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Welfare state institutions and early retirement in Europe:
A comparative analysis using EU-SILC

This paper focuses on evaluating the effects of the welfare state institutions on the early retirement behaviour in Europe *using the EU-SILC* (2004-2006) and macrodata from EU-LFS. We will test the effects of the flexibility and the generosity of the social security system on the decision to retire early from the labour market. Using discrete choice modelling enabled us to include alternative exit routes such as unemployment or disability in our multinomial logit models. We have estimated a basic model with the control variables, an institutional model and a countries model with which we will test at the micro-macro level the results of our cluster analysis at the macrolevel. Since our representative sample consists of senior workers from the age of 45 to the age one year prior to the eligibility age for statutory pensions, we cover most of the transitions out of the labour market including those under the threshold used in previous studies. The results so far show that the generosity and flexibility of the social security system have a strong impact on the early retirement decision. We tested also the way countries cluster according to these characteristics of the welfare state on 24 European countries (all the countries for which data is available in EU-SILC).
This will result in the construction of a new typology of countries covering not only Western-Europe but also Eastern Europe and the Baltic states. It also shows how these welfare states posit themselves in the regime typologies with a view to their retirement and pension policies. In order to evaluate the welfare state change over 10 years period in what concerns pension policies, we aim to compare the situation from 2005-2006 (using the EU-SILC) with the one in 1995-1996 (using the ECHP) and macrodata (from EU-LFS and OECD) for all the countries for which we have information in both datasets.