

Coverage of unemployment benefits from SILC and LFS

Céline Thévenot, Virginia Maestri

Abstract

Income support is a key policy instrument to fight against poverty and promote social inclusion. Article 34 of the Treaty establishing a Constitution for Europe recognises the “entitlement to social security benefits and social services providing protection in cases such as maternity, illness, industrial accidents, dependency or old age, and in the case of loss of employment”. This paper deals with income support for body able working age adults, especially unemployment benefits.

A good assessment of income support instrument is key for policy makers. This comprises covering information on the amount of money provided (adequacy), the population receiving it (coverage), and the duration during which it is granted. Until now, while indicators describing the adequacy have been developed (see for example OECD), there is less information to monitor the coverage of unemployment benefits.

This dimension, although simple at first glance, raises several statistical challenges. Indeed, estimating coverage rates requires measuring both the recipient population and the population in need of the benefits (i.e. unemployed). Both estimations can hardly be done through the same source, and compiling different sources is not a panacea.

The purpose of the paper is to present and discuss two possible options to measure coverage rates of unemployment benefits through EU-SILC and EU-LFS. The paper will explain the estimation strategies in both sources, and discuss the pro- and cons. It will then compare the result to evidence observed from other sources in some MS (possibly Sweden, Italy, France, Lithuania and the United Kingdom).

The indicators of coverage estimated in this working paper can contribute to mitigate the view of existing indicators on adequacy only. They reveal that, while some welfare systems are quite generous as regards the adequacy, they target only a small part of the population. In the same time, others countries provides unemployment benefits schemes that are more universal but less generous. Such indicators can contribute a great deal to the quality of social policies monitoring in Europe.

The paper will also make the point that non-coverage by unemployment benefit is not only a question of income support, but also of activation, as non-covered unemployed tend to present lower chances to get back to employment because they are not associated with any incentive structures (activation, conditionality, etc). The analysis shows that, all other things being equal, people receiving unemployment benefits have greater chances to take-up a job than non-recipients.

The paper will last underline the relevance of such measurement in the EU-policy framework, with some Country National Recommendations explicitly dealing with the question of unemployment benefits.