systems to recognise the unpaid work of the one parent who remained at home to look after children. They called for more research on the changing nature of families and family policy and proposed a series of conferences, involving the social partners, with a view to adopting practical proposals which would reconcile the spheres of work and family life.

1994 was a very active year for worldwide initiatives on the family. Designated by the United Nations as the International Year of the Family (IYF) there were many events and developments which drew attention to the changes and challenges which are being faced by families. The European Union, individual member states and a host of not-for-profit organisations, big and small, all contributed to the international programme. The United Nations has long recognised the changes and stresses that families are experiencing. The

International Covenant on Economic, Social and Cultural Rights (General Assembly Resolution 2200 A) in Article 10, provides that 'the widest possible protection and assistance should be accorded to the family, which is the natural and fundamental group unit of society, particularly for its establishment and while it is responsible for the care and education of dependent children'. In recognition of this, the objectives of IYF were:

- a) To increase awareness of family issues among Governments as well as in the private sector;
- b) To strengthen national institutions to formulate, implement and monitor policies in respect of families;
- c) To stimulate efforts to respond to problems affecting, and affected by, the situation of families;
- d) To enhance the effectiveness of local, national and regional efforts to carry out specific programmes concerning families;
- e) To improve the collaboration between national and international organisations in support of multisectoral activities;
- f) To build upon the results of international activities concerning women, children, youth, the aged and the disabled, as well as of other major events of concern to the family to its individual members.

(Guide for a National Action Programme on the IYF, United Nations, 1994)

A Committee to coordinate IYF activities, and representative of all interests, was established within each country of the European Union. The Committees, which were supposed to have high visibility and credibility within their own countries, were to be the focal point and source of information about IYF. Each Committee was encouraged to arrange a programme of events, generate publicity, stimulate research and encourage the evaluation of family impacts in all areas of public and social policy. The UN Guidance literature provided a long list of questions around which national debates were to be encouraged: the choice and balance of topics may have varied from country to country but will have covered the appropriateness and adequacy of law and services to protect children; the rights of partners in relation to marriage, divorce, inheritance and property; the need for training and education in personal and life skills; material support for families of differing composition and at different income levels; the responsibilities and obligations of fathers.

Linked to the International Year of the Family, the UN organised the third International Conference on Population and Development which was held in Cairo, Egypt. An EU delegation, with Germany acting as spokesperson, attended and played an important role in contributing to the conference's final compromise agreement. Among the basic principles that were agreed in Cairo as the basis for a Programme of Action for the future was the statement that 'The family is the basic unit of society and, whatever its composition, must receive appropriate protection and support.' It is to be hoped that this results in firm commitments and policy innovation.

At this time, in late 1995, it is difficult to be certain about the immediate or medium term impact of the IYF. Unquestionably it will have raised awareness and policy debate; it may have contributed to the formation of new groups to

support families; it is less clear that living standards or opportunities for families will have been significantly altered for the better. But the long-term implications and benefits of seeding ideas and promoting models of good practice have always been difficult to establish.

With a wider scope but less interventionist remit, the Council of Europe, based in Strasbourg, was founded in 1949 and now consists of 25 member states. The main institutions of the Council of Europe are the Committee of Ministers, a Parliamentary Assembly and the Court of Human Rights. The Council's interest in family policy is split between no less than 11 Steering Committees:

- Steering Committee for Human Rights
- Steering Committee on Social Policy
- Steering Committee for Employment and Labour
- Steering Committee for Social Security
- European Population Committee
- European Health Committee
- European Committee on Migration
- European Committee on Legal Co-operation
- European Committee on Crime Problems
- Council for Cultural Co-operation
- European Committee for Equality between Women and Men

The Standing Conference of Local and Regional Authorities of Europe also deals with social problems including youth unemployment and the circumstances of young people in urban environments.

A series of key documents in the field of social policy have been wholly (or in part) adopted and ratified by member states. These include the European Social Charter which was drafted in 1961 and the European Code of Social Security (1964). A cornerstone of the European Social Charter is a commitment to the family as articulated in Article 16:

'With a view to ensuring the necessary conditions for the full development of the family, which is a fundamental unit of society, the Contracting Parties undertake to promote the economic, legal and social protection of family life by such means as social and family benefits, fiscal arrangements, provision of family housing, benefits for the newly married, and other appropriate means.'

Of course the concern of the Council extends beyond the 'traditional' family and embraces a concern for lone parents and their children. A special concern of the Council of Europe has been to facilitate and preserve family unity across international borders by guaranteeing migrant workers the right to family reunion. During 1994 a Committee of Independent Experts for the European Social Charter, charged with proposing revisions to its basic terms, dedicated the general introduction to the Conclusions to the family, as its contribution to the celebration in 1994 of the International Year of the Family (See Council of Europe: Conference of European Ministers responsible for Family Affairs: MMF-XXIV [95] 4).

During 1994 the Committee of Ministers (to the Council of Europe) responsible for the Family adopted the following Recommendation (R [94] 14 on coherent and integrated family policies):

- i. 'The significance of preventive family policy must be emphasised: a family may need guidance, counselling and services at different stages of its life, by means of which its vulnerability can be greatly diminished.
- ii. The concept for a coherent and integrated family policy is that the role of the public authorities is to create the circumstances conducive to the emergence of a family unit in which the individual can develop in safety, self-respect and solidarity, enjoying fundamental rights, in a legal, social, cultural and economic context. Special needs of different types of families at various stages of family life cycles must be allowed for here.
- iii. The concept of a coherent and integrated family policy must be applied in examining all stages of policy with reference to the interests of the family and all its members.
- iv. The objective is that a coherent and integrated family policy should function across administrative boundaries as a factor co-ordinating all action taken affecting families.
- v. In practice this means co-ordinating and reconciling the various sectors which affect members of families as citizens, for example social security, working life, education, environment, consumer interests, housing, traffic, mass media, tourism.'

The fundamental documents prescribe rights and standards, and the recommendations represent aspirations rather than reality. Overall, the Council of Europe seeks to ensure that there is a careful monitoring of developments and progress. In addition to the formal collation and exchange of information between member states the Council of Europe also sponsors conferences and supports comparative studies including work, most recently, on 'the social and family consequences and costs of the unemployment of young people'.

### **Conclusion**

There has been clear evidence of the importance of families, children and family policies moving closer to the heart of European public policy. In part this was stimulated, during 1994, by the International Year of the Family, to which the European Union made a distinguished and distinctive contribution. But it was the salience, above all, of continuing demographic change, labour market restructuring and other social changes which applied pressure on policy makers, opinion formers, researchers and practitioners to address the needs of families. In this Report we examine some of the changes which are occurring as a contribution to the developing debate.

## CHAPTER TWO

# Building the Socio-Political Status of the Family in the European Union

A picture of the family and family policy in the countries of the European Union can be gained from the detailed account given in the companion volume (European Observatory on National Family Policies, 1995) of indicators of behaviour, measures and mechanisms as far as 1994 and the beginning of 1995 are concerned. Yet the family in the countries of the European Union is also being *built* through the values it brings into play and the ways it is perceived socially. These are revealed, in particular, in the opinions expressed by citizens of the various countries, in family behaviour itself, in the content of the policies implemented and in the legal mechanisms put in place.

The purpose of this chapter is to try to draw out some of these values and social perceptions within the framework of a sociological approach relying on both the information provided in the national report (EONFP, 1995) and the other chapters of this Volume and on publications beyond the scope of the Observatory, mainly the *Eurobarometer* report on *Europeans and the family* (CEC, 1993). We shall not try to fudge the difficulties involved, which are mainly related to the time frame of the Observatory's work and handling the comparative dimension.

The bulk of the Observatory's activity is devoted to observing the status and development of family behaviour and policies. We shall call this a *sociography* of the family and family policies within the framework of the European Union, which fits in quite well with annual report production. This is certainly less true as far as analysis is concerned, which cannot be easily restricted to the frame of one year. Any interpretation of what the developments mean or what makes up the socio-political status of the family in the countries of the European Union, observed here on the basis of the values and social perceptions connected with the family, is undertaken with reference to factors which, for the most part, are more of a *structural* nature (i.e. occurring over time or during the course of history), than related to the *economic climate*. However, observations made over one year refer above all to economic considerations.

There is thus a discrepancy which must not be neglected. It is, moreover, a discrepancy with which one must come to terms, inasmuch as the work of the Observatory cannot be merely descriptive, but must also be analytical. It is the key objective of the Observatory to make comparisons between the different European Union countries. Recently, we have been led to reflect on the potential and limitations of such comparative work (Commaille and de Singly, 1995). This ties

in with new developments which the Observatory might have to take on board in future. What comes out strongly is the need to get away from simply contrasting the convergences and divergences of circumstances and developments in the different European Union countries. Observations in this regard should be relativized, while their interpretation should become more complex. Analysis often stresses clear-cut differences between certain countries or displays a powerful trend towards homogenization. Perhaps it would be more appropriate to imagine the European family sphere as an area of tension between different types of logic which may each take greater significance in one or other country depending on its history or traditions, a particular context or economic climate. We shall come back to this viewpoint on comparison and give examples in our subsequent remarks, which are organized in the following manner.

Over and above the transformation in family behaviour which could suggest not only that the family is being redefined but that the very notion of the family is being undermined, the family continues to represent a value in opinions and prescriptive references. This is what can be demonstrated initially, based on observations of legal mechanisms and on the results of opinion surveys (CEC, 1993).

However, placing the family in perspective at European level has at least the virtue of reminding us that what we call 'the family' is in no way a natural phenomenon. It is a social construct which establishes itself on the basis of factors that can be listed and defined. The values and social perceptions connected with the family derive from that social construct and the, possibly different, combinations which make it up from country to country. This is what we shall deal with in the second section.

The family, the product of a social construct, is also the product of a political construct. It will be argued in the third part of this chapter that society and the state in the various countries operate in the family sphere according to broad aims laid out as a series of alternatives. These form the basis for family policies, which interact with the values and social perceptions which make up the *reality* of the family in the European Union countries just as much as behaviour.

### **The family as a value**

There is nothing better than legal mechanisms to show that the family continues to represent an important value in the European Union. The law here is not necessarily a reflection of behaviour and how it is evolving. It also bears witness to a kind of ideal that a society sets itself or wishes to preserve – or which certain fractions of society wish to preserve. This is what has been called the symbolic function of law, which does indeed, in this case in the family sphere, sometimes aim more to convey a certain *image* of the family rather than to claim to control or modify *real* behaviour.

It is therefore not surprising that one can observe stability in European legislation governing what constitutes a couple. The legal status of marriage is not undergoing any major transformation. Marriage remains the principal reference in what might be called the mechanisms for social control of the family. As if to echo this, social perceptions of marriage remain extremely positive if one refers to opinions relating to the idea of marriage. For Europeans, getting married is less a

matter of 'giving into social pressure', 'getting bogged down in routine', or 'unnecessarily turning a private matter into something official', than of 'committing oneself to be faithful', 'being the best way to guarantee children's rights' or 'proving one's love for the other person' (CEC, 1993).

A kind of symbolic reference to the couple and the family is thus maintained both in formal mechanisms and social perceptions. This constancy is, of course, in contrast to the marked shift in behaviour, showing up especially in the pronounced decrease in the number of marriages (600,000 fewer marriages throughout the European Union between 1970 and 1992), which is only partly explained by the trend towards later marriages and a constantly rising average age for getting married; the major increase in the number of divorces (from 150,000 in 1960 to 550,000 in 1991); and the development of types of relationships which are not sanctioned by marriage (Bégeot and Fernandez-Cordon, 1995).

It seems as if all the member states of the European Union are facing a kind of dilemma: preserving meta-references for the family and, at the same time, taking account of the shift in behaviour. Being faced with a dilemma may mean hesitating. The lack of legal sanction for the so-called 'reconstituted' family seems to be one of the manifestations, illustrated in particular by the lack of legal status for the 'step parent' (Meulders-Klein, 1995).

However, the existence of new family configurations is a fact which states can no longer evade. Mary-Ann Glendon, on the basis of a comparative approach to western countries, has observed that legal mechanisms are made up less and less of prescriptive rules regarding family behaviour (for example, on divorce, which is increasingly the subject of a simple declaration rather than based on attributing blame), while increasingly being called upon to take account of the social consequences of family situations chosen by individuals (Glendon, 1989).

This is certainly the case for unions which are not sanctioned by marriage, i.e. people living together outside marriage. It is not a matter of making a judgement, but rather of facing up to the move from principled prescriptiveness to managerial prescriptiveness. This could be the meaning of European opinion on the matter on the one hand and, on the other, policies implemented on the basis of legal mechanisms.

When asked to give their opinion on such relationships, more than three out of five Europeans reply that 'it is not for others to judge' (CEC, 1993, pp 85-89). As for legislation, this seems to be mainly invoked with a view to social coherence. Liberalities between cohabitantes are thus generally accepted, which is, moreover, in accordance with the recommendation of the Ministerial Committee of the European Council dated 7 March 1988 (Rubellin-Devichi, 1995). The extension of social benefits (for instance in terms of social security, pension rights or housing) is increasingly common. Along the same lines, the very marked growth in births outside marriage (from 4.6 per cent of live births in 1965 to 19.5 per cent in 1991) (Bégeot and Fernandez-Cordon, 1995) has paralleled the almost universal granting of equality to children born within and outside marriage (Rubellin-Devichi, 1995).

Yet this increasingly extensive recognition of cohabitation outside marriage does not seem to signify that this type of relationship is genuinely being placed on the same footing as marriage (as evidenced, for example, by the fact that cohabitantes



in all countries of the European Union are taxed separately and have the same rights as married couples in respect of adoption or medically assisted fertility treatment).

Even though the expansion of these types of relationships seems to have provided an opportunity for some countries to recall the pre-eminence of the rights of the individual (we shall come back to this aspect later), the general tendency does seem to derive first of all from a concern *socially* to manage all the consequences of these choices made by individuals in organizing their private lives.

The status of the family in Europe which emerges from the opinions of citizens and the rules which govern it thus seems to be full of ambiguity. The societies concerned take note of the changes in family behaviour, but rather than sanctioning or even promoting the new models implied by such new behaviour, they tolerate it. It is not yet quite clear what position to take in relation to these models, as if the changes, beyond the concern they may arouse as to their social effects, have taken away all certainty about what the family is and should be.

This leaves us with *founding principles* such as the rules of marriage and social perceptions of the family, which in general still have a strong positive connotation: 96 per cent of Europeans place the family high on the list of 'quite important' areas of life, although there are slight variations depending on sex (women are more likely than men to place the family first), age (the family is mentioned more often with advancing age), family circumstances (parents are more inclined to stress the importance of the family than non-parents), or matrimonial status (single people distance themselves more from the family) (CEC 1993, pp 77-83).

The family continues to represent a strong value within the European Union, even though its definition may be increasingly uncertain and the expectations which individuals (looking for 'private happiness' and claiming their entitlements) and states (in pursuit of the general good) place in it are fundamentally contradictory. The lists of national provisions for 1994 to early 1995 do not seem to belie this consideration.

### **The family as a social construct**

Acknowledging the type of evidence about the family which we have just stressed, at the level of perceptions and social control, certainly does not entitle us to come to conclusions about its naturalness. Comparing family behaviour, social perceptions of the family (which vary from country to country) and the institutional, legal and political arrangements which surround it, shows that the idea of the family is constructed in accordance with different combinations of factors depending on the country concerned. The fact that observing legal mechanisms in the various countries of the European Union reveals differences rather than a type of general convergence (Rubellin-Devichi, 1995) means that features specific to different nations remain.

These derive in particular from the place given to the family in social perceptions. For instance, in the Netherlands, the expressions 'primary forms of living' and 'households' have over the last three decades or so tended to replace 'family' or 'nuclear family', bearing witness to a desire for neutrality with regard to all ways of organizing private life. Such a situation may be explained with reference to specific cultural traditions.

We are acquainted with the philosophical tradition of a liberal society like Britain which leads to state intervention being seen *a priori* as an intrusion into the private domain: the family and personal relationships. This is why, for example, the UK is not opposed to the text of the European Directive on parental leave proposed as part of the programme on equal opportunity for men and women, except with a dispensation limiting the scope of parental leave to mothers.

The position of Germany with regard to the family is itself marked by the principle of dual subsidiarity deriving from the wide powers of the various local authorities and the major importance given to non-governmental bodies as opposed to public institutions. This is shown by the existence of facilities such as kindergartens or crèches which are mainly in the private sector.

In Ireland, the influence of the Catholic Church pushes to the fore religious and cultural values which make the family a private matter. It is therefore not a matter of 'replacing the family and its duties', but of providing one-off responses to specific problems where necessary.

These three countries merely serve here as examples to stress the importance of taking into account what we shall call macro-social variables when attempting a comparative reading of national data on family behaviour and instruments of family policy. These macro-social variables also derive from the interplay of families (behaviour, attitudes to the family, aspirations and so on), organized social movements likely to represent them (associations, militant, family, feminist, social and trade union movements etc), state (particularly social services), voluntary or private institutions, the government political apparatus and political party formations.

These macro-social variables make a contribution to the construction of national family policy models which will be explored in future analyses. Better understanding of these national models might make it possible to improve understanding and prediction of those changes, whether they be regressive or progressive, which affect family policies.

Amongst the regressive movements, we might take the example of shifts in position regarding abortion, within the framework of extremely lively debates which have developed recently in several European Union countries (especially in Germany, Ireland and Italy, as well as in Spain) (Dumon, 1994). The desire to come back to traditional values for the family, reflected in English conservative opinion amongst others, is another example, especially when that desire means calling into question social benefits seen as encouraging family break-down, or making divorce more difficult or developing mediation services to try to reconcile spouses before divorce (Morgan, 1995).

Amongst the progressive movements, we could quote the example of recognition of homosexual couples. Even though the European Court did not accept the interpretation of the provisions laid down in the European Convention on Human Rights, according to which the right to homosexual marriage could be protected, countries in Northern Europe have already accepted this type of marriage between people of the same sex (in Denmark as per the law dated 7 June 1989, in Norway with a law dated 1 August 1993, both countries having introduced a

'partnership contract'). Such recognition is also foreseen in a bill submitted to the Dutch parliament, which suggests that 'when the law refers to marriage and spouses, it automatically includes homosexual cohabitants' (Rubellin-Devichi, 1995). It is thus quite different from provisions in other countries, such as France, which merely aim to ward off some of the consequences which might arise from living together.

Any interpretation of such contrasts and differences between countries can only be conducted precisely with reference to the macro-social variables and national models which make the family and the social perceptions relating to it a social construct.

### **The family as a political construct**

Can the wide diversity of measures taken by various member states of the European Union over a given period be arranged along broad lines which would correspond to major principles of family policy? After attempting to approach the issue of the family within the European Union on the basis of what the family genuinely represents as a value, and having highlighted the many factors influencing the social make-up of the family, would it be possible to focus the analysis more precisely on what underpins government policy on the subject?

We shall choose to give priority to three broad lines, each having two major polarities, so that government policy towards families in the European Union may be positioned in accordance with three major alternatives: institution versus individual, prescriptive logic versus social logic, the family as a private matter versus the family as a matter for the state.

### **Institution versus individual**

Changes in family behaviour over recent decades have been interpreted as part of a phenomenon of de-institutionalization of the family. According to a holistic concept which predominated in traditional societies, the relationship of the individual to the family was related to his/her status as a mere part of a group, subject above all to collective interests (man being one of the elements making up a whole which is assigned to a place in a closely integrated social sphere). Getting married is not just to sanction a relationship with a partner, but to accomplish a social act in accordance with the demands of the communities to which one belongs.

'Privatization' of family behaviour, that is, the organization by individuals of their private domain in accordance with their own aspirations, marks the advent of an individualistic concept where the interests of the individual take precedence over those of the community. This is a powerful trend which is appearing in all industrialized societies, including the European Union. However, different traditions still lie behind this powerful trend. Individualism has been present for a long time, for instance in Northern European countries. This explains the particular tone of family policies there, with greater stress being placed on the status of individuals within the family, especially the question of equality between men and women. This basic conception does indeed fit in with the idea that 'the family does not exist as such, but only as one of the places in which individuals exist socially'.

It is in opposition to another concept, which is, for example, more widespread in Latin countries under the influence of the Catholic Church, according to which the family is first and foremost an *institution*. According to this second concept, the family is initially perceived on the basis of the social functions it is expected to fulfil. These functions of biological reproduction, social reproduction and socialization are deemed vital for the future of the society and this justifies the public authorities' efforts to encourage and regulate them.

To use terminology borrowed from the legal world, the family is not here of a private nature, but first of all of a public nature. To give an example, France is a country which implemented an ambitious family policy after the Second World War. This policy was based on that concept; it was in line with traditions where the family could have a presence: either in a relationship of fusion with the political order (political society is built on the idea of the family and vice versa), or in a supervisory relationship (in view of the strategic importance of the family for society, the state may claim the right to monitor the functioning of the family closely and even, in some cases, decide itself to take on certain functions essential to the community).

Beyond what we might call the historical inertia which lies behind specific national characteristics, this institution versus individual alternative is liable to influence family policies in all countries of the European Union. Bearing in mind the stakes which the family and the individuals which make it up represent for any society, states may in fact, whatever the traditions from which their actions draw inspiration, 'move the cursor' from the 'institution' polarity to the 'individual' polarity, depending on what they consider is required by the circumstances (arising from changes in individual behaviour towards the family, or from the aspirations of the citizens).

The growth in numbers of couples living together outside marriage, which we have already mentioned, is thus a phenomenon to which states react differently. Even though, during the period 1994 - beginning 1995, this form of relationship was not the subject of any genuine legal recognition but merely benefitted from additional measures taken in certain countries of the European Union, the fact remains that its basic status may vary considerably: from acceptance of the principle of 'equality of conjugal modes' (Rubellin-Devichi, 1995), represented by a build-up of provisions, through to reticence justified by the threat this type of relationship could present to the *institution* of marriage (for instance in Germany where, by virtue of constitutional protection of marriage) there is a desire to limit the social benefits granted to cohabitants.

Of course, different policies are matched by different perceptions on the part of national opinion. It is probably significant to note here that the Danes are the most favourably disposed towards cohabitation (almost 80 per cent of them consider that 'it is not for others to judge' against an average of 63.3 per cent for the European Union as a whole) (CEC, 1993, pp 86-89). Yet more than a third of Greeks think that living together is a bad thing (13.8 per cent for the whole of the European Union) (ibid pp 86-89).

These contrasts show up again in connection with the rights of homosexuals, if one looks at a first group made up of Denmark, the Netherlands and Spain where the vast majority of citizens think that 'homosexuals should have the right to get

married, to enjoy the same advantages as married couples to inherit each other's property' and, in a slightly smaller proportion, 'should be able to adopt children' (ibid pp 93). On the other hand, in a second group made up of Greece and Portugal, two-thirds of respondents think that homosexuals should not be able to enjoy any of these rights (ibid pp 94-95).

The institution versus individual alternative is likely to come into play not only in relation to the ways couples are made up, but also in accordance with the roles performed within and outside the family (parental roles and involvement in professional activity).

As far as professional activity is concerned, the member states of the European Union are witnessing, to varying degrees, the phenomenon of the increasingly common professional involvement of women. The proportion of working women went from 40 to 44 per cent between 1986 and 1993 throughout the European Union (Bégeot and Fernandez-Cordon, 1995; Hantrais, 1995). It is interesting to note here that in Denmark, as in other Nordic countries, women's level of professional activity is almost equivalent to that of men. This position is in strong contrast to that occupied by a group of countries where this level is low: Spain (33 per cent), Greece and Italy (34 per cent) (Hantrais, 1995).

The overall increase in women's professional activity is due less to a massive influx of women, of whatever age, into the job market, than to their continuing to work as they get older, i.e. following a behavioural pattern which has long existed in the Nordic countries and which, having spread into countries in the centre of the European Union, is now beginning to reach the countries of Southern Europe.

We may indeed suspect here, beyond the determinations specific to the job market, the influence of cultural models in which women are coming to be seen no longer as merely part of an institution such as the family but as individuals.

The self-realization of those individuals can occur through something other than exclusive investment in the family. This appears to be confirmed by the opinions expressed by Europeans with regard to working mothers. The Danes are less favourable than others to the idea of 'mothers staying at home' and more favourable than others to the idea that 'mothers should continue to work outside the home', which contrasts, for instance, with the opinions of the Germans and Portuguese, who are still very attached to the idea of the mother staying at home to look after the children (CEC, 1993).

Such variations have repercussions on national policies regarding the reconciliation of professional and family life. By way of example, while Denmark is developing a policy which aims above all to ensure gender equality (Hantrais and Mangel, 1993) and is therefore concerned with the status of individuals making up the family rather than with the family *institution* as such, Germany seems more interested in 'reinforcing the traditional image of the caring role of the mother'. The same goes for most countries of Southern Europe which continue, especially under economic pressure (with high rates of unemployment and social exclusion), to give great importance to the family and kinship network rather than developing an ambitious policy of reconciling work and family life (Hantrais, 1995).

Existing provisions in respect of flexible working conditions or child care, as observed over the period 1994 - beginning 1995, must certainly be seen against the

background of these general concepts. Promotion of part-time work and child care modalities in Denmark thus fits logically with the pursuit of an aim to involve both men and women in the problems of reconciling work and family life, by virtue of the principle of sexual equality. Measures in favour of part-time working in the United Kingdom or even in France certainly do not have the same significance if one considers that, in reality, they only concern women.

We should say finally that the way the issue of reconciling work and family life is handled by European Union countries is defined in accordance with a concept of the respective status of men and women as *individuals*, to a greater or lesser extent *vis-à-vis* the family *institution*.

The question of parental roles presents the same challenges since, as we have just seen, it is part of the same issue. We might perhaps hypothesize about a weakening of the institutional concept of the family, with differentiated conjugal and parental roles, based on the more and more frequently expressed concerns about the role of the father in cases of divorce and separation. Even though, in all European Union countries (with provision for divorce), custody of children after divorce or separation is in the vast majority of cases given to the mother, some countries are increasingly raising the issue of fathers' rights (e.g. the Netherlands, United Kingdom and France). However, it is no doubt significant that this issue is not on the agenda in most Latin countries.

Legal recognition of the idea of joint parental authority is yet another way of recognizing the roles of both father and mother. Such legal recognition is found, according to different modalities, in most countries of the European Union even though, in practice, there is a great distance between Spain where 'the general rule is that the husband no longer enjoys supremacy, the two parents being equally entrusted with exercising parental authority' and Germany, where German judges make very little use of the option of joint parental authority after divorce (Rubellin-Devichi, 1995).

In fact, more generally, the idea that maternal and paternal roles can to some extent be bi-lateral is still far from carrying all before it. If one judges by the opinions expressed by Europeans on tasks to be performed on a child's behalf, only the Danes and the Dutch seem to have 'begun a process of "depolarizing" paternal and maternal roles', while the Germans (former West Germany) and the Greeks are among those with a larger proportion of respondents thinking that bringing up children is a matter for the mother alone (CEC, 1993).

The way in which the problem of parental representation in certain institutions (such as schools or health boards) will be handled in coming years will probably be revealing with regard to these concepts of the status of individuals within the family. During the period 1994 - beginning 1995, this problem has apparently only been dealt with in three countries - Netherlands, United Kingdom and Denmark - as far as representation within educational establishments is concerned.

The promotion of children's rights could also be one illustration of the increasing stress placed on the individual rather than on the family *institution*. The ratification by European countries of the United Nations Convention on the rights of the child has encouraged a trend towards giving autonomy to children in relation to their families. This increasing autonomy is shown, for instance, by the chance given to children to express their opinions and thus have a greater

influence over decisions concerning them (Eekelaar, 1995.) Denmark leads the field here again, since it is the country which gives children the most rights to autonomy, unlike Greece or Italy where parental authority remains almost absolute. The most exemplary expression of this development can perhaps be seen in the recent British provisions which, under certain circumstances, allow children to approach the courts, independently of their parents, about matters concerning their upbringing (ibid). In several other countries, children have the right to be heard in connection with their parents' divorce proceedings (in France, children can even be represented separately from their parents).

### **Prescriptive logic versus social logic**

We have already mentioned the prescriptive logic versus social logic alternative in relation to new forms of relationship. The general trend in European Union countries, as in all industrialized societies, would seem in fact to be less towards exerting social control over the way individuals organize their private lives (reflected in increasing neutrality in respect of the formation and breaking up of couples), than towards dealing with the social consequences of these increasingly 'privatized' practices.

However, we may ask whether what we have just considered, within the framework of the institution/individual alternative, to be evidence of the increasing pre-eminence of the individual may lead to the implementation of a new prescriptive logic within the family sphere. This would no longer aim to protect the family as an entity (for instance by prohibiting divorce or making it difficult), but to protect individuals within the family, possibly *against* the family.

It is in this light that we see the increasing concern being shown in European Union countries about domestic violence (violence between spouses, parental violence against children). This concern is expressed either by the establishment of repressive legislation, as in Germany or in France, regarding marital rape, or by the establishment of, or support for, networks of agencies (in most European Union countries, but in varying forms) designed to assist women who are subjected to violence by their partners.

In the same way, child protection networks are being set up, breathing new life into that 'state guardianship' which is one of the symbols of the welfare state (Eekelaar, 1995) and going so far, in certain cases, as to remove children from their parents' care (for instance, there is now a broader range of circumstances authorizing such removal in the Netherlands).

### **The family as a private matter versus the family as a matter for the state**

We have already seen that the 'privatization' of family behaviour in no way implies a withdrawal of the state from family affairs, especially in view of the social consequences which are likely to arise. As has already been shown, the paradox contained in developments in this regard is that a liberalization of the rules on family formation and functioning has encouraged an extension of state intervention as a palliative to the social consequences of such liberalization (Schultheis, n.d.).

Of course, this powerful trend is still subject to variations depending on the cultural and political traditions of the various European Union countries with

regard to the place of the state in regulating private behaviour. The fact remains that the private matter versus state matter alternative is likely to take on great importance in future, to judge by the issues which have been the subject of policy measures or debates during the period 1994 - beginning 1995 (without here going into the debates about the 'perverse effects' produced by certain benefits - for instance for lone parent families; these perverse effects are said to encourage the withdrawal of the state and the restoration of individual responsibility). This applies to the problem of protecting women in their reproductive functions and, perhaps more so, to the problem of intergenerational solidarity.

In the first case, most European Union countries have taken account of the Directive of 19th October 1992 concerning the protection of pregnant women in the work place, that is to say that they have, in general, strengthened already existing legislation. In the second case, the scale of the problem is very likely to increase in view of the ageing of the population and the imbalances that this causes, especially in resource distribution between children and young people on the one hand and elderly people on the other (Sgritta, 1995), as well as the issues this raises with regard to the care of elderly people, by the family and by the community.

Examination of national situations over the period 1994 - beginning 1995 shows how acute the problem is and how the various European Union countries are seeking to strike a balance between family mobilization and community assistance, whether the latter takes the form of public assistance, developing a private sector or voluntary assistance.

In any event, community assistance has to be funded somehow. This latter factor will certainly have a very heavy influence on the way European Union countries deal in future with the family matter versus state matter alternative, in a situation where public expenditure is to be restricted and, consequently, social protection is to be limited. In such a context, fundamental issues about the role of the state are inseparable from those relating to the 'targets' of policy (families of whatever configuration, the unemployed, elderly people). These should in future be at the heart of debate on family policies in the European Union, tempered by those specific national features on which we have laid so much stress in this chapter.





## CHAPTER THREE

# Demography and Changing Family Forms

### Introduction

National family policies and indeed any policy affecting families have to operate in the context of the demographic characteristics of that country. Policy has to adapt and change as the size and structure of the population changes. However, policy is not just a handmaiden of demography: the relationship is not only one way - the demography of a country can also be influenced by policy.

Policy can have some influence on whether and when people live with a partner and marry, when they have children and how many they have, when their children finish education and training, when they leave the parental home and when they start work. Policy can also affect the age at which people retire and even when and where they die. Policy is more or less relevant to people's lives from the cradle to the grave. Though policy may not be the most important determinant of these kinds of behaviour, it is certainly one influence. By influencing behaviour, policy affects the demography of a nation.

Nevertheless, it is quite clear that policy itself has to adapt to the size and age structure of the population. At one end of the life-cycle, maternity and child health services, pre-school provision, primary and secondary school class sizes, the demand for teachers and expenditure on family benefits are all heavily influenced by fluctuations in the birth rate. At the other end, earlier fluctuations in fertility, migration, life-expectancy and mortality determine the number of people receiving benefits in retirement, demands for health and personal social services and, in the end, even demand for burial or crematorium services. In between, demographic trends have a profound impact on demand for further education, labour supply, demand for housing of different sizes and types and the caring capacity of the community - to name but a few aspects.

It is for these reasons that in order to understand national family policies and the way they change, we need also to have an understanding of the changing form of families in different countries. This is particularly important at the moment because although the size of the populations of the countries of the EU is fairly stable, the structure of those populations is in the process of very dramatic change. In particular, there are three inter-related trends of particular significance for family policy - the collapse in fertility in all EU countries, the rapid changes taking place in family form evident in most EU countries and the ageing of EU populations. These three trends will be reviewed in this chapter (though focusing on these trends it is not denied that changing employment patterns, migration and other demographic trends are also very important to family policy).

### **Sources of comparative demographic statistics**

Until recently the student of comparative demography had to rely on a number of rather unsatisfactory sources. There were the regular reports of international organisations which produced more or less useful population statistics (for example UNICEF, 1989; United Nations, 1993). The regular reports of the OECD contain useful comparisons of population structures and the OECD also produces *ad hoc* studies from time to time with useful comparative population data (for example OECD, 1990; OECD, 1993; OECD, 1994). The Council of Europe produces an annual review which is extremely useful (Council of Europe, 1994). Then there are *ad hoc* studies undertaken by national statistical bureaux - for example, the Office of Population Censuses and Surveys (UK) in its quarterly publication *Population Trends* produces articles which sometimes draw on primary comparative studies (for example Bégeot, Smith and Pearce 1993). There are studies such as the Luxembourg Income Study which generate demographic data as a by-product of the analysis of their comparative data sets. Finally there are other *ad hoc* comparative studies on specific topics which collect material which contributes to a comparative data base (for example see Bradshaw *et al* 1996). At the EU level, until recently, we have had to rely on data collected on an *ad hoc* basis either through National Round Tables or more recently through national informants in the observatories and networks (Fernandez-Cordon, 1994).

However, Eurostat now collects, analyses and presents comparative demographic data. This effort was sanctioned by the Treaty of Maastricht which required the Commission 'to draw up a report each year on progress in achieving the objective of Article 1, including the demographic situation in the Community'. As well as the annual *Demographic Statistics*, Eurostat provides the Commission with the material produced as *The Demographic Situation in the European Union* (CEC, 1995) and also *Major Issues in European Demography* (CEC, 1994). There is also the Eurostat Conference report *Human Resources in Europe at the dawn of the 21st century* (Eurostat, 1992a). In addition, Eurostat publishes a variety of papers containing data on different aspects of the European demographic scene. Together these are the main source for the material in this chapter. A developing research programme on the subject of demography has been initiated and funded by the European Commission.

### **Population size**

All the EU countries undertook censuses in 1990 or 1991. Table 3.1 shows that estimates of population size in 1994 vary from 81.3 million in Germany to only 385,000 in Luxembourg. The table also shows that since 1950 all the EU countries have experienced growth in their populations ranging from an average of 0.27 per cent per annum in the UK to 0.90 per cent per annum in the Netherlands. There was a slowing in the annual average rate of growth in all countries in the 1980s and in Denmark and Portugal there was hardly any growth at all.

Population growth rates are a function of fertility, migration and mortality and the relative contribution of each of these factors has varied from country to country and over time. Estimates have been made of the likely future size of the populations of EU countries. The higher of these estimates envisages average growth of 0.57 per cent per year between 1993 and 2020. The lower estimates envisage a decline of 2.6 per cent in the overall population between 1993 and 2020

**Table 3.1: Population size and population growth**

Country	Population (millions) 1994	Annual % increase 1950-1990	Annual % increase 1980-1990
Belgium	10.1	0.32	0.13
Denmark	5.2	0.37	0.04
Germany	81.3	0.29	0.17
Greece	10.4	0.59	0.53
Spain	39.1	0.66	0.29
France	57.8	0.57	0.42
Ireland	3.6	0.35	0.24
Italy	56.9	0.39	0.14
Luxembourg	0.4	0.56	0.54
Netherlands	15.3	0.90	0.58
Portugal	9.9	0.31	0.03
United Kingdom	58.2	0.27	0.23

Sources: Bégeot, Smith and Pearce (1993) Table 1, Council of Europe (1994), Eurostat (1995)

and reductions in the population in every country except France, Netherlands and Portugal during that period.

The population of Europe is a declining proportion of the world population as well as a declining proportion of the population of the industrialised world. Variations in the growth rates within the EU will (obviously) change the relative proportions of the overall EU population contributed by the different member states. Between 1980 and 2020 the percentages of the population who are French, Dutch, Portuguese, Greek and Spanish is expected to grow while the proportion who are Italian, German and British is expected to decline.

Given the relative stability of the EU population, age structure is more important than population size. The most important determinant of the age structure is past and present fertility rates.

### **Fertility**

Fertility (or rather the Total Period Fertility Rate) is a measure of the number of children each woman will have during her child-bearing life. In order for the population to reproduce itself each woman needs to have 2.1 children. Table 3.2 shows that every country in the EU had a fertility rate in 1993 below replacement level. Ireland's fertility rate had for some time been an outlier in this respect but as a result of an extraordinarily rapid decline in fertility, Ireland reached sub-replacement fertility in 1993. Although southern EU countries fertility levels began to fall in the late 1970s (about a decade after the northern countries), they have rapidly caught up and indeed, overtaken the northern countries. For example Spain and Italy now have the lowest fertility rates in Europe and indeed

the industrial world. This seeming uniformity in fertility rates masks considerable variations in how they are achieved - thus in Denmark, the UK and France there are high levels of births outside marriage. In Germany there are high proportions of childless women. In France there are fewer women without children but more one child families (Eurostat, 1992b).

Despite a considerable literature on the subject, no entirely satisfactory (or rather simple) explanation has been produced for fluctuations in fertility. A two volume five country EC/Eurostat study concluded 'that there is no identifiable stable link between labour force participation and fertility outcomes. However there is a process of joint determination, affected by macroeconomic situations and the cultural and social fabric' (Eurostat, 1991, volume 1, para 16). There is no doubt that birth control technology and abortion have enabled women to separate sexual activity from child rearing, to delay marriage and defer child bearing. This has been associated with an increased participation of women in paid employment. Participation in work can lead to further delay in child rearing because added to the not inconsiderable direct costs of having a child, are the indirect or opportunity costs of lost earnings, foregone promotion prospects, lost pension rights and so on. Increased opportunities for women in the expanding service sector, rising real earnings and rising earnings relative to men's in most EU countries further increase these costs. Economic independence is associated with increased relationship breakdown, which not only interrupts child bearing but makes it even more risky and more important for a woman to remain in the labour market, given the high risks of poverty for lone parents. The economic recession of the early 1990s may have also made a contribution, as it undoubtedly did in the 1930s.

There are some demographers (for example Brass, 1989) who believe that this decline in fertility is merely delay - a generation of women have chosen to have their babies in their thirties rather than their twenties. It is argued that fertility will catch up as they have their babies later. It is true that the decline in fertility in some northern EU countries ceased during the 1980s and there is some evidence of a recovery of fertility in some (Scandinavian) countries in recent years. This is because the age-specific fertility rates in those countries have been increasing for the over 30s. But there is no EU country whose fertility rate has recovered to replacement level as yet and in the UK and the Nordic countries, where fertility began to recover earliest, it has stuck at sub-replacement level and indeed begun to fall again. Many of the countries that began the fertility decline have now experienced nearly a child bearing generation at sub-replacement level: thus it is too late to catch up. Meanwhile the labour supply of married women continues to increase as does marital disruption. Family planning technology is likely to become more efficient with the male contraceptive pill and the abortion pill. There is little or no evidence that men are adapting their behaviour to make it easier for women to be mothers and workers. All this suggests that fertility is likely to remain at low levels or continue to decline.

One obvious question is whether it matters that fertility continues at sub-replacement level? Given the lack of concern in most EU countries, the answer is clearly no. Indeed in the short term reductions in fertility, particularly if the rate then remains stable, may have beneficial social, economic and ecological

**Table 3.2: Total period fertility rates 1970, 1980, 1990, 1993**

Country	1970	1980	1990	1993
Belgium	2.25	1.69	1.61	1.59
Denmark	1.95	1.55	1.67	1.75
Germany	2.02	1.45	1.50	1.28
Greece	2.34	2.23	1.43	1.34
Spain	2.84	2.22	1.30	1.26
France	2.48	1.95	1.80	1.65
Ireland	3.87	3.23	2.17	1.93
Italy	2.43	1.69	1.29	1.22
Luxembourg	1.97	1.50	1.62	1.70
Netherlands	2.57	1.60	1.62	1.57
Portugal	2.76	2.19	1.48(89)	1.52
United Kingdom	2.45	1.89	1.84	1.75

Sources: Craig (1992), Council of Europe (1994), Eurostat (1995)

consequences. There can be savings in public expenditure on child-related services and benefits or indeed improvements in them. For example one consequence of the decline in births in Ireland has been the decision to make substantial increases in child benefits. Also, unemployment can be solved demographically, pressure on housing reduced and so on. The anxieties arising from sub-replacement fertility are two-fold; first, what would be the consequences for the economy and social fabric of European countries if labour supply does not keep pace with labour demand; second, what are the economic costs and social and economic consequences of an ageing population? While ageing is certainly on the agenda of EU countries, given the parlous state of labour demand and new threats to European competitiveness from the newly industrialised Asian economies, possible future labour shortages are not a concern.

Even if they were, and countries decided that they wanted to have an impact on fertility, the historical evidence suggests that it is extremely difficult to engineer changes in fertility behaviour by social and fiscal policies. The attempts to employ incentives in many of the former Eastern block countries had little success. The attempt to coerce mothers in Rumania not only failed but had disastrous consequences for mothers and children. The evidence from France which has pursued pro-natalist policies for over 80 years, is not encouraging. France has a slightly lower fertility rate than the UK, which has never espoused explicit pro-natalist policies. All the evidence suggests pro-natalist policies may encourage mothers to have babies earlier and may increase fertility by 0.1 or 0.2 but beyond that they have had little impact. It is conceivable that more concerted, more generous pro-natalist policies may have more impact, but they would require considerable transfers of resources in favour of women and families of child-bearing age, at the expense of the childless and elderly and they would still have to compete for the attentions of women with the attractions of the labour market.

**Changing family form**

While there is evidence that in respect of fertility the EU countries have become more alike, when we turn to trends in the structure of families there appears still to be a good deal more variation. Nevertheless, family form is changing throughout Europe and although the changes have been much greater in some countries than in others they appear to have a common trajectory throughout the EU. In general, the forms of families that have dominated European populations since about the first world war have become much more diverse, complex and volatile and these changes present social policy with new challenges. The variations within Europe can be depicted broadly as a north/south divide - with northern countries starting out on the trends earlier than southern countries and southern countries beginning later but catching up rapidly, albeit from a lower base. Although there is some truth in this hypothesis, as we shall see there is still considerable variation for some indicators within the south and northern blocs (as well as confusion about how to classify countries such as Ireland). There is also considerable variation between regions within some countries.

We have already seen in relation to fertility that women are having fewer babies and that this is partly a function of delayed childbirth. Table 3.3 compares the mean age of mothers at the first birth. Since 1970 this has increased by about three years in most countries. The mean age of women at child bearing was very similar in the EU countries in 1993 varying from 30.3 years in Ireland to 27.7 years in Portugal.

**Table 3.3: Age of mothers at birth of first child**

Country	Mean age at first birth 1992	Mean age of women at child bearing 1993
Belgium	26.3 (1989)	28.1
Denmark	26.9	28.9
Germany	27.3/25.4	28.1
Greece	25.4	27.8
Spain	26.1 (1991)	29.3
France	27.2 (1991)	28.7
Ireland	25.9	30.3
Italy	27.1 (1991)	29.4
Luxembourg	-	28.6
Netherlands	28.0	29.8
Portugal	25.0	27.7
United Kingdom	26.0	27.9

Sources: Craig (1992), Council of Europe (1994), Eurostat (1995)

It is especially noticeable that the fertility rate amongst teenage women has declined in all European countries with the exception of the UK, where there has been a slight increase. Although the rates remain relatively high in Ireland and the Mediterranean countries, the rate at which teenage pregnancies are declining is impressive. Conversely, in the UK 3 per cent of all 15 to 19 year olds give birth (Figure 3.1); this is three times as many as in the Netherlands, or France, (FPSC, 1994).

Figure 3.1

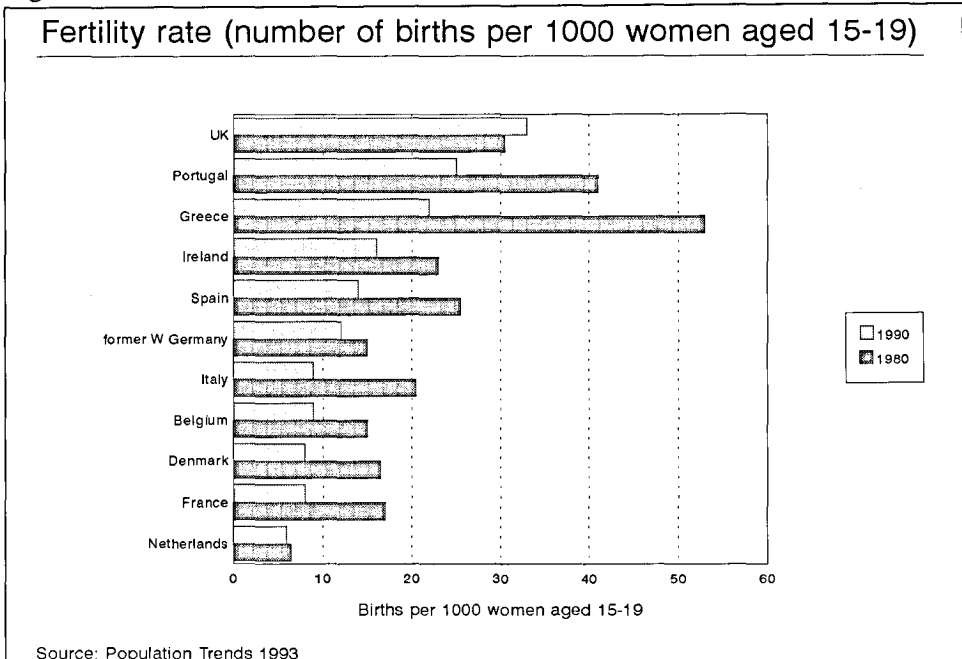


Table 3.5 gives the crude marriage rate for EU countries in 1993. Since 1970 this has declined in every country in the EU. Marriage is occurring later - at least three years later since 1970 in most northern EU countries. The age at first marriage is also compared in Table 3.5 and varies from 28.2 years in Denmark to 24.4 years in

**Table 3.5: Marriage rate, age of first marriage and proportion of marriages which are first marriages**

Country	Crude marriages rate 1993	Age at first marriage 1992	First marriage as % total marriages females 1993
Belgium	5.4	24.9	80.8
Denmark	6.1	28.2	73.2
Germany	5.5	26.5/25.1	77.1
Greece	6.0	24.4	91.9
Spain	5.0	25.6 (1991)	96.0 (1992)
France	4.4	26.1	83.6
Ireland	4.4	25.9 (1990)	99.4 (1991)
Italy	5.1	25.8 (1991)	96.2 (1991)
Luxembourg	6.0	25.9	80.6
Netherlands	5.8	26.6	82.5
Portugal	6.9	24.5	94.4
United Kingdom	5.9	25.5 (1991)	73.1 (1992)

Sources: Council of Europe (1994), Eurostat (1995)



Greece. Re-marriages or marriages where one or other of the partners have been married already have been a growing proportion of all marriages but remarriage is also in decline and cohabitation following marriage breakdown and before marriage has become common. Re-marriages were more than a quarter of all marriages in 1993 in Denmark and the UK (see Table 3.5). In most countries there is evidence that marriage is not just being delayed but that fewer people are marrying.

The decline in marriage and the increased age at which marriage begins has been associated with an increase in births outside marriage, and an increasing proportion within cohabitation. Table 3.6 shows that the proportion of births outside marriage had reached over about a third in the UK and approaching a half in Denmark by 1993 and, although there is still considerable variation in the proportion of births outside marriage in the EU and very different rates of increase, all countries had experienced at least a doubling in births outside marriage since 1970. An increasing proportion of births outside marriage will be to couples who are cohabiting.

The decline in marriage has also been associated with an increase in cohabitation - an increased proportion of men and women living together as man and wife, sometimes as a prelude to marriage, between marriages or more rarely permanently outside marriage. Cohabitation is extremely difficult to compare across countries because of the difficulty of establishing the nature of living together relationships. There is also some evidence that 'living apart together' is on the increase. Cohabitation is already well established in Denmark and Sweden with pre-marital cohabitation almost universal and couples commonly having their first child while cohabiting. Cohabitation is emerging rapidly in Belgium, the UK, France, Luxembourg, Netherlands and Germany. In these countries the proportion of women cohabiting before marriage is increasing rapidly for each birth cohort, though there are differences in the proportion of women who have

**Table 3.6: Births outside marriage**

Country	% Live Births Outside Marriages 1993
Belgium	12.6 (1991)
Denmark	46.8
Germany	14.8
Greece	2.8
Spain	10.5 (1992)
France	33.2 (1992)
Ireland	19.5
Italy	7.3
Luxembourg	12.9
Netherlands	13.1
Portugal	17.0
United Kingdom	31.8

Sources: Eurostat (1995), EC (1995)

**Table 3.7: Divorce**

Country	Total divorce rate 1992	Crude divorce rate 1993
Belgium	0.39	2.1
Denmark	0.42	2.5
Germany	0.30	1.9
Greece	0.12	0.7
Spain	-	0.7
France	0.33 (1991)	1.9
Ireland	-	-
Italy	0.07	0.4
Luxembourg	0.36	1.9
Netherlands	0.29	2.0
Portugal	-	1.2
United Kingdom	0.44 (1991)	3.1

Sources: Council of Europe (1994), Eurostat (1995)

children in cohabiting relationships. Ireland and the southern European countries still have negligible cohabitation (EC, 1995; Dormor, 1992; Kiernan and Estaugh, 1993).

Marriage (and possibly also cohabitation) has become more unstable than in the past. Divorce and relationship breakdown have become more common. Divorce is influenced by the difficulties of access and it can be seen in Table 3.7 that it varies considerably between countries, with the UK and Denmark having the highest rates and Ireland, Italy and Greece having the lowest. In most countries it has more than doubled since 1970, although from rather different bases. From the mid 1980s in some countries, the divorce rate has begun to level off. It is not clear whether this is a real levelling off due perhaps to later and more stable marriages, or merely a function of fewer couples getting married and cohabitation breakdowns not being recorded in divorce statistics.

There have been three important consequences of the delay and/or decline in marriage, the increase in births outside marriage, in cohabitation and in the breakdown of marriages. These are discussed in turn.

First, along with ageing and changing patterns of household formation a delay and/or decline in marriage has contributed to the increase in singleness - single person households - and probably an associated increase in isolation and loneliness (Kaufmann 1993). By 1990/91, 26.7 per cent of EU households were single person households and the proportion ranged from 34.4 per cent in Denmark to 13.4 per cent in Spain (see Table 3.8).

Secondly, changing family form has contributed to the increase, a rapid increase in some countries, in the proportion of families headed by a lone parent. The definition of what constitutes a lone parent family varies considerably between countries due to differing definitions of the age of dependent children and also

**Table 3.8: One person households**

Country	One person households as % of all households 1990/91
Belgium	28.4
Denmark	34.4
Germany	33.6
Greece	16.2
Spain	13.4
France	27.1
Ireland	20.2
Italy	20.6
Luxembourg	25.5
Netherlands	30.0
Portugal	13.8
United Kingdom	26.7

Sources: Eurostat (1995)

because of the problems in some countries of identifying lone parents in multi-unit households (Roll, 1992). The latest Eurostat estimates are given in Table 3.9 and they show that the proportion of families with a child under 16 who were headed by a lone parent varied from 20.4 per cent in Denmark to 5.7 per cent in Greece.

Bradshaw *et al* (1996) have produced independent and more recent estimates as part of a special study for the Observatory on the labour supply of lone parents. The vast majority of these families are headed by a woman - 83.3 per cent in the EU in 1990/91 (Eurostat, 1995) but there is considerable variation in the marital composition of the lone parent population - Ireland has a particularly high proportion (61 per cent) who are widows/widowers and the UK has the highest proportion who are single never married (38 per cent) (Bradshaw *et al*, 1996). This increase in the proportion of lone parent families has been associated with concern about a range of issues including the poverty of lone parent families and the impact on children of family breakdown. There are very considerable variations between the EU countries in the proportion of lone parents who are working outside the home and the reasons for this are the subject of a special study being undertaken by the Observatory.

Thirdly, family forms have become much more complex with an increase in the proportion of step and other relationships with consequences for relationships between brothers and sisters and half-brothers and sisters, parents and step-parents and grandparents now, in the future and for generations to come. This increasing complexity in family form is also exacerbated by evidence that with longer periods of education and training and increased unemployment, young people are leaving the parental home at older ages than in the past.

Many of these changes have been so rapid that we are only beginning to describe them, let alone fully understand them. One problem is that traditional

**Table 3.9: Lone parent families**

Country	% Lone parent families 1990/91	% Lone parent families with children under 6 1990/91	% Lone parent families with at least one child under 16 1990/91
Belgium	14.1	14.9	14.6
Denmark	8.5	13.5	20.4
Germany	11.5	14.3	15.4
Greece	7.6	3.2	5.7
Spain	10.0	–	6.0
France	10.4	8.3	10.8
Ireland	15.0	8.8	10.7
Italy	11.8	–	–
Luxembourg	12.7	10.5	12.3
Netherlands	10.1	11.2	12.2
Portugal	9.2	6.1	9.0
United Kingdom	13.5	19.2	19.0

Sources: Eurostat (1995), EC (1995)

demographic statistics on births in and out of wedlock, marriage, re-marriage and divorce, fail to describe satisfactorily what is happening to and in families. Although in some countries, at a national level, some good data have begun to emerge on changing family patterns including cohabitation, lone parent families and step-families, at a comparative level, the data are far from satisfactory, either because they do not exist or, because they are not comparable. Indeed, in part, because of its commonly processional nature and in part because it is not well accepted in some countries, it is likely that a good deal of cohabitation is either not counted or deliberately concealed in multi-unit households. Similarly the distinction between lone-parenthood and cohabiting is not always consistently drawn and there are difficulties in the definition of lone parenthood particularly in relation to children's ages.

There is also still, in respect of family form, considerable diversity within the EU. Thus for example the prevalence of large households varies considerably with 26.7 per cent of households in Ireland (in 1990/91) containing five or more persons compared with only 4.8 per cent in Denmark. The proportion of households made up of a couple with dependent children also varies from 49.9 per cent in Portugal in 1990/91 to only 26.3 per cent in Denmark.

### **Ageing**

Like all industrialised countries, the countries of the EU are all ageing (OECD, 1988; ILO, 1995). This is partly a function of increased life expectancy, which continues to rise for men and women. As shown in Table 3.10, in 1993 life expectancy at birth for men ranged from 70.6 years in Portugal to 75.0 in Greece. Life expectancy for women is invariably higher than for men, with some

**Table 3.10: Life expectancy at birth**

Country	Males 1993	Females 1993	Infant mortality rate 1993
Belgium	73.0	79.9	8.0
Denmark	72.6	77.8	5.4
Germany	72.7	79.2	5.8
Greece	75.0	79.9	8.5
Spain	73.7 (1992)	81.0 (1992)	6.9
France	73.3	81.5	6.4
Ireland	72.7	78.2	6.0
Italy	73.4 (1992)	80.2 (1991)	7.3
Luxembourg	72.2	79.4	6.0
Netherlands	74.0	80.0	6.3
Portugal	70.6	77.8	8.7
United Kingdom	73.6 (1992)	79.0 (1992)	6.3

Sources: Eurostat (1995)

interesting differences in the gap between men and women - the smallest gap being in Denmark (5.2 years) and the largest in France (7.2 years). There are also quite large differences in the rate at which the expectation of life has increased between countries. Thus, for example, in Denmark the expectation of life for women has only increased by just over three years since 1961/62 whereas in Portugal it has increased by eleven years over the same period.

It is notable that the expectation of life is not closely correlated with living standards - or rather, it is not the case that the poorer countries in the EU are necessarily the ones with shorter life expectancies.

Ageing is also a function of earlier waves in fertility and patterns of migration. The traditional way to represent ageing is in terms of dependency ratios, though there are a number of variations in the ways these are represented in the comparative literature. In Table 3.11 the second column compares the number of people over 60 as a proportion of the number aged between 20 and 59. This is a version of the pensioners' dependency ratio. We see that the UK has the highest proportion of people over 60 (39 per cent) and the Netherlands the lowest (30 per cent). However apart from the criticism that not all of those over 60 are dependent and not all those aged 20-59 are independent, this pensioners' dependency ratio fails to represent the dependency of children. The effect of adding children is shown in two ways in the final two columns of the table. Because of the very high proportion of children in its population Ireland has the highest dependency ratio for both measures. The relative position of the other countries varies with how the dependent and independent are counted.

These are still rather crude comparisons of the real differences in dependency between countries. A valid comparison really needs to take account of the age at

Table 3.11: Dependency ratios

Country	0-19 20-59 1990/91	60+ 20-59 1990/91	0-19+60+ 20-59 1990/91	0-19+60+ 20-59 1993	0-14+65+ 15-64 1990/91
Belgium	0.45	0.38	0.83	0.83	0.50
Denmark	0.43	0.37	0.80	0.78	0.48
Germany	0.37	0.35	0.73	0.72	0.45
Greece	-	-	-	0.83	0.49
Spain	0.53	0.36	0.90	0.85	0.49
France	0.49	0.37	0.87	0.87	0.52
Ireland	0.74	0.31	1.06	1.01	0.62
Italy	-	-	-	0.78	0.45
Luxembourg	0.40	0.33	0.72	0.74	0.45
Netherlands	0.44	0.30	0.74	0.73	0.45
Portugal	0.58	0.36	0.91	0.88	0.52
United Kingdom	0.48	0.39	0.87	0.87	0.53

Sources: Bégeot, Smith and Pearce (1993), EC (1995)

which education and training ceases, the unemployment rate, the labour force participation rates of men and women of working age, how common early retirement is and the age at which people commonly retire (see CEC, 1995). The burden of ageing would then need to take account of variations in the degree to which the elderly population consume resources, both cash benefits and services. As far as services are concerned, there is a good deal of evidence that while there are more people living to older ages, older people are becoming fitter and less dependent than previous generations. As most health resources are used in the very final stages of life or in the process of dying, at least as far as health resources are concerned, ageing does not necessarily imply an increased burden. Against this argument there is the fact that in many countries the fastest growing group of the elderly are the very elderly, who are certainly more likely to require personal caring services than the younger and fitter elderly.

Another problem in comparing the ageing of countries is that it is occurring at very different speeds in different countries. Thus the UK may currently have one of the highest pensioner dependency ratios in the EU, but because it was one of the earliest countries to experience ageing, it has passed through a rapid period of ageing, reaching a plateau. Other EU countries are still ageing rapidly and will catch up and overtake the UK in the next few years.

In their 1994 report on the demographic situation the European Commission (1995) identified four groups of member states in relation to ageing: Germany, Belgium and Italy are member states where the older age-groups eclipse the new generations; Denmark, Luxembourg, the UK and Greece where this tendency is not so pronounced but is becoming more so given their fertility trends; Spain, Portugal, France and the Netherlands have balanced numbers of the oldest people; and finally Ireland where the population is still predominantly young.

There is a good deal of variation in the predictions about the expectation of life in the future. Caselli and Egidi (1992) have compared national predictions and found that they are generally more pessimistic than international predictions as well as recent actual experience. They also point out that progress in the treatment of ischaemic heart disease and certain cancers could have a very dramatic impact on life expectancy. On the other hand if AIDS or other epidemics became widespread or a Chernobyl type disaster occurred in Europe it might have an opposite impact on life expectancy.

The crucial issue is whether the quality of life of those additional years will be improved. Much of the attention on this subject has focused on health and the consumption of health services and so called 'disability free life expectation'. However health is only one aspect of a quality of life. Also of importance and concern is whether the living standards of the elderly will enable them to participate in society and whether there is the capacity in (changing) families and other social relationships to sustain the quality of existing systems of obligation and exchange.

### **Conclusion**

The discourse around demographic change in EU countries is often expressed in terms of a crisis, a form of demographic if not moral panic. In particular, changes in family form are commonly seen as entirely negative - frightening and bound to lead to financial insecurity if not social collapse. The debate moves rapidly on from this diagnosis to prescriptions which usually seek to influence or constrain behaviour, to impose a moral norm, by promoting the traditional nuclear family. Thus a recent article in *The Economist* (5 September 1995) entitled 'The Disappearing Family' while arguing that 'without compelling evidence that the net harm (of divorce) is great, and perhaps not even then, governments have no business imposing their moral choices on citizens' (p19) then sets out a set of policy prescriptions to change behaviour including abandoning statutory minimum wages, making benefits 'less friendly' to lone parents and reducing the autonomy of young mothers.

To construct demographic changes being experienced in Europe in terms of a crisis is imprudent. First, EU countries are not generally facing such dramatic changes as some countries outside Europe - for example, family change is not as dramatic as in the United States and ageing is not as rapid as in Japan. Secondly, there is still a good deal of variation within the EU in all these experiences - thus many countries still have comparatively low levels of marital breakdown and lone parenthood. Thirdly, many of the changes that disturb people are not as bad as they might seem at face value. Thus most children are still brought up by both their parents together, most marriages survive and they are lasting a great deal longer than they did in the last century: many children born outside marriage actually have two parents who are in stable cohabiting relationships. Lone parenthood is commonly a temporary experience - most lone parents repartner. Fourthly, many individual, familial and social benefits are emerging from, or are associated with the changes that are being experienced - the ability of women to control their fertility and achieve greater economic independence from participation in the labour force, the freedom of women (and men) to leave unfulfilling and possibly violent marriages, the benefits of sub-replacement fertility - to name but a few.

Nevertheless there are important implications of these changes - for the labour market, for family policy and for social protection and for these reasons they and their consequences are a vitally important concern for the national governments and the European Observatory on National Family Policies. Good comparative research, not just on demographic patterns but also their consequences, could make a major contribution to developing a coherent understanding of what is going on and help to inform sensible responses.





## CHAPTER FOUR

# Reconciling Work and Family Life

### Introduction

Paid work remains the prime source of financial security for families, not least because in most countries social protection in retirement or during periods out of work is substantially dependent on employment-based contributions and entitlements. Employment is also a key source of personal satisfaction for individuals, including, increasingly, women. Throughout the countries of the European Union growing numbers of women are taking it for granted that they will spend many of their active years in paid work. While female labour market participation varies between member countries, it has been growing even in those which already have high rates, and for many families the maintenance of reasonable standards of living depends on having two wages or salaries coming into the household. Yet at the same time parents want and need to be able to fulfil their caring responsibilities towards children and, often, towards other relatives.

The argument in favour of time for family responsibilities is not just a question of avoiding neglect or damage to children, or of keeping down the public costs of social care for the elderly, though these may be factors in policy debates. It also represents a positive desire for fulfilling inter-personal relationships and for relief from the constant need to juggle priorities, which tends to fall more heavily on women. Measures which help parents to reconcile the demands of work and family life are therefore at the heart of social policy and contribute to the enhancement of quality of life.

However, the demands of economic competitiveness which are central to the European project tend to have contradictory impacts on the family/work nexus. 'Flexibility' in labour markets is increasingly seen as desirable in order to reduce costs to business and thereby cut unemployment (OECD, 1994a). This flexibility can take the form of reduced working hours, job sharing or splitting, shiftwork, or other arrangements which may suit people, especially women, who need to fit work around child-care or other family responsibilities. Often, however, flexible work is not of the kind that fosters satisfactory combinations of work and family life. 'Zero-hour contracts', for example, temporary work, subcontracting and other forms of 'non-standard' work can lead to employment insecurity. The development of better employment rights and benefits for non-standard workers are frequently viewed as a burden on employers which discourages the creation of new jobs. Parental leave, career breaks and other 'family-friendly' initiatives are also sometimes seen as obstacles to competitiveness. Yet job creation is not in itself a panacea: the experience of the USA in particular suggests that flexibility

and deregulation can lead to the creation of low-paid and often insecure jobs which require more intensive working hours to produce earnings sufficient to support a family (Freeman, 1994).

In 1992 the Council of Ministers adopted a Recommendation on child care, which was proposed as part of the Community Charter on the Fundamental Rights of Workers and the Community's Third Action Programme on Equal Opportunities for Women and Men. Its aim was to: '...encourage initiatives to enable men and women to reconcile their occupational, family and upbringing responsibilities arising from the care of children' (article 1). This was linked to a more general goal to:

'... promote and encourage, with due respect for freedom of the individual, increased participation by men (in the care and upbringing of children), in order to achieve a more equal sharing of parental responsibilities between men and women' (article 6).

The problem is that the employment insecurity which stems from labour market change can militate against greater participation by men (and women too) in family and household responsibilities because of the need to demonstrate indispensability to employers.

It was in the context of these contradictory forces at work in the social and economic life of member states of the EU that the Commission launched a new Network on Families and Work in 1994. This Network aims to disseminate information and stimulate good practice among private companies and other employers on how an improved balance between work and family life can be struck to mutual advantage (European Commission, 1994a).

The idea of reconciling work with family life does not in itself imply a single or uni-directional set of policies. Measures can range from generous schemes of maternity leave which permit traditional roles and divisions of labour in the household to be preserved, to policy arrangements which assume full-time work by both partners to be the norm from the earliest months after a child's birth. Also, while there is often a concentration on schemes of leave which are available when a child is born or during their early years, there is an increasing recognition of the need to take into account the continuing nature of family responsibilities, which do not end when a child starts school.

This chapter outlines recent developments in national policies to reconcile work with family life. It is organised within the broad framework of topics pursued in earlier reports from the Observatory and concentrates on four main issues: maternity and employment rights in the workplace; flexible work; leave arrangements, including such evidence as there is on changes in roles and responsibilities in families; and child care. These are the key policy themes which it is suggested form the agenda for the reconciliation of work and family life. Tax and benefit systems are also important influences on whether and how much parents will work, but these are considered in the next chapter. The chapter starts by highlighting some significant changes in patterns of employment among families with children in the member countries.

### Patterns of employment in the European Union

In the 10 years up to 1992 (the latest for which detailed comparative data are available) a number of broad trends are evident. First, the labour market participation of women, especially those in the prime working age group of 25-49 years, has continued to rise across the whole of the EU, whereas that of men has tended to remain steady or to fall (OECD, 1993; European Commission, 1994b). This has been true both in countries with relatively low female participation rates, such as Ireland, Spain and Italy, and in those, like Denmark and to a lesser extent Portugal, with higher rates. Labour force participation, however, does not always mean actual employment, and the recession which hit many member countries in the early 1990s led not only to substantially higher recorded unemployment among women, but also to a slight drop in labour market participation in 1992 - indicating that some women were withdrawing into 'inactivity'.

The second, and linked, trend has been towards shorter average working time. The common perception has been that part-time work has been increasing, though this is an oversimplified view of what is a complex phenomenon. The average drop in working time between 1983 and 1992 varied substantially between countries (from less than half an hour per week in Italy and the UK to over two hours in Belgium and 4.5 hours in the Netherlands) (European Commission, 1994b). The combination of factors leading to shorter working hours (which include changes in the balance of employment between industrial sectors and increased participation by women) vary between countries. The proportion of women working in the main band of part-time hours (10-29 hours per week) actually changed very little in most countries, though several countries experienced a slight decrease in the hours of women who had been working around 40 hours per week. Similarly, there was a tendency for men working around 40 hours to have reduced their hours, on average, but for both men and women there was a marginal increase in working time of those working over 48 hours per week. The overall changes in men and women's working time have tended to follow existing national patterns. Thus, rather than any strong signs of convergence we can see some differences being accentuated. However, the interaction between the family cycle and changing patterns of employment is difficult to study from cross-sectional data, and the limited comparable evidence available from event history data suggests cohort effects, including higher educational attainments among younger women, which may tend increasingly to transform married women's part-time work into full-time employment (Blossfeld, 1994). If this is the case some degree of convergence is more probable.

The important question when looking at families is the employment pattern of mothers and fathers. Recent comparable data are hard to come by, though some evidence will be emerging from a special study of the labour supply of lone parents, linked to the Observatory (Bradshaw *et al.*, 1996 forthcoming). One study for the European Network on Child Care looked at changes in employment among parents of young children since the mid-1980s (European Commission, 1993a). Among mothers with children under ten the average employment rate in the EU countries (excluding Portugal and Spain) rose from 42 per cent in 1985 to over 50 per cent in 1991, with a similar trend taking place from 1988 in Portugal and Spain. More than four-fifths of this increase came in part-time employment.

The largest increases took place in the Netherlands (16.7 per cent), followed by the UK, Ireland and (West) Germany, though Ireland remained the country with the

lowest rate of employment for this group (30 per cent). The smallest increases were in France, Italy and Greece (all around four per cent), while Denmark recorded a slight drop but continued to show the highest level of maternal employment (75 per cent). By contrast the situation of fathers changed little over this period in any country. Whilst leave schemes, flexible work and the availability of child care represent one side of the equation, the other frequently neglected aspect is the level of demand for female labour in the particular national economies (Blossfeld, 1994).

Economic activity rates tend to decrease with the number of children and where the youngest child is aged under three, though France is an exception to this pattern. The 'youngest child effect' is particularly marked in Germany and the UK, although in the UK the biggest increase in female employment over the 1980s took place among married or cohabiting women with pre-school age children (OPCS, 1994). On average, in 1991, mothers with children under ten mainly worked between 30 and 39 hours a week, with the longest hours worked in the southern European countries and the shortest in the Netherlands and the UK. Fathers' working hours averaged between 40 and 49 hours per week, with almost 20 per cent working more than 50 hours, and the longest hours worked were in Ireland and the UK (European Commission, 1993a).

The picture is somewhat different for lone mothers. There are difficulties with making comparisons because of varying national definitions of lone parenthood, but it appears that in most EU countries except the UK, the Netherlands and Germany lone mothers are considerably more likely to be in paid work than married or cohabiting mothers (Bradshaw *et al.*, 1996). They are also generally more likely to be in full-time work (defined as 30 hours per week or more). This applies not just to those with young children.

It may be misleading, however, to look at the working trajectories of mothers *en masse*. Recent evidence from the UK, for example, suggests a growing cleavage in the quantity and quality of paid work by women with children according to occupational class, with those in more professional occupations being less likely to work anti-social hours but more likely to work longer hours even when 'part-time' (Glover and Arber, 1995). This is connected to higher educational achievements and has consequences both for levels of pay and for access to employment rights and social protection.

An emerging pattern is that of women who report a continuous career, without breaks of more than a year. It is in countries where the labour force participation rates are relatively high, such as the UK, that women are least likely to report a continuous career. Conversely, in countries such as Italy, Spain and Greece, where fewer women are economically active, continuous employment is proportionately more common (European Commission, 1994c). However, the meaning of this phenomenon differs between countries. Continuous employment can represent economic necessity and may often involve relatives such as grandparents playing an important role in child care (such as in Greece and Italy) or it can represent successful management of child-rearing and employment responsibilities. Similarly, interrupted work can indicate either a flexibility that permits time for parenthood or the impossibility of such a reconciliation.

So how have recent legal and policy changes contributed to this picture? The rest of this chapter summarises the key developments reported in 1994 and early 1995.

### **Maternity and employment rights in the workplace**

In the course of 1994, implementation of the EU Directive (92/85) on 'the protection of pregnant women at work, and those who have recently given birth or who are breast feeding' was reported by a number of countries which had not previously met its requirements in full. The Directive covers employment conditions and hours, the right to *ante-natal* examinations in working hours without loss of pay, protection against dismissal, a minimum of 14 weeks maternity leave, and access to maternity benefits at least in line with sickness benefits, with qualifying periods of no more than one year. The changes in 1994 represented an improvement on the legal provisions and conditions existing in 1993 principally in Ireland, the UK and Italy. The Irish legislation introduced access to *ante-natal* examination in work time, increased the minimum rate of maternity benefit and specified that mothers entitled to a higher payment from disability benefit than from maternity benefit should receive the higher rate. The changes to UK legislation established the minimum required length of maternity leave for all women and reduced the qualifying period for maternity pay to six months. In Italy there were some fears that the Directive would weaken women's rights, which were already superior to those required, and might reduce the scope for further improvements. There have been no reductions in provision, however, and a new right of attendance at *ante-natal* clinics without loss of pay represents an improvement. These changes mean that the Directive has now been implemented in full in all the member countries except Greece, where the right to attend *ante-natal* clinics in paid work time does not yet formally exist, and in Portugal, where maternity leave, at 90 days, is still slightly less than the specified 14 week minimum. Legislation introducing 14 weeks maternity/paternity leave was, however, approved by the Portuguese parliament in April 1995 and is awaiting ratification. The Act will also introduce new provision for either parent to take leave to care for a sick child without loss of earnings. Also, although the right to attend *ante-natal* clinics during work-time is not yet formally inscribed in law in Greece, it is thought to be widely available in practice.

A number of other developments should be mentioned. In Denmark, new legislation was implemented requiring women to take two weeks paid leave after a child's birth (in addition to existing leave facilities which are beyond the EU minimum), while in Ireland the period of pregnancy after which a woman whose child is stillborn can receive maternity benefit was reduced from 28 to 24 weeks. In a series of important European Court cases against the UK government, the Court of Justice ruled that the termination of a contract on the grounds of pregnancy constituted direct sex discrimination and that a Ministry of Defence regulation on dismissal of pregnant workers was in breach of European legislation. In Italy debate has centred on extension of rights to maternity benefits to women outside the labour market and on raising payment levels.

### **Flexible work**

Recent developments in the area of flexible working give an indication of the differing ways in which this concept is viewed. Denmark, Germany and Italy and France all introduced or implemented legislation or policy programmes in 1994

designed to give employees greater choice about whether to work part- or full-time. Some of these changes were explicitly framed within broader policy aims of establishing family-friendly employment and included other measures to protect or extend the employment and social security rights of part-time workers, to help parents fit in caring for sick children or to protect the promotion prospects of women. In Italy, however, employers are reluctant to agree to part-time work because of economic disincentives resulting from the structure of social security. France introduced legislation in its Family Law to develop part-time work at the request of either employer or employee and made the parental child-rearing allowance (*Allocation Parentale d'Education*) payable on a part-time basis, though this should perhaps be seen in the context of France's traditional pro-natalist policies as much as in terms of labour market flexibility.

In Belgium, the 1993/4 Global Plan included incentives for employers to negotiate with trades unions for more flexible work arrangements in order to reduce unemployment, but only a very small number of firms have reached such agreements to date. A new national agreement signed in January 1995 provides a further opportunity for negotiations at regional and company level. The negotiations also included a new agreement on night work: in principle this is not allowed, but from now on exceptions will apply equally to women as to men, thus opening up the possibility of an increase in night work for women. In Luxembourg the thrust of new legislation in 1994 was towards regulation of temporary work, which will now only be permissible within set limits and will bring improved rights.

Although debate continued in other countries, particularly in Ireland where several Commissions have recommended a range of policies for more family-friendly work, there were few significant changes in legislation. In the UK, however, the House of Lords ruled that British legislation on the rights of part-time workers was in breach of European law - a ruling the Government accepted in spite of having opted out of the Directive on part-time workers. The qualifying period for rights against dismissal and redundancy has now been lowered from five to two years.

Many families develop what might be called forms of 'privatised flexibility', by making use of shift work and other patterns of working which enable parents to care for children without using outside services. This is particularly the case where child care services are poorly developed or expensive. Changing work patterns, such as extended shopping hours, may provide opportunities for such arrangements, as in Germany, the Netherlands and the UK. They do so, however, at the potential cost of reducing time for the family to be together. The implications for parents, in terms of personal stress and overwork, may be considerable, and require further research. Trades unionists in a number of countries (including Belgium, Italy and the Netherlands) have opposed these types of flexibility, arguing that they result in poorly paid and insecure jobs in which workers are exploited. In Germany there was a hard-fought campaign to prevent shops opening on Sundays. This was seen as preserving an important right of the family to private time. There was a similar debate in the Netherlands, where the local authorities have the power to allow or refuse Sunday opening, and in the UK, where the laws on Sunday shopping have long been contradictory and confusing.

One of the other forms of flexible work which is acquiring an increasing importance is that of 'flexiplace' or home-working. The majority of those involved in home-based work, whether in traditional industries or in newer forms of 'teleworking', are women, though in certain countries, such as the UK and the Netherlands, men are over-represented in highly skilled forms of teleworking. In the Mediterranean countries there is evidence that such home-based work forms an important part of household strategies for managing time and income, as in Portugal, where textile-based outwork has been carried out for many years. Whilst teleworking and other forms of home-based work can offer flexibility, much depends on the level of control exercised by participants over their work. Even in professional teleworking there are dangers of isolation and poorer working conditions, and there is little evidence available as yet on the consequences for family and parental relationships of the blurring of the boundaries between home and work (Kaufmann, 1995). A Bill passed in January 1995 in Belgium created a legal framework for home-working, introducing hours limits, written contracts and specified terms and conditions of employment. Although companies are increasingly developing 'flexiplace' and distance work policies, there were no other significant national legislative or policy developments reported.

In general, while there has been some movement towards more flexible work arrangements, the main engine behind recent changes often appears to be the continuation of high unemployment and the need to generate employment opportunities. Change is also uneven, with countries with more traditional work patterns being slow to introduce new forms of work. Where changes are taking place the context is important and they cannot always be seen as unambiguously positive for families.

### **Leave schemes**

The general rationale for schemes of leave for parents is that they promote the health and well-being of children, pregnant women, mothers and fathers; improve economic performance by retaining trained workers; and reduce unemployment. The European Commission (1983) has also explicitly argued that leave arrangements should foster the sharing of family responsibilities and promote equality of opportunities of men and women in the labour market, though this is by no means an inevitable outcome (European Network on Childcare, 1994a). Leave may be categorised into four main types:

- maternity leave, which is primarily a health measure and usually only available to fathers in cases of maternal death or severe illness
- paternity leave, which is solely for fathers, usually for a short period of time around the birth of a child
- parental leave, which may be taken by either partner, generally while children are of pre-school age
- leave for family reasons - usually to care for children or other relatives who are ill, or for other domestic situations.

In some countries 'rest breaks' are also available to working mothers, again primarily as a health measure.

In addition to leave schemes specifically for parents, a number of countries have systems of career breaks which are available to some employees in general, but are



often used for family reasons. There is a clear gender division in the use of such schemes, with the majority of women using them for family reasons, while men are more likely to use them for travel or pre-retirement activity.

Leave can be available either as a statutory entitlement or through collective or contractual agreements with employers. The latter frequently enhance statutory minimum entitlements, though there is no comprehensive source of information on collective agreements for all the member countries. Another important distinction is that leave may be paid or unpaid.

Tables 4.1 and 4.2 summarise leave provisions in the EU member countries at the end of 1993 and shows the changes introduced during 1994 and early 1995. For more details of provision, including qualifying conditions for parental leave and levels of earnings-related payment for maternity leave, see the sources cited.

**Table 4.1: Leave provisions in the EU countries at 31/12/93**

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
BELGIUM	<p>General right for all female employees. 15 weeks. Paid: earnings-related.</p> <p>Self-employed women entitled to 3 weeks post-natal leave, with a lump-sum maternity grant.</p>	3 days at 100% of earnings.	<p>Public sector workers can take a maximum of 3 months unpaid leave, to be taken immediately after maternity leave.</p> <p>Private sector employees (either parent) can receive a favourable level of unemployment benefit if they stop work or go part-time to care for a child. This counts as full-time work for social security if taken within 6 months to 3 years after the child's birth. (See also Career Breaks.)</p>	<p>10 days per year, unpaid, for private sector workers.</p> <p>Public sector workers (by negotiation with departments) can get:</p> <ul style="list-style-type: none"> <li>* leave for urgent family reasons (up to 2 months unpaid)</li> <li>* reduced hours for social and family reasons (half-time working for 3-24 months, unpaid, with maximum of 5 years in working life)</li> <li>* long-term leave for family reasons (up to 4 years while child is under 5, or 6 years if child is disabled. Unpaid)</li> </ul> <p>These leaves do not count as periods of work for social security purposes.</p>	<p>Workers can take (non-statutory) career breaks of 6-12 months or, where a child is born, 12 weeks after maternity leave, by agreement with the employer.</p> <p>Alternatively those employed at least 3/4 time can go half-time for between 6 months and 5 years. Flat-rate payments depending on circumstances.</p>
DENMARK	<p>General right for all employed and self-employed women. 18 weeks. Paid: earnings-related.</p>	10 days, paid as for maternity leave.	10 weeks per family paid as for maternity leave.	None (but see parental leave).	
GERMANY	<p>General right for all female employees. 14 weeks (more for multiple/premature births). Paid: earnings-related.</p>	None.	<p>Up to first 3 years of child's life. Paid at flat-rate for 6 months then through income-related benefit for 18 months. Available to either parent and can be split between them or for alternating periods. Parent on leave can work for an employer for up to 19 hours per week.</p>	<p>10-25 days per parent depending on number of children, at full pay, up to child's 12th birthday. Double amount for lone parents.</p>	

Table 4.1: Leave provisions in the EU countries at 31/12/93 *continued*

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
GREECE	For all insured women. 14 weeks. Paid: earnings-related.	None.	Up to 3 months unpaid for each parent 6 months for lone parents. Cannot be transferred between parents. Employer can refuse if more than 8% of workforce on leave.	6-10 days per year depending on number of children, unpaid. For children up to 16 or older if disabled.	Unpaid career breaks available.
SPAIN	For women with 6 months contributions in previous year. 16 (+ 2 for multiple births). Paid: earnings-related (up to a ceiling).	2 days at 100% of earnings. Mother can choose to transfer up to 4 weeks maternity leave to father.	12 months unpaid per family. Further 2 years available, but employee loses right to automatic reinstatement. Parents with child under 6 or disabled can also reduce their working hours by $\frac{1}{3}$ - $\frac{1}{2}$ but with no compensation for lost pay.	First 2 days of a child's serious illness for each parent, at full pay (4 days if parent has to travel).	Unpaid career breaks available.
FRANCE	Women insured for at least 10 months with contributions for 1200 hours in previous year. 16 weeks (26 for 3rd and subsequent child + extra for multiple births). Paid: earnings-related.	3 days, to be taken during 15 days before or after birth.	For first 3 years of child's life. Can be taken by either parent, shared or alternated. Parent taking leave can work part-time. Unpaid, but for the second and subsequent child a qualifying parent can receive the <i>Allocation Parentale d'Éducation (APE)</i> . Employer with fewer than 100 workers can refuse if they consider leave would prejudice production.	None.	
IRELAND	39 weeks of insured employment in previous year or tax year. 14 weeks + optional 13 unpaid weeks. Paid: earnings-related (with minimum and maximum).	None.	None.	None.	Unpaid career breaks available.

**Table 4.1: Leave provisions in the EU countries at 31/12/93** *continued*

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
ITALY	<p>General right for all employed and self-employed women. 22 weeks. Paid: earnings-related.</p> <p>During first year after birth mothers in f/t work can take two 1 hour rest periods per day (or shorten day). P/t workers can take 1 hour.</p> <p>Both leave and rest breaks available to fathers in cases of maternal death or severe disability.</p>	None.	<p>6 months after maternity leave. Must be taken before child's 1st birthday. Mainly for mothers but can be partly or wholly transferred to father. Paid at 30% of earnings.</p> <p>Where a child is seriously disabled, leave can be extended to first 3 years of life, paid at 30% of earnings, or can be taken as 2 hours per day paid leave.</p>	Either parent may take unpaid leave until child reaches 3 years.	
LUXEMBOURG	6 months contributions. 16 weeks (+ extra for multiple births). Paid: earnings-related.	None.	None.	None.	Public sector workers are entitled to 1 year's unpaid leave, either full-time or part-time.
NETHERLANDS	General right for all employed women. 16 weeks. Paid: earnings-related (with maximum).	None.	6 month period for each parent when they can work reduced hours (to a minimum of 20 hours per week). Can be taken at any time until a child is four years old. Entitlement is not transferable between parents and there is no compensation for lost earnings except for lone parents whose pay falls below social assistance level.	None.	

**Table 4.1: Leave provisions in the EU countries at 31/12/93** *continued*

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
PORTUGAL	<p>Insured women. 90 days. Paid: earnings-related. Available to fathers in cases of maternal death or serious illness.</p> <p>During first year after birth, breast-feeding women can take two 1 hour breaks per day.</p>	None.	<p>6-24 months per family, to be taken after maternity leave. Unpaid.</p> <p>Where a child is under 12 or disabled a (non-managerial) parent can work half their normal hours, but without compensation for lost pay.</p>		
UNITED KINGDOM	<p>2 years f/t or 5 years p/t insured employment with same employer. 40 weeks: 6 weeks paid earnings-related, 12 weeks flat-rate and remainder unpaid. Does not carry continuous pension entitlement.</p>	None.	None.	None.	

**Table 4.2: Leave provisions in the EU countries: Changes up to 4/95**

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
BELGIUM	From October 1994, maternity leave can be transferred to the father if the mother is hospitalised or dies.				
DENMARK			In January 1995 full pay for parental leave introduced in most of the private sector. Additional 6 months of leave introduced for either parent, to care for children, for training or for a 'sabbatical' break, plus a further six months by agreement with employers. Rates of payment during child care and sabbatical leave reduced from 80 per cent of unemployment benefit to 70 per cent in 1995, and will be further reduced to 60 per cent from 1997.		
SPAIN	From March 1995 the guarantee of being able to return to the same job after maternity leave is extended from 1 to 3 years and employers' social security contributions for replacement workers have been reduced.				

Table 4.2: Leave provisions in the EU countries: Changes up to 4/95 *continued*

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
FRANCE			<p>Economic exemption for employers with less than 100 staff removed.</p> <p>Under 1994 Family Law (effective from 1/95),</p> <ul style="list-style-type: none"> <li>• all employees with one year's seniority have right to take parental leave</li> <li>• return to the same or similar job guaranteed and training can be undertaken during leave</li> <li>• people who have taken career breaks of at least five years to care for at least two children eligible for professional re-training.</li> </ul>		
LUXEMBOURG					Right to unpaid leave for public sector workers extended to 2 years, plus career break facilities coordinated with those of maternity leave.
PORTUGAL	Law introducing 14 weeks maternity leave approved by Parliament in April 1995. Awaiting implementation.			New law will also introduce paid leave for either parent to care for a sick child.	

**Table 4.2: Leave provisions in the EU countries: Changes up to 4/95** *continued*

COUNTRY	MATERNITY	PATERNITY	PARENTAL	LEAVE FOR FAMILY REASONS	CAREER BREAKS
UNITED KINGDOM	<p>From October 1994, all pregnant women are entitled to 14 weeks maternity leave and will be deemed unfairly dismissed if they lose their jobs because of pregnancy. Women with 6 months service (and with earnings above the National Insurance Contribution lower earnings limit) will receive flat-rate Statutory Maternity Pay. The extended period of leave and earnings-related pay period continues to apply as before to those with longer service.</p>				

Sources: Observatory questionnaire, Bradshaw *et al.* 1995 forthcoming, European Network on Childcare, 1994a



### **Changes in leave provisions during 1994**

During 1994 or from the beginning of 1995, improvements or extensions in statutory or collective leave arrangements were announced in several countries. In Belgium, from October 1994, maternity leave can be transferred to the father if the mother is hospitalized or dies. In Denmark, in January 1995, collective bargaining agreements included the introduction of full pay for parental leave in most of the private sector of employment and greater flexibility in leave arrangements. An additional six months of leave was introduced for either parent, useable to care for children, for training or for a 'sabbatical' break, plus a further six months by agreement with employers. The rates of payment during child care and sabbatical leave were, however, reduced from 80 per cent of unemployment benefit to 70 per cent in 1995, and will be further reduced to 60 per cent from 1997. In Denmark, in January 1995, collective bargaining agreements included the introduction of full pay for parental leave in most of the private sector of employment and greater flexibility in leave arrangements. An additional six months of leave was introduced for either parent, useable to care for children, for training or for a 'sabbatical' break, plus a further six months by agreement with employers. The rates of payment during child care and sabbatical leave were, however, reduced from 80 per cent of unemployment benefit to 70 per cent in 1995, and will be further reduced to 60 per cent from 1997. This is because the impact on public expenditure is seen as too great.

In Spain, a recent law (March 1995) has also introduced several improvements: the guarantee of being able to return to the same job after maternity leave is extended from one to the full three years and employers' social security contributions for replacement workers have been reduced.

During the last year, France has also removed the exemption which allowed employers with less than 100 staff to refuse parental leave on economic grounds. The 1994 Family Law also introduced several significant improvements which came into force from January 1995:

- all employees with one year's seniority by the date of the child's birth now have a right to take parental leave
- return to the same or similar job is guaranteed and training can be undertaken during leave
- people who have taken career breaks of at least five years to care for at least two children are now eligible for professional re-training.

In Luxembourg, a law of June 1994 introduced a second year of unpaid leave and a co-ordinated structure of partial career suspension for public sector employees. The introduction of parental leave is still being debated. In Portugal, as mentioned earlier, a Bill to bring maternity leave in line with the EU Directive 92/85 has been approved and is awaiting implementation. Finally, legislation taking effect from October 1994 in the UK created a two-tier system of maternity leave in the UK, with all pregnant women becoming entitled to the minimum 14 weeks leave and protection against dismissal on grounds of pregnancy. Those with six months service get the flat-rate statutory maternity pay for 18 weeks, while those with longer service continue to receive earnings-related pay for the first six weeks.

The tables show that a statutory minimum of 14 weeks paid maternity leave now exists or will shortly exist in all 12 EU countries. Several countries have more than this, with the maximum of 22 weeks in Italy. This basic leave is remunerated in all countries on an earnings-related basis of generally between 70 and 100 per cent of previous pay, sometimes up to an earnings ceiling. In the UK, however, a two-tier system now operates, with a short period of earnings-related payment only for those with longer service. Additional periods of leave are available in the case of multiple births in Germany, Spain, France and Luxembourg, while Ireland and the UK have extended periods either unpaid or paid at a flat-rate. Italy and Portugal also allow women with very young children to take rest breaks during work time or to reduce their daily working hours. They are also the only two countries which specifically allow maternity leave to be transferred to men in the case of maternal illness or death, though in Spain a mother can transfer up to four weeks of her leave to the father.

Paid paternity leave as such, however, is still uncommon, existing on a statutory level only in Belgium, Denmark, Spain and France, and ranging from two to ten days.

Parental leave is the area where countries show the most variation. The only countries without any statutory provision are Ireland, Luxembourg and the UK - Britain being one of the countries most opposed to the introduction of the EU Directive on this issue. In those countries which do have some provision there is variation along three main dimensions: first whether provisions are available to both private and public sector workers; secondly whether it is paid or unpaid and whether this is on an earnings-related basis or through a flat-rate social security benefit; and thirdly how long it is available for. There are further differences concerning the retention of statutory rights to reinstatement in the same job and in protection of pension rights. These variations, and others related to adjustment of working hours and special provision for disabled children, make it difficult to compare straightforwardly the overall length of leave available to parents in different countries, taking in maternity leave as well, but it is clear that in terms of continuous paid leave the most extensive provision is available in Denmark, Germany and Italy.

The availability of leave for family reasons adds a further dimension to this question. Clearly statutory provision is only one aspect, but it is noticeable that a number of countries have legislated to make such provision a right. Mostly this is unpaid, or paid on a flat-rate basis, as in the extensive range of schemes available in Belgium which extend beyond just those for parents. Portugal, however, allows public sector workers and low-income lone parents up to 30 days paid leave per year. Germany has perhaps the widest recognition of family responsibilities, as leave is granted to arrange a child's wedding, and to care for sick or elderly dependants, as well as the more common provisions in respect of young children who are ill. Such provisions acknowledge that family duties are not confined to a few years, but extend throughout life. There is increasing debate about the need for measures which would increase flexibility over the working lifetime, although there have been few substantive moves in this direction to date. Germany is currently debating the possibility of measures enabling individuals to save a proportion of annual leave to use for extended breaks.

### **Changing roles and responsibilities within families**

There has been some encouragement or recognition in recent years of the increased involvement of fathers, at least around the time a child is born; this is associated with the introduction of paternity leave in several member states. The amount of leave is small and usually unpaid. Denmark has both the most longstanding and the most generous provision in this area, with 10 days paid leave introduced in 1984. Companies and public sector organisations frequently make improved provision for their employees.

Although parental leave is generally available to both parents, it continues to be overwhelmingly used by mothers. Only one per cent of parental leave in Germany is taken by men, and only three per cent of men take leave in Denmark (European Network on Childcare, 1994a). A number of factors may influence this decision. Where the father earns more, it is economically rational for him to remain in work. This is particularly the case where leave is unpaid or paid at low replacement rates. There is evidence that women with lower qualifications and low-paid jobs prefer to take leave, both because of their lack of earning power and because of dissatisfaction with their work situation. Workplace acceptance of the legitimacy of leave may also be important: men in Denmark and the Netherlands reported that although there was a favourable attitude towards taking paternity leave, this did not extend to taking lengthier periods of parental leave. Practical issues, such as breast feeding, may also be important, especially where the period of leave is short. Mothers also appear to have 'first refusal' in terms of parental leave: where they express a preference for taking the whole period, this is not usually challenged by the partner. Danish research suggests that men most likely to take leave are highly educated and work in the public sector, with partners who are also highly educated and high earners. In the Scandinavian countries particular efforts are being made to encourage men to take parental leave, by, for example, allocating them a specific proportion of parental leave which would otherwise be lost.

The implications of men's low take-up of parental leave have been highlighted in one Swedish research study, which found that unless men spent at least three months at home with the child they did not evolve their own strategies for child care and household tasks and the traditional gender division of responsibility remained unchanged (Sundberg, 1993). This issue remains of crucial importance for the reconciliation of work and family life. Across all member states the evidence is that women continue to carry out the vast majority of household and child care tasks. The role of fathers in modern society has recently been the object of intense debate in Denmark, and in Ireland there is an increasing recognition of the need for a change in role, which is linked to very high rates of male unemployment. Advertising campaigns on the involvement of fathers in family life have been mounted in Spain during 1994.

In East Germany, days which had previously been available to women for domestic chores were abolished on the grounds that this was incompatible with sex equality. Some commentators argue that extended parental leave can reinforce gender stereotyping and restricts women's career development. This has been an issue in the Scandinavian countries, particularly Sweden, for some time. The same point has been made with respect to Germany. The extension of parental leave provisions in the southern European countries, on the other hand, appears

designed more to accommodate traditional child rearing and household practices than to create gender equality in employment.

### **Leave arrangements in the private sector**

In most of the member states, more generous leave arrangements have been found in the public sector (as in Italy, Denmark and Germany). There is evidence of a trend for these rights to be extended to the private sector, either as part of national collective bargaining (as in Denmark) or as benefits available to employees of specific companies (such as BMW in Germany). There has been no systematic data collection on these schemes, which makes it difficult to assess their extent and significance but this is likely to improve with the establishment of the Network on Families and Work. The size of the employing organisation may be an important factor. Leave entitlements are frequently not available to those employed in small enterprises, either because they are specifically exempted, or because of the difficulties in policing employers' practices.

The role of employers is clearly highly significant. Many employers across the EU have schemes of leave which are superior to those offered by statute. There are, however, certain drawbacks to schemes which are employer-based. Because they are a legal entitlement of the employee, they are not transferable to the other parent and this may limit the scope for flexibility in deciding how to organise family responsibilities. The provision of favourable conditions for some workers may also exacerbate the 'dualisation' of welfare state provision, where an élite of workers enjoy advantages not available to the majority. Nursery and day care provisions by employers are, however, highly valued and may have an effect on decisions about whether to have children (European Commission, 1994b).

Concerns are frequently expressed about the potentially damaging economic effects of employers having to accommodate parents' leave requirements. Even where the costs of leave are met by public funding, there are other costs to employers, chiefly that of replacing the employee who is on leave. In reality, companies do not appear to experience significant problems, as the numbers taking leave at any one time are typically very low (less than two per cent of the workforce). In Germany, over 90 per cent of companies said that there had been no major problems. By contrast 75 per cent anticipated problems if the period of leave were extended to three years, although it is not clear whether these would materialise in practice. Employers in general are more favourably disposed to parental leave, because it is predictable and can be planned in advance, whereas shorter periods of leave, such as those designed for the care of children when they are ill, are seen as disruptive and causing loss of productivity. An emphasis by employers on the potentially negative effects of leave tends to obscure the benefits which result, such as the increased productivity of parents who are able to deal appropriately with domestic situations rather than working under stress. The problems faced by small employers are perhaps more difficult to resolve, and may require special forms of support.

In order for possibilities of reconciling work and family life to be extended to all workers in member states a considerably extended framework of paid statutory rights would be required. The European Network on Child Care (1994a) has suggested a minimum of 16 weeks post-natal maternity leave, two weeks paternity leave and 12 months parental leave, to be met from public funds,

together with 10 days leave for family reasons per year, to be funded by employers. There has been, to date, considerable opposition to the extension of parental rights by some member states, and the Draft Directive on parental leave has remained blocked for over a decade. In such a context, it may be unrealistic to anticipate major developments during the coming year, although as the Table 4.2 above indicates, individual countries are continuing to make positive, if fairly small, improvements in provision.

### **Child care**

The third main pre-condition for the reconciliation of work and family life is the availability of good quality and affordable child care. There is a huge variety of child care provision across member states, with a distinctive emphasis on particular combinations involving the family, statutory and voluntary agencies in the private sector in each country. Child care is the specific brief of the European Network on Childcare and their publications discuss the range of provision in more detail than can be dealt with in this document (see, for example, European Network on Childcare, 1994b, 1994c). The impact of child care costs on family incomes and the importance of different benefit and subsidy arrangements are highlighted in the next chapter, and in the special Observatory study on the working patterns of lone parents (Bradshaw *et al.* 1996). Child care is also discussed in the broader context of support for the provision of care within families in Chapter Five. Here we briefly outline changes reported in the last 15 months.

Several countries reported developments in national policy on child care during 1994. In Denmark, pressure on child care places led to the announcement of a 'Child Care Guarantee' for all children aged between one and five years by 1996. In Germany, one problem with child care provision has been the irregular teaching hours in primary schools. Some schools have been introducing 'core-time care' to help working mothers and since the start of the 1994/5 teaching year core-time has been made compulsory in the state of *Baden-Württemberg*. The key national debate has been around the implementation of the guarantee (legislated for in 1992) of a nursery school place for all children aged over three years by 1996. Local authorities have opposed this measure on costs grounds and have tried, unsuccessfully, to have it postponed or phased in more slowly.

In Greece the European Commission is supporting a pilot programme of full-day care for children in kindergartens and schools, to be implemented from the 1994/5 school year and developing over a period of four years. Care and activities will begin after the end of the normal school day and thus designed to help with the problems faced by working parents (particularly working mothers).

In France the number of child care places is continuing to expand, with budgetary provision allocated for 100,000 extra places in crèches and day nurseries over five years. From January 1995 the supplementary assistance paid to families for the employment of a registered child minder has been increased, bringing the total of cash assistance and tax reliefs for this purpose to around 70 per cent of gross costs. At the same time, the allowance for care of young children at home (*AGED*) has been increased by over 50 per cent. It will also now be paid at half rate for children aged between three and six years.

Provision has also been rising in Luxembourg. Here the main, but inconclusive, debate has been about the merits of company crèches. In March 1994, the Minister

for the Family indicated that vcompanies would be eligible to apply for subsidies from the budget allocated for the development of day care centres.

A pledge was given by the UK Prime Minister to create, over time, places in nursery schools or other provision for all four year olds whose parents want places for them. A task force was set up by the Minister for Education to implement the pledge. The result, however, announced in July 1995, was a proposed voucher scheme offering all parents a flat-rate sum to spend as they chose on approved forms of care. The details of this scheme are not yet clear, but it has met with some criticism on the grounds that it appears to offer little extra money for child care provision (since local authority providers would have grants reduced) and would mainly benefit higher income families already paying for care.

There were no other significant national policy developments, although in Italy the most recent regional law on family support (in *Liguria*) included provision for meeting the cost of day care up to a specified limit per child. In Ireland a national Working Group on Child Care Facilities for Working Parents criticised the absence of a national policy strategy in this area.



## CHAPTER FIVE

# Family Incomes and Tax-Benefit Policies

### Introduction

One of the key ways in which national policies impact on families is through the combination of fiscal and transfer arrangements which affect disposable incomes and thus contribute to living standards. This chapter begins with a summary of national experts' assessments of the effect of current tax/benefit regimes on welfare outcomes for families in their respective countries, looking at levels of poverty and their concentration within particular family groups. This is followed by a comparative analysis of the structural impact of tax and benefit policies in 1994 using the 'model family' method developed in previous comparative studies by the Social Policy Research Unit. This is a new departure for the Observatory, and the rationale and methodology are described in some detail below. The final section of the chapter summarises changes in the fiscal and social security systems announced in 1994 and early 1995, and considers their likely impact on family incomes.

### Poverty and family living standards

Any discussion of poverty and income distribution in the EU countries immediately comes up against a number of problems, both methodological and political. Definitions of poverty can be highly controversial within individual countries, and the multi-faceted nature of the problem makes international comparisons difficult. The European Commission, through Eurostat, has set in motion an increasing harmonization of social statistics which has allowed the setting of standards or benchmarks against which national policies can be judged (Room, 1995). Yet in using percentages of the national mean income or expenditure, these standards primarily measure inequality and are frequently rejected as indicators of poverty *per se*. There is also the question of whether poverty should be measured on a national or Community-wide basis. The data allow for the calculation of poverty lines for the Union as a whole, which tend, not surprisingly, to show a concentration of poverty in the poorer countries, but it is an open question as to whether the policy implications of such an approach are likely to be addressed by the EU.

Aside from technical debates concerning measurement levels, the use of income or expenditure and equivalence scales, there is a wider question, reflecting different ideological traditions, of whether *distributional* issues are the key or whether the *relational* questions which underpin the concept of 'social exclusion' are more relevant (Room, 1995). Data on relative income and expenditure may



therefore be seen as only one part of a wider picture, but they are nevertheless interesting in the context of family policy, in so far as they indicate how different kinds of families with children fare in the distribution of national incomes.

Table 5.1 shows estimates of poverty produced for Eurostat, based on 40 and 50 per cent of national average household expenditure at the end of the 1980s (the latest period for which these comparable data are available). The equivalence used is the modified OECD scale.<sup>1</sup> This represents a compromise between the main OECD scale, which tends to record larger families as poorer, and other 'subjective' scales which have the opposite effect. The results are sensitive to the different equivalence scales in terms of the numbers below particular thresholds, but the overall country rankings do not change significantly. The family budget datasets on which these estimates are based are not always fully comparable, and some of the national samples are very small. More comparable data have been assembled as part of the Luxembourg Income Study (see, for example, O'Higgins and Jenkins, 1989; Smeeding *et al.*, 1992), but as yet there is information for only a small number of EU countries beyond the mid-1980s.

The table shows that the reduction in poverty rates caused by moving from the 50 per cent to the 40 per cent line is proportionately greater in countries with relatively low levels of poverty, with the exception of the UK. This would suggest that in these countries the 'poverty gap' (that is the *extent* to which people's expenditure is below the specified threshold) is relatively small (Bardone and Degryse, 1994).

**Table 5.1: Eurostat estimated poverty rates by country, end of 1980s (modified OECD equivalence scale)**

<i>In terms of:</i>	<i>40% threshold</i>	<i>50% threshold</i>	<i>In terms of:</i>	<i>40% threshold</i>	<i>50% threshold</i>
<b>Household</b>			<b>Person</b>		
Belgium	1.7	6.6	Belgium	2.2	7.4
Denmark	1.4	4.2	Denmark	1.1	3.9
Germany	5.3	12.0	Germany	4.5	10.9
Greece	13.0	20.8	Greece	11.4	18.7
Spain	9.3	17.5	Spain	8.7	16.9
France	7.5	14.9	France	6.9	14.7
Ireland	7.9	16.4	Ireland	7.5	15.7
Italy	12.5	22.0	Italy	11.6	21.1
Luxembourg	3.7	9.2	Luxembourg	4.8	11.1
Netherlands	1.9	6.2	Netherlands	1.5	4.8
Portugal	17.3	26.5	Portugal	15.5	24.5
UK	7.4	17.0	UK	6.4	14.8

Source: Extracted from Table 2 in Bardone and Degryse, 1994, based on national family budget surveys.

<sup>1</sup> The weights applied are 1 for the first adult, 0.5 for subsequent adults, and 0.3 for children

On a household basis, Portugal, Italy and Greece stand out as having the largest concentrations of relatively low incomes, with Ireland and France also relatively high at the 50 per cent threshold. Belgium, Denmark and the Netherlands exhibit the least relative poverty.

Aggregate data do not, of course, tell us how far different forms of families with children are vulnerable to poverty. In fact, while there is a consistent pattern of certain household types falling into low income or expenditure groups across most or all of the EU countries, there is much more variation in the extent to which families with children are among the lowest income groups. Again, there is a problem with comparable data, not least because of different ways of defining household types. Table 5.2 gives further Eurostat estimates of poverty rates by selected risk groups in eight EU countries around the end of the 1980s, using the 50 per cent threshold.

In all countries, households headed by an unemployed or 'unoccupied' person were particularly vulnerable, as were couples with four or more children and lone parents. Single and married people over 65 were also especially likely to be relatively poor in most countries, as were households headed by women, but the exceptions here were Belgium and Luxembourg. However, by only looking at the household status of adults, we miss seeing the full picture as it affects children. The table suggests that nearly a fifth of all children aged 16 and under were in households in relative poverty in most of the eight countries, with rather fewer in Belgium and somewhat more in Portugal.

The differences in relative poverty between countries reflect a variety of factors, including disparities in market earnings, the extent to which unemployment affects different household types, social and demographic changes such as increases in lone parenthood, and the role of fiscal and social security policies in concentrating preventive help on particular groups. Looking at individual countries we can begin to see how these factors impact on families.

In Belgium, for example, research by the Centre for Social Policy indicated an overall relative improvement in the living standards of families with children, including lone parents, between 1985 and 1992, both as measured by the EU norms and by the CSP's 'subjective standard' (CSP, 1992). Although there have been increases in the number of families receiving social security payments, recipients mainly have other sources of income and there is no evidence of a serious dualisation between those with social security incomes and those without. There is a substantially increased risk of being in poverty, according to either standard, where the family has only one earner or is headed by a lone parent, and on the basis of the EU norm nearly 15 per cent of children in families with three or more children live in material insecurity. Nevertheless, families with children are on average better represented in higher income groups than households without children.

There is a widespread view in Denmark that the EU thresholds represent only measures of inequality (which is lower in Denmark than in most countries) and that other means of enquiry are necessary in order to locate 'true' poverty. One recent study by Hansen (1990) found that disposable income for all family types was higher than that of single people, but that equivalised per person income in families was generally lower. Lone parents in particular were around five times

**Table 5.2: Estimated poverty rates in eight countries by selected risk groups (50 per cent of average equivalent expenditures using modified OECD scale), end of 1980s\***

	<i>France</i>	<i>Spain</i>	<i>Portugal</i>	<i>Italy</i>	<i>Greece</i>	<i>Ireland</i>	<i>Belgium</i>	<i>Luxembourg</i>
Total population (households)	14.9	17.5	26.5	22.0	20.8	16.4	7.5	9.2
<b>Socio-economic category head</b>								
Farmer/agricultural worker	25.0	27.4	39.8	31.2	28.8	9.8	25.7	24.4
Unemployed	34.8	29.3	47.5	35.7	24.5	43.6	28.3	44.1
Retired	21.9	27.3	48.5	35.7	33.4	19.2	7.2	11.3
Homemaker/unoccupied	31.0	23.8	34.5	36.6	30.5	30.9	(23.6)	14.0
<b>Household type</b>								
One person, 65 and older	33.8	37.9	59.9	40.3	44.5	35.7	7.4	11.2
Couple with 4 or more children	36.9	22.7	37.6	42.9	27.6	22.3	18.8	25.0
Lone parent household	18.3	22.8	27.8	22.9	17.5	23.8	14.4	17.5
<b>Economic situation</b>								
Nobody working	26.0	32.0	47.5	35.0	35.1	37.1	7.7	10.6
<b>Age of head</b>								
Below 25	11.3	19.9	33.8	19.8	7.8	17.3	14.4	10.6
65 and older	26.1	29.1	49.5	37.1	38.9	23.3	8.3	10.5
<b>Sex of head</b>								
Female	22.6	25.2	33.9	28.8	29.3	24.2	7.7	9.9
Persons below 14 years	16.0	16.8	22.3	19.5	15.0	21.0	6.7	11.4
Persons between 14 and 16	19.4	21.1	25.0	22.7	19.8	n/a	11.0	18.0

Source: Table 2 in Ramprakash, 1994. \* Years of surveys range between 1987 and 1990

as likely as couples with children to experience their financial situations as difficult.

Germany has experienced a marked increase in long-term receipt of social assistance (regarded in the Fifth Family Report as an indicator of poverty) between 1980 and 1992, particularly among families with children. The number of married couples in receipt of assistance quadrupled over this period, although the increase for lone parents was slightly below the average. The latest (1993) wave of data from the Socio-Economic Panel showed a doubling (from 10 to 20 per cent) of the proportion of German nationals with incomes below 50 per cent of the national mean between 1984 and 1993. For non-nationals the figure was nearer 25 per cent. Households most likely to experience poverty by this measure are lone parents (33 per cent), households with five or more persons (23 per cent) and households with older children (19 per cent) (Federal Office of Statistics, 1994). However, most households tend to remain below the poverty threshold for less than a year.

There is little information on family poverty and living standards in Greece, but the Eurostat data suggests that in spite of a relatively high level of overall poverty this is concentrated less among larger families than in other equivalent countries and more among the elderly. This may be a result of the special benefits for larger families which are a feature of the social protection system. However, the existence of a large informal economy in Greece makes these data less than fully reliable. There are also considerable variations by region (Bourdalis, 1994).

Spanish household expenditure data suggest that the percentage of households with expenditure below 50 per cent of the national average has changed little between 1974 and 1991 (INE, 1993). The average, however, masks wide differences between household types, social groups and regions. The most vulnerable groups are older persons living alone (46 per cent), followed by lone parents (39 per cent) and then single people under 65. Poverty is least common among couples without children (12 per cent) and then those with children (14 per cent). Women are particularly vulnerable overall, with 25 per cent of all households below the threshold being headed by a woman. Older women are the most likely of all groups to be in poverty, mainly because their lack of a paid working career has left them with only minimal pensions.

Tables 5.1 and 5.2 above show that at the end of the 1980s in France around 15 per cent of households had expenditure below the 50 per cent threshold, and that compared with other similar countries one of the groups most likely to be below this level was couples with four or more children. Between then and 1994 the number of people receiving the *Revenu Minimum d'Insertion* (RMI) (around 40 per cent of whom are lone parents or couples with children) has more than doubled. According to CNAF (1994), around seven million people are thought to be 'socially vulnerable' and around 10 million are dependent on basic social security benefits.

Ireland had one of the highest levels of relative poverty in Europe at the end of the 1980s. A study by the Economic and Social Research Institute estimated that 26 per cent of all children lived in households with disposable income below 50 per cent of the national average (Nolan and Farrell, 1990). A recent study by the Combat Poverty Agency, using a budget standards approach, suggested that only

for the youngest children did the child support package (the combination of child benefit and child tax allowances) come close to the actual cost of raising a child (Carney *et al.*, 1994).

The latest data for Italy were collected for 1993 by an official Commission (*Commissione d'indagine sulla povertà e sull'emarginazione*, 1994). These show that using an 'International Poverty Line' based on equivalised expenditure it is families with three or more children who are disproportionately poor. Poverty is also sharply differentiated by region, with families in the South twice as likely to be poor as those in the North. The differing regional characteristics of households and families also leads to variation in the factors associated with poverty. Thus in the South, the greatest risk of being in poverty is associated with being in a large family and dependent on the income of one person, while in the North family bonds are more fragile and one of the main risks is being an older person living alone (Sgritta, 1993). Where poverty is most acute it is thus closely correlated with the family, both positively and negatively. The Commission estimated that more than one million children - around one in seven - were in poverty in 1993.

By EU standards Luxembourg has a relatively low level of poverty, and the introduction of the *Revenu Minimum Garanti* (RMG) helped to improve the financial situation of households as a whole between 1985 and 1992. On the basis of the RMG threshold, the percentage of households in poverty fell from 6.3 per cent in 1985 to only 1.2 per cent in 1992 (Hausman, 1993), and among couples with children the poverty rates are even lower. The one group who are particularly vulnerable to poverty are lone parents, especially where they have more than one child (10.3 per cent using RMG threshold). The EU threshold of 50 per cent of equivalised expenditure is considerable higher than that of the RMG and thus took in 7.6 per cent of households in 1991 (Hausman, 1993). Again lone parents were the most vulnerable group (26-33 per cent), followed by couples with three or more children.

After Denmark, the Netherlands has the lowest level of poverty according to the EU norm - a situation which is supported by an extensive system of social security protection. However, around one household in 12 lives on the level of the social minimum, which research has suggested may be broadly adequate in the short term, but during longer periods of claiming can lead to recipients incurring serious debt (Woldringh *et al.*, 1987). By 1994, around 63,000 one parent families and 52,000 couples with children had been living on this minimum for more than eight years.

Portugal, by contrast, is the country with the highest estimated poverty rates, and research suggests that there has been little change in the last decade, except to a small extent in rural areas (Ferreira, 1993; Rodrigues, 1993; Bruto da Costa, 1994). Contrary to the pattern in a number of countries, families with children are rather less likely to be poor than other households, especially single people and couples aged over 65 and younger single people. Even lone parents, with a 1989/90 poverty rate of nearly 18 per cent were only slightly more vulnerable than single men under 65 (Ferreira, 1993).

In July 1994, the UK government published its official statistics on *Households Below Average Income* (DSS, 1994). This showed that although living standards had improved overall since 1979 the number and proportion of families living below

half average income had increased. Between 1979 and 1991/2 the proportion of lone parents in this position increased from 19 to 59 per cent, while the figure for two parent families with children tripled from eight to 24 per cent. Another study (Goodman and Webb, 1994) used the same data but looked back over the last 30 years. This showed that up to the mid-1970s inequality was decreasing, but that since then it has grown sharply, with a shift in the composition of the poorer groups away from older people and more towards families with children. A number of other studies were also published in 1994, highlighting the impact of growing inequality on health and on the difficulties experienced by low-income families with children in making ends meet.

The extent to which families experience poverty or inequality in different countries is mediated by fiscal and social security policies. One way of exploring the impact of these policy structures is by comparing the situations of 'model families'.

### **The model families comparison**

#### *Rationale and methods*

The purpose of the model family technique is to allow comparison to be made of the value and structure of 'income packages' which accrue to particular types of family or household as a result of the distribution of market earnings and the fiscal and social security arrangements in existence at a given time in each country. For the purposes of this report, the national experts in the Observatory completed an 'income matrix', based on the package of benefits and charges likely to apply to a set of model families in specified, near-identical circumstances in each country in May 1994. These data enable comparison of the disposable income accruing to the model families, and thus of the marginal gains or losses for different types and size of family which are implicit in policy structures. They also allow analysis of ways in which income packages are constructed and the relative importance of different elements of the tax/benefit systems.

The approach builds on similar methods developed for an earlier study of child support packages also carried out at York (Bradshaw *et al.*, 1993). In that study data were collected on the impact of the tax/benefit systems on model families in 15 countries in May 1992. Information on three other countries was subsequently added, and the level of social assistance in 18 countries has been compared (Bradshaw, 1995). These data were also used to compare the benefits and incentive structures for lone parents (Whiteford and Bradshaw, 1994) and the treatment of married women engaged in housework and home care (Shaver and Bradshaw, 1995). As part of a recently completed study for the UK Department of Social Security and the OECD, (Eardley *et al.*, 1996 forthcoming), the model family technique was used to compare the level and structure of minimum income/social assistance benefits in the OECD countries in 1992.

The method depends on being able to compare like with like - a perennial difficulty in cross-national research. Simulating the impact of national policies on the model families requires a series of detailed specifications and assumptions which are not always entirely satisfactory. The following sections outline the choices made for this exercise, starting with the specification of model family types.

### *Family types*

The following nine family types were chosen for comparison:

1. A single person aged 35
2. A couple both aged 35 (all couples are assumed to be married)
3. A couple aged 35 with one child under three (two years and eleven months, i.e. pre-school in all countries)
4. A couple aged 35 with one school-age child (seven years)
5. A couple with two children aged seven and eight years
6. A couple with three children aged seven, eight and 14
7. A lone parent (female, separated or divorced not widowed) with one pre-school child
8. A lone parent with one school-age child (aged seven)
9. A lone parent with two school-age children (aged seven and eight).

This selection of family types is inevitably somewhat arbitrary. They were chosen to illustrate and compare the impact of tax benefits on a range of types of families, but it has to be recognised that some of these family types, particularly the lone parents, are more or less common in different countries. They are also all 'nuclear' families. The complexity of attempting to model the policy framework for the presence of other adults in the household or for other wider family and household obligations arguably outweighs the possible advantages, though this is a limitation in the context of the Observatory's brief. Specifying that all couples are married also means that differences in the treatment of cohabiting couples cannot be analysed. Finally, the assumption has to be that resources are shared within families in a similar way across the countries compared. There are sufficient data on inequalities in within-household resource distribution in certain countries to make this assumption highly questionable, but since the purpose of the analysis is to examine the notional structural effect of tax/benefit policies on families it can be argued that the distribution of resource consumption within families, is a separate issue. It should be noted, however, that different countries' policy approaches to this question are reflected in areas such as individual taxation, individualisation or splitting of benefits and choices about to whom benefits for children are paid. Any recent changes in these arrangements are noted in the companion volume, Chapter 2 and summarised later in this chapter.

### *Income*

Most of the family types were allocated hypothetical income from market earnings at several levels. In addition, some were assumed to have no earnings or social insurance income, and to be receiving payments under minimum income guarantees or social assistance arrangements, where these exist.

The following five earnings cases were compared:

1. Couples and lone parents with one earner receiving half national average male earnings
2. Couples and lone parents with one earner receiving national average male earnings
3. Couples and lone parents with one earner receiving one and a half national average male earnings

4. Couples with one earner receiving national average male earnings and the other receiving 0.66 average female earnings
5. Couples with one earner receiving one and a half national average male earnings and the other receiving one and a half national average female earnings.

In order to be able to calculate the value of special support going to lone parents compared to couples with children or single people without children, the lone parents (while assumed to be mothers) were assumed to be receiving the relevant ratios of average *male* earnings. Clearly this would often be unrealistic, but it is necessary in order to avoid confusing the structural effects of tax/benefit policies with wage differentials by sex.

There are no completely satisfactory and up-to-date data on earnings for all the countries in the study and it was necessary to use a standardised methodology to produce estimates. For comparability this replicated the methods used in Bradshaw *et al.* (1993). OECD estimates for 1992 in *The Tax-Benefit Position of Production Workers* (OECD, 1994b) were used as the base. These give the average gross earnings of all full-time production workers in the manufacturing sector in each country. They were updated to May 1994 by using the index of hourly earnings of production workers in the manufacturing sector given in the OECD publication *Main Economic Indicators*. National informants were asked to check these figures against national sources and in a few cases adjustments were made to the OECD figures.

The earnings levels derived using this method are summarised in national currencies and in purchasing power parity terms<sup>2</sup> in Table 5.3. It should be noted that in considering the net disposable incomes of families we are not starting from a level playing field because average gross earnings differ between countries. Average male earnings in Greece and Portugal, for example, are only about half those in the Luxembourg and the Netherlands - after taking account of differences in purchasing power. Earnings in Spain are also lower than elsewhere. Among the remaining northern European countries, earnings are remarkably similar, with the exception of France, which has average male earnings not much greater than Spain in purchasing power terms. Finland and Sweden, among the new members of the EU, also have relatively low average wages, although they were not involved in this study.

That France and these other two countries have earnings apparently so much lower than the other northern European countries calls for some explanation. It is no doubt partly a function of purchasing power parities, but we believe that it is mainly related to the level of the 'social wage' in those countries. In France, employers' social security contributions represent 55 per cent of average earnings. Similarly in Sweden they represent 35 per cent of average earnings, while in Finland the combination of employers' social security and superannuation contributions brings the total to 29 per cent of average earnings. It is likely that

<sup>2</sup> Purchasing Power Parities (PPPs) are a method of comparing the actual value of a currency in terms of its purchasing power against a standardised basket of goods and services. They have their limitations (see Eardley *et al.*, 1996 forthcoming), not least that they are primarily designed for use in comparisons of aggregate national income and expenditure rather than at a micro level, but it can be argued that they are the best available way of comparing the value of benefit across countries. Table 5.3 gives the PPP equivalent to £ sterling used in this analysis.



what is happening in these countries is that workers are effectively foregoing higher current earnings for the benefits (often in the future) of a generous social wage. These high social security contributions can thus be seen as a form of deferred wage. By contrast, earnings are higher in the UK, for example, partly because employers are not required to contribute so much to the social wage. If this is the explanation for these differences, then, as Whiteford (1995) has argued, when comparing the earnings levels of workers between countries it might be more appropriate to include employers' social security contributions, which has not been done in this analysis.

There are also differences between countries in the relationship between male and female earnings: average female earnings as a proportion of average male earnings, vary in the 12 EU countries from 85 per cent in Denmark to 56 per cent in Luxembourg.

The final case used was of families receiving social assistance. In each country the adults were assumed to have been unemployed for too long to be entitled to contributory unemployment benefit, or to have failed to achieve sufficient contributions. It was assumed that none of the social assistance families had any income from earnings - they were receiving the full assistance paid to the long-term unemployed or to lone parents. It was thus designed to be the 'worst case scenario' in each country. Again it must be recognised that this is an unusual situation in some countries. Social assistance in some countries is also organised on a local basis, without fixed national rates. The model families were assumed to be living in a specified area (see below). Where payments are discretionary, the national informants estimated the amounts likely to be awarded to the families in the circumstances specified. It should be recognised, however, that these figures are inevitably less reliable than those for other benefits with fixed rates, and that in countries with substantial local variation and discretion the situation applying in one area may not be representative of the country as a whole.

The calculation of cash benefits received and tax and social security contributions payable was fairly straightforward for most countries, given the families' income and family circumstances. However, calculation of other elements of the package called for the establishment of a common context and framework for the analysis. A particular difficulty arises in the comparison of housing costs.

#### *Housing costs*

Housing costs are especially difficult to take into account in comparative research. Costs vary within and between countries according to tenure and the size, age and location of dwellings. In some countries rents may be controlled for those persons occupying dwellings before a certain date. For owner occupiers, loan structures and interest rates vary between countries, often according to the stage in the economic cycle, while the level of mortgage interest is also affected by the stage of a purchaser's life cycle. There are also significant differences between countries in tenure distribution at different income levels. Nevertheless, housing costs cannot be ignored. In many countries help with housing costs is a critical element in the benefit package and even where such support does not exist, variations in housing costs mean that real income levels differ substantially before and after taking account of housing. For this exercise, the families were assumed to be living in rented dwellings - rented from a public authority, housing co-operative or

**Table 5.3: Average gross male and female earnings in local currencies and purchasing power parities, £ sterling per month, 1994**

		<i>Male</i>			<i>Female</i>		
Local currency		ppp = £1	Value in pppts £ sterling	Local currency	Value in pppts £ sterling	Female earnings as % of male earnings	
Belgium	BFR	69,788	62.77	1,112	52,341	834	75
Denmark	DKR	18,753	15.35	1,222	15,903	1,036	85
Germany	DM	4,523	3.37	1,342	3,346	993	73
Greece	DR	240,161	344.13	698	181,019	526	75
Spain	PTA	177,631	196.22	905	119,013	607	67
France	FF	9,740	10.42	935	7,693	738	79
Ireland	£IRL	1,161	1.06	1,095	824	777	71
Italy	LIT	2,499,000	2425.00	1,010	1,934,848	798	79
Luxembourg	LFR	82,199	58.17	1,413	46,092	792	56
Netherlands	HFL	4,639	3.42	1,358	3,479	1,018	75
Portugal	ESC	107,735	211.97	508	74,336	351	69
UK	£	1,241	1.00	1,241	844	844	68

Source: Authors' estimates, based on 1992 data from *Tax Benefit Position of Average Production Workers* (OECD, 1994b) uprated by index of hourly earnings from *Main Economic Indicators* (OECD)

housing association if they were common forms of tenure in the country, or from a private landlord if that was the most common tenure pattern. In those countries with high levels of owner occupation this assumption is less representative.

National informants were asked to fix typical or representative rent levels for such dwellings in a given town in their country. There is an argument for using national average rents rather than local estimates, but previous experience has suggested that up-to-date information on average rents is often not available. Locating the families in a given commune, town or city, helps to structure the comparisons where benefits vary locally, but it can be difficult in some countries to nominate a typical or 'average' location. The size of the dwellings was specified, and varied with the model families, so that single people were assumed to be living in one-bedroom dwellings, couples without children, lone parents with one child and couples with one child lived in two-bedroom dwellings, and lone parents or couples with two or three children in three-bedroom dwellings. Again, this is an artificial assumption, as families on constrained incomes will in practice make different choices in response to local housing markets. The national informants were left to determine whether the dwelling was a house or a flat/apartment, on the basis of what was the most likely accommodation type in their country.

Informants were also asked to provide the gross rent. One defect of this method is that it does not take account of the value of any bricks-and-mortar subsidy on the dwelling - the difference between the market rent and the gross rent. If certain families are benefiting more than other households from living in houses with bricks-and-mortar subsidy and therefore have lower rents for the same dwelling, the support package for such families will be underestimated. It is also

**Table 5.4: Gross rents nominated by the national informants, in £ sterling PPPs, per month, 1994**

	<i>One bedroom</i> PPPs £ sterling	<i>Two bedrooms</i> PPPs £ sterling	<i>Three bedrooms</i> PPPs £ sterling
Belgium (Antwerp)	159	190	214
Denmark (Copenhagen)	119	165	230
Germany (Mannheim)	139	179	201
Greece (Peristeri, Athens)	102	131	160
Spain (Madrid)	209	245	280
France (Fontanay aux Roses)	240	307	345
Ireland (Dublin)	330	425	472
Italy (Turin)	53	106	159
Luxembourg (Lux. City)	287	341	394
Netherlands (Nijmegen)	115	131	164
Portugal (Lisbon)	58	58	58
UK (York)	117	131	163

anomalous that the rents assumed in some countries are those subject to rent control. In these cases the rent is being subsidised by the landlord.

Table 5.4 shows that the designated rents varied substantially between the nominated locations, even for the same size dwelling: for a two-bedroom dwelling they ranged from a controlled rent of £58 per month (in purchasing power parities) in Lisbon to more than £340 per month in Luxembourg. The rents in Dublin, though apparently even higher, are the product of a differential rent scheme in public sector housing which varies rents with the income and family circumstances of the occupants. The rents given in the table are for the richest working family in the study. The ratio of rents for dwellings of different sizes also varied between countries. Thus in Turin, for example, the estimated rent for a three-bedroom dwelling is about three times the rent for a one-bedroom dwelling, but in Antwerp a three-bedroom dwelling only costs a quarter more than a one-bedroom dwelling. In Portugal there is no difference in the rents of different sized dwellings because they are controlled. These variations illustrate the very considerable problems involved in taking account of housing costs in this kind of analysis. National informants were then asked to give the net rent - that is, the rent actually payable by a family of the specified type and earnings level. The difference between the gross rent and the net rent was then treated as part of the package of support. There is no denying that these assumptions are both arbitrary and unsatisfactory in many respects. However, to have ignored altogether the impact of housing costs and housing subsidies would have been more misleading.

Housing costs are not only a problem at the design stage of comparative projects, they are also difficult to handle at the analysis stage, particularly in relation to the social assistance case. The problem arises because in some countries housing costs, or a proportion of them, are paid together with social assistance. Thus the basic benefit takes account of some or all housing costs. In other countries, housing costs are subsidised either by a reduction in rent payable or by a housing benefit or allowance scheme which is administered separately from social assistance. If comparisons are made of the level of social assistance before housing costs then the first group of countries - those that pay the housing subsidy in with social assistance - will appear to have higher levels than the others. One option is to avoid making comparisons of social assistance before housing costs and to concentrate on comparisons after housing costs, when income net of housing represents the income people have left to spend on items other than housing.

However there are three objections to this approach:

- Housing is a consumer good and consumers are more or less free to make choices about the quality and quantity they consume. It is not in the same category as income tax or social security deductions. The families in some of those countries who receive their housing allowance in with their social assistance could choose to consume less housing and use the element of their benefit provided for housing for general consumption. A possible solution would be to identify the element in social assistance that represents housing costs and deduct it from benefits. But to do that would be to misrepresent the actual resources that the family has command over, and for some countries it is not possible to identify the housing element separately.

- Similarly, families in those countries with housing benefit schemes could theoretically move to more expensive housing and pay higher rents without it affecting their net disposable resources (unless the rent is considered unreasonable in the housing benefit scheme).
- As we have seen, the rents of the dwellings in each country vary considerably. The quality of the housing will also vary, though not necessarily according to the level of the rent. Therefore, if the social assistance comparison is made only after housing costs families may not be starting from the same standard of living.

There is no simple solution to these problems. It would be wrong to make comparisons only before housing. Yet it would also be misleading in certain circumstances to compare incomes only after housing. The answer we believe is to present the results in most circumstances both before and after housing costs, but also to bear in mind that results after housing costs are strongly affected by the assumptions made and the local circumstances.

#### *Local taxes*

National informants were also asked to take account of any local taxes payable in the nominated location and to calculate the impact of any subsidies. If the local charge was a form of local income tax, contributing to national revenues, it was included with income tax.

#### *Health costs*

In order to take account of the value of health care in each of the countries, a standard package again had to be established. The base line assumptions employed were that health care at the point of demand was free and available to all regardless of means and that it was of similar quality in every country. Account was then taken of any variations from this assumption by costing a standard package of health care in each country. This included any charges for three prescriptions per person per year for a standard antibiotic, three visits to a general practitioner per person per year and one visit to a dentist for a check-up and filling per person per year. The costs were estimated for both adults and children, annualised and turned into a monthly charge. Where such payments would normally be met through an insurance premium, the monthly premium was entered in the matrix as the health charge. The major problem with these assumptions is that in those countries - including Greece, Portugal, Spain and to some extent Italy - where in theory there is access to public health services but in practice the quality may be poor or the waiting list long, families often tend to use private treatment.

#### *Education/child-care costs*

In order to take account of the costs or value of free or subsidised pre-school provision, a standard package was again established for each country. National informants were asked to follow the most prevalent pattern of formal full-time, pre-school provision in their country and to take account of the costs of this provision. This resulted in different types of care being costed in each country, and no account could be taken of any variations in the quality of that care. Child-care costs for the child under three were counted where the lone parents or both parents in a couple were at work. Again there are problems with the assumptions, relating not only to the different types of care, but also to the age of children. By

including only a child aged just under three, the comparison fails to illustrate the substantial differences in services or costs which can apply in some countries to a child aged just over three.

It was assumed as a base-line that school education of an equivalent standard, including basic books, was available free to all children of school age. It was assumed that parents would have to pay for a midday meal and that children lived near enough their school not to require school transport. Account was then taken of any charges that parents were expected to pay for the education and any benefits (including the value of free or subsidised school meals) that they might receive.

*The limitations of the model family approach*

The assumptions that have been described above are essential to the task of simulating policy by obtaining comparable information on an up-to-date basis. However, there are several disadvantages, in addition to the problems discussed earlier. First, this method inevitably produces a description of the way the system *should* work rather than how it necessarily *does*. For example, the study implicitly assumes that all those eligible for means-tested benefits are claiming them, despite the fact that take-up of these benefits is known to be far from complete in some countries. It is possible to address this difficulty at the analysis stage by excluding such benefits or even by building in some assumptions on take-up. However, because of the complexity of the interactions within the different systems this is not always a safe or easy solution and the data on which to ground these assumptions are often missing. Other behavioural effects of policy are also inevitably missing from the analysis. For example, the high cost of formal child care in some countries means that many working parents, especially lone parents, in practice find other informal solutions.<sup>3</sup> In modelling their net incomes it may, therefore, be unrealistic to take the child-care costs into account. These are limitations which make it necessary always to emphasise that it is the structural features of tax/benefit systems which are being compared, not the outcomes for actual families. Concentrating on the formal arrangements and the intended impact of the policies one is seeking to evaluate can, however, be as valid as looking at the actual impact.

Secondly, looking at families at one point in time obscures the more complex life-cycle effects of tax/benefit systems. In particular, while employees' social security contributions are taken into account as reducing disposable income, there is no way of modelling the future benefits which accrue from them. In so far as higher contributions may bring better benefits (which is not always the case), this may distort the picture for some countries from a longer-term perspective, especially in relation to retirement pensions. However, by counting benefits received at the time, some account is taken of the distributive effect of contributions previously paid by the family in question and by other contributors.

Thirdly, concentration on cash income and charges tends to understate differences between countries in the level of service provision. This applies particularly to a country like Denmark, where family support is based strongly on extensive

<sup>3</sup> Costs, of course, are not the only motivation for working women choosing to place their children with relatives or in other informal arrangements.

service provision. The income matrix reflects differences in some elements of support for families, including health and education costs, but it cannot in itself represent the full range of possible provision.

Fourthly, the more assumptions that are made about the circumstances of the model families, the less representative those families are of actual populations. This problem is the inevitable cost of achieving comparability. It has to be accepted that the model families in the study are most unlikely to exist in all their characteristics in any country. They are not representative but illustrative. They illustrate a range of experience, and being comparable they enable us to demonstrate and compare the tax/benefit 'environment' implicitly created for families in a variety of circumstances in a number of countries. Ideally other families and other aspects of the benefit systems would have been included. However, with nine family types, six earnings levels and a variety of different benefit systems in each country, the matrix was already large and complex.

This is the first time an attempt has been made within the Observatory project to simulate financial policies towards families using this technique. Revisions and corrections have to be made on a continuous basis, and the data presented below should not be taken as a full or totally accurate picture of the impact of family policies in the European Union. The analysis does, however, provide an important set of initial comparative indicators which will be subject to elaboration and refinement in future years.

#### **Results of the model family analysis**

The first set of charts (Figures 5.1a - 5.1d) shows how the tax/benefit systems operate in principle to alter the distribution of market incomes for four model families:

- (a) a couple with three school-age children, with one earner on half average earnings (or the minimum wage if it is higher)
- (b) a lone parent with one pre-school age child, working for average earnings
- (c) a couple with two school-age children, with both parents working, each receiving one and a half times the average earnings for their sex
- (d) a couple with one pre-school age child, both parents working, the man for average male earnings and the woman for two-thirds average female earnings.

The first column for each country provides the gross earnings, the second column gives the income after direct taxes and social security contributions have been paid, and the third column after any benefits have been received, net of any charges for health, education or, if appropriate, for child care. The final column gives the net disposable incomes after the deduction of net housing costs (the problematic assumptions on which have to be borne in mind).

It can be seen that there is a good deal of variation between countries at different stages of the redistributive process. In the case of the low-earning, larger family (Figure 5.1a) earnings in France are relatively low, close to those in Ireland and well below other EU countries with similar GDP per capita. The reasons for this have been discussed above. They are further reduced by the impact of direct taxation and social security contributions. However, the benefit package is comparatively more generous in France and the result is that after housing costs

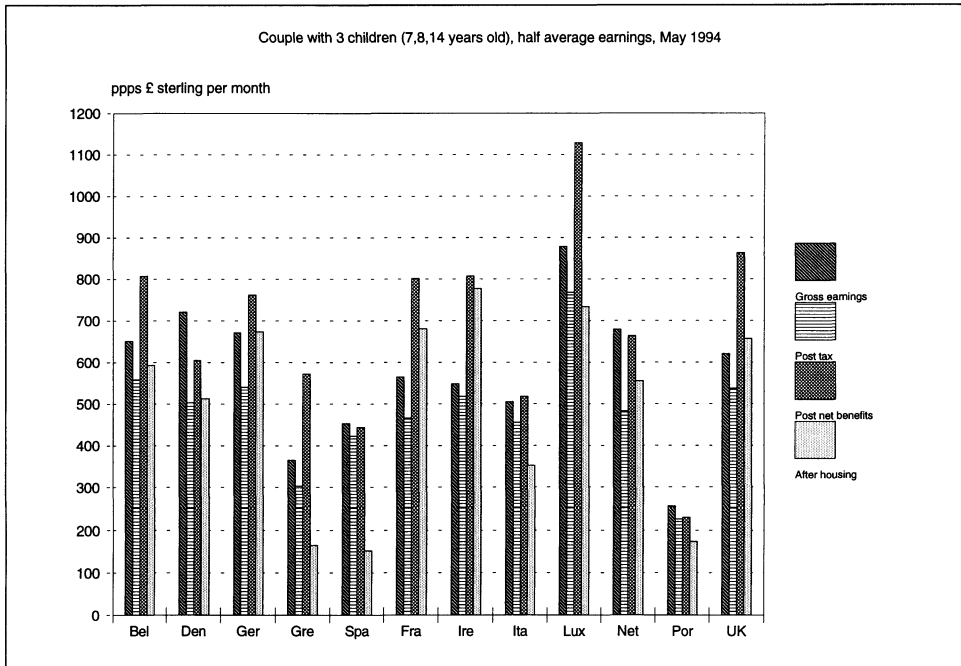
this family ends up overtaking the same family in Denmark, Netherlands and the UK. The Irish family has relatively low net housing costs at this earnings level and thus ends up with the highest disposable income. Before housing costs, the impact of benefits is substantial in the UK. It is interesting to note that in Portugal and Spain, where extra assistance for larger families has traditionally been a feature of family and child allowance packages, the benefit system appears to have only a marginal effect for this family in raising post-tax income. In Greece, on the other hand, the impact of benefits is substantial, but is severely reduced by net housing costs.

Similar re-rankings can be observed in Figure 5.1b, where the assumption that the lone parent has to find child care in order to work makes a big impact on the value of the benefit package. Ireland and the UK show notably lower net disposable incomes as a result of this, although as was noted earlier the reality is often that these potential costs are avoided in favour of informal child care.

For the family in Figure 5.1c - the best-off family in the study - the impact of benefits is less pronounced. However there is still some re-ordering of countries, mainly as a result of differences in tax and social security. Thus the UK, for example, takes considerably less from this family than the Netherlands, Denmark, Germany and Belgium.

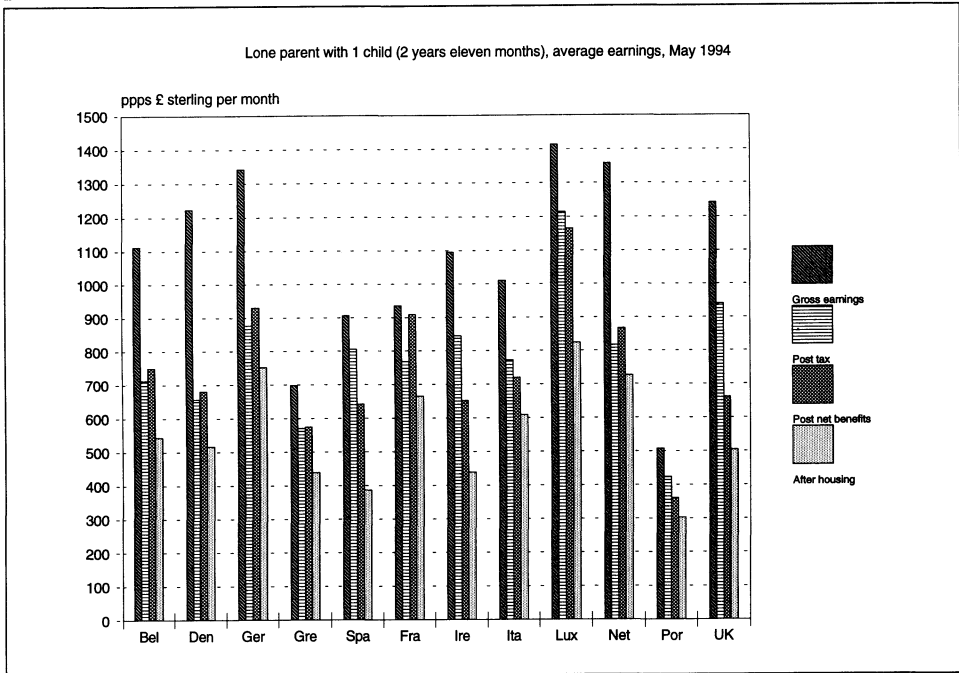
Figure 5.1d shows that only in France and Belgium does a dual-earner couple requiring care for a child aged just under three receive any significant net benefit from the redistributive process.

**Figure 5.1a The tax/benefit redistributive process for a low-income larger family**

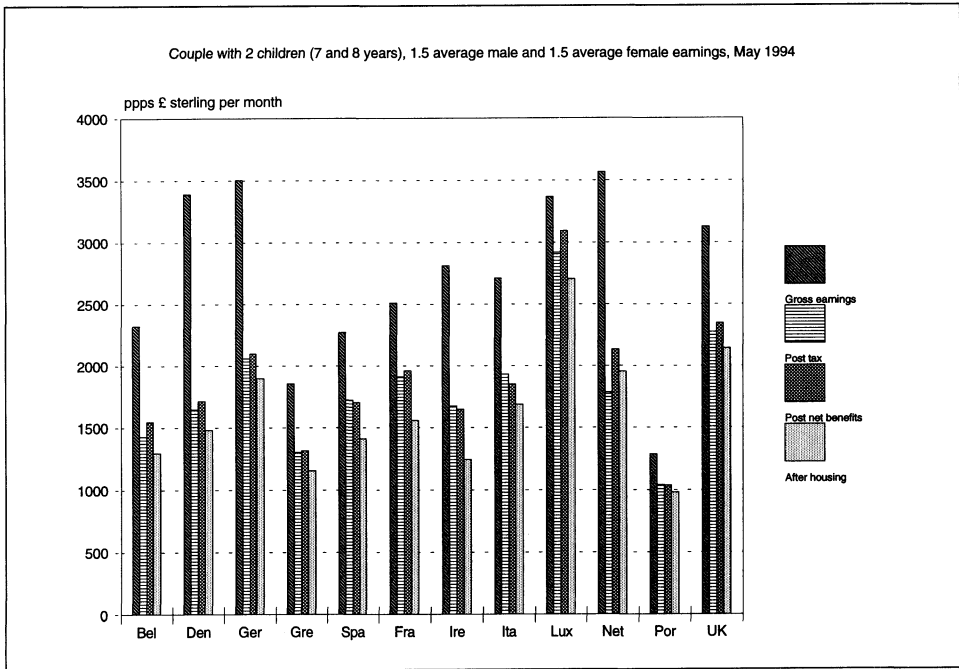




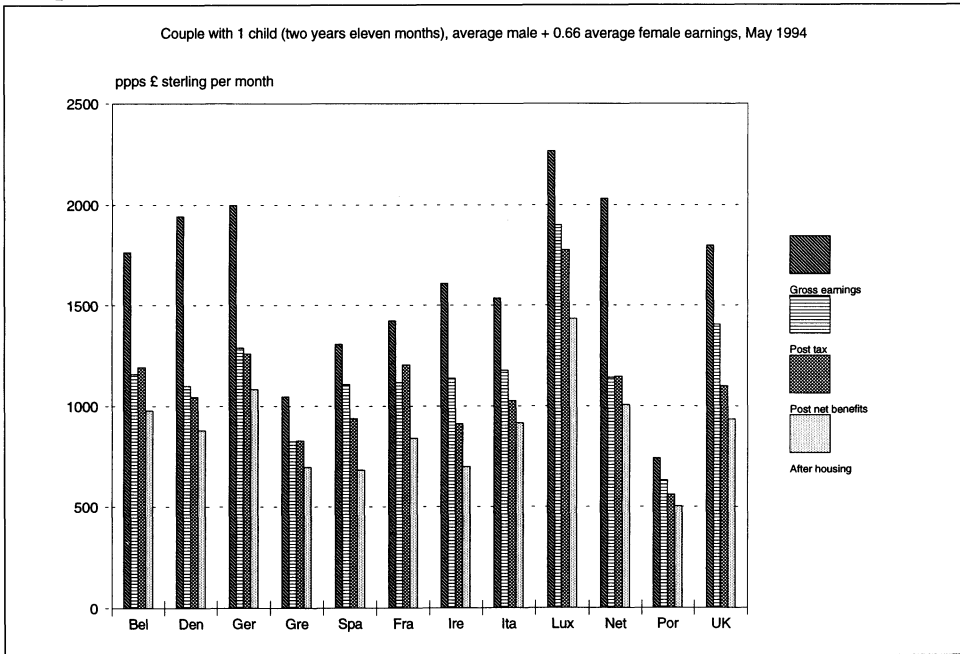
**Figure 5.1b: The tax/benefit redistributive process for a lone parent with one pre-school child**



**Figure 5.1c: The tax/benefit redistributive process for a higher income couple with two children**



**Figure 5.1d: The tax/benefit redistributive process for a dual-earner couple with one pre-school child**



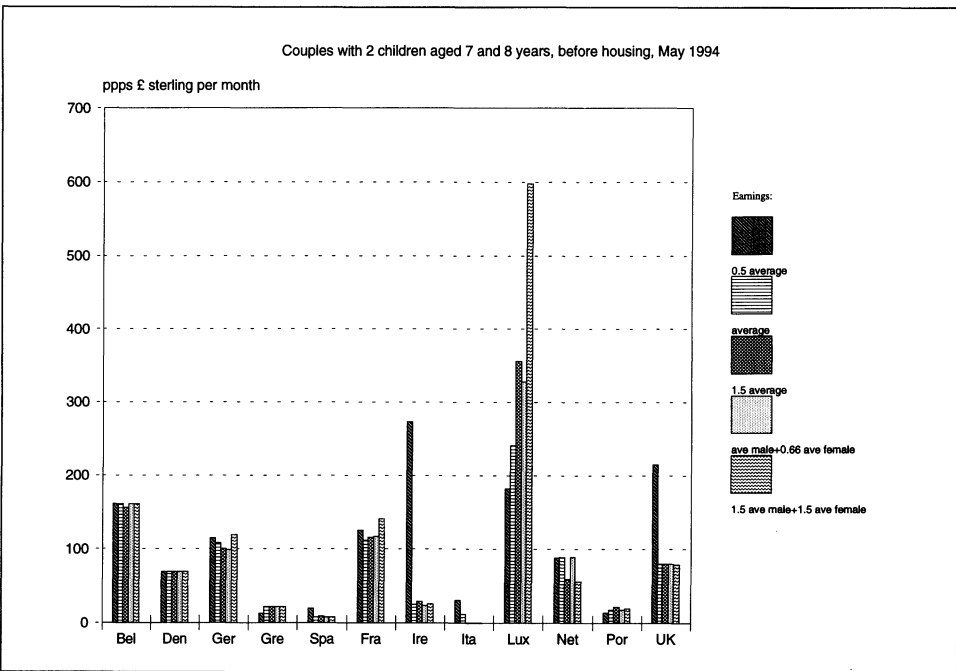
#### *Support for families with children*

An important element in countries' tax/benefit packages is the combination of benefits, tax allowances or credits, and remission of charges, in respect of dependent children. The value of this child-related package is represented in the following tables by showing the difference between the net disposable resources of a childless couple and a family with children at the same earnings level.

Figure 5.2a takes one family type - a couple with two school-age children - and shows how the value of the child-related package before housing costs varies with earnings. For the low-income, one-earner family the child benefit package is most generous in Ireland, followed by the UK. These countries are targeting their support particularly towards families with low incomes and the package does not vary significantly for families above with earnings above this level. By contrast, Luxembourg, especially, and France and Germany to a smaller extent, have more generous packages for families with higher earnings. This is the result of providing much of the package through tax allowances which offer most help to better-off families, or in the case of Luxembourg a very generous level on non income-tested child benefit. Belgium and Denmark do not vary their packages significantly by earnings (though it should be noted that such one-earner couples are unusual in Denmark). The figures for Italy at the higher earnings level are negative because any child-related allowances or benefits accruing to these families do not compensate for the educational expenses parents are expected to pay for their children. It should be noted here that, as stated earlier, charges or benefits for after-school care for children of school age are not included. Such provision is available on an income-related basis in a number of countries, including, particularly, Denmark.

Figure 5.2b takes one earner on average earnings and shows how the child-related package - again before housing costs - varies with the number of children. In Belgium, France and Luxembourg, the package is proportionately much more generous for a three-child family than a two-child family, whereas in most other countries families receive about the same amount or less for the third child. In Spain, the child-related package is insignificant for all three families at this level of earnings.

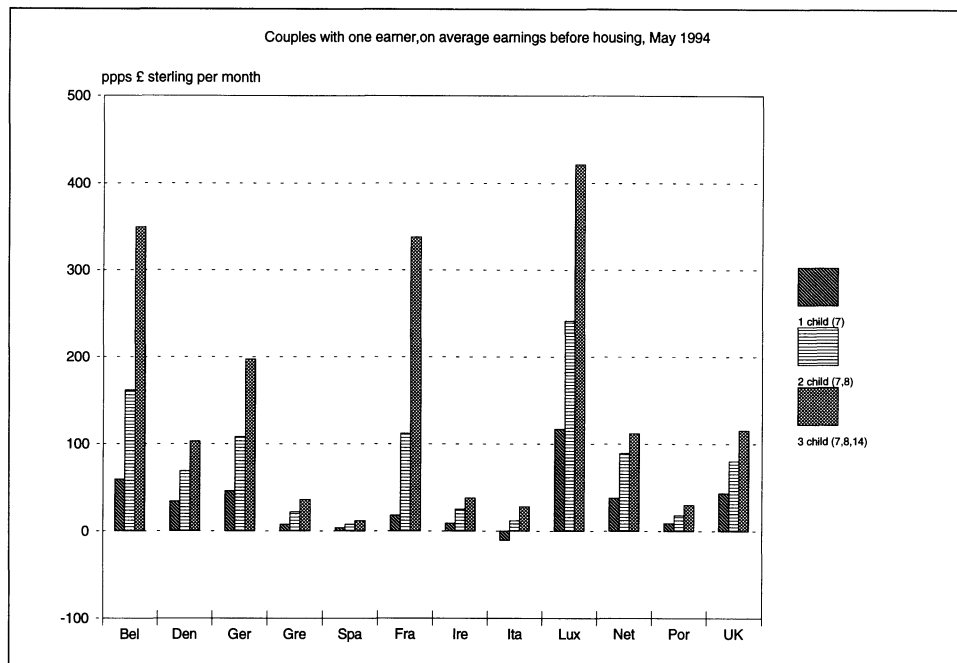
**Figure 5.2a: The child benefit package for a couple with two children, by earnings**



This analysis shows that the value of the child-related package varies both between and within countries according to a number of factors. These include earnings, and the number and ages of the children in the household. There is further variation according to whether the comparison is made before or after housing costs (and, as we shall see, child-care costs).

A first attempt to summarise the overall comparative value of the child-related package paid to two parent families with some market earnings is presented in Tables 5.5a to 5.5d. These use the average value in PPPs of the child-related package accruing to the four couple families at five earnings levels. It is thus based on the average of 20 family types and earnings levels, excluding lone parents and families on social assistance. The child-related package, as in the earlier figures, is estimated as the difference in disposable income, after tax and social security contributions, local taxes, net charges for the standardised health package, and education and child-care costs, between couples with and without children.

**Figure 5.2b: The child benefit package for a couple with one earner, by number of children**



Clearly an average for family types takes no account of the prevalence of different types of family at the various income levels in different countries - a prevalence which may in some cases be influenced by behavioural responses to the policy structures under examination. Nor can it represent the variation for different family types. Nevertheless, this composite figure does provide a useful indicator of the overall effect of policy. The average for each country is presented as a percentage distance from the mean for all the family types before and after housing costs. Those with negative figures are thus below the mean on average. It can be seen that Luxembourg is the most generous country in payments to couples with children - not surprisingly perhaps given the relative wealth of this small country. Luxembourg also has a high population of migrant workers who do not necessarily benefit from its generous social security system. The order of countries after Luxembourg depends somewhat on whether housing costs are taken into account or not, but in both cases Portugal, Greece, Spain and Italy have the least generous child benefit packages.

**Table 5.5a: Child benefit package: couples with children, before housing**

<i>% difference from mean</i>		<i>Rankings</i>	
Belgium	111	Luxembourg	257
Denmark	-26	Belgium	111
Germany	28	France	106
Greece	-57	Germany	28
Spain	-108	UK	-24
France	106	Denmark	-26
Ireland	-29	Ireland	-29
Italy	-131	Netherlands	-45
Luxembourg	257	Greece	-57
Netherlands	-45	Portugal	-91
Portugal	-91	Spain	-108
UK	-14	Italy	-131

**Table 5.5b: Child benefit package: couples with children, after housing**

<i>% difference from mean</i>		<i>Rankings</i>	
Belgium	142	Luxembourg	310
Denmark	-6	France	161
Germany	90	Belgium	142
Greece	-132	Germany	90
Spain	-139	Denmark	-6
France	161	UK	-33
Ireland	-56	Ireland	-56
Italy	-186	Netherlands	-61
Luxembourg	310	Portugal	-89
Netherlands	-61	Greece	-132
Portugal	-89	Spain	-139
UK	-33	Italy	-186

**Table 5.5c: Child benefit package excluding Luxembourg: couples with children, before housing**

<i>% difference from mean</i>		<i>Rankings</i>	
Belgium	175	Belgium	175
Denmark	-4	France	169
Germany	67	Germany	67
Greece	-44	UK	12
Spain	-111	Denmark	-4
France	169	Ireland	-7
Ireland	-7	Netherlands	-28
Italy	-140	Greece	-44
Netherlands	-28	Portugal	-88
Portugal	-88	Spain	-111
UK	12	Italy	-140

**Table 5.5d: Child benefit package excluding Luxembourg: couples with children, after housing**

<i>% difference from mean</i>		<i>Rankings</i>	
Belgium	237	France	263
Denmark	32	Belgium	237
Germany	165	Germany	165
Greece	-145	Denmark	32
Spain	-154	UK	-7
France	263	Ireland	-39
Ireland	-39	Netherlands	-45
Italy	-220	Portugal	-85
Netherlands	-45	Greece	-145
Portugal	-85	Spain	-154
UK	-7	Italy	-220

It is perhaps surprising to find Denmark in a relatively low position by this composite measure. This highlights some of the difficulties with the model which were discussed earlier. The composite measure includes one-earner couples, who are unusual in Denmark though more common elsewhere, as well as male/female earnings ratios which are not typical of Denmark. Also, service-based family support, including the after-school care which makes dual earnings more feasible, are not fully captured in the income matrix.

Because Luxembourg's high payments may distort the mean for the remaining countries, Tables 5.5c and 5.5d present the same analysis excluding the Duchy. The rankings are, of course, unaltered, but the dispersal around the mean is somewhat different.

### *Lone parents*

So far the analysis has concentrated on two parent families. The situation of lone parent families is considered in greater detail in a separate study linked to the Observatory (Bradshaw *et al.*, 1996). Here we examine two aspects of their treatment in tax/benefit systems. First their net disposable resources are compared with those of a single person without children but with the same gross earnings (both based on male earnings). The disposable income figure is again calculated net of the standard deductions and charges referred to earlier. The comparison is presented in Tables 5.6a and b. They show that the treatment of lone parents varies with earnings and family size, but at half average earnings a lone parent with one child is most generously treated in Ireland and Germany, and

**Table 5.6a: Lone parent support: difference between net disposable income of a single person and a lone parent, before housing, £ sterling PPPs per month**

	<i>Half average earnings</i>		<i>Average earnings</i>		<i>One and a half average earnings</i>	
	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)
Belgium	59	161	59	160	60	161
Denmark	123	227	122	226	122	226
Germany	195	328	193	347	214	379
Greece	30	39	33	47	31	45
Spain	12	25	492	53	58	62
France	69	201	124	254	131	282
Ireland	209	271	99	109	-88	112
Italy	45	63	15	28	-22	-31
Luxembourg	135	250	226	363	192	395
Netherlands	98	150	131	184	138	175
Portugal	4	8	9	24	11	22
UK	185	269	99	135	99	135

**Table 5.6b: Lone parent support: difference between net disposable income of a single person and a lone parent, after housing, £ sterling PPPs per month**

	<i>Half average earnings</i>		<i>Average earnings</i>		<i>One and a half average earnings</i>	
	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)
Belgium	30	109	30	109	30	110
Denmark	127	230	76	167	76	115
Germany	178	332	153	285	174	317
Greece	2	10	5	18	2	16
Spain	-25	-49	12	-21	20	-12
France	90	227	163	296	55	176
Ireland	207	269	100	109	88	65
Italy	-10	-45	-39	-80	-77	-139
Luxembourg	82	142	173	255	139	287
Netherlands	115	161	111	130	118	121
Portugal	5	9	10	24	11	23
UK	167	221	82	79	82	80

least generously treated in Portugal and Spain. At higher earnings levels, France is also relatively generous, as are Germany and Luxembourg, whereas the UK concentrates more of its help on lower earners. After housing costs (on the assumption that they would tend to have to occupy larger accommodation), lone parents in Spain and Italy are notionally worse off than single people and little better off in Greece and Portugal. This illustrates the problem described earlier of taking account of housing costs. Precisely because little financial help is available to lone parents in these countries, women on their own with children would have difficulty meeting the rent for the standard size and type of accommodation hypothetically allocated to them. They would, in practice, be more likely to occupy other forms of less expensive housing.

Only part of the extra income accruing to lone parents is directly child related, so the second way of comparing the treatment of lone parents is to look at the difference in net disposable resources of a lone parent and a couple with the same number of children and the same earnings (Tables 5.7a and 5.7b). This shows that the tax/benefit systems in most countries treat lone parents slightly more generously than couples with the same earnings. The main exceptions are Belgium and Italy, while it is also not true for some families in Ireland, Denmark, Luxembourg and Portugal. Before housing costs are taken into account, France is the most generous overall to lone parents relative to couples, while after housing costs, France, the Netherlands, Germany and Spain are all relatively generous, depending on the earnings level, and the UK, through its income-related benefits, offers extra support to lone parents at the lower earnings level.



**Table 5.7a: Net disposable income of lone parents as a percentage of the net disposable income of one earner couples at three earnings levels, before housing costs**

	<i>Half average earnings</i>		<i>Average earnings</i>		<i>One and a half average earnings</i>	
	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)
	%	%	%	%	%	%
Belgium	93	94	90	91	92	93
Denmark	103	115	98	107	95	101
Germany	106	117	104	113	99	108
Greece	100	100	100	100	100	100
Spain	102	102	101	101	100	100
France	108	114	105	109	102	107
Ireland	96	95	102	102	100	101
Italy	94	94	99	98	100	99
Luxembourg	100	100	99	100	90	91
Netherlands	102	102	104	104	107	107
Portugal	102	100	100	101	96	96
UK	104	104	103	103	102	102

**Table 5.7b: Net disposable income of lone parents as a percentage of the net disposable income of one earner couples at three earnings levels, after housing costs**

	<i>Half average earnings</i>		<i>Average earnings</i>		<i>One and a half average earnings</i>	
	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)	1 ch(7)	2 ch (7, 8)
	%	%	%	%	%	%
Belgium	89	91	86	88	89	91
Denmark	104	118	97	108	94	102
Germany	105	114	105	116	99	109
Greece	101	119	100	107	100	104
Spain	105	107	101	101	101	101
France	128	119	116	112	104	110
Ireland	96	95	103	110	99	101
Italy	92	92	99	98	100	98
Luxembourg	100	100	99	100	88	89
Netherlands	103	103	104	104	108	108
Portugal	104	101	100	101	96	96
UK	107	109	105	105	103	103

*The structure of the tax benefit system for families with children*

So far, the value of the child-related income package for different families has been presented without any analysis of the effect of different components of the tax/benefit system. Tables 5.8a - 5.8c present the components of the system for the three family types. The figure in each column represents the difference (either positive or negative) that the presence of children makes to the family compared with the situation of a one-earner couple or single person with no children. Thus, in Table 5.8a, a couple in Belgium with one earner at half average male wages and with three children would pay £36 per month less taxes than the same couple without children, would receive £278 per month in non means-tested child benefit, would pay £7 more in health charges and £18 in school costs, and overall would be £289 per month better off than the equivalent childless couple. This analysis excludes housing costs and social security contributions (which do not vary in any country according to the presence of children), but includes all the other elements included in the model families income package.

Table 5.8a shows that for this larger, low-wage family, extra tax allowances are significant only in Belgium and Ireland. For most countries except Ireland and those of the South of Europe, a key component of the package is non income-tested child benefit. Universal child benefit is important in the UK, but for this lower-earning family help through family credit (classed here as an income-tested child benefit) is more significant. Income-tested child payments are the key element in Ireland too, while they play a smaller role in France, Germany, Spain and Portugal. Variations in health charges are generally not large, though Ireland stands out in making an extra health-related payment for this family type. In addition, France and Ireland give free school meals; in Germany a small social assistance top-up is available to a family

**Table 5.8a: Structure of the child benefit package for a couple with three children (7, 8, 14) on half average earnings, represented as the difference between their income and that of a childless couple at same earnings level, in £ sterling PPPs**

	<i>Tax</i>	<i>Non income-tested child benefit</i>	<i>Income-tested child benefit</i>	<i>Health charges</i>	<i>School costs</i>	<i>Other</i>	<i>Total</i>
Belgium	36	278	-	-7	-18	-	289
Denmark	-	104	-	-1	-	-	103
Germany	-	125	55	-	-	24	204
Greece	-	23	-	-1	-	-	22
Spain	-	-	46	-15	-	-	31
France	-	162	92	-10	99	-	343
Ireland	19	57	223	37	9	-	345
Italy	9	-	-	-10	-43	87	43
Luxembourg	-	386	-	-4	-22	-	360
Netherlands	-	165	-	-8	-34	74	197
Portugal	-	22	17	-15	-7	-	17
UK	-	116	212	-	-	-	328

at this earnings level; the Netherlands pay a benefit introduced to compensate for changes in the tax and social insurance structure (OT); and in Italy a dependant's allowance is payable.

Table 5.8b gives the same breakdown for the lone parent on average earnings, compared to a single person without children. In most countries, particularly Luxembourg, the Netherlands, Ireland and Germany, the lone parent would pay less tax than a single person. Only Denmark makes no distinction in tax liability between these two individuals, while in Greece and Portugal the extra allowance is marginal. The Netherlands, Denmark and the UK stand out in providing a significant level of non income-related child benefit. France's policies of extending income-related child benefits further up the income scale than most other countries is also demonstrated in this table. The substantial variation in net disposable income for this lone parent, compared to a single person, is crucially affected by the costs of child care. In most countries, a lone parent on average earnings would have to meet the full costs - or find cheaper alternatives. On this basis, the lone parent in the UK would be worse off (before housing costs), compared to a single childless person, than in any of the other countries.

**Table 5.8b: Structure of the child benefit package for a lone parent with one child aged 2 years 11 months, on average earnings, represented as the difference between her income and that of a childless single person, in £ sterling PPPs**

	<i>Tax</i>	<i>Non income-tested child benefit</i>	<i>Income-tested child benefit</i>	<i>Health charges</i>	<i>School costs</i>	<i>Other</i>	<i>Total</i>
Belgium	14	41	-	-2	-	-	53
Denmark	-	87	-	-	-97	46	-36
Germany	76	21	-	-	-42	76	131
Greece	4	4	-	-	-	-	8
Spain	54	-	-	-5	-153	-	-104
France	67	-	91	-4	12	44	210
Ireland	89	19	-	-9	-184	-	-85
Italy	27	-	-	-3	-73	29	-20
Luxembourg	158	55	-	-1	-102	-	110
Netherlands	93	82	-	4	-164	-	-7
Portugal	5	11	-	-5	-65	-	-54
UK	29	71	-	-	-347	-	-247

Table 5.8c looks at the dual-earner family on higher wages, with two school-aged children. In all countries except Denmark, the Netherlands and the UK, this couple benefits from child tax allowances - especially in Luxembourg. Universal child benefit again plays an important role, particularly in Luxembourg, Belgium and the Netherlands. Overall, the UK and Ireland stand out in one respect: the differences in disposable income for this couple, compared to a childless couple, are

**Table 5.8c: Structure of the child benefit package for a couple with two children (7, 8), two earners at 1.5 average male and 1.5 average female earnings, represented as the difference between their joint income and that of a childless couple with two earners at the same earnings level, in £ sterling purchasing power parities**

	<i>Tax</i>	<i>Non income-tested child benefit</i>	<i>Income-tested child benefit</i>	<i>Health charges</i>	<i>School costs</i>	<i>Other</i>	<i>Total</i>
Belgium	36	144	-	-5	-15	-	160
Denmark	-	70	-	-1	-	-	69
Germany	78	42	-	-	-	-	120
Greece	10	13	-	-1	-	-	22
Spain	19	-	-	-10	-8	-	9
France	84	63	-	-7	-	-	140
Ireland	6	38	-	-18	-	-	26
Italy	13	-	-	-7	-66	-	-60
Luxembourg	415	184	-	-2	-	-	597
Netherlands	-	96	-	-40	-	-	56
Portugal	13	22	-	-10	-5	-	20
UK	-	80	-	-	-	-	80

considerably smaller than those for the three-child family in Table 5.8a. This reflects the emphasis in these countries on targeting resources towards those with lower incomes.

#### *Child care*

Table 5.8b highlights the issue of the costs of pre-school child care. Clearly if a lone parent, or both parents in a couple, want to work outside the home, the question of how to provide child care is crucial, especially for a child of pre-school age. The institutional arrangements for services for children vary considerably between countries, but it is possible to make an estimate of the likely costs facing parents in the specified circumstances. Table 5.9 shows the monthly costs of the nominated form of pre-school care for lone parents with one child at two earnings levels in £sterling PPPs and as a percentage of average earnings. In Belgium, France and Greece, a couple or lone parent with a pre-school child do not pay for child care. Charges vary with earnings in most of the other countries but they are standard and higher than other countries in Ireland, Spain and the UK. Overall they are highest in the UK and Ireland.

**Table 5.9: The net costs to parents of pre-school day care: lone parents with one child aged 2 years 11 months**

	<i>£PPPs per month</i>		<i>Percentage of earnings</i>	
	Half average earnings	Average earnings	% gross half average earnings	% gross average earnings
Belgium	-	-	-	-
Denmark	52	97	7	8
Germany	17	42	3	3
Greece	-	-	-	-
Spain	153	153	34	17
France	-	-	-	-
Ireland	184	184	34	17
Italy	32	73	6	7
Luxembourg	59	102	7	7
Netherlands	59	164	9	12
Portugal	20	65	8	13
UK	347	347	56	28

Table 5.10 shows the impact of child-care costs if parents choose to place their children in the main type of formal day care available in their respective countries. The table compares the difference in the child-related package identified in earlier tables, depending on whether the child is aged under three years or aged seven. This is shown for lone parents at three earnings levels and for couples at two earnings levels.

At half average earnings in Portugal, Spain and the UK the costs of child care more than wipe out the value of the child-related package for the lone parent. At average earnings it is wiped out in Ireland, Italy, Netherlands, Portugal, Spain and the UK. As has been emphasised earlier, the high cost of formal child care in countries like Ireland and the UK may be one factor in lone parents' decisions to use other more informal arrangements. It may also affect their ability or inclination to seek paid work - a question which is addressed in the separate study of lone parents' working patterns (Bradshaw *et al.*, 1996). As was also stated earlier, no account is taken here of costs of after-school care for children of school age.

For couples, it is only in Belgium, France and Germany that the costs of formal child care do not fully consume the extra payments and allowances available through the tax/benefit system.

Tables 5.11a and 5.11b provide a summary of the value of means-tested social assistance or minimum income support, in purchasing power parities, before and after housing costs, for all the model families. It is assumed that the assistance recipients have no other earnings - not perhaps a very representative assumption

**Table 5.10: The impact of pre-school child care costs on the child-related income package for lone parents and couples at different earnings levels: difference in net disposable income depending on age of child, before housing, £ sterling PPPs per month**

	Child Benefit Package									
	Lone parent over a single person before housing					2 earner couples over a childless couple				
	Earning levels:									
	<i>0.5 ave</i>		<i>average</i>		<i>1.5 ave</i>		<i>ave male + 0.66 ave female</i>		<i>1.5 ave male + 1.5 ave female</i>	
1 child age 7	1 child aged under 3	1 child age 7	1 child aged under 3	1 child age 7	1 child aged under 3	1 child age 7	1 child aged under 3	1 child age 7	1 child aged under 3	
Belgium	59	53	59	52	60	53	59	53	59	59
Denmark	123	81	122	35	34	-53	34	-53	123	123
Germany	195	160	193	133	50	1	60	11	195	195
Greece	30	30	33	33	9	9	8	8	30	30
Spain	12	-143	49	-104	4	-149	4	-149	12	12
France	69	156	124	211	22	114	46	46	69	69
Ireland	209	26	99	-85	13	-177	14	-176	209	209
Italy	45	29	15	-20	-35	-137	-43	-137	45	45
Luxembourg	135	62	225	110	132	-59	200	-118	135	135
Netherlands	98	80	131	8	37	-198	80	-239	98	98
Portugal	4	-15	9	-54	9	-53	10	-97	4	4
UK	185	-162	99	-247	44	-302	35	-303	185	185

**Table 5.11a: Net disposable income for all family types on social assistance before housing**

	<i>Single</i>	<i>Couple</i>	<i>LP+1 (2 years 11 months)</i>	<i>LP+1 (7)</i>	<i>LP+2 (7, 8)</i>	<i>Couple+1 (2 years 11 months)</i>	<i>Couple+1 (7)</i>	<i>Couple+2 (7, 8)</i>	<i>Couple+3 (7, 8, 14)</i>
Belgium	312	414	486	493	587	473	480	572	703
Denmark	317	566	516	506	610	812	801	836	886
Germany	323	486	509	509	632	585	585	690	790
Greece	0	0	17	17	35	17	17	35	53
Spain	184	209	224	227	265	245	247	286	319
France	191	271	420	307	393	354	357	456	555
Ireland	242	387	355	355	437	492	492	565	641
Italy	120	239	239	233	330	341	335	440	546
Luxembourg	515	782	641	678	887	909	946	1156	1429
Netherlands	372	531	563	522	574	610	568	620	654
Portugal	158	199	210	209	213	205	204	231	239
UK	198	311	332	348	432	422	438	522	641

**Table 5.11b: Net disposable income for all family types on social assistance after housing**

	<i>Single</i>	<i>Couple</i>	<i>LP+1 (2 years 11 months)</i>	<i>LP+1 (7)</i>	<i>LP+2 (7, 8)</i>	<i>Couple+1 (2 years 11 months)</i>	<i>Couple+1 (7)</i>	<i>Couple+2 (7, 8)</i>	<i>Couple+3 (7, 8, 14)</i>
Belgium	152	224	296	303	374	283	290	359	489
Denmark	216	426	421	411	515	647	636	658	735
Germany	184	307	331	331	431	407	407	489	589
Greece	-102	-102	-113	-113	-125	-113	-113	-125	-107
Spain	-34	-45	-30	-27	-26	-11	-8	-6	27
France	99	141	321	208	288	217	220	350	480
Ireland	226	362	336	336	415	464	464	535	607
Italy	67	133	133	127	171	235	229	282	387
Luxembourg	313	528	387	423	578	654	691	848	1120
Netherlands	281	438	469	428	476	516	475	521	555
Portugal	100	142	153	151	155	148	146	174	181
UK	198	311	332	348	432	422	438	522	641



in countries where assistance commonly acts as a top-up to low or part-time earnings, some of which may be disregarded in the means test. Any non-contributory child benefits payable in addition to social assistance are included in the overall sum. As was stated earlier, social assistance rates are not fixed nationally in all countries and the figures given in these tables are based on estimates of the amounts likely to accrue to the families in the given locations. The countries where location and officer discretion are most likely to make a difference are Italy and Spain. Greece and Portugal have no general social assistance schemes. The figures given here for Portugal are for unemployment assistance, which assumes a previous contributory record which has now been exhausted. For Greece, since most childless people below retirement age would have no access to social assistance once entitlement to unemployment insurance has been exhausted, the figures for these family types are zero, whereas lone parents and couples with children would receive some income-tested child benefit.

For a couple with two children, payments vary from £35 per month before housing costs, and a notional minus £125 per month after housing costs, in Greece to £1,156 before and £848 after housing costs in Luxembourg. The negative figures for Greece and Spain again illustrate the problem of housing costs. It is unlikely that families on social assistance, or without any formal state support, would be able to meet the standard rents nominated and so would in practice have to find other, cheaper forms of accommodation. The structural deficit in such families' incomes also illustrates the importance both of support from families and the likelihood of earnings in the informal economies of these countries.

Tables 5.12a and 5.12b provide a picture of the implied equivalence scale in social assistance, representing the net disposable income of the different family types as a percentage of that of a couple without children. Pre-school child-care costs are not included, but all the other elements of the income package are counted. Only Denmark, Ireland and Luxembourg appear to pay less to lone parents with one child than to childless couples at the assistance level, while France gives substantially more - particularly to lone parents with a child under three. After housing costs, France also stands out as being the most generous country to couples with two children or more children.

#### *Replacement rates*

The analysis so far has compared the level of families' incomes and how they are affected by the level of earnings, taxes, benefits and charges. However, in the context of high unemployment in many countries of the European Union, it is difficult to look at benefit levels in isolation, without considering the incentive structures implicit within them for families where the adults are unemployed. In assessing the incentive structures facing families, it is necessary to compare their incomes when earning with what they would receive if they had no income from earnings and were dependent on social assistance or the equivalent benefit paid to families outside the labour market.

Economic theory distinguishes between two factors that may be relevant to individual decisions to participate in the labour market - the income effect and the substitution effect. The provision of social assistance means that a given level of income can be maintained without participation in the labour market (the income effect), while the withdrawal of benefits operates as a tax on earnings and reduces

**Table 5.12a: Implied equivalence scale of social assistance, net disposable income as percentage of that of a childless couple, before housing costs**

	<i>Single</i>	<i>Couple</i>	<i>LP+1 (2 years 11 months)</i>	<i>LP+1 (7)</i>	<i>LP+2 (7, 8)</i>	<i>Couple+1 (2 years 11 months)</i>	<i>Couple+1 (7)</i>	<i>Couple+2 (7, 8)</i>	<i>Couple+3 (7, 8, 14)</i>
Belgium	75	100	117	119	142	114	116	138	170
Denmark	56	100	91	89	108	143	142	148	157
Germany	66	100	105	105	130	120	120	142	163
Greece *	-	-	117	117	135	117	117	135	153
Spain	88	100	107	109	127	117	118	137	153
France	70	100	155	113	145	131	132	168	205
Ireland	63	100	92	92	113	127	127	146	166
Italy	50	100	100	97	138	143	140	184	228
Luxembourg	66	100	82	87	113	116	121	148	183
Netherlands	70	100	106	98	108	115	107	117	123
Portugal	79	100	106	105	107	103	103	116	120
UK	64	100	107	112	139	136	141	168	206

\* People without children receive no social assistance, but zero payment for couple is treated as index of 100 for comparison with other family types

**Table 5.12b: Implied equivalence scale of social assistance, net disposable income as percentage of that of a childless couple, after housing costs**

	<i>Single</i>	<i>Couple</i>	<i>LP+1 (2 years 11 months)</i>	<i>LP+1 (7)</i>	<i>LP+2 (7, 8)</i>	<i>Couple+1 (2 years 11 months)</i>	<i>Couple+1 (7)</i>	<i>Couple+2 (7, 8)</i>	<i>Couple+3 (7, 8, 14)</i>
Belgium	68	100	132	135	167	126	129	160	218
Denmark	51	100	99	96	121	152	149	154	173
Germany	60	100	108	108	140	133	133	159	192
Greece *	-	-	-	-	-	-	-	-	-
Spain	-76	100	-67	-60	-58	-24	-18	-13	60
France	70	100	228	148	204	154	156	248	340
Ireland	62	100	93	93	115	128	127	146	164
Italy	50	100	100	95	129	177	172	212	291
Luxembourg	59	100	73	80	109	124	131	161	212
Netherlands	64	100	107	98	109	118	108	119	127
Portugal	70	100	108	106	109	104	103	123	127
UK	64	100	107	112	139	136	141	168	206

\* People without children receive no social assistance, so for after housing cost comparison the notional negative figure for a couple is treated as the index figure (100)

the cost of not earning (the substitution effect). However, if the level of social assistance is below the target level of income for an individual, the withdrawal rate may actually encourage further labour market effort, since the individual will have to work more hours to reach their income target (the income effect of the withdrawal rate).

Benefit replacement rates are usually calculated by comparing the levels of statutory entitlements to some measure of income in work (Bolderson and Mabbett, 1991; Palme, 1990; Esping-Andersen, 1990), thus showing what percentage of earnings is 'replaced' by benefits. That is:

$$\text{Replacement rate} = \frac{\text{Income when receiving benefits}}{\text{Income when employed}} \times 100$$

Replacement rates can be altered either by changes in the level of benefits or in the level of disposable income in work. In several countries in the EU there are important schemes to provide in-work benefits, including Family Credit in the United Kingdom and Family Income Supplement in Ireland. Some other countries tend to provide extensive systems of income-related housing assistance and more substantial assistance with child-care costs, the effects of which may be broadly similar, while others disregard part of earned income in the means test calculation, sometimes withdrawing benefit at less than a 100 per cent rate as income rises. Such in-work benefits are an important component in policies to encourage workforce participation.

It is also important to note that there are some difficulties involved in comparing benefit replacement rates across countries, related to whether it is appropriate to use gross or disposable income.

Tables 5.13a and 5.13b compare the level of social assistance paid as a proportion of the net disposable resources of the same families receiving half average earnings. This is an indicator of the replacement rate for social assistance, assuming that unemployed people receiving means-tested assistance are likely to be in the market mainly for lower-paid employment. Clearly the extent to which this represents a common experience will depend on how important social assistance is as a benefit for families with unemployed adults. We know from other work (Eardley *et al.*, 1996 forthcoming) that social insurance benefits paid at higher levels than assistance are still the main component of coverage for the unemployed in a number of countries. At this level of earnings some of the income-related in-work benefits are still operating. Replacement rates vary by family type, but for couples with children before housing costs they are particularly high in Denmark, Luxembourg, Germany, Portugal for larger families, and the Netherlands. Indeed for all those countries except the Netherlands some families receiving social assistance would be better off than they would have been if they had been receiving half average earnings. It is arguable, however, that for countries like Denmark where dual earner couples are the norm, a more realistic replacement rate would be based on earnings by both partners.

**Table 5.13a: Replacement rates: net disposable income on social assistance as a percentage of net disposable income on half average earnings, before housing**

	<i>Single</i>	<i>Couple</i>	<i>LP+1 (2 years 11 months)</i>	<i>LP+1 (7)</i>	<i>LP+2 (7, 8)</i>	<i>Couple+1 (2 years 11 months)</i>	<i>Couple+1 (7)</i>	<i>Couple+2 (7, 8)</i>	<i>Couple+3 (7, 8, 14)</i>
Belgium	65	36	92	92	91	83	83	84	87
Denmark	74	52	101	92	93	149	149	147	146
Germany	70	39	82	78	80	95	95	103	104
Greece *	-	-	6	6	11	6	6	11	9
Spain	44	19	81	53	60	58	58	66	72
France	41	25	68	58	59	63	73	78	69
Ireland	57	36	78	56	63	74	74	77	79
Italy	29	21	54	51	69	67	68	87	105
Luxembourg	74	43	84	81	93	111	113	122	127
Netherlands	75	40	98	88	89	99	98	99	98
Portugal	71	32	102	93	93	93	93	101	103
UK	39	22	97	50	56	64	66	70	74

\* No social assistance for people under retirement age without children

**Table 5.13b: Replacement rates: net disposable income on social assistance as a percentage of net disposable income on half average earnings, after housing**

	<i>Single</i>	<i>Couple</i>	<i>LP+1</i> <i>(2 years</i> <i>11 months)</i>	<i>LP+1</i> <i>(7)</i>	<i>LP+2</i> <i>(7, 8)</i>	<i>Couple+1</i> <i>(2 years</i> <i>11 months)</i>	<i>Couple+1</i> <i>(7)</i>	<i>Couple+2</i> <i>(7, 8)</i>	<i>Couple+3</i> <i>(7, 8, 14)</i>
Belgium	49	47	88	89	89	75	75	77	82
Denmark	68	60	104	92	94	147	148	142	143
Germany	57	46	71	66	66	86	86	85	87
Greece *	-	-	-64	-64	-68	-65	-65	-81	-65
Spain	-17	-21	-143	-15	-17	-7	-75	-4	18
France	36	41	71	57	58	60	78	83	70
Ireland	57	52	80	55	62	73	73	76	78
Italy	19	18	40	36	55	59	60	83	110
Luxembourg	76	74	92	85	104	136	140	153	153
Netherlands	75	64	100	88	89	100	100	100	100
Portugal	61	63	103	90	90	90	90	102	104
UK	54	54	178	65	74	85	88	96	98

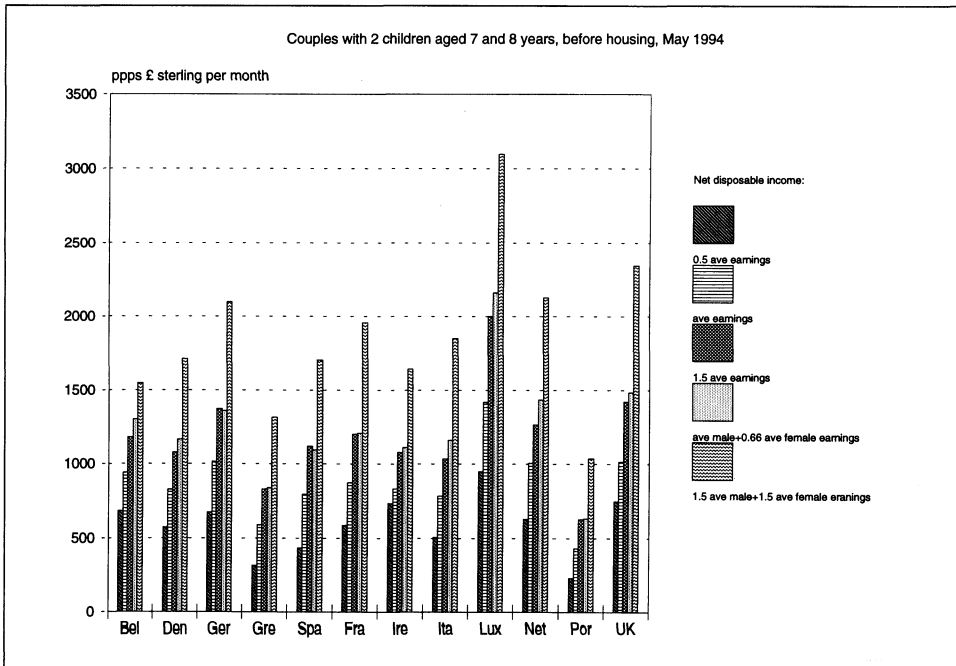
\* No social assistance for people under retirement age without children

*Overall living standards of 'average' families*

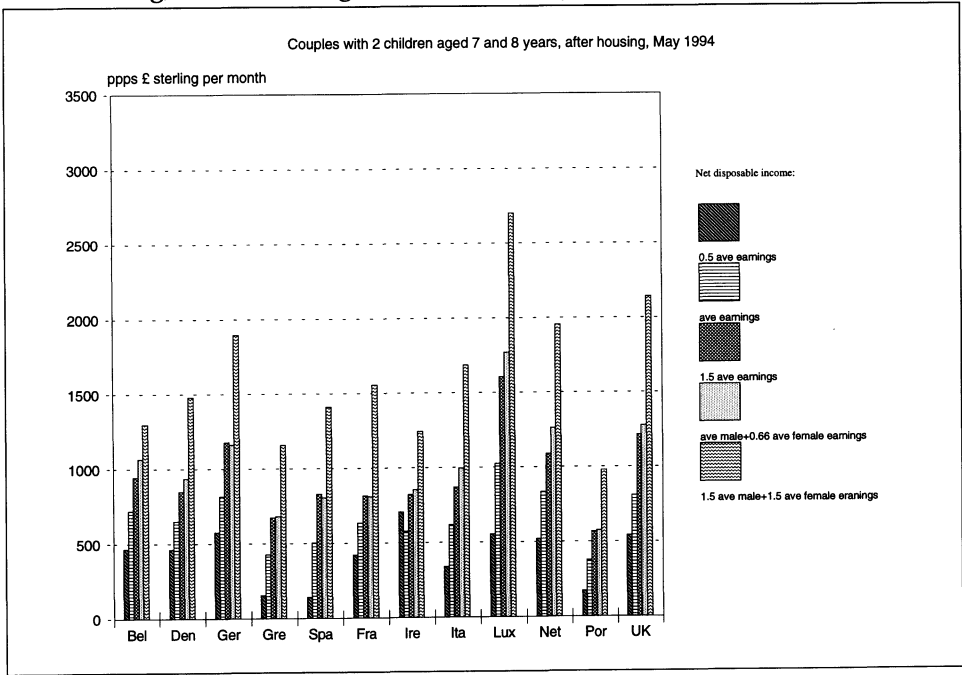
So far we have been considering elements of the tax/benefit package and how they affect net disposable resources. In the final set of charts (Figures 5.3a-d), we compare the net disposable income of two family types at different earnings levels. It is possible from this to make a broad comparison of the structural effect of policy on the living standards of these families in the EU (in so far as income can be equated with living standards). This analysis can obviously be repeated for other family types.

First we take a couple with two school-aged children. Eurostat estimates indicate that in 1990/91 couples with children made up an average of around 38 per cent of private households in the European Union, and that about 41 per cent of these had two children (Eurostat, 1995). Before housing costs (and excluding families in Luxembourg who are consistently the best off), at half average earnings it is in the UK and Ireland that this couple has the highest level of disposable income, followed closely by Belgium, Germany and the Netherlands. At average earnings the Dutch family does better, followed by those in Germany and the UK. In the highest earnings bracket, the family in the UK and the Netherlands share joint top place (after Luxembourg), with Germany and France following, but it has also improved its position in Italy, Spain and Ireland. The position does not change dramatically after housing costs.

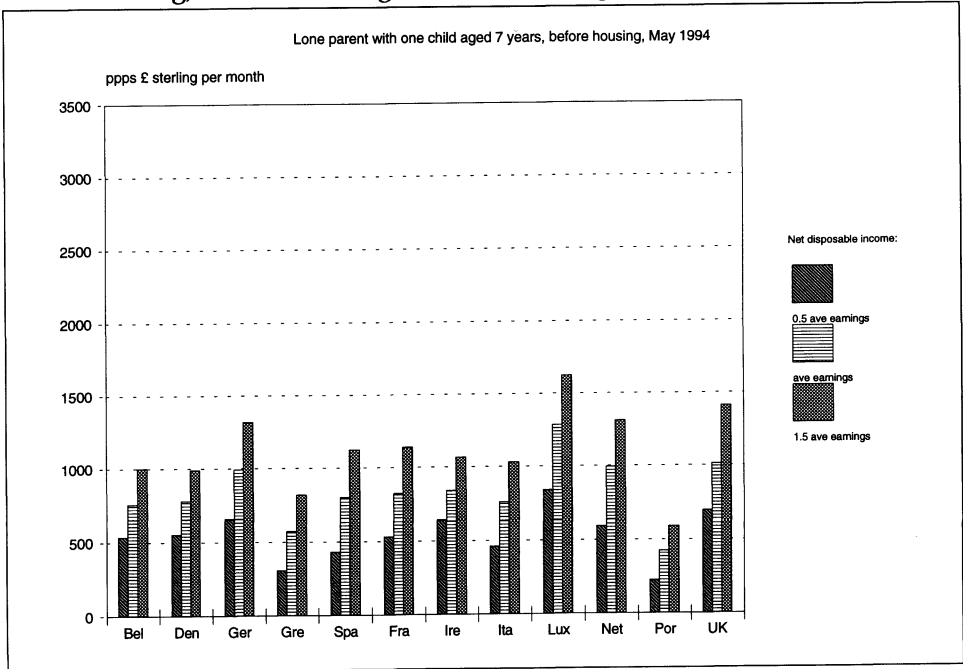
**Figure 5.3a: Net disposable income for couples with two school-age children, before housing, at five earnings levels, £ sterling PPPs**



**Figure 5.3b: Net disposable income for couples with two school-age children, after housing, at five earnings levels, £ sterling PPPs**



**Figure 5.3c: Net disposable income for lone parents with one school-age child, before housing, at three earnings levels, £ sterling PPPs**





**Figure 5.3d: Net disposable income for lone parents with one school-age child, after housing, at three earnings levels, £ sterling PPPs**

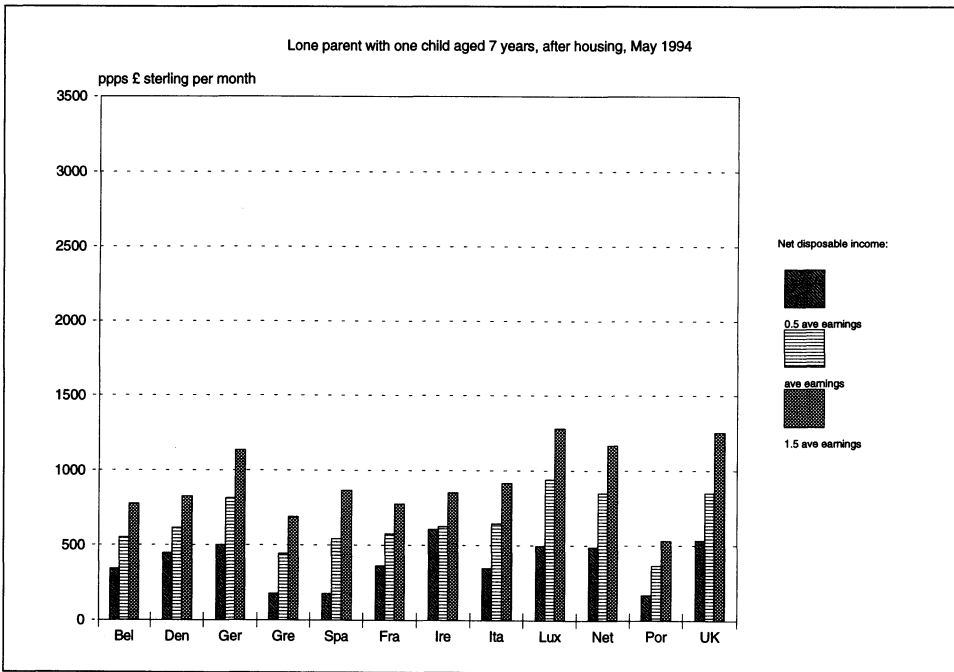


Figure 5.3b also demonstrates one dimension of the notional inequality gap derived from the different tax/benefit structures. It can be observed that before housing costs the narrowest gap between the disposable income of families at the lowest and highest earnings levels is in Portugal, followed by Belgium and Ireland. The largest gap is in Luxembourg, followed by the Netherlands and the UK. After housing costs, Ireland has the smallest income gap, with Spain showing proportionately one of the largest. Otherwise the picture does not change substantially.

Figures 5.3c and 5.3d give the same information for a lone parent with one school-aged child at three earnings levels. Here it is noticeable that before housing costs the lower earner is relatively worse off, compared to the highest earner, in Spain, Luxembourg and the Netherlands, and relatively better off in Ireland. As with the couple, after housing costs the gap closes even more in Ireland and widens in Spain.

The figures in the annex to this chapter provide similar data for the other families in the study.

*The extra income effect of second earners*

The final analysis looks at the net effect for couples, after taxes and benefits, of having a second earner. This is an important issue given the Europe-wide increase in women's labour market participation and it gives an indication of the net employment incentive effect for partners of the main earner. Table 5.14 shows the

**Table 5.14: Net disposable income of lone parents as a percentage of the net disposable income of one earner couples at two earnings levels, before housing costs**

	<i>Average male + 0.66 average female earnings</i>			<i>1.5 average male + 1.5 average female earnings</i>		
	Couple no child	Couple 1 child (under 3)	Couple 1 child (7)	Couple no child	Couple 1 child (under 3)	Couple 1 child (7)
Belgium	46	43	43	35	33	33
Denmark	45	30	43	63	51	61
Germany	39	32	37	55	50	54
Greece	45	44	44	60	59	59
Spain	38	18	38	52	38	52
France	43	39	43	67	68	68
Ireland	35	11	35	54	35	53
Italy	51	28	48	78	65	81
Luxembourg	56	39	52	52	33	50
Netherlands	46	15	44	72	45	70
Portugal	48	32	47	69	50	67
UK	50	12	47	69	42	66

proportionate increase in net disposable income resulting from second earnings for three family types at two earnings levels, before housing costs. Thus, the first part of the table shows that in Luxembourg extra earnings by a female partner receiving two-thirds average female earnings increases net family income by 56 per cent, compared with only 35 per cent in Ireland. For most countries except Belgium, France and Greece this ratio drops substantially where there is a pre-school age child. It is particularly interesting to observe the effect of marginal taxation at the higher earnings level in the second part of the table. Here the net benefit of second earners is greatest in Italy and the Netherlands - a surprising effect given that these two countries have amongst the lowest levels of married women's labour market participation in the industrial world, but one that supports a similar analysis for 1992 by Shaver and Bradshaw (1995). Belgium also stands out in apparently having a rather low incentive for extra earnings at this level, whether families have children or not. The figures given are, of course, dependent on the assumptions spelled out earlier in the chapter, especially those concerning child-care and educational costs.

This concludes the analysis of the comparative income matrix data. As emphasised earlier, there are limitations to this technique and it describes implicit policy structures rather than actual outcomes for families. Nevertheless, it provides the basis for understanding comparatively the complex interactions of policies affecting families in the different countries - a basis which can be built on and improved in future years.

The final section of the chapter now looks at key changes in fiscal and social security systems which have taken place or been announced since the matrix data were collected.

### **Changes in tax/benefit structures in 1994/5**

Changes have taken place in most countries, though not all of these are likely to have a major impact on family living standards. Country by country summaries of key developments are included in Chapter Two of the companion volume to this report. It is not clear that any single direction or trajectory can be detected in these changes. While many of the debates are common to the member countries, some have expanded or improved provisions affecting families, while others have cut back or continued to hold back on developments which have been promised. Domestic financial considerations appear to have been the main influence on government actions.

Certainly the thrust of fiscal policy in most countries has been primarily towards containment of public expenditure and increasing affordability of social insurance schemes, or towards general restructuring of tax arrangements. Thus Belgium, Denmark and Germany have all introduced new earmarked contribution schemes or surcharges, while Denmark and Luxembourg respectively have introduced environmental taxes and increased excise duties - both of which have been criticised as having a regressive impact on families. Indexing of tax scales was also suspended in Belgium and, in 1994, in Spain, while the UK has continued its whittling away at the Married Couples and Additional Personal Allowances by capping the levels and restricting tax relief to the basic rate for all taxpayers.

In the other direction, Germany is set to make permanent its temporary arrangements to raise tax-free income levels in line with the subsistence minimum, which should have a significant effect on low-income working families. France has also introduced a series of changes aimed at stimulating employment, especially in domestic and 'close-to-home' services, though these have been criticised as mainly benefiting better-off families. In Ireland there is a continuing debate about integration of taxes and benefits and the possibility of replacing child tax allowances with an expanded child benefit. In the meantime personal allowances have been increased in real terms, including child additions, balanced by reductions in mortgage and health relief affecting mainly higher rate tax payers. Italy has allocated extra funds for increased tax allowances for larger families and disabled people in 1995, though in view of the present low level of allowances this may not have a major impact.

Some significant changes to child benefits were announced or implemented in several countries, while debates continued in others. In Denmark, the amount for a child under two in the general scheme was increased to compensate for higher child care charges, while in Germany benefit rates for higher income families were reduced. From 1996 a new, more generous benefit/allowance scheme is to be introduced, but restrictions have been placed on access to benefits by non-German citizens. In Spain, the income threshold for the means-tested child benefit was raised for the first time since 1991, but only the allowance for disabled adult dependants was uprated. In Italy too, failure to uprate child benefit has led to an estimated drop of 40 per cent in its real value since 1988. In France the child-rearing allowance (APE) was extended to the second child and the intention was announced to extend child benefit and other allowances on an income-related

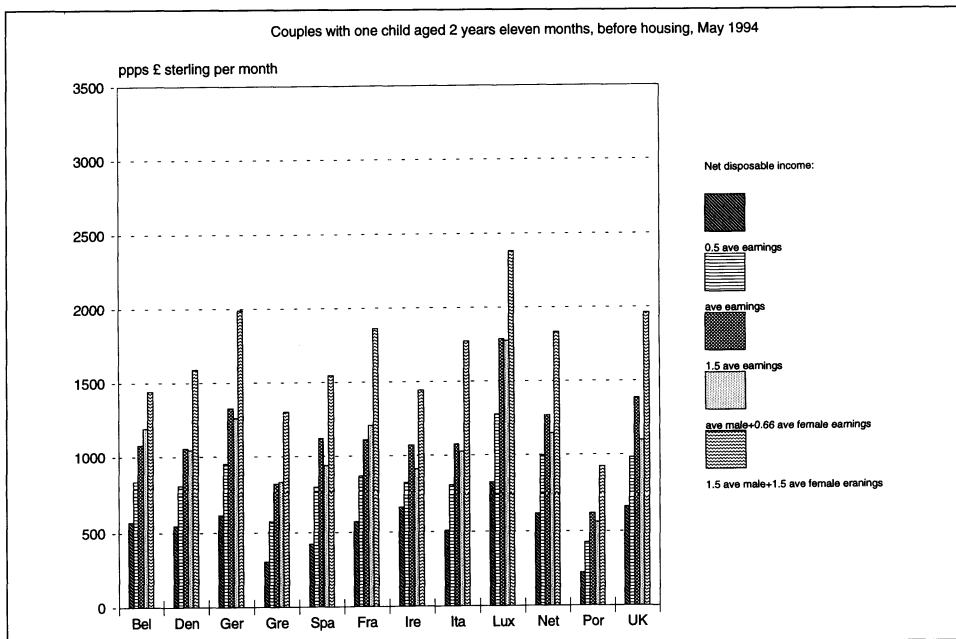
basis to students and trainees aged 20-22. Ireland increased the higher rate of child benefit and extended it to the third and subsequent child, while the Netherlands, on the other hand, announced that from 1996 the proportionate increase in benefit for larger families will be abolished.

Changes in maternity allowances also took place in five countries. In Germany an income test was introduced for benefit in the first six months after the birth of a child, while in France the rates of benefit were increased in cases of multiple births. Ireland came into line with EC Directive 92/95 by making maternity benefits equal to disability payments and introducing a new Health and Safety Benefit for pregnant women who cannot continue at work. The UK also implemented the Directive in 1994. Luxembourg implemented its 1992 legislation on maternity allowances and childbirth medical services and tabled a Bill to remove residence conditions, in line with a 1993 European Court judgement.

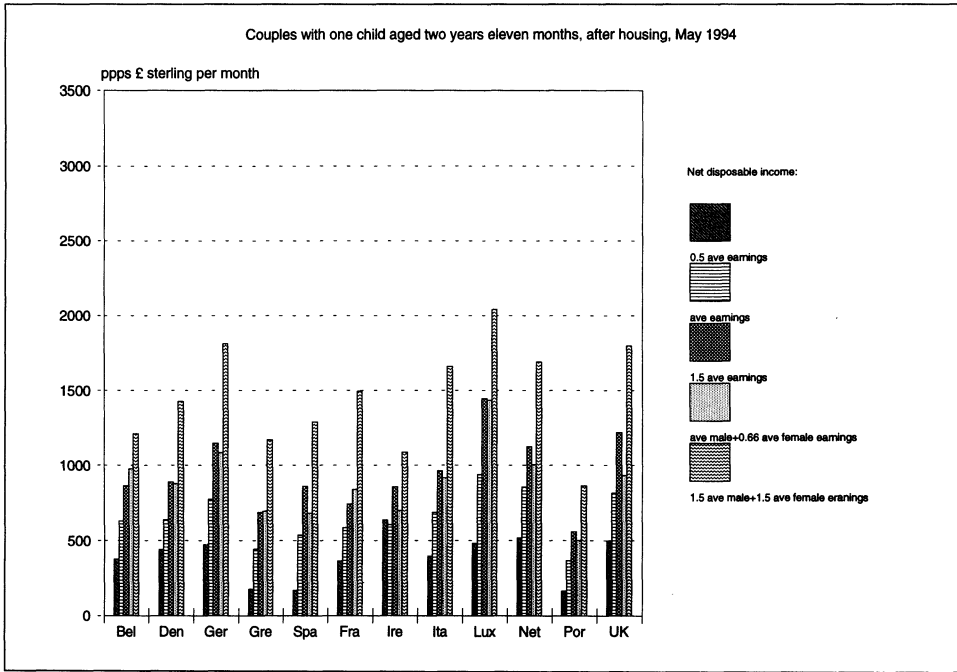
There were a number of other substantial changes introduced or announced in other parts of the social security systems, focused in several countries particularly on reducing payments of or entitlement to unemployment insurance and assistance, while changes in pension schemes in France, Ireland and Portugal were of importance especially to older women. These changes, and others affecting social assistance schemes, which were not especially directed at families, are summarised in the companion volume.

**ANNEX: NET DISPOSABLE INCOMES OF OTHER FAMILIES AT VARIOUS EARNINGS LEVELS, MAY 1994**

**Figure 5.3e: Net disposable income of a couple with one pre-school child, before housing**



**Figure 5.3f: Net disposable income of a couple with one pre-school child, after housing**



**Figure 5.3g: Net disposable income of a couple with one school-age child, before housing**

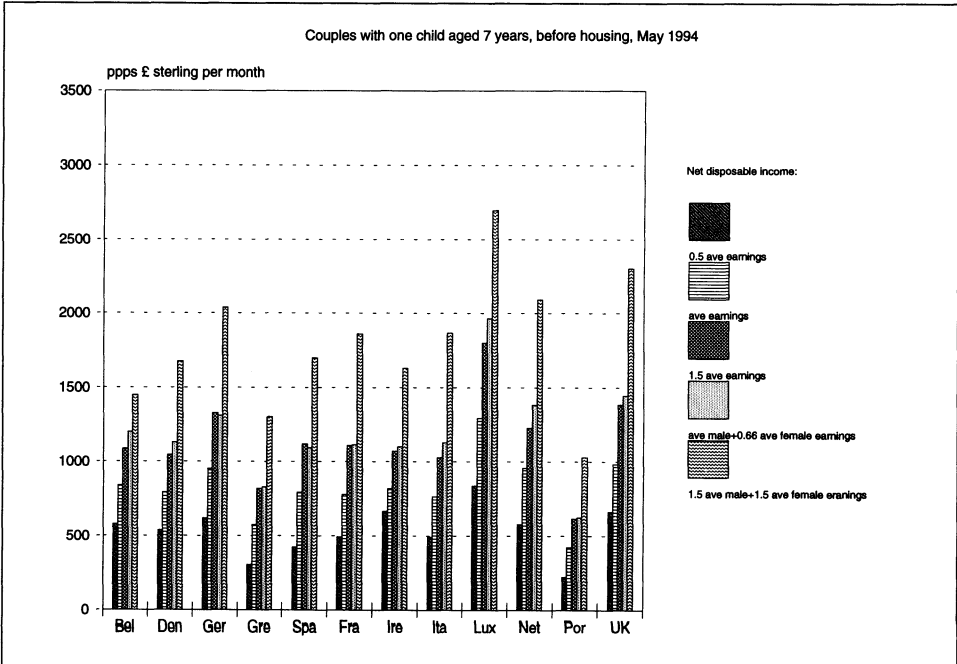


Figure 5.3h: Net disposable income of a couple with one school-age child, after housing

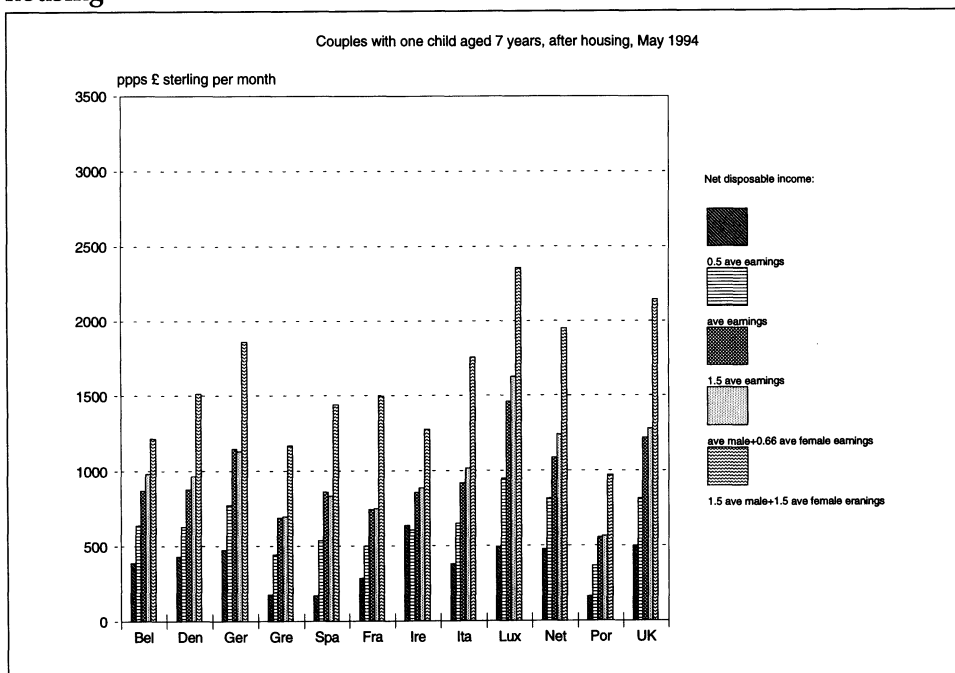
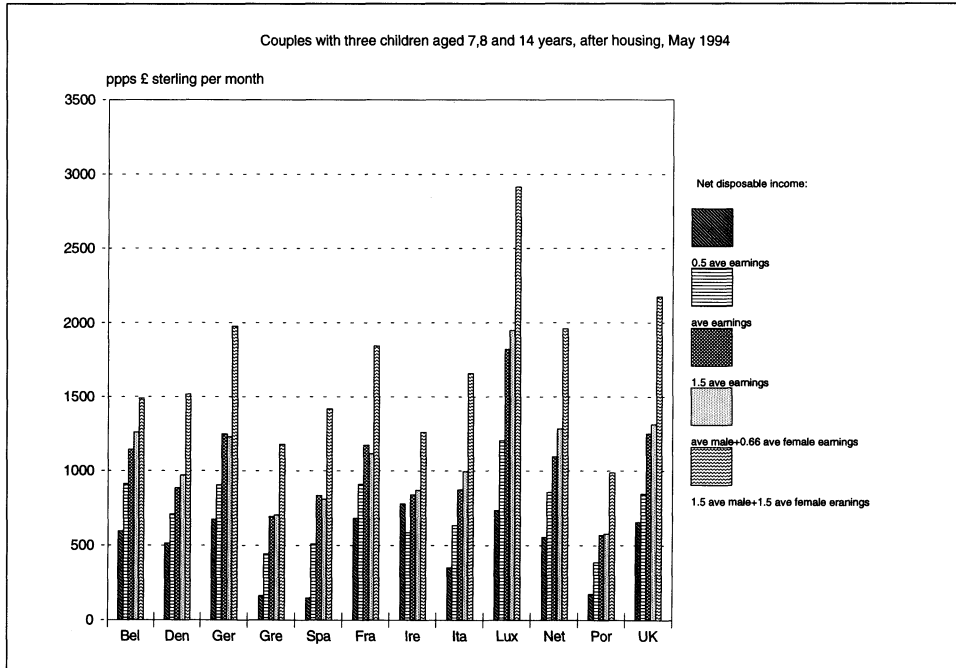


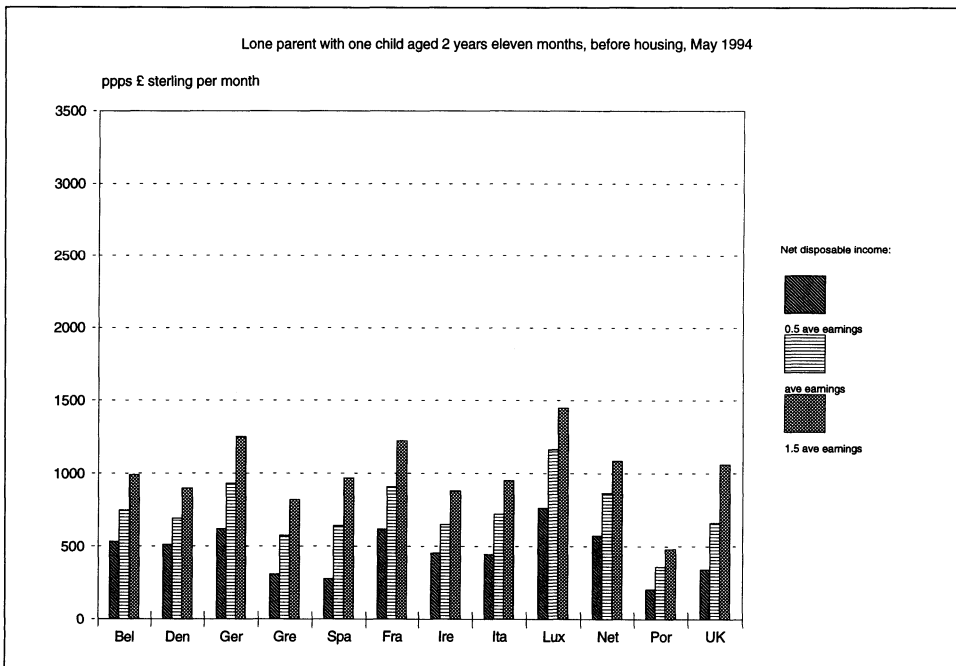
Figure 5.3i: Net disposable income of a couple with three school-age children, before housing



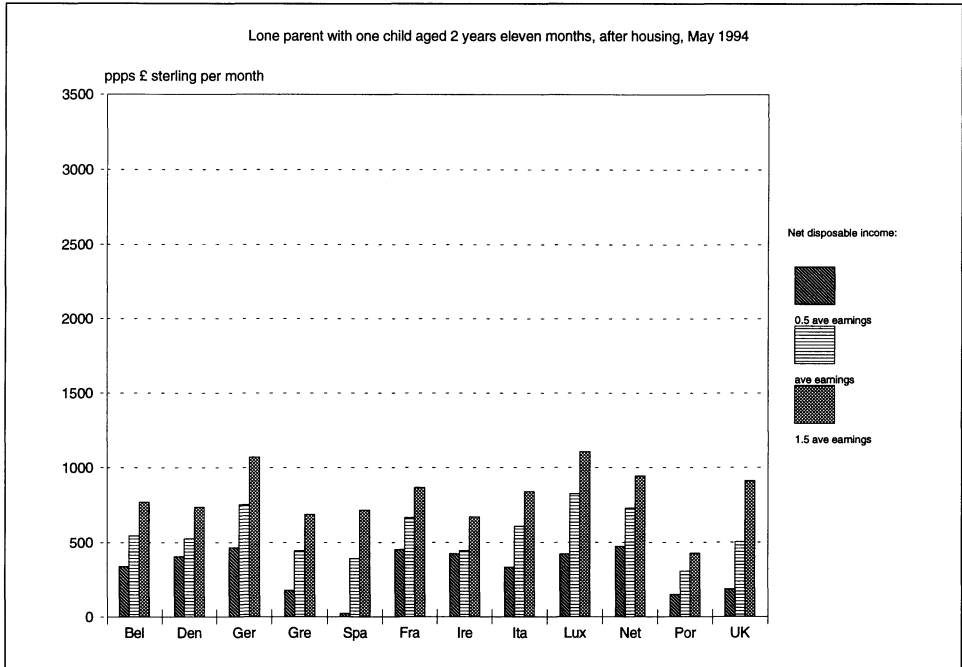
**Figure 5.3j: Net disposable income of a couple with three school-age children, after housing**



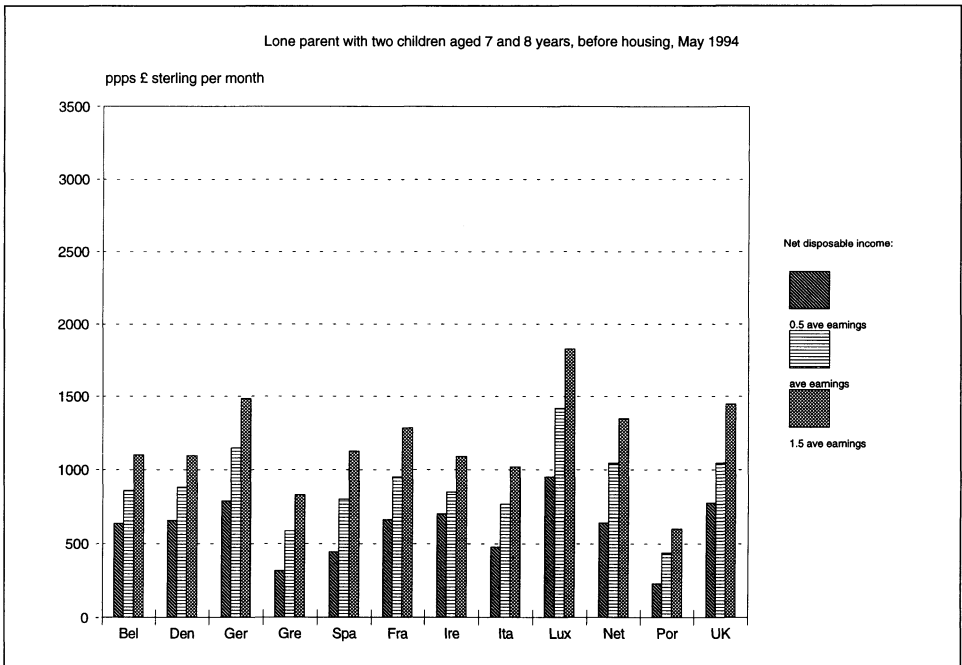
**Figure 5.3k: Net disposable income of a lone parent with one pre-school child, before housing**



**Figure 5.3l: Net disposable income of a lone parent with one pre-school child, after housing**

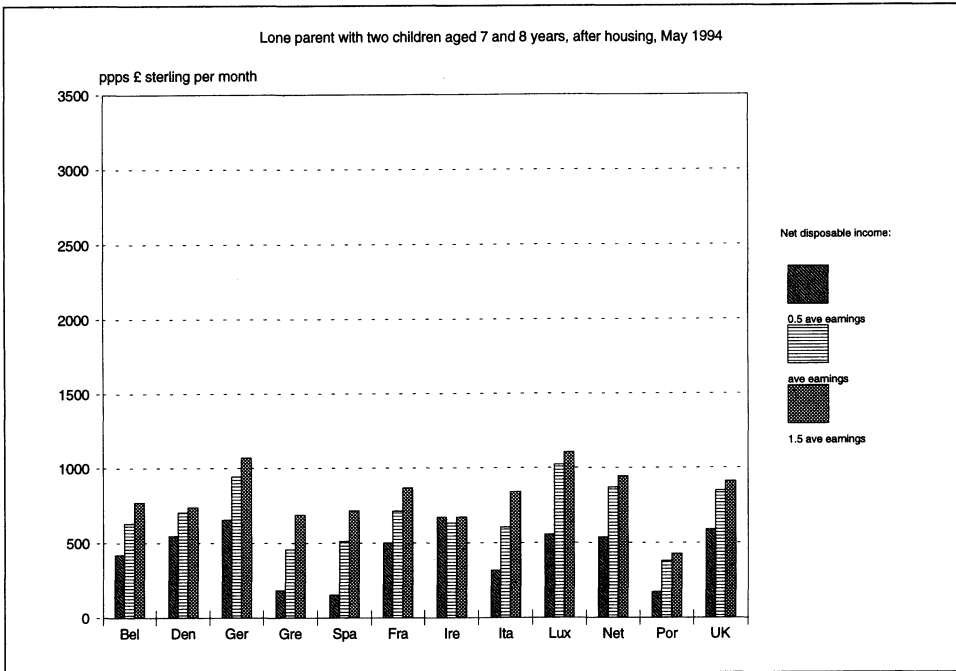


**Figure 5.3m: Net disposable income of a lone parent with two school-age children, before housing**





**Figure 5.3n: Net disposable income of a lone parent with two school-aged children, after housing**



## CHAPTER SIX

# Care and Families: Obligations, Children and Older People

This chapter seeks to explore the concepts and policy implications of caring and family obligation in the member states of the Union. These are concepts which underpin the provision of services for disabled and elderly people as well as the development of measures aimed at the education and care of young children. A consideration of family obligations is important for at least two reasons when comparing family policies. On the one hand family obligations have deep historical and cultural roots which are vital to an understanding of the types of policy solution adopted in a particular country. On the other, the practicalities of providing care for young children or for older or disabled relatives have a marked effect on labour supply and on the economic circumstances of individual families.

### **Attitudes to caring and family obligation**

Despite some evidence that support for traditional gender roles is weakening, they nevertheless appear to predominate in practice where caring for children is concerned. Attitudes favouring a 'symmetrical' family are more prevalent amongst women, and amongst younger couples, especially where both are in employment. All the countries reported the continuing primacy of the mother in both child care and domestic tasks, and this is borne out by surveys and time-budget studies in a number of countries, such as Italy, Germany, the UK and Portugal. Whilst domestic tasks are more equally shared in households where both partners work, the share of household work done by women continues to be much larger than that of men. Women also continue to be the major providers of care for elderly and disabled people.

A survey in the UK which examined attitudes to family obligations (Finch and Mason, 1993) found that although families continue to give and receive assistance, there is no clear consensus about when help should be given. It was also found that obligations are 'negotiated' not only within the family but over time, in the context of changing normative assumptions. By contrast, traditional expectations appear to remain very strong in the southern European countries such as Greece, Italy, Portugal and Spain, where there appears to be little negotiation, and caring responsibilities tend to be regarded as an inevitable part of family relationships, rooted in the private sphere and independent of state purview. The ownership of land or other capital can be an important determinant of obligation and care. There is some evidence that older people use the prospect of inheritance as a lever to secure care from a relative. There is evidence, however, that carers in many

countries are experiencing considerable strain. In Greece, for example, hospitals are over-used as a result of the dearth of residential and domiciliary care facilities available. Cases have also been reported of elderly people being abandoned at hospitals (Twigg *et al*, 1993). The lack of choice involved in the assumption of caring duties, and the lack of support available to carers may cause family relationships to become strained to breaking point in some instances. The development of domiciliary services to support elderly people and their carers is seen as a current priority in Greece.

### **Caring for children**

Despite a growing recognition of the need for affordable and high quality child care services, the nuclear or extended family continues to be the major provider of such services in most countries. Many parents have no outside help and rely on planning their hours and periods of leave to cover child care needs. In the UK, for instance, most parents share child care, or receive assistance from relatives, and only a minority (twenty three per cent) pay for child care, although for those families with child care costs, these are on average a quarter of the woman's earnings (Marsh and McKay, 1993). Reliance on grandparents and other relatives is also common, for instance in France, Greece, Italy and Spain. In Portugal half of all care for three to six-year-olds is of this type, with the proportion rising to 85 per cent for the under threes.

Day care centres in the private sector play an important role in Portugal, Spain, Greece and the UK. In Spain, more than half of all working mothers use this type of provision. In Germany and the Netherlands, 'independent' or voluntary sector provision has traditionally been important, and the private sector has a correspondingly smaller role. Public sector day care centres, whilst underdeveloped in comparison to other forms of provision, expanded by over 100 per cent between 1989 and 1992 in the Netherlands. Historically, publicly-provided services for pre-school children have tended to fall into two distinct categories: those meeting the demands of parents who needed to work, which were typically targeted at low-income families and fulfilled a largely 'holding' function, and those which were geared to the developmental and educational requirements of the child, which typically have limited hours and are incompatible with parental employment. Examples of both types of provision may still be found. Indeed, the differing traditions may be evident in the allocation of ministerial responsibilities: in Portugal child care is the responsibility of the Education and Employment Ministries; in Spain it is the Department of Social Security, whereas in Italy and the UK it is the Department of Health. Where the emphasis is on women's labour supply, as in Spain, there may have been less concern with the quality of care, whereas in other countries such as the Netherlands, a well-developed range of provision for children's needs leave many women unable to work. Increasingly, however, the growing participation of mothers in the labour market has led to a realisation of the need for integration between different types of provision, and an emerging concern with the quality of care available.

Workplace child care does not appear to be a major form of provision in any of the countries, although it is an important one for workers in certain employment sectors, typically public sector and service sector employees, as in Germany, Ireland and Denmark. In the former GDR, workplace nurseries in state industries were extremely important and were a major factor in the high rates of child care

use: 91 per cent of children attended some form of child care. Although many of these nurseries have since been closed because of the economic situation, the level of provision remains considerably higher than in former West Germany. Several countries, such as the Netherlands and Ireland, reported that workplace provision was stagnant or declining during the period under observation. Places available in occupational nurseries have declined by over 200 per cent in Portugal between 1989 and 1992. At their best, child care schemes provided by employers can be particularly helpful in accommodating employment, because of their sensitivity to the requirements of the job. An example is a pioneering nursery in Luxembourg which provides 24-hour care for the children of hospital employees and also allows up to 2 'days off' for the parents by allowing the child to attend outside working hours. (European Network on Childcare, 1994a). Some company nurseries in Denmark also offer 'round-the-clock' care.

Some potential obstacles to the development and use of workplace child care from the standpoint of the employer are the need for capital investment and the problems of planning for workforce requirements. From the point of view of parents and children, lack of occupational mobility, the need to take children to the place of work, and the lack of opportunity to build relationships with other parents and children in the area of residence may make workplace provision unappealing. In Germany, there have been a number of innovative responses to these problems. In Frankfurt and Munich, employers are able to subscribe to an agency, '*Kinderburo*', which is able to broker a wide range of long-term and short-term childcare services for its employees. This avoids many of the perceived disadvantages of employer-based child care by enabling arrangements to be made in the family's local area and without costly investment by the employer. In Stuttgart and Frankfurt companies have formed consortia to jointly fund nurseries. Typically the companies will provide buildings and funding, but the nurseries are run by private organisations. These measures take place against the background of a legislative commitment to child care places for all five-years old by 1996, and have been particularly welcomed in a climate of reduced public spending.

### **The costs of child care**

It is difficult to make valid comparisons of the costs of childcare across countries, particularly as many parents rely on a combination of different services in order to meet their requirements. Bradshaw *et al* (1993), in a study looking at the package of child support measures available in fifteen countries, have compared the costs to parents of using the most prevalent form of care for one pre-school child (aged 2 years, 11 months). The method relies on a number of assumptions, including full-time use of child care and full take-up of any available benefits or rebates. Informal care has been disregarded, as has the quality of care available. The results are therefore illustrative of the intentions of policy rather than representative of the situation of any identifiable family. Nonetheless they have the advantage of facilitating cross-national comparison. The results are presented in the Table 6.1 below. The same method has been used by Bradshaw *et al* (1995) to calculate costs of childcare for lone parents.

Tax deductions towards the costs of child care are available in France, Germany (lone parent only), Belgium, and Spain. Typically help is limited to care for children under three, using formal day-care provision. In France, the deduction

**Table 6.1: Monthly cost (purchasing power parity £ sterling) of using most prevalent form of formal full-time care for one pre-school child, 1992**

<i>Coountry</i>	<i>Case 1</i>	<i>Case 2</i>	<i>Case 3</i>	<i>Case 4</i>	<i>Case 5</i>	<i>Case 6</i>
Belgium	0	0	0	0	0	0
Denmark	73	73	73	73	73	73
Germany	31	107	107	107	107	107
Greece	0	29	29	29	29	29
Spain	142	142	142	142	142	142
France	49	50	51	52	61	107
Ireland	155	155	155	155	155	155
Italy	0	44	88	44	88	109
Luxembourg	0	0	0	0	0	0
Netherlands	49	141	210	172	249	249
Portugal	1	10	63	10	39	74
UK	156	156	156	156	156	156

**Notes:**

Case 1 - lone parent, 0.5 average (male) earnings

Case 2 - lone parent, average (male) earnings

Case 3 - lone parent, 1.5 average (male earnings)

Case 4 - couple, 0.5 average male earnings plus 0.66 average female earnings

Case 5 - couple, average male earnings plus 0.66 average female earnings

Case 6 - couple, 1.5 average male earnings plus 0.66 average female earnings

Where 0.66 average female earnings is less than the minimum wage figure, the minimum wage figure has been used.

applies only to the employment of a nanny at home. In Ireland, Germany and the UK, social security benefit rules contain provisions for lone parents returning to work which are aimed at assisting with child care costs and providing incentives. There is considerable evidence of segmentation in the child care market, with lower paid working class parents using family and childminders, whilst higher-paid professionals opt for more expensive but higher quality care solutions (as in France, Italy and Ireland). Fiscal policies may exacerbate this tendency, as in France, where the tax allowance available to parents employing a nanny at home tends to favour the better-off. In other countries, such as Belgium and Spain, the fact that tax deductions are only available for formal care has the effect of subsidising middle-income rather than poor families. In Portugal, day nurseries tend to be used by both the poorest families, who receive subsidised places, and by well-off families who are able to meet the full fee; families on average incomes are deterred by the charging structure.

Increased rates of allowances for child-rearing, such as those available to women in France (for women with 2 or more children) and Germany (for mothers of children under 3) tend to reduce labour market participation by mothers of children in these groups, although part-time work is permitted in both countries. Benefit is reduced *pro rata* in France, thus reducing the scope for *Allocation Parentale d'Enfance* (APE) to represent a contribution to the costs of purchasing childcare.

### **Current issues in child care**

Concern about the quality of care available was specifically highlighted in the report from Portugal. In Denmark, the quality of care provided by public day centres is recognised as being the best available and places are therefore in high demand. Municipal recruitment of childminders also acts as a monitor of quality. In Spain a variety of new measures, including educational provision for children in rural areas and nurseries linked to training schemes has aimed to both diversify the range of provision on offer and raise standards of care. Measures to improve the quality of care have also been implemented in Italy. There has been criticism of the lack of regulation of childminding in Ireland, where a person caring for up to three children of different families is exempt from the provisions of the Child Care Act 1991, particularly as such home-based care is the most prevalent form of child care in Ireland. Regulations are expected in the future, but not before 1996. A consultation exercise for the European Commission Network on Childcare in 1992 revealed a high level of support for the implementation of minimum standards of quality in child care, combined with a recognition that the definition of quality is a dynamic process which needs to involve parents, children and professionals. Equality of access and the commitment of substantial government funding were seen as key factors necessary for the achievement of quality child care services.

An issue which has been debated for some time, but which is gaining in importance is that of care for children outside school hours. Parents may find it more difficult to cope with employment once children reach school age, as nursery provision is often available for a full working day. The labour supply of mothers with school-age children is particularly restricted in countries where school attendance is only for half the day, as in Germany. Even in countries with longer hours, such as the UK, holidays and training days can present major obstacles to employment. In some countries, such as Luxembourg and the Netherlands, supervised lunch-breaks and the provision of meals have only been introduced in recent years. School canteens are still not generally available in Portugal, and there are long waiting lists for the 'leisure time centres' which provide after-school activities. There have been a number of moves to improve out-of-school provision. In the UK £45 million is to be spent over the three years from April 1993, to establish 50,000 out-of-school places, with the explicit aim of increasing labour market participation by mothers of children in this age group. Greece has begun implementation of a four-year programme to expand out-of-school provision. Luxembourg has begun to create 'drop-in' centres but demand far exceeds supply at present. There is a shortage of child care places, and waiting lists for services which are reasonably priced or of good quality, in all countries. In Denmark the Government has committed itself to a 'child care guarantee' by 1996, for all children aged between 1 and 5 years of age. At the same time, a number of options to reduce the demand for care are being considered, which

include raising the charges payable, providing an allowance for a parents to stay at home, and creating alternative forms of day care which would be cheaper and involved parents in their management. Parents who were asked about their support for these options were more likely to be in favour if they were not in employment; fewer than a third favoured the first two options, but 43 per cent were interested in cheaper provision (Danish Ministry of Finance, 1994). Germany has also committed itself to guaranteed nursery places for all three year-olds by the year 2000.

Some countries, such as Denmark, the Netherlands and Luxembourg, reported a growth in child care provision during 1994. In the majority of countries, however, the impression is of limited scope for development at the present time, whether because of expenditure constraints in the public sector, as in Italy, or a lack of new initiatives by employers, as in Ireland. High unemployment rates arguably reduce the need for companies to make child care provision, as there is no shortage of applicants for employment. The extension of periods of paid leave for parents may extend the provision of childcare without large increases in public expenditure. Such schemes enable parents to spend more time with their children, and reduce stress levels of working parents. They allow more parents to benefit from existing child care provision and provide job opportunities for unemployed people. Experience in Denmark, where parents are not allowed to use day-care services for children under three whilst on leave, and only part-time where children are over three, has demonstrated a substantial reduction in waiting lists for places. As job vacancies are made available to unemployed people, the increase in public expenditure is estimated to be low.

#### **Care of older and disabled people**

Issues relating to the care of the elderly are high on the political agenda throughout the EU. This is the result of demographic change which has seen a significant increase in the number of people aged over eighty years old and therefore most likely to require care. In turn this has raised widespread concern about the provision and funding of care. The family remains the primary source of care for elderly people in the Southern European countries. Around 90 per cent of care provided in Spain, for instance, is of this type, and 80 per cent of severely disabled elderly people in Italy receive assistance from relatives. The undeveloped nature of residential care may have its roots both in traditional values and in the less well developed public sector. It is reported, for instance, that Greek families, particularly the elderly themselves, are resistant to the idea of residential care as an option, and less than one per cent of the elderly population are currently living in residential accommodation. The continuing economic crisis in Italy has resulted in a renewed focus on families as providers of care, especially in the poorer regions of the south. Domiciliary assistance is estimated as being available to less than one per cent of the elderly population as a whole. In 1989, there were 98 elderly people per residential bed in the south of the country, as compared to 32.4 in the north. This extensive reliance on family care faces a considerable challenge in the light of demographic projections, falling birthrates, increased labour force participation by married women and the growing numbers of older people. (This issue is discussed at greater length in Chapter 3.) The use of residential care is widespread in the other countries. The private sector plays an important role in Portugal and Spain, where 70 per cent of residential care is provided by this sector, and is of increasing significance in the UK. Denmark is

unusual in that residential care is entirely the province of the public sector. In Luxembourg, budget allocations in respect of older people were increased by 18.5 per cent from 1993 to 1995, with the twin aims of both improving domiciliary services for those who wish to stay at home and increasing the coverage of residential care.

### **Paying for care**

In the southern European countries, where residential care provision is sparse and financed by private individuals from their own means, costs have not become a political issue, despite the fact that there is considerable hardship at the individual level, with savings and property being drawn upon to finance the costs of care. In the majority of other countries, residential care is subsidised by central or local government. The number of people in residential care has increased sharply over the past few years and public expenditure has risen accordingly. There is concern that projected increases in the numbers of older people over the next 30 years may create a public expenditure burden which cannot be supported by the reduced number of people of working age. Different countries have reacted to this perceived crisis in contrasting ways. In the UK policies which have emphasised the role of the private sector in care provision have led to increasing costs in this sector. Recent legislation (NHS and Community Care Act, 1990) has imposed medical and financial criteria for subsidy and guidance issued by the Department of Health in 1994 attempts to delineate more sharply the boundary between medical care (which is to be provided free by the National Health Service) and social care (which is means and asset tested). In Ireland, new legislation in force from 1993 tightened medical and financial criteria for state subsidy of individuals in public welfare and private nursing homes. Denmark is unusual in having all residential and nursing care provision in the public sector. There is a means-test, but it is generous, and few people are obliged to pay fees in practice. The costs of residential care are not currently perceived as an issue, although there is a policy of de-institutionalisation which has resulted in an increased emphasis on the provision of domiciliary services. Germany passed legislation requiring insurance cover in respect of care during 1994, after a considerable period of controversy. The legislation came into force on the 1st of January 1995. The scheme makes provision for various types of benefits in cash or in kind depending on the level of disability and whether it is temporary or permanent, and covers all but a small proportion of the population. The amounts paid for residential care will be limited to DM 2,800 per month, and the aim is to ensure that the majority of pensioners will be able to meet the costs of the care element (board and lodging being excluded) from the combination of pension and care insurance without the need for recourse to social assistance. It is recognised, however, that some pensioners will continue to require social assistance. Initially benefits will be paid without insurance periods, but these will gradually be introduced, so that it will be necessary to have been insured for five of the previous ten years by January 2000. Luxembourg established an inter-ministerial group to consider the costs and implications of introducing dependency insurance at the end of 1994. The aim is to draft legislation offering a range of benefits for care at home or in institutions, which like the German scheme, would expect individuals to meet the costs of board and lodging in an institution, whilst dependency insurance covered the care element.



Benefits payable to the disabled or elderly person to offset the costs of care are found in the UK, Belgium, Italy, Germany and Portugal. There appear to be few formal controls on how the money is spent and whether it is passed on to a family carer. Carers receive a benefit in their own right in the UK, Ireland, and Denmark (only to care for people who are terminally ill). Payments are available in some regions of Italy and Spain, and to people taking career breaks for family reasons in Belgium. The interface between cash benefits and services is not always clearly defined; in Italy and the UK allowances for care are withdrawn or taken into account as income when entering residential care. In the UK, allowances for care are sometimes taken into account by local authorities charging for domiciliary care, whilst others ignore them. Germany's new care insurance legislation creates a framework in which cash and care are integrated; where a person is assessed as having a certain level of need they may receive a combination of services and cash. Charging for domiciliary services is increasing in many countries, including the Netherlands and the UK. There has been debate about the possibility of direct payments which would allow individuals to purchase their own care in the UK, and a scheme is expected to be announced before too long. The debate has largely centred around the care needs of disabled people of working age, but may be extended to elderly people.

#### **Models of care services for the elderly**

The increased costs of providing care for an ageing population are leading to a variety of responses. Denmark stands alone in that the public sector remains the dominant provider of residential care and there are no plans to curtail expenditure at present. Belgium, France, Germany, Portugal and the Netherlands all have a mixed welfare tradition, with a well-developed voluntary sector which is active in the provision of care for the elderly. To date there is no evidence of either a shortage of residential care or funding problems. The family is the main source of elderly care in Spain, Greece and Italy. Residential care is scarce, expensive and provided largely in the private sector. The remaining countries have all experienced considerable growth in the costs of residential care. Germany has sought to contain this by the creation of a specific funding structure for care, which provides strong incentives for home-based care, and also regulates amounts paid to those in residential accommodation. Luxembourg is intending to implement a similar scheme. Ireland and the UK have responded rather differently. Although there have been changes to funding arrangements, these have not been so radical. Instead the emphasis has been on restricting individual access by tightening financial and medical criteria. The aims and effects are broadly similar, but the methods used appear to reflect a 'social insurance' versus 'social assistance' approach to the problem. Those countries where provision is currently undeveloped are unlikely to develop solutions based on large-scale funding of residential accommodation.

#### **Roles of men and women and the status of domestic work**

A traditional view of women's domestic duties has resulted in particular exemptions and privileges in the workplace which have been eroded as a result of a movement towards legal and formal equality. These include such anomalies as a prohibition on nightwork in Belgium, and the availability of days off work to do housework in the former East Germany, which have now been abolished. In Spain there is a campaign to secure wages for housework, but this is generally perceived as negative in perpetuating gender divisions of household labour.

Women's work in caring for children has arguably been recognised to a greater degree, with the payment of child care allowances in some countries such as France and Germany. These also tend to reinforce traditional roles by encouraging women to stay at home. At the same time, the considerable burden of domestic duties, which continue to remain largely the province of women, has possibly been devalued. Whilst most countries report an increased involvement by fathers in the upbringing of their children, there is evidence of a preference for the more interesting tasks such as taking children on outings, attending medical appointments and so on, rather than mundane activities such as feeding and bathing. Men are also much less likely to be involved in domestic work, except for repairs to the home. The national informant for Greece expresses the situation starkly: 'Domestic work is clearly abhorrent to Greek men; to younger ones less so than to older, but nonetheless abhorrent'. What is perhaps surprising is the lack of difference between the countries in this respect. Debate about the changing roles of fathers appears to be most articulated in Denmark, with its strong focus on equality, and in Spain and Ireland, where low male employment rates are forcing a reappraisal of traditional roles. A majority of those providing care for elderly and disabled people, both in the formal and informal sector, continue to be women. Married women were reported as feeling that they were obliged to choose between their elderly parents and partners in ways which had caused distress and damaged their personal relationships.

The extent to which domestic and child care work is valued within the home is also reflected in the status and pay of workers in the formal economy who are employed in these fields, as in Spain and the UK where such workers are typically poorly trained and low paid. In the Netherlands, by contrast, workers providing child care or other domestic services are usually employed by an agency or organisation which provides full occupational benefits such as minimum wages and pension rights. In Denmark, childminders who care for children in their own homes are recruited and paid by the municipality. Whilst some argue for the extension of this type of management, both to secure the rights of employees and to monitor quality, countries with a tradition of independent sector provision would be likely to resist such moves vigorously.

### **A time to care?**

There is some (limited) evidence of convergence between the countries in that they face similar demographic issues, an ageing population, reduced fertility rates and increased labour market participation by women of childrearing age. Measures to reconcile work and family obligation are increasingly geared towards simultaneous reconciliation of work and domestic responsibilities, rather than the accommodation of a 'family phase', reflecting the fact that both employment and childrearing are now compressed into fewer years than in previous generations. Germany and the Netherlands remain closest to the family phase model, with an attachment to a traditional division of domestic labour, and forms of benefit and childcare which discourage maternal employment. Denmark and France, in different ways, have sought to encourage high rates of both fertility and labour market participation. The southern European countries have fewer formal mechanisms for the reconciliation of work and family life, and it is in these countries where the fall in the birth rate has been most dramatic. Among the factors influencing this may be the comparatively recent economic growth in countries which had previously experienced high levels of poverty. The

continuing strength of traditional gender divisions in domestic labour may also be relevant. Whatever the causes, the demographic impact is likely to create an urgent demand for increased measures to reconcile work and family life over the next few years. Where care for the elderly is concerned, countries have responded to similar problems in a variety of ways, representing a divergence in policy traditions. Countries which have created highly institutionalised forms of care for elderly and disabled people are currently re-negotiating the boundaries between the family and the state, as in Germany and the UK. In the southern European countries, where the family has remained the dominant provider of care, forms of support which support and maintain existing traditions may need to be developed.

The idea of a 'time account' from which workers could draw flexibly over the working life, is one which is gaining currency, and which has the potential to accommodate the needs of parents and children, as well as allowing flexibility to care for elderly and disabled relatives (Demos, 1995). The career breaks which are available to some employees in Ireland and Belgium, and the revised leave scheme in Denmark, represent a movement in this direction. Labour demand for women has tended to be a major factor influencing the policies to support workers with domestic responsibilities. This may no longer be the case. The rising numbers of lone parents creates a pressure for increased employment to reduce spending on benefits. Other demographic pressures may also prove crucial. Low fertility rates may increase pro-natalist measures especially in the countries of southern Europe. In addition, the growing numbers of older people will mean that an increasing numbers of workers, men as well as women, will have family obligations. Whilst much of the debate about these issues has tended to use terms such as 'burden' and 'crisis', in reality there is an opportunity to re-appraise the role of paid employment, and to seek a new balance between the demands and the pleasures of work and family life in pursuit of enhanced quality of life for all concerned.

## CHAPTER SEVEN

# Data and Research on Families

The aim of this chapter is to review the availability of data about changing family forms and family policies. The past decade or so has seen a significant increase in the systematic collation of comparative information about families: many data sets and sources are now well known and available from international agencies or the larger research centres. In addition to describing some of the larger sources of (mostly) quantitative data, this chapter also describes some of the research currently being undertaken into aspects of European family policy. It must be accepted that there is no possibility of this review being either comprehensive or detailed: such a task would be a massive undertaking in its own right. Our purpose is more modest: to indicate the diversity and vitality of research about family policies. The chapter concludes by identifying some of the more obvious gaps in knowledge and research: it is part of the Observatory's task to stimulate comparative research which is of use to policy makers, practitioners and representatives of family organisations.

Central to the work of the Observatory, given its responsibility for monitoring family forms and policies in EU countries, are the statistical series and initiatives developed by Eurostat. An increased commitment to social policy, articulated in the Social Action Programme of 1974, resulted in an enhanced commitment to social reporting: indeed, the two have developed hand in hand. Over the years Eurostat have consolidated their reporting into a regular publication: *Social Portrait of Europe*. The latest edition was published in October 1995.

One of the most exciting initiatives, and of immense potential value to students of family policy, is the European Community Household Panel on Income and Living Conditions (ECHP). The focus of the study is to investigate the changing living conditions in all member states of the Union. The overall sample is in excess of 20,000 households and interviews are held with over 45,000 individuals. The schedule has three components: a household register, a household questionnaire and an individual questionnaire. Questions cover life histories, household composition and family structure, housing circumstances, sources and levels of income, employment and health status. The preliminary reports from the first complete wave of interviews are due at the end of 1995.

The Commission is giving further attention to the need for improved statistics on households and families. In the context of the White Papers on Employment, Growth and Competitiveness (European Commission, 1994d) and on Social Policy (European Commission, 1994e), and the Maastricht Treaty there is a special need

for enhanced monitoring of trends at the macro and micro levels. The Commission has justified this interest because households and families are recognised as being the principal social formation providing economic security; that decisions made by individuals are influenced by family context; that standards of living between individuals, families and households are inter-dependent; that families reflect changes in the wider socio-economic and demographic environment; and that social policies and public services (social protection, housing, taxation, education) are directed at families.

The changing social and policy environment requires that statistical series are not only up-dated but that the definitions and categories which structure the presentation of data are also revised. For example, the growth in stable, consensual and cohabiting unions outside the legal framework of marriage is a major change but not one which is adequately captured in any statistical series. Four variations on this theme are worth noting: reconstituted families are increasingly common and are the inevitable consequence of new relationships being created in the context of relationship breakdown and instability. As parents with dependent children establish new relationships, so they form new families with new forms of dependency and obligation between adults and children. It is important to know more about the prevalence of such families and the obligations, rights and risks that are associated with them. A second family type, not common but clearly identifiable, are of people in a 'couple relationship' but who choose to live separately (Deroure, 1992). This may be because their employment forces them to live apart during the week or it may be because they each value independence and private space. Against the background of the Union's long standing commitment to the mobility of labour it is important to know more about how many relationships of this kind exist, their strengths, weaknesses and policy implications. A third concern is for homeless families. Even at a local level it is extremely difficult to estimate the number of homeless persons or families: the challenge is all the greater at an international level. But against the background of social exclusion, high levels of long-term unemployment, asylum seekers and families that break-down due to violence or deprivation this is an important subject. Finally, there are an increasing number of stable, single sex, cohabiting relationships and these also pose a challenge to traditional conceptions of family life and family policy.

There are more detailed but no less important difficulties on the road to the production of harmonised statistics. For example, there is inconsistency in the definition of a child within a family setting; there are differences in the definition of a household (some relating to housing and others to budgets); there are differences in definitions of cohabitation. Eurostat has an important responsibility to seek a common and consensual approach (if not exact harmonisation) between the definitions used by the national statistical services.

The availability of comprehensive and robust statistics makes possible the pursuit of comparative research projects. Over the next year the Observatory will be examining the factors which impact on the propensity to form and dissolve families: inevitably these are complex questions and will require the bringing together of statistical data and other information from a variety of sources. Collating extensive data on household and family types, the distribution and ages of children within families is but the first step towards mapping across other data

sets concerned with standards of living, health, education, housing, leisure time and social contacts, employment status, working hours, income and savings.

The EU and other international organisations have only relatively poor and inconsistent data on families. The only robust data of a continuous, comprehensive and detailed kind relate to the dynamics of family formation (marriages and divorces). In contrast some data on family and household structures and characteristics are limited to census years. However some data on family characteristics are routinely collected as part of the EU's Labour Force Survey. Limitations due to sample design and response rate make disaggregation difficult in certain circumstances.

During the 1970s there was considerable expansion and dedication of effort to the collation of broadly based, social reporting databases, but a decline in commitment and resources during the 1980s and 1990s. There are, however, notable exceptions and the EU has maintained pressure for improved comparative social statistics.

The European Union is not the only organisation with an interest and responsibility for the promotion of research. The Council of Europe has sponsored a number of relevant studies. A major and on-going (started in 1992 and to be completed in 1996) commitment is the *Project on Childhood Policies* which seeks to identify and explore, from a European perspective, the policy implications of the UN Convention on the Rights of the Child. The approach is holistic and child centred, monitoring policies and opportunities for children to express themselves and participate directly in decision-making processes which affect them. A strong theme of the project is to examine the repercussions for children of the significant social, economic, political and environmental changes European countries are experiencing. The underlying rationale for the project is to place children at the centre of public policy. It is expected that the research will conclude with the publication of a set of studies and a draft Recommendation (or other legal instrument) on childhood policies to be considered at a major European conference during 1996.

The Council of Europe supports its political work by sponsoring and publishing a range of studies. For example, the European Population Committee produces an annual report on population trends; the Steering Committee for Social Security publishes comparative social security tables and these are designed to extend and complement those emanating from MISSOC by including information about non EU countries. In addition, and this also contains valuable information on family benefits, the Committee publishes an annual report on developments in national social security legislation, compiled from information supplied by member state governments.

Within the Council of Europe portfolio, three specialised research studies are either completed or at an advanced stage: during 1994 a study group reported on the circumstances and needs of 'street children'; a report on the 'interaction between providers of family services' is due in late 1995; finally, a study group was established in early 1995 to examine 'the social and family consequences of unemployment among young people'.

In the wider University sector, a developing resource committed to research including family forms and policies is being conducted from the Mannheim

Centre for European Social Research (MZES). At a general level it is conducting research into the comparative analysis of national social welfare systems and the social dimension of European integration. Underpinning many of their projects is a large data archive, EURODATA. It consists of a statistical library with comprehensive data sets in a variety of machine readable forms. Rothenbacher (1994) has provided (both) a comprehensive and detailed overview of comparative social statistics. It is clear, however, that there is no single or entirely satisfactory database reporting on family structures, indicators or policies. Those with an interest in such matters are obliged to trawl through several complementary statistical series developed variously by the UN, ILO, OECD and EU.

In the United Kingdom the semi-independent Economic and Social Research Council (ESRC), funded by government to promote research and training in the social sciences, has sponsored two relevant and important research programmes. The first, established during 1994 and running until 1997, is concerned with *Population and Household Change* and is directed by Susan McRae of the Policy Studies Institute, London. The general aim of the programme is to stimulate new research on the inter-relationship between household living arrangements and broader demographic change in the United Kingdom. There is an explicit recognition of the international and comparative dimension to this work and links have been established to the work of the European Observatory. There are four over-lapping levels within the research programme: the changing demographic context; the changing structure of family; household and living arrangements; wider kinship networks. There are no less than 17 research projects, funded to in excess of £2 million. Projects are concerned with the dynamics of household change, one person households, teenage mothers, step-families, fathers living apart from their children, lone parents, sexual attitudes and kinship, life-courses and livelihoods. The programme produces a regular Newsletter. The programme is committed to the effective dissemination of research findings and results.

The ESRC has also announced a related programme of research into the experiences of *Children 5-16: Growing into the Twenty-First Century*. This programme has been allocated a budget of £2.9 million between the financial years 1995/96 and 2000/01. The programme seeks to make a contribution to knowledge of the changing conditions of childhood and children's everyday lives. It will be especially interested in children's hidden economic activity and their contribution to well-being within the family context of family networks and relationships. The international and comparative context to the proposed research is firmly acknowledged and actively encouraged in the programme rationale. In many respects this programme merely seeks to bring the UK into line with the centrality afforded to children by researchers in other European countries. For example, the European Commission in conjunction with the Luxembourg Presidency organised a major conference on the *Child, Family and Society* during 1992; the Council of Europe has organised no less than three international conferences on children between 1989 and 1994, the most recent being on the *Evolution of the Role of Children in Family Life* and held in Madrid in late 1994.

Among possible research topics into children are studies which extend knowledge beyond the sociology of the classroom and the psychology of socialisation to include reviews of the implications and outcomes for children of living through a period of rapid social change. Across Europe there is evidence of greater

inequality and poverty but much of the evidence relates to the experience of households or individuals; there is much less systematic data on the experience of children and the dynamics of intra-household transfers. This is an imbalance which must be redressed.

One of the major programmes of research into family policy is being conducted in France by the *Caisse Nationale des Allocation Familiales* (CNAF). During 1994 their research was organised around three priorities: first, family policies in France and Europe: using socio-economic, historical and statistical methods the objective is to prepare an overview of French family policy in a comparative European context; second, the organisation and efficiency/effectiveness of family benefits; third, poverty and *précarité* and their implications for families.

A CNAF project, of which Observatory member Jeanne Fagnani is a joint Director, is examining '*Concepts and Contexts in International Comparisons of Family Policies in Europe*'. The primary aim is to identify specifically national characteristics in social science concepts and to explain and evaluate differences in relation to socio-cultural context and population change. The results of the research will help inform understanding of the relevance and utility of convergence theory in relation to family and social policies in Europe. The fundamental assumption behind this research is that comparative enquiry is not only difficult but confounded by important conceptual, linguistic and methodological differences between experts from different countries: all too often there is insufficient attention paid to the historical and cultural context within which constructs and concepts are defined and articulated. The hypothesis which has been investigated is that the presumed trend towards universalism and convergence, often observed by macro-studies of social indicators, both conceals important national differences and exaggerates the extent of convergence. The project has been conducted via a series of workshop meetings, many of which have been held at the European Research Centre, Loughborough University, UK. The final seminar is to be held in October 1995 and several publications are already available. (Hantrais and Mangen eds., 1993, 1994; Hantrais and Letablier, 1994).

Members of the Observatory are all active participants in the research community interested in comparative family policy. Some research interests and commitments are worth noting in this context and give an indication of current priorities. It must, however, be emphasised that this presentation is neither comprehensive nor detailed. Ulla Björnberg, of Sweden, is responsible for a large programme entitled: 'Family relations in modern society. Developing theory and methods in sociological research on families'. One of her projects is an international study of '*Parenthood, employment and social policy in Germany, Poland, Hungary, Russia, Netherlands and France*'. She has recently started work on a project concerned with 'social reproduction and family commitments in modern society': this is an examination of conceptions of justice by reference to the allocation of money, time and love within families. Björnberg has an interest in the relationship between divorced fathers and their children; this is a qualitative study which is looking at the development of mutual identities. Sweden has a long and distinguished record of both practice and research in the field of family policy and there are many other projects relevant to the work of the Observatory.

Several members of the Observatory (Badelt, Wall and Björnberg) are collaborating in a project under the direction of Jane Millar (UK) which is



concerned with '*Defining Family Obligations in Europe*'. The project, which started in 1994 and concludes in late 1995, covers all EU countries and Norway and has four key objectives:

- to analyse the way in which family responsibilities are defined within social security systems, including both social insurance and social assistance benefits;
- to analyse the ways in which family responsibilities are defined in other areas of social policy (such as housing) and in family law, especially in relation to separated, divorced and unmarried parents; and also in respect of parental responsibility for the behaviour of their children;
- to analyse the extent to which these definitions have changed in recent years and to identify the reasons for change;
- to compare definitions across countries and refine contrasting models of welfare state regimes.

The project recruited national informants from each country and they completed an extensive *pro forma* questionnaire and subsequently participated in colloquia at which the draft findings were extensively discussed. A comprehensive final report will be published early in 1996 and the national reports will also be made available.

Other members of the Observatory (Bahle, Rothenbacher) are working as members of a wider international team directed by Professors Peter Flora, Sheila Kamerman and Albert Kahn on a long term study of *Family Change and Family Policy*. The aim of the project is to describe and analyse family structures, family policies and the 'politics' of family policy in 23 countries including western and central Europe, North America, Australia and New Zealand between the 1960s and the 1990s. Started during 1994 and to be completed in 1997, the project seeks to identify fundamental characteristics and long-term developments of both family structures and family policy. In addition to looking at micro changes in family structures, it will review aggregate social indicators and place the resulting analysis in a detailed historical context. The output will include seven volumes of national reports; two comparative volumes and a data handbook including time-series data of family benefits and services.

Late 1993 saw the completion and publication of a major comparative study (Neubauer, 1994) commissioned by the German Federal Ministry for Family Affairs and Senior Citizens. In contrast to many other comparative studies of family policy this project did not make use of national informants and neither did it seek to explore differing welfare state types. The research team, based in Germany, collated data about family trends and policies and sought to validate their interpretation by means of visits to selected countries where they conducted semi-structured interviews with officials. A multi-stage methodology was used to review and evaluate family policies in each of the (then) 12 member states of the Union. *A priori*, a number of criteria were identified and used to structure the collation of data about each country's demography and socio-economic conditions; secondly, country by country reviews of family support systems were prepared; thirdly, comparisons between countries were made on a sector by sector basis to evaluate effectiveness. Assessments were made by reference to the following dimensions: the significance of 'family' and family policy in society; the

impact on population trends; support given to families to help fulfil their functions; assistance for families with children in education; compensation for the added financial burden on families; action to promote a reconciliation of family and working life; relief for lone parent families; assistance for families with higher care expenditures; safeguarding families subsistence. The study concluded that despite much diversity between countries there was nevertheless an underlying bedrock of common or equivalent provision in support of families. As Neubauer has written (1994, p.18)

'...in spite of the differences among the various family policy support systems, a considerable foundation of common policies has already been established, evidence of the harmonization processes which have gradually begun, for example within the framework of the Social Charter. As the countries of Europe grow toward greater social union, this common foundation can be built upon and expanded.'

We have already noted that there is a need for more detailed and systematic data on the structure and composition of families: this is an objective which is being addressed by Eurostat who are negotiating with member state statistical offices to generate the indicators which are required by policy makers and researchers alike. In addition, however, and reflecting wider gaps in research knowledge, the Observatory has identified the need for more systematic research on a number of important subjects. These were identified by a process of consultation among Observatory members and close colleagues.

Three broad themes emerged from this exercise: work in the general area of social protection, demographic change and living standards should have a high priority. Specific topics include the need for a systematic and comparative study of outcomes for children living in different family settings and at different income levels. There is much debate but relatively little evidence about the health status, education standards, employment opportunities, family formation practices of young people and their transition to adulthood. Research on this topic would need to be empirical and large scale: it is possible, however, that secondary analysis of the European Household Panel Survey would be a suitable vehicle for preliminary analysis. A second project, and this is to be pursued by the Observatory over the next 12 months, will review debates about the structure and level of financial support for families. In many countries there is a robust debate about the future of universal child benefits. Partly driven by a concern to contain public expenditure there is also concern about their effectiveness as a mechanism for the redistribution of resources in favour of poor families and a concern about their behavioural impacts on labour supply and family formation. There is a need to know more about why some countries are re-examining the status and purpose of family benefits in relation to wider social and economic policies. A third topic, and again this is one which the Observatory will review in the next cycle, concerns available evidence on the prevalence of cohabitation and its contrasting legal and other implications for family policy. We propose to use the Model Families Matrix, secondary analysis of the European Household Panel Study and a *pro forma* questionnaire to explore this subject.

A second general theme concerns work, employment and family life. We believe a number of topics are important and in particular, the implications of atypical

work patterns for children is something which has not previously received systematic attention. How do children experience living in a home which is also their parent's place of work? Similarly, there is growing evidence of continued inequality in the distribution of household tasks and resources between men and women: the age of the 'new man' appears to have been chimeric. Underlying these concerns is a fundamental interest in the apparent tensions (even contradictions) between quality of working lives and the quality of lives more generally. Much methodological work is needed before we are in a position to elaborate clearly the relationship between work, gender roles and quality of life. This is an issue which is discussed at greater length in the conclusion to this report.

The third, and final, theme concerns individual and social rights in relation to family policy. This is not a subject to which the European Union can find an easy juridical or treaty justification. But in many European countries there are important and challenging debates about divorce, abortion, contraception and aided fertility. The referendum on divorce to be held in Ireland in November 1995 may result in divorce being available in that country for the first time. The opportunity exists for some detailed policy analysis of substantive debates in several countries. These are important subjects but not ones which the Observatory feels able to pursue at the present time: it is, however, happy, to lend encouragement and support to those better placed to respond.

The Observatory's own work plan for the forthcoming year will include a continued commitment to the collection of data profiling the structure and value of the 'child support package' for families of different composition and at different income levels. As was shown in Chapter Five, this affords opportunity for comparison between families of different types, at different income levels and in different countries. A prospective departure for this methodology is a proposal that the exercise should be repeated on a retrospective basis. In other words, the Model Families Matrix should be completed using data from 1990, 1985, 1980 and 1975. There are, it is acknowledged, both theoretical and practical problems to be overcome but the resulting data may be used to indicate trends of convergence or divergence over time. Taken in conjunction with other historical data about the objectives of the policy systems, together with demographic and socio-economic statistics, it may be possible to explore more systematically the relationship between policy objectives, inputs and outcomes.

In addition to this commitment, the Observatory will collate information about cohabitation, the structure of policy options in relation to family benefits and policies and services which exist to support families. The emphasis in our work must, of necessity, be upon preparing coherent summaries of existing research literature and thereby identifying trends, knowledge gaps and opportunities for further research. The task is important but without end.

## CHAPTER EIGHT

# Conclusions

Families are important but family policies are contentious. Across the European Union there is evidence that changing family forms and the role of social policy in relation to both material and emotional security are at, or near, the centre of political debate. Although it is almost impossible to delineate common, consistent or convergent trends in respect of families and family policies there are some emerging similarities. These reflect a changing balance in the relationship between public and private spheres of influence and responsibility and they are associated with a changing perception of the relationship between government, social partners and domestic concerns. Above all, there is a pan-European concern with the relationship between work and family life. Comparative data on attitudes to the family affirm the continuing importance as an ideal, of what may be constructed as rather traditional images of two (married) parents living in stability and harmony with their children. Similarly, one of the most traumatic concerns of children is fear that their parents will separate. The reality is, of course, that more and more families are contradicting the image: there is widespread instability and untold hardship. We need to know more about the dynamics of family formation and family dissolution so that individuals may exercise choice, take decisions and be alert to the consequences of their actions. It is not the role of governments or politicians to be moral arbiters in this process of social change and personal adaptation, but it is the responsibility of both public and private agencies (governments, employers and non-governmental organisations) to provide a context which minimises the stress, deprivation and role conflicts which can contribute to relationship breakdown. There are very few individuals who enter into personal partnerships (irrespective of status, either married or cohabiting) with the intention of them breaking down in violence, acrimony or boredom. The age of the 'serial relationship' is not yet upon us!

In this chapter, after a brief review of emerging policy issues and available indicators of demographic, social and economic trends, there is a more detailed discussion of the relationship between family policy and the quality of life. The chapter concludes by calling for a re-examination of the European Commission's responsibilities in the field of family policy. This can be achieved, against the background of the Inter-Governmental Conference, by reviewing and re-writing the Communication on the Family which was first adopted by the Council of Ministers in 1989 (European Commission, 1989).

Changes in demography and family form were discussed in Chapter Three and although it was tempting to distinguish northern European from southern

European trends, this cannot be sustained. Whereas all countries are experiencing a decline in their Total Period Fertility Rate there is considerable variation in the structure of families. It is too simple to assert that northern European trends are leading the way to small, cohabiting families and that the southern European countries will catch up. There are important differences within each of these notional blocs and Ireland fits comfortably into neither category. For example, there is enormous variation in the percentage of live births outside of marriage: from 2.8 per cent in Greece to 50.4 per cent in Sweden in 1993. For example, there are also many more single person households than in the mid 1980s; but the trend is more pronounced in northern Europe than in the Mediterranean countries.

Against this background, and in the absence of more detailed and sensitive indicators, it is not possible to establish clear trends of convergence. Neither is it possible to establish causal links between demographic indicators and policy objectives or initiatives. More work remains to be done, and it must use better indicators and more rigorous methodology, to review the relationship between process and outcome in relation to family policy. In the context of the European Union it is almost too easy to believe that the exigencies of the Single Market will drive social processes to a common destiny. Indeed, it is possible that an unthinking conflation already occurs for many observers between the designation of 'convergence' as an analytical category for which indicators might be ascribed and the acceptance of 'convergence' as a political value to be supported.

Family policy is a means to an end: in providing support or compensation for families of different types, the underlying rationale is to improve the quality of life experienced by those families. However, there is uncertainty about what is meant by the term 'quality of life' and even greater uncertainty about the relationship between what might be called the material (financial) components and determinants of well-being and the less tangible aspects of welfare such as fulfilment, happiness and contentment. Policies which assume a direct correspondence between material well-being and happiness may be as misconceived as those policies which disregard financial security as a basis for family functioning. The pursuit of material well-being, in itself, may not be a sufficient basis for family stability and happiness. This section will explore some ideas about quality of life in relation to family policy in Europe.

Quality of life is a term of relatively recent usage, having been used as an indicator of individual or collective well-being only since the mid-1960s. It is a term which can mean different things to different people or as Scanlon (1993) puts it, the concept 'suffers from an embarrassing richness of possibilities': individuals and families will have different visions of the good life; the conditions to achieve and the criteria to measure the 'good life' will vary from one person or family to another. The increasing interest in the concept can be seen as part of the movement to develop social indicators (see Chapter Seven) or it could be an example of the culture shift described by Inglehart (Inglehart, 1990), which he terms a movement from materialism to post-materialism.

From a social policy perspective a shift from materialist to post-materialist values could be seen as a move away from viewing welfare purely in terms of financial adequacy and the level of benefit required for subsistence to an increasing focus on quality of life, happiness and family well-being, and including such issues as exclusion, *précarité*, community and solidarity. Inglehart's theory is based on

Maslow's hierarchy of needs (Maslow, 1954) whereby individuals strive to satisfy the physical needs of food and shelter first. Only when these needs are satisfied does the individual begin to focus on more aesthetic goals, such as belonging, self-esteem and intellectual fulfilment. Inglehart takes this theory and applies it to public needs and values. His analysis of Euro-Barometer data suggests a shift in emphasis from material well-being and physical security toward greater emphasis on the quality of life (see Chapter Two).

The shift in values is attributed to the relative prosperity in the Western World since the end of World War II and the emergence of welfare states. Young Europeans have (mostly) grown up in times of plenty and have experienced less need to be preoccupied with material and security needs so 'priority has shifted upward toward meeting non-material needs for belonging and self-actualization' (Kesselman, 1979). This shift in values could explain why increasing economic growth no longer seems to result in increasing feelings of well-being. Since the early 1970s increasing output has led to a reduction in welfare in the USA and some Western European countries (see Mulgan, 1995 for an account of this trend). It could be that our focus today is on different goals compared with earlier decades, reflecting a move away from the pursuit of wealth and economic growth as ends in themselves to seeing them as part of a wider picture.

Mulgan (1995) points out that an increase in a nation's wealth is translated into longer lives and better amenities as money is available for labour-saving devices in the home, for cleaning up cities and for the provision of health services. This may result in increased well-being in the short-term but over time expectations increase such that there is always a gap between aspirations and reality. This is what Inglehart and Rabier (1986) term 'happiness over the next hill'. Their argument is that satisfaction with a given aspect of life reflects the gap between an individual's aspirational level and their perceived situation with the aspirational level adjusting to individual circumstances over time. Thus a recent change will have a greater impact on current feelings of well-being since the individual has had less time to adjust to the change. Campbell *et al* (1976) found that levels of satisfaction increased with age. This applied to virtually every aspect of life, except health. Inglehart and Rabier attribute this finding to the attainment of a better fit between aspirations and perceived situation as the individual moves through the life cycle.

Income alone is not a reliable indicator of well-being. The use of GNP as a welfare indicator has been criticised by many. As Scitvosky points out, 'Our economic welfare is forever rising, but we are no happier as a result' (1976: 135). Access to income and wealth alone cannot guarantee happiness. Other factors contributing to personal happiness include occupation, housing, friendships and family life. Arguments about the reconciliation of work and family life are central to the quality of life; high salaries achieved at the cost of long working days, long working weeks, or high levels of stress risk poor personal and family relationships. The challenge must be to enable and encourage the specification of 'the good life' and facilitate policies which make its attainment possible.

The policy agenda has been shifting, and this is reflected in nomenclature, in favour of individuals (children, mothers, fathers, employees and workers, men and women) rather than aggregate categories such as families. Within spheres as diverse as social protection and civil law there is increased emphasis on the rights

of individuals: this trend, associated with women's rights, the rights of children and workers' rights, has been progressive and evolutionary. But there are tensions and there is a need for reconciliation and accommodation of different interests. Families are not infinitely elastic, they cannot always withstand or absorb the pressures and demands placed upon them. Just as individuals need space and support to grow and develop, so too do families. The challenge is to find an approach which simultaneously achieves two objectives: first, it must respect the integrity and individuality of family members and secondly it must recognise the inter-dependence of family relationships without prescribing their precise form. It is already the case that the European Union makes an important contribution to this developing challenge.

The European Union, or more particularly individual member states, provide endless examples of both good and not-so-good policy and practice in the family sphere. By observing and transferring this rich and diverse experience it is possible to contribute to enhanced quality of life. There are, however, three matters that should be high on the policy agenda as a contribution to further progress. First, the importance of reconciling the tensions (if not contradictions) between the spheres of work and family is recognised by all: governments and social partners must, however, show even greater sensitivity (and consistency) in their responses to the challenge. Life is not a rehearsal for something else: employment and work are a necessary part of life but should not dominate all to the exclusion of well-being and happiness. There is evidence that (while millions are unemployed) some people are working too hard and are seeing less of family and close friends than they used to: the balance needs to be adjusted. Secondly, far too little attention is paid by Member States or the European Commission to the impact their policies and actions have upon families. Each tier of authority should, as a matter of principle and routine, assess the family impact of their policies. This should include a review of all public policy and not just family or social policy. This will require that all tiers of government establish a mechanism for the co-ordination and evaluation of policy. Each year a report on the family impact of public policy should be presented to the Commission. Finally, the Commission should re-examine the Communication on the Family (COM[98] 363 final) which has been the basis for subsequent actions in this field. There have been great demographic, socio-economic and policy changes in the past six years: the time is right for review and a renewed affirmation of the importance of values and policies which are sensitive to families and their needs in the 21st century.

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