Social partners and social security systems

Introduction

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This report is available in electronic format only.
The unemployment benefit systems were established at quite different times in the various European countries. In the new Member States, these systems are a fairly recent phenomenon. In some countries, the role of employees and employers in the system has remained of major importance, while in others this function has partly or fully been taken over by the state. This comparative study examines the different forms of unemployment benefit systems, the degree of social partner involvement in various countries, and the consequences of these forms of involvement. The study covers 13 of the 15 'old' EU Member States except Portugal and Luxembourg, as well as a sample of the new Member States – Cyprus, Hungary, Malta, Poland, Slovakia and Slovenia – and also includes Norway.

Introduction

Traditionally, the main aim of social security systems has been to ensure a minimum income level. Unemployment benefits, and benefits for employees with disabilities, have partly compensated for a loss of earnings. More recently, as part of a wider agenda to increase the active population, the focus has shifted towards policies which stimulate a return to the labour market as soon as possible. A clear example of this shift can be found in the 2004 Report of the High Level Group on the future of social policy in an enlarged European Union (649Kb PDF). By showing several important counter examples, the report challenges the widely held view that social protection expenditure undermines competitiveness, economic growth and employment levels. Nonetheless, the report urges Member States to reform their social protection systems by promoting individual mobility and modernising social protection to develop job creation. Stimulating and improving social dialogue at both EU and national level is seen as a key approach to achieve the objectives highlighted in the report.

In many countries, the social security system has its origins in arrangements introduced by collectives of employees and/or employers. In some countries, the role of employees and employers in the system has remained of major importance, while in others this function has partly or fully been taken over by the state. Although recent research and reports on social security systems have often emphasised the importance of social dialogue, they have paid very little attention to the role that social partners already play. A chief aim of this comparative analysis is to fill this gap, covering 13 of the 15 ‘old’ EU countries (EU15) except Portugal and Luxembourg, but including Norway, as well as a sample of the new Member States (NMS) (Cyprus, Hungary, Malta, Poland, Slovakia and Slovenia).

The study focuses on the arrangements in place to compensate for loss of income due to unemployment. Pension and early retirement structures are excluded from the analysis, as are schemes which apply to all citizens, such as social security and welfare benefits.

The comparative analysis sets out with an overview of the similarities between unemployment benefit systems in Europe and of the coordination of social partnership. It then examines the varying forms of unemployment benefit systems, the different degrees of social partner involvement, and the consequences of these forms of involvement. Finally, there will be an outline of individual national debates and developments.

Common features of unemployment benefit systems

Although the unemployment benefit systems in the countries surveyed have different histories and characteristics, some basic features common to all of them can be identified, namely:

- the dual character of the systems (insurance and assistance), means of funding and calculating benefits, and basic qualifying conditions (eligibility criteria);
- the development of active labour market policies to complement the unemployment benefit system;
certain administrative characteristics of the unemployment benefit system;

- certain general aspects of the coordination of social partner involvement (despite major differences in the actual participation of social partners in unemployment benefit systems within the different countries).

### Dual system of insurance and assistance

The duality (insurance versus assistance) typical of social security systems as a whole also characterises benefit systems that cover the risk of unemployment. In all of the countries surveyed, unemployment is primarily covered by an unemployment insurance scheme. For unemployed persons whose entitlement to benefits of the unemployment insurance has expired, however, or whose work record is insufficient to make them eligible for unemployment insurance in the first place, a government-funded financial assistance (social assistance) exits in all countries except for Greece.

As unemployment insurance is based on insurance principles, claimants must have contributed to the insurance fund over a certain period in order to be eligible for the benefit, thus they must have an employment record. Moreover, benefits are risk based (the risk of involuntary unemployment) and earnings related (compensation for lost earnings), and claimants must be actively looking for work.

Social assistance, on the other hand, is financed by the government and not based on a contributory system, therefore no employment record is needed. Social assistance guarantees only a flat-rate minimum income to those that have no other means of livelihood; these benefits are generally means-tested. However, social assistance claimants must also show an active willingness to find employment.

Besides the duality of unemployment insurance and social assistance, in eleven countries duality is also present within the unemployment insurance system itself; this is the case in Austria, Finland, France, Germany, Greece, Ireland, the Netherlands (though here it is expiring), Slovenia, Spain, Sweden and the United Kingdom. All of these countries have some form of so-called unemployment assistance in addition to the actual unemployment insurance benefits. Unemployment assistance can be seen as a hybrid between unemployment insurance and social assistance. Like unemployment insurance, unemployment assistance is usually financed through contributions to unemployment insurance funds. In most cases, eligibility also depends on an individual’s employment record, that is on having contributed to the insurance fund over a certain period, albeit one which is much shorter than that for unemployment insurance eligibility. Claimants for unemployment assistance must also be actively looking for work. Unemployment assistance may be either a payment for unemployed persons whose entitlement to unemployment insurance benefits has expired – in the Netherlands it is therefore called ‘follow-up benefit’ – or a payment for those whose work record is insufficient to make them eligible for unemployment insurance, or both. The main difference vis-à-vis unemployment insurance benefits is that the primary aim of unemployment assistance is to provide a minimum level of resources during unemployment rather than an insurance against lost earnings. With the exception of the Netherlands and Sweden, unemployment assistance is means-tested and, in this respect, resembles social assistance, although means-testing tends to be more comprehensive for the latter.

European social assistance schemes are not the subject of this study, so the focus here will be on the unemployment insurance and unemployment assistance schemes that together form the unemployment benefit system.
Table 1: *Unemployment benefit systems in Europe*

<table>
<thead>
<tr>
<th>Countries</th>
<th>Funding</th>
<th>Main qualifying conditions</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment insurance</td>
<td>All</td>
<td>Contributions from employer and, in most cases (18), also employee; often (in 14 countries) topped up by government payments.</td>
<td>- Involuntary unemployment</td>
</tr>
<tr>
<td>Unemployment assistance</td>
<td>AT, DE, FI, FR, EL, ES, IE, NL*, SE, SI, UK</td>
<td>Contributions from employer and employee and/or government payments.</td>
<td>- Unemployment insurance expired or not eligible for it</td>
</tr>
<tr>
<td>Social assistance</td>
<td>All except EL</td>
<td>Taxes</td>
<td>- Unemployment insurance expired or not eligible for it</td>
</tr>
</tbody>
</table>

Note: * In the Netherlands, the UA arrangement is expiring as the so-called follow-up benefit has been abolished for persons becoming unemployed after 11 August 2003.

Sources: Organisation for Economic Cooperation and Development (OECD), Benefits and wages, OECD Indicators, 2004; International Social Security Association (ISSA), Social security programmes throughout the World (SSPTW): Europe 2004; EIRO national reports for this study.

**Influence of active labour market policies**

In recent years, there has been a greater emphasis in Europe on making the unemployment benefit systems more conducive to employment generation. In most countries participating in this study, therefore, active labour market policies to prevent and counteract unemployment are now considered an indispensable complement to income provision for the unemployed through an unemployment benefit system. The Nordic countries, in particular Denmark, are often cited as examples in this respect. Indeed, as part of its labour market reforms of the 1990s, Denmark tightened the rules for eligibility to activation programmes, while Norway is currently introducing measures to reform the labour market and welfare administration as part of the ‘An inclusive working life’ project (NO0110107F). In Sweden, one of the qualifying conditions for unemployment benefit is that the applicant must draw up an individual back-to-work plan in consultation with the public employment services.

In other European countries, the emphasis on activation initiatives and programmes for unemployed people has taken different forms. Some countries have actually introduced legislative or policy measures (the Netherlands, Slovenia, Slovakia, and the UK); in a couple of the countries surveyed the social partners have taken the lead (Greece, Ireland), while Hungary has set up an institutional framework for social partner involvement in active labour market policies. In other countries, the need for the unemployment benefit system to include activation programmes is still at the discussion phase (Belgium, Finland, Italy and Malta). In Poland, the focus is less on activation and more on scaling back unemployment, while in Slovakia the focus is on both.

**Administration of unemployment benefit systems**

Unemployment insurance systems may be administered by government departments or take the form of self-governing institutions that are usually, but not always, managed by representatives of insured workers, employers and the
government. In France, the unemployment insurance system is run by a bipartite body established by a collective agreement in 1958, the so-called National Union for Employment in Trade and Industry (Union nationale pour l’emploi dans l’industrie et le commerce, UNEDIC). In several of the countries surveyed, trade unions play an important role in the administration of the system, by managing either so-called payment bodies (Belgium) or unemployment funds that collect contributions and pay the benefits (Denmark, Finland and Sweden).

Administration of the unemployment benefit systems is usually closely related to, or even interlinked with (especially at lower administrative levels), the administration of employment services, to ensure that benefits are paid only to workers who are seeking employment. This link also aims to increase the effectiveness of employment services by providing an incentive (through payment of benefits) for unemployed persons to register and report on a regular basis.

Organisation of social partner involvement
Despite major national differences in the degree of participation between social partners in the unemployment benefit systems, the organisation of this participation can be described along the following general lines:

- social partner involvement in the preparation of legislation concerning the unemployment benefit system through participation in national tripartite or bipartite government advisory boards. This involvement may concern all elements of the unemployment benefit system, including the setting of contribution levels to the insurance funds, eligibility criteria, and the level and duration of benefits;

- involvement in the administration of the unemployment benefit system through participation in the tripartite or bipartite, advisory or supervisory boards of the (government or autonomous) administrative body.

In some countries, such as Belgium, Denmark, Finland and Sweden, the trade unions play an important role in managing and administering unemployment funds. In Denmark, Finland and Sweden, they are also – to a certain extent – responsible for the financing of the system in that they collect the contributions for the funds.

Differences between unemployment benefit systems

Having outlined the common features of unemployment benefit systems surveyed in this study, there now follows an analysis of differences between these systems, examining their origins, how they are financed, the extent of their coverage, and the amount and duration of benefits.

Historical context
The histories of the unemployment benefit systems in the countries included in this study show marked differences. These have their roots in the varying socioeconomic and political contexts in which the social security systems developed. In the Nordic countries (Denmark, Finland, Norway and Sweden), the origins of the present social security system date back to the end of the 19th or beginning of the 20th century, with laws enacted in the first two decades of the 20th century. The welfare state in most of the oldest EU Member States was established after World War II, while countries like Greece, Cyprus and Malta began to develop a social security system in the second half of the 1950s. The basis for a welfare state in Spain was laid in 1977 and 1978, while the creation of more or less comprehensive social security systems in some of the new Member States, such as Hungary, Slovakia, Slovenia and Poland, only took place following the 1989 transition.
Financing

Contributions and/or government payments
In the majority of countries participating in this study, the unemployment benefit system is financed by both employer and employee contributions, and by government payments. The distribution of contributions among the three parties is different in every country; in some countries, one of the three parties makes no contribution to the fund or only a minimal one. In Greece, Hungary, the Netherlands and Slovakia, the government does not contribute to the financing of the unemployment insurance nor the unemployment assurance. In Italy, Norway and Poland, employees do not pay any contributions. In Finland, both employees and employers pay only for the earnings-related unemployment insurance (very low rates) and not for the basic unemployment benefit, which is completely state-funded.

Characteristics of the financing system
Although almost all countries surveyed have a tripartite financing system, there are many differences within this:

- Some countries set a maximum level of daily, weekly, monthly or annual earnings for contribution (and benefit) purposes, such as Austria, Cyprus, France, Germany, Ireland, Malta, the Netherlands, Spain; this lowers both contributions as well as benefits for those with higher incomes.
- Some countries also set a minimum level of earnings below which no contribution has to be paid by the employee (Ireland), or by both the employee and employer (UK).
- There may also be maximum and minimum contribution levels (Malta).
- The contribution rate may be identical for all employees or progressive, i.e. it changes according to a particular wage class (Ireland, Spain), or according to the total amount of wages paid by the employer (Finland).
- The contribution may be different for different categories of employees (Italy), for different sectors (the Netherlands), or different geographic areas (Norway).
- Spain differentiates its unemployment insurance contributions according to the type of employment contract (permanent or temporary full-time, part-time, temporary part-time or full-time employed by a temporary work agency), thereby making contributions for permanent, full-time employment lower than for temporary, part-time employment.
- For administrative purposes, several countries – Cyprus, Ireland, Malta, Norway and the UK – levy a single overall social security contribution covering several contingencies. Benefits for sickness, work injury, unemployment, as well as family allowances and pensions, may be financed from this single contribution.
- In most countries, participation in the unemployment benefit system is compulsory. The exceptions are Denmark, where unemployment insurance membership and thus contribution to the insurance fund is voluntary, and Finland and Sweden, where insurance fund membership is also optional but non-members are entitled to unemployment assistance. In Finland, they may also be entitled to basic (non-earnings related) unemployment insurance benefits.
- In some countries self-employed people can participate in the unemployment benefit system; this is usually on a voluntary basis, such as in Denmark, Germany, Hungary, Slovenia and Sweden.
- Some countries also allow other categories of people to participate in the unemployment benefit systems on a voluntary basis. In Cyprus, this applies to employees working for a Cypriot employer abroad. They pay a relatively higher contribution than the compulsorily insured persons. In Germany, people caring for a relative at home can pay unemployment insurance contributions on a voluntary basis in order to maintain or qualify for their entitlements to unemployment benefit.
Coverage
The coverage of an insurance system is usually defined in terms of the categories of persons that can be or are insured. However, the actual coverage of an unemployment benefit system (or any other insurance system), that means the percentage of unemployed people receiving unemployment benefit, is also determined by the qualifying conditions or eligibility criteria of the system. As a result of the differences in the categories covered by the unemployment benefit systems, particularly the great differences in their eligibility criteria, it is likely that the actual coverage of the unemployment benefit systems will also differ greatly between the countries in this study. Although in many cases it is difficult to calculate the actual coverage in the different countries, the data will be presented as far as they are available.

Table 2 provides an overview of unemployment rates in the countries surveyed over the period 2001–2005.

Table 2: Total unemployment rate 2001–2005 (unemployed persons as a percentage of the labour force)

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>3.6</td>
<td>4.2</td>
<td>4.3</td>
<td>4.8</td>
<td>5.2</td>
</tr>
<tr>
<td>BE</td>
<td>6.7</td>
<td>7.3</td>
<td>8.0</td>
<td>7.9</td>
<td>8.4</td>
</tr>
<tr>
<td>CY</td>
<td>4.4</td>
<td>3.9</td>
<td>4.5</td>
<td>5.2</td>
<td>6.1</td>
</tr>
<tr>
<td>DK</td>
<td>4.3</td>
<td>4.6</td>
<td>5.6</td>
<td>5.4</td>
<td>4.9</td>
</tr>
<tr>
<td>FI</td>
<td>9.1</td>
<td>9.1</td>
<td>9.0</td>
<td>8.8</td>
<td>8.3</td>
</tr>
<tr>
<td>FR</td>
<td>8.4</td>
<td>8.9</td>
<td>9.5</td>
<td>9.6</td>
<td>9.5</td>
</tr>
<tr>
<td>DE</td>
<td>7.4</td>
<td>8.2</td>
<td>9.0</td>
<td>9.5</td>
<td>9.4</td>
</tr>
<tr>
<td>EL</td>
<td>10.8</td>
<td>10.3</td>
<td>9.7</td>
<td>10.5</td>
<td>N/A</td>
</tr>
<tr>
<td>HU</td>
<td>5.6</td>
<td>5.6</td>
<td>5.8</td>
<td>6.0</td>
<td>7.1</td>
</tr>
<tr>
<td>IE</td>
<td>3.8</td>
<td>4.3</td>
<td>4.6</td>
<td>4.5</td>
<td>4.3</td>
</tr>
<tr>
<td>IT</td>
<td>9.1</td>
<td>8.6</td>
<td>8.4</td>
<td>8.0</td>
<td>N/A</td>
</tr>
<tr>
<td>MT</td>
<td>7.6</td>
<td>7.7</td>
<td>8.0</td>
<td>7.6</td>
<td>7.9</td>
</tr>
<tr>
<td>NL</td>
<td>2.2</td>
<td>2.8</td>
<td>3.7</td>
<td>4.6</td>
<td>4.7</td>
</tr>
<tr>
<td>NO</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>3.7*</td>
</tr>
<tr>
<td>PL</td>
<td>18.5</td>
<td>19.8</td>
<td>19.2</td>
<td>18.8</td>
<td>17.9</td>
</tr>
<tr>
<td>SK</td>
<td>19.4</td>
<td>18.7</td>
<td>17.5</td>
<td>18.2</td>
<td>16.5</td>
</tr>
<tr>
<td>SI</td>
<td>5.8</td>
<td>6.1</td>
<td>6.5</td>
<td>6.0</td>
<td>5.8</td>
</tr>
<tr>
<td>ES</td>
<td>10.8</td>
<td>11.5</td>
<td>11.5</td>
<td>11.0</td>
<td>9.2</td>
</tr>
<tr>
<td>SE</td>
<td>4.9</td>
<td>4.9</td>
<td>5.6</td>
<td>6.3</td>
<td>6.3</td>
</tr>
<tr>
<td>UK</td>
<td>5.0</td>
<td>5.1</td>
<td>4.9</td>
<td>4.7</td>
<td>4.6</td>
</tr>
</tbody>
</table>

Note: The labour force is the total number of employed and unemployed people.
Source: Eurostat, 2005; * EIRO N/A = data not available.

Categories of workers covered
Most of the compulsory unemployment systems cover the majority of employed persons regardless of the sector they work in; this is the case in Belgium, France, Germany, Hungary, Ireland, Malta, the Netherlands, Norway, Poland, Slovakia, Slovenia and the UK. Coverage under the remaining programmes is somewhat limited because these programmes exclude certain categories of workers, like public sector employees as in Austria, France, Greece and Italy or other workers as in Spain. Some unemployment systems include self-employed persons on a voluntary basis, such as Germany, Hungary, Slovenia and Sweden. In Austria, there has been debate about the inclusion of self-employed people (AT0404202N). Some of the compulsory unemployment systems include people undertaking or having completed vocational training (Austria and Belgium). A few countries – Austria, Germany and Ireland – exclude salaried employees.
earning less than a specified amount. Some countries, like Cyprus and France, have special provisions covering temporary and seasonal employees. Several countries, such as France, Greece, Italy and Norway, have special occupational unemployment programmes, for example for construction workers, dockworkers, railway employees and sailors. In Italy, the differentiation of protection according to sector of activity is a core feature of the system. Moreover, the Italian system differentiates according to company size. Spain has special unemployment systems for agricultural workers and members of cooperatives (Sources: SSPTW; Mutual Information System on Social Protection (MISSOC); and EIRO).

Voluntary insurance systems, as they exist in Denmark, Finland and Sweden, are limited to industries in which unions have established unemployment funds. Membership in these funds is usually compulsory for union members and may be open on a voluntary basis to non-unionised employees. In Denmark and Finland, self-employed persons are able to join an unemployment fund. In Denmark, those individuals who complete vocational training of at least 18 months can also join the fund. In Finland, unemployment benefits also include income security during labour-market training. Moreover, people entitled to unemployment benefit can receive a training allowance during a training course if this training is provided by the labour authorities (Sources: SSPTW; MISSOC; and EIRO). In Denmark, 76% of the labour force were members of the unemployment insurance fund in 2003, while in Finland and Sweden the figures stood at 76% and 78% respectively in 2002 (OECD, Benefits and wages, 2004).

Eligibility criteria

To qualify for unemployment benefit, claimants must fulfil certain conditions. The main eligibility criteria are the following:

- applicants must have completed a minimum period of contributions or employment;
- unemployment must be involuntary;
- availability for participation in labour-market programmes may be compulsory under certain conditions.

Table 3 gives an overview of the contribution requirements and/or the required employment record for the countries in this study. Table 4 presents examples of obligations to participate in labour-market programmes as a condition for receiving unemployment benefit.

Table 3: Contribution requirements and required employment record

<table>
<thead>
<tr>
<th>Country</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT</td>
<td>52 weeks of contributions within the last 24 months; 26 weeks within the last 12 months for persons under the age of 25.</td>
</tr>
<tr>
<td>BE</td>
<td>312 working days during the previous 18 months (for those under the age of 36), 468 working days in the previous 27 months (for those aged 36-50 years), up to a maximum of 624 working days over the previous 36 months (for those aged over 50 years).</td>
</tr>
<tr>
<td>CY</td>
<td>26 weeks of contributions, of which at least 20 weeks of contributions in the previous 12 months. If the entitlement to unemployment benefit is exhausted, people over 60 years can regain it after 13 weeks of contributions.</td>
</tr>
<tr>
<td>DK</td>
<td>52 weeks of employment in the previous three years and membership of an unemployment fund during the last 12 months.</td>
</tr>
<tr>
<td>FI</td>
<td>43 weeks of employment during the previous 24 months and membership of an unemployment fund over the previous 10 months.</td>
</tr>
<tr>
<td>FR</td>
<td>Four months of covered employment during the previous 18 months.</td>
</tr>
<tr>
<td>DE</td>
<td>12 months of covered employment in the previous three years; for seasonal workers, six months of covered employment during the previous three years.</td>
</tr>
</tbody>
</table>

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### Table 3: Contribution requirements and required employment record (cont’d)

<table>
<thead>
<tr>
<th>Country</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL</td>
<td>125 days of covered employment in the previous 14 months, or 200 days of covered employment in the previous two years; 80 days of covered employment per year during the previous two years for first-time applicants.</td>
</tr>
<tr>
<td>HU</td>
<td>12 months of covered employment in the previous four years (since 2005)</td>
</tr>
<tr>
<td>IE</td>
<td>39 weeks of contributions in the previous year or 26 weeks of contributions in each of the two previous years.</td>
</tr>
<tr>
<td>IT</td>
<td>52 weeks of contributions in the previous two years.</td>
</tr>
<tr>
<td>MT</td>
<td>50 weeks of contribution of which 20 are paid in the previous year</td>
</tr>
<tr>
<td>NL</td>
<td>26 weeks of employment during the previous 39 weeks for a short-term benefit; 26 weeks of employment during the previous 39 weeks and employment of at least 52 days in at least four of the previous five years for a salary-related benefit.</td>
</tr>
<tr>
<td>NO</td>
<td>Earnings in the previous year or average earnings in the previous three years above a certain level.</td>
</tr>
<tr>
<td>PL</td>
<td>365 days of covered employment in the previous 18 months earning at least the statutory minimum wage. Periods spent in military service, on parental leave and allowances periods are credited towards the period of 365 days.</td>
</tr>
<tr>
<td>SK</td>
<td>Three years of contributions in the previous four years (SSTPW).</td>
</tr>
<tr>
<td>SI</td>
<td>12 months of full-time employment in the previous 18 months.</td>
</tr>
<tr>
<td>ES</td>
<td>12 months of contributions during the previous six years.</td>
</tr>
<tr>
<td>SE</td>
<td>Six months of employment with at least 70 hours per month or at least 450 hours of employment during a continuous six-month period in the previous year and membership in an unemployment fund in the previous 12 months.</td>
</tr>
<tr>
<td>UK</td>
<td>No qualifying period but minimum contribution requirements in the previous two years.</td>
</tr>
</tbody>
</table>

Source: *EIRO national contributions to this study*

### Table 4: Examples of the obligation to participate in labour-market measures as a condition of receiving unemployment benefit

<table>
<thead>
<tr>
<th>Country</th>
<th>Obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY</td>
<td>Applicants lose their right to payment of up to six weeks’ unemployment benefit if they refuse or fail, without justification, to comply with instructions from the social insurance services director to attend vocational training courses.</td>
</tr>
<tr>
<td>NO</td>
<td>Applicants may not refuse an offer of vocational training or any other labour-market activation measure.</td>
</tr>
<tr>
<td>PO</td>
<td>Article 71 of the Act of 20 April 2004 regarding the promotion of employment and labour market institutions extends unemployment insurance benefit to an unemployed person (...), provided that there is no suitable vacancy or offer of training, internship, on-the-job vocational preparation, or of employment in intervention works or public works.</td>
</tr>
<tr>
<td>SK</td>
<td>The unemployment benefit system is divided into two parts. One part deals with unemployment benefit which is based on an insurance system and funded by contributions. The second part comprises active labour market policy measures which are funded since 2004 by the state. Part of the participation agenda is composed of measures to assist persons in material need. The government has tightened the conditions for provision of assistance to these persons (social assistance), usually long-term unemployed people. It is trying to encourage unemployed people to improve their qualifications, thereby increasing their employability. One of the conditions of receiving ‘activation benefit’, which is part of the social assistance benefit, is either undertaking a training course or performing public jobs which are useful for the municipality.</td>
</tr>
<tr>
<td>SE</td>
<td>Applicants may not refuse an offer of vocational training. Applicants are obliged to cooperate with the public employment services in drawing up an individual back-to-work plan. Applicants aged 20 years or over, who are registered with the public employment services for more than 24 months may take part in activation measures, offered by the employment office. Individuals can only turn down a job offer from the scheme in exceptional circumstances.</td>
</tr>
<tr>
<td>UK</td>
<td>Applicants must enter into a jobseeker’s agreement.</td>
</tr>
</tbody>
</table>

Source: *EIRO national contributions to this study*
Actual coverage

Actual coverage refers to the percentage of unemployed people that actually receive a benefit. It is determined by both the categories of people that are covered by the system and the eligibility criteria.

It is difficult to assess the actual coverage of unemployment benefit systems in the various countries, because, at present, very few reliable and comparable data are available on the number of people in receipt of unemployment benefit (or benefits of any other kind). In the European Commission report on *Social protection in Europe 2001*, it is pointed out that steps are being taken by Eurostat to fill this gap, although the report notes that it will probably take some time before a comprehensive set of data on beneficiaries is available. It shows, however, that in some cases, the number of unemployed according to the Eurostat harmonised data (based on the internationally agreed ILO definition) diverges markedly from the administrative unemployment figures in Member States, which count those eligible for benefit.

Moreover, a comparison of unemployment benefit expenditure over the period 1990–1999 indicates that expenditure declined relative to the number of unemployed (according to the ILO definition) in most Member States. Between 1990 and 1994, the average annual decrease was 1%; between 1994 and 1999, it was 2.5% (figures refer to the EU12, i.e. those EU Member States that have adopted the euro as a single currency before 1 January 2007). In its report, the Commission states that, although these trends should be interpreted carefully, they seem to indicate that spending has been falling faster than unemployment in the EU12. This may indicate a change in the structure of unemployment, with a greater proportion of young and long-term unemployed, who are entitled to a lower level of benefit or whose entitlement to insurance-related benefit may have expired. It may also be the result of the adoption of stricter eligibility criteria. This comparative study supports the latter hypothesis without rejecting the first: in recent years many countries have tightened the eligibility criteria.

Characteristics of unemployment benefit

Benefit levels

Unemployment benefit is typically a benefit related to previous earnings. Unemployment insurance covers against the risk of income loss from work. Only a few countries – Ireland, Poland and the UK – provide a flat-rate unemployment benefit. In these countries, unemployment insurance is specifically aimed at low-income employees and provides a very low substitute income, even by their standards. In countries where benefits are based on former earnings, the relevant percentages often only apply within given earnings ranges. In these countries, too, compensation levels for the highest-earning employees are lower. In addition, there are still significant differences between countries that fix an amount far below average income as a basis for unemployment insurance (e.g. Belgium, Denmark and Sweden), and those that insure wages above the average income (e.g. France, Germany and the Netherlands). Other factors that influence the benefit level are the definition of the earnings base – gross earnings (e.g. Hungary), net earnings (e.g. Austria and Germany) or some intermediate definition (e.g. Denmark and Finland) – and how unemployment benefit is regarded for tax purposes.

Duration

The duration of unemployment benefit differs greatly between countries, from six months to the remainder of an individual’s working life until retirement age. The maximum duration may depend on the employment or contribution record, age, a combination of the two, or it may be fixed. In many countries, benefits are not available immediately after a person becomes unemployed, but only after an interim period of one to two weeks.
Different roles of the social partners

Social partners can be involved in unemployment benefit systems by:

- participating in the preparation and establishment of regulations;
- participating in the administration of the unemployment insurance;
- participating in the administration of active labour market policies;
- integrating issues concerning unemployment benefit systems in the collective bargaining agenda and/or process;
- other ways.

These different types of involvement in the countries included in this study are described below.

Preparation and establishment of regulations

Tripartite rulemaking
In most countries, social partners are involved in the preparation and establishment of regulations governing the unemployment benefit system. In the majority of cases, this participation is institutionalised through the participation of the social partners in tripartite bodies, usually at the national level, but sometimes also at regional or even local level. By and large their role is an advisory one.

Differences between countries
Differences between countries, therefore, are not to be found in whether or not social partners participate in the legislative process, nor in the way in which this participation is coordinated, not even in the formal content of their role. Rather, the differences are more subtle and often connected with the historical background of social partner involvement in legislation. In countries with a long-standing tradition of tripartite concertation and deeply rooted, strongly developed corporate structures, both the scope (range of issues) and the degree (influence) of involvement tend to be greater than in countries that lack such a tradition. The Nordic countries, Austria and the Netherlands are the most well-known examples of countries with such a tradition, although Cyprus and Spain also fall into this category. Ireland and Slovenia have more recently developed traditions of tripartite cooperation. France, Germany, Greece, Malta, Poland, Slovakia and the UK are examples of countries that lack a well-developed structure of tripartite rule-making.

Countries with a long-standing tradition of tripartite rule-making
In Finland, social partner involvement in law-making starts at a very early stage of preparation and also includes participation in the drafting of legislation. In all Nordic countries, the role of social partners in rule-making is undisputed. The same is more or less true for Austria and the Netherlands, although these countries have seen the system of social partner involvement seriously challenged by right-wing governments in recent years. Similarities exist in the developments of both these countries: in Austria, the right-wing government and the social partners were unable to reach agreement on the restructuring of the pension system; in the Netherlands, they could not agree on early retirement and a proposed life-span-leave scheme. Some even feared the dismantlement of the structures of social partnership involvement (AT0411202F; NL0406102F). This has not happened, however, arguably due to large-scale strikes organised in both countries (AT0306201N; NL0411101N). In the Netherlands, the current reform of the unemployment benefit system, which has been completed in 2006, is largely based on the 2005 recommendation of the tripartite Social Economic Council (Sociaal Economische Raad, SER) (NL0506102F). This is not only illustrative of the crucial role that the recommendations of the Social Economic Council still have for Dutch government policy, but also shows the restoration of momentum in the Dutch socioeconomic arena.
Cyprus has a long tradition of social dialogue and tripartite cooperation. The introduction by the government of a new social insurance scheme (SKA) – characterised as perhaps the most important measure in the field of social policy – was the result of painstaking studies and consultations with the social partners in the tripartite Social Insurance Council. Despite this, social partner involvement in social security issues, more particularly in the unemployment benefit system, can at present be described as relatively limited. The low unemployment rate in Cyprus has meant that addressing this issue is not among the immediate priorities of the social partners.

In Spain, there is not so much a tripartite system of bargaining as two closely interconnected forums of debate: the Spanish parliament and the forum of social dialogue. Usually, agreements reached through social dialogue are translated into laws via governmental legislative initiatives. This close interconnection means that the existing legislation in Spain may be considered largely to be a direct or indirect consequence of the relations between government, trade unions and employer organisations.

_Countries with recently developed traditions of tripartite concertation_

Though far more recent, Slovenia has also developed a practice of consulting social partners on all important decisions concerning social policy, including the unemployment benefit system, during the transition period. This has contributed to the maintenance of social harmony. Through the Economic and Social Council of Slovenia (Ekonomsko socialni svet Slovenije, ESSS), social partners have an advisory role with respect to the preparation of social security/protection legislation and other laws which influence the quality of life. This role is defined in the tripartite agreement on pay policy in the private sector, which was adopted in April 1994 (SI0206102F). The fairly new corporate structures have recently been challenged by the right-wing government. The outcome of this dispute is not yet clear and will depend on the extent of the social partners’ authority, which will be revealed during the imminent process of structural reform of the social security system in Slovenia.

Ireland is a special case, although its relatively modern tradition of social dialogue makes it comparable with Slovenia. There is no form of institutionalised policymaking together with social partners in Ireland, nor a long-standing tradition of corporatist structures. Social partnership is seen as a problem-solving process which has developed over the past 15 years (see _Sustaining progress, social partnership agreement 2003–2005_, p. 14). Social partners have an important influence on social policy under successive tripartite national pacts such as the current national agreement, ‘Sustaining Progress’. These pacts are not binding for the government but have provided an important orientation for government policy. From the government’s perspective, it is important to gain consensus from social partners and groups representing the unemployed population on issues relating to the social security and unemployment benefit system. An interesting feature of the national pacts in Ireland is that they are not tripartite but multi-partite in nature. The Irish National Organisation of the Unemployed (INOU) and the Congress Centres for the Unemployed, among others, also participate in the pacts.

_High degree of institutionalisation without significant influence_

The example of Malta shows that a well-developed tripartite consultation system is no guarantee that social partners have any significant influence on the legislative process.

In Malta, the social partners are (usually equally) represented on a plethora of national government bodies which deal with issues relating to the unemployment benefit system. Despite this, the social partners regularly demand greater involvement, and often accuse the government of using the Malta Council for Economic and Social Development (MCESD, the highest tripartite council in Malta) as a ‘rubber stamp’, without exploiting its full potential.
Consequences of institutionalisation and de-institutionalisation processes

Poland, like Malta, at first glance provides an example of well-organised, but minimal social partner involvement. Social partners participate in the formulation of labour-market policies through the employment councils at national, regional and local level, with a reviewing and consultative capacity vis-à-vis the minister, the voivoid (regional body) and the starosta (local council). The range of issues social partners are consulted on has increased over the past 10 years which, among other factors, is due to the creation of the regional social dialogue commissions (Wojewódzkich Komisji Dialogu Społecznego, WKDSs) (PL0307105F; PL0502105F). Acting at the request of the social partners, these commissions may address all issues relating to the social and economic situation in the region, including unemployment.

Slovakia is an example where de-institutionalisation leads to a loss of social partner influence. The tripartite Economic and Social Concertation Council (Rada hospodárskej a sociálnej dohody Slovenskej republiky, RHSD SR) was created in 1990, and the government has always tried to obtain the approval of the social partners for fundamental steps necessary for the transformation of economic and social policy. Social partner involvement in tripartite negotiations was codified by the 1999 Act on economic and social partnership. After the abolition of this act in 2004, however, social partner involvement in decision making on the social security system has decreased.

Absence of institutionalisation of tripartite concertation

In some countries, social partner involvement in legislation concerning unemployment benefit is neither institutionalised nor well developed. This is the case in France, Germany, Greece and the UK, although the background differs in each country. For example, even though in France the state and organisations with political influence maintain that the presence of social partners is necessary in the field of social welfare, the practice of successive governments has been to take decisions alone or impose strict limits on the social partners’ margin for manoeuvre. The deep divisions in the unions and the universal character of most welfare provisions may explain this situation.

In Germany other institutional arrangements, such as co-determination at board level, the works councils and the collective bargaining system based on the predominance of sectoral collective agreements, are more prominent than the involvement of social partners in the preparation of national regulations on the social security system.

Influence on legislation through bipartite consultations

In some countries, such as in Belgium and the Netherlands, influence on legislation is exercised through the bipartite arena of social partners. In France, the different parts of the social security scheme are run by joint management boards. Overall, the powers of these boards have diminished greatly, and it is up to the government whether or not to consult them on decisions regarding contribution and benefit levels. The unemployment insurance scheme, however, is managed differently, and the social partners have retained their rule-making power. As part of the joint management board, they decide on the level of contributions and the rules governing the scheme’s coverage. These rules are nationally binding.

In the other countries mentioned, the influence of the bipartite arena on the legislative process is less direct. In the Netherlands, the bipartite Labour Foundation (Stichting van de Arbeid, SVDA) may advise the government on any subject concerning industrial relations. In that capacity, the foundation has published, though not very frequently, recommendations on social security issues. In Belgium, the national multi-industry agreements may give a general orientation to unemployment policy. Moreover, as in France, the federal level bipartite management committees of the different social security administrative bodies also play a role in rule-making. Unlike the management boards of the unemployment insurance scheme in France, they do not themselves set the regulations; their role is of an advisory nature.

Unemployment benefit system issues in collective bargaining

In most countries surveyed, issues relating to the unemployment benefit system are not included in the bipartite collective bargaining agenda and/or process, at least not in the sense that provisions are included in collective agreements.
The most straightforward exception is Belgium, where most sectors have set up welfare funds that grant additional advantages in the case of illness, unemployment and, as of recently, retirement. In Greece, the social partners have signed agreements on the issue of insuring workers against unemployment. Of particular note here is the social partners’ Account for Unemployment and Vocational Training (LAEK), introduced as part of the National General Collective Labour Agreement (EGSSE) for the years 1991–1992. In Sweden, insurance against unemployment is also part of the collective bargaining agenda. Separate agreements exist for blue-collar workers (insurance supplementing the state unemployment insurance), white-collar workers and professionals (labour-market no-fault liability insurance), and government workers (job security insurance). In the Netherlands, provisions to supplement the statutory unemployment benefit are included in collective agreements, but to a much lesser extent and only in a few sectors. As of 2000, social partners are allowed to include provisions on reintegration into the labour market in their collective agreements, which they now do frequently.

Other aspects of social security are more frequently the subject of collective bargaining, most notably the issue of redundancies, as seen in France, Germany, Hungary, Italy, Malta, the Netherlands, Norway (see NO0311103T and NO0312101N) and Spain. In Sweden, the social partners have put redundancy protection on a broader basis, in the form of the so-called ‘adjustment agreements’ for white-collar workers, and ‘special redundancy programme agreements’ for blue-collar workers. In Slovakia most collective agreements include provisions about how to act in cases of mass dismissal. Special provisions are included for the dismissal of breadwinners. In Italy, the law permits employees to demand job-security agreements at company level in which a reduction of working hours is agreed as an alternative to redundancies. In the Netherlands, so-called ‘social plans’ play an important role. Whenever an employer takes an economic or organisational decision that could have significant consequences for employees (downsizing, mergers, efficiency operations), a social plan is usually negotiated. These plans, which in most cases have the legal status of a collective agreement, include measures to mitigate the consequences for staff, such as redeployment and compensation schemes in the case of dismissal (Hulst van der, J., Het Sociaal Plan, Deventer, Kluwer, 1999).

Sickness or disability pay, and pensions and early retirement are further social security issues which are subject of collective bargaining. In France, there may be negotiations, usually at company level but sometimes at sector level, over supplementary income in the case of sickness or disability. Collective bargaining in the field of social security in France primarily deals with two subjects: the coverage of healthcare costs and pensions. In the Netherlands, many sectors have collective agreements on opportunities for early retirement. In a few sectors in the Netherlands, additional sickness and/or disability pay are included in collective agreements. In the UK, some collective agreements include provisions for occupational sickness pay.

In some countries, a close relationship exists between government policy and the collective bargaining agenda. Denmark is a clear example. Its renowned flexible labour market, which is mainly regulated by collective agreements, is dependent on a solid unemployment system which is regulated by law. Reforms of the unemployment benefit system, such as the eligibility criteria, could affect the flexibility of the Danish labour market, for example the possibilities for temporary redundancies. In Finland, as well, issues related to the unemployment benefit system are regularly on the social partners’ bargaining agenda at national level, such as the position of employees under threat of dismissal or already dismissed (FI0501203F).

In Cyprus, the payment of unemployment benefits to hotel employees, whose jobs are suspended during the winter season, is regulated by a tripartite agreement (CY0311102N; CY0504102F). The Pancyprian Federation of Labour (PEO) recommends the same for any personnel whose jobs are regularly suspended for reasons of seasonality or emergency.
Administration of unemployment benefit systems and/or employment services

Besides involvement in the preparation and establishment of legislation on social security, more specifically on unemployment insurance, social partners are also involved in the administration of unemployment benefit systems.

In most countries, the unemployment benefit system maintains a close administrative relationship with the employment service to ensure that benefits are paid only to workers who are registered as jobseekers. This relationship may increase the effectiveness of the employment service by providing unemployed persons with an incentive, through payment of benefits, to register and report. Some countries have even merged the administration of unemployment insurance and employment services, in particular at the lower administrative levels where claims are registered and benefits are paid out by local employment offices. Other countries require persons to register with a local employment office while the receipt of claims and payment of benefits are handled by a separate insurance office. The link between unemployment benefit systems and employment services becomes closer as active labour market policies gain in importance. Participation in activation programmes and vocational training are increasingly becoming preconditions for the receipt of unemployment benefit. Given the frequent close administrative association between the unemployment benefit system and the employment service, the mutual relationship between these two institutions will be examined below.

Whereas national differences in social partner involvement in the legislative process are more subtle rather than formal – determined by the historical background of such involvement – the opposite is true concerning the role of social partners at the administrative level. At this level, great formal differences exist in the way participation in the administration of the unemployment benefit system and employment service is coordinated. Some countries have an extensive formal structure for social partner involvement; others have little or no such structure. Moreover, differences appear in terms of the degree (advisory/decision making) and content (setting of the benefit level, claim assessment, payment, active labour market policies) of social partner involvement in the administration of these services. Finally, more subtle differences also exist at the administrative level, as with regard to rule-making. In countries with practically the same formal organisation, the actual impact of social partners on the administration of the unemployment benefit system and/or employment service may differ greatly. In some countries, the trade unions have a greater role than the employer organisations.

Countries where social partners have a high level of formal participation as well as a significant practical influence on the administration of the unemployment benefit systems and/or employment services are: Austria, Belgium, Denmark, Finland, Poland, Slovenia and Sweden. Conversely, France, Germany, Greece and Spain have a more or less developed formal structure of social partner participation, but in practice their influence remains limited. In Malta and the Netherlands there is hardly any formal structure for participation. Consequently, social partners have little real influence over the administration of the unemployment benefit system. In Cyprus, Ireland, Italy, Norway, Poland, Slovakia and the UK, social partners have no role at all in the administration of the unemployment benefit system and/or the employment services.
### Table 5: Social partner participation in the administration of unemployment benefit systems and/or employment services*

<table>
<thead>
<tr>
<th>Formal structure of participation</th>
<th>Areas of participation</th>
<th>Degree of participation</th>
<th>Actual influence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AU</strong> National level: equal tripartite composition (3-3-3) of the federal governing board of the Public Employment Service (AMS) Regional and local level: equal tripartite composition of all relevant decision-making AMS bodies</td>
<td>Administration of the unemployment benefit system Job-placement services Advisory services to jobseekers and employers Active labour market policies</td>
<td>Supervision of management Appointment of management Decision-making</td>
<td>Crucial Though formally the influence of both social partners is equal, informally the government seems to have adopted an asymmetrical consultation policy vis-à-vis representative organisations of employers and employees</td>
</tr>
<tr>
<td><strong>BE</strong> National level: equal bipartite composition (7-7) of the management committee of the National Employment Office, plus a government commissioner who has a veto Regional level: equal bipartite composition of management committees or the regional vocational training and employment offices Regional level: unions have established private payment bodies alongside the public payment body</td>
<td>Administration of the unemployment benefit system and the employment services Administration of vocational training and placement services Filing applications for unemployment benefits with local employment services Payment of benefits to rightful claimants</td>
<td>Decision-making Decision-making Executive</td>
<td>Important They pay allowances to 85% of rightful claimants to unemployment benefit, under the control of the National Employment Office, which also provides the finances for benefits.</td>
</tr>
<tr>
<td><strong>DK</strong> National level: tripartite composition of the Supervisory Council on Unemployment Benefits National: unions administer the unemployment insurance funds (31 nationwide) Regional level: tripartite composition of regional labour market councils Local level: tripartite composition of the coordination committees Social partners not involved in the administration of unemployment benefits for the uninsured</td>
<td>Unemployment benefit system, more specifically: unemployment benefit funds (UIFs) Funding Filing applications for benefits Payment of benefits Employment measures primarily geared towards insured unemployed people Local labour market measures mainly geared towards unemployed people without insurance</td>
<td>Preparing rules for, and supervision of, the unemployment benefit system administration by the UIFs Administration Administration and monitoring Coordination and development</td>
<td>Considerable Considerable Considerable</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Country</th>
<th>Formal structure of participation</th>
<th>Areas of participation</th>
<th>Degree of participation</th>
<th>Actual influence</th>
</tr>
</thead>
</table>
| FI      | National: unions administer most wage-earners' unemployment funds  
National: social partners administer unemployment insurance funds | Funding  
Funding | Decision-making and administration  
Decision-making and administration | Important |
| FR      | National: equal bipartite composition of the management board of the National Union for Employment in Trade and Industry (UNEDIC)  
Local: equal bipartite composition of management bodies of associations for employment in industry and trade | Unemployment benefit system  
Unemployment benefit system | Decision-making | Limited; mainly a consultative function for the social partners  
The practice of successive governments has been to impose strict limits on the social partners' margin for manoeuvre. |
| DE      | National (i.e. federal): equal tripartite composition (7-7-7) of the administrative council of the Federal Employment Agency  
Local: equal tripartite composition (4-4-4) of administrative committees of the 180 local employment agencies | Unemployment benefit system  
Employment services  
Unemployment benefit system  
Employment services | Supervision of the management board  
Supervision and counselling of local employment agencies | In German industrial relations, other institutional arrangements (like co-determination at board level, works councils, the collective bargaining system) are more prominent than the involvement of social partners in the social security system.  
Recent changes in the autonomy of the employment agency at national and local level and the abolishment of autonomy at regional level have restricted social partner influence |
Local: participation in local employment pacts, information offices for the unemployed and enterprises | Unemployment benefit system  
Employment services  
Initiatives outside the unemployment benefit systems and the employment service | Decision-making  
Decision-making, executive | Although recent legislative and other initiatives indicate an intention to strengthen the role of social partners, their involvement still remains a mere formality. |
<table>
<thead>
<tr>
<th></th>
<th>Formal structure of participation</th>
<th>Areas of participation</th>
<th>Degree of participation</th>
<th>Actual influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>HU</td>
<td>National: Co-management position in the steering committee of the Labour Market Fund</td>
<td>Utilisation of the fund financed by compulsory employer and employee contributions</td>
<td>Decision-making</td>
<td>Social partners have no role in the unemployment benefit systems as such (insurance system, benefits), but they do have an important role in the employment service and active labour market policies: since the early 1990s, Hungary has built a plethora of social dialogue institutions addressing labour market policy issues. This gives social partners important influence both in the legislative process (see above) as well as in the administration of labour market funds and employment services.</td>
</tr>
<tr>
<td></td>
<td>Co-management position in the steering committee of the National Employment Foundation Regional: equal tripartite composition of county labour councils</td>
<td>Public financing of employment policy projects Functioning and expenditure of public employment services</td>
<td>Advisory</td>
<td></td>
</tr>
<tr>
<td>MT</td>
<td>National: tripartite composition of the board of the Employment and Training Corporation (not enshrined in law, but based on tradition)</td>
<td>N/A</td>
<td>Consultative</td>
<td>Minimal</td>
</tr>
<tr>
<td>NL</td>
<td>National: tripartite composition of the Council of Work and Income</td>
<td>Research and policy analysis. Monitoring and assessing of administrative practices</td>
<td>Advisory towards the minister</td>
<td>The role of social partners has been reduced to an advisory one, outside the actual unemployment benefit systems system.</td>
</tr>
<tr>
<td>SI</td>
<td>National: equal tripartite composition (4-4-4 + 1 employee of the employment service; government has right of veto under certain circumstances) of the administrative board of the Employment Service of Slovenia. Regional level: opportunity exists to create partner councils in which interests of different groups can be articulated towards the regional offices of the employment service. Few such councils have been established</td>
<td>Unemployment benefit system (not collection and distribution of financial resources) Employment services</td>
<td>Administration</td>
<td>Crucial</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At regional level, social partner influence is negligible</td>
</tr>
</tbody>
</table>
### Other kinds of involvement

In Ireland and Poland, opportunities have been created for social partner involvement outside the unemployment benefit system. In Poland, regional or local governments may commission entities such as trade unions or employer organisations to engage in employment promotion and vocational activation initiatives for unemployed people, jobseekers and individuals threatened by redundancy, or to assist the authorities in these tasks. The law concerning such involvement, however, has to date remained a dead letter.

In Ireland, on the other hand, social partner involvement outside the unemployment benefit system and the employment service is very much alive, also including organisations representing unemployed people. In this respect, Ireland is a special case among the countries surveyed.

### Ireland – local area-based partnerships and organisations representing unemployed people

In terms of its welfare state, Ireland is usually categorised among the liberal and minimal safety-net states, together with the UK, US and Australia. Unlike in the UK, however, social partners have an important influence over social security policy under the successive national pacts, as described above. Moreover, although social partner are not involved directly in the administration of the unemployment benefit system and employment service, a complete picture of the Irish social security system (particularly of the unemployment benefit system/employment service) only emerges when another level of involvement is considered.

Since 1986, the trade union movement has been developing a nationwide network of centres for unemployed people as a reaction to the severe economic slump of the 1980s. The basis of these centres was broadened by including representatives of local and public organisations, associations and employer organisations on their boards. The objective of these 38 so-called 'local area-based partnerships' has also been expanded, from providing the unemployed with accurate and easily accessible information on social welfare rights and entitlements to adopting an advocacy role, first in relation to social welfare appeals, but later extending to include broader areas of concern for people experiencing social exclusion and poverty. Nowadays, the centres aim to achieve a better-balanced regional development and to tackle social exclusion, by encouraging unemployed people to get involved in their community and by providing

### Table: Formal structure of participation

<table>
<thead>
<tr>
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<th>Actual influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>ES</td>
<td>National: equal tripartite composition (13-13-13) of the general council of the National Institute of Employment; equal tripartite composition (3-3-3) of the executive committee of the National Institute of Employment; Regional level: tripartite composition of the provincial executive committees; Local level: equal tripartite composition of the county councils</td>
<td>Unemployment benefit system Employment services</td>
<td>Consultative, advisory</td>
<td>Despite the high level of formal participation, social partners have little influence, because their role is mainly consultative. Decisions are taken by the Directorate-General of the National Institute of Employment, which is appointed directly by the government</td>
</tr>
<tr>
<td>SE</td>
<td>National: trade unions run unemployment insurance funds</td>
<td>Unemployment benefit system; entitlement to benefits, benefit payment</td>
<td>Decision-making, executive</td>
<td>Role of unions is important</td>
</tr>
</tbody>
</table>

Note: * The table shows only countries with a formal structure of social partner participation.

Source: EIRO national contributions to this study
Consequences of social partner involvement

To appreciate these consequences, many factors must be considered, notably the broader culture and history of industrial relations and social partnership in a particular country, as well as the more general role and involvement of social partners.

Involvement in the preparation of legislation

The participation of social partners in the preparation of legislation leads to a better and broader acceptance of the law, even if it includes both positive and negative consequences for all parties (Slovenia, Spain). Moreover, it may be easier to implement a ‘negotiated’ act because there may be fewer disputes as to its interpretation (Finland). Another potential consequence of social partner involvement in the preparation of legislation may be a broad range of economic advantages for the country as a whole, in terms of pay and income policy, as well as social stability and low unemployment rates. These benefits of social partnership, in turn, lead to respect for the social interest organisations as negotiating partners. If, on the other hand, the outcomes are not positive, social partners lose influence. Finally, if social partners can adopt a common platform such as in Austria and the Netherlands (AT0312201N; NL0506102F), they tend to be much more influential than where social partners continuously disagree like in France, for example.

Involvement in the administration

Here, the focus is on the consequences of social partner involvement for the density of union membership. Employer organisations do not seem to be affected in the same way.

In most countries where trade unions are directly involved in the administration of the unemployment benefit system, the density of union membership is relatively high (even though union membership is not a precondition to join an unemployment insurance fund). This is the case in Denmark (78.5%), Finland (70%) and Sweden (85%), where unions are responsible for all aspects of the administration, from collecting contributions to payment of benefits, but also in Belgium (69%), where unions only manage the bodies that pay the unemployment benefit (on behalf and under the
control of the national Employment Office). It seems therefore plausible to assume that there is an underlying connection between the direct involvement of trade unions in the unemployment benefit system and union membership density. The French case, however, presents quite another situation. Although social partners – joined in a bipartite body, the so-called National Union for Employment in Trade and Industry (UNEDIC) – have been running the unemployment insurance system since 1958, the density of union membership in France is very low. Without invalidating every causal connection between involvement and density, the French case shows that the connection is not necessarily a one-to-one causal relationship and may have to be seen in a broader context.

Other forms of social partner involvement in unemployment benefit system administration, such as participation in tripartite advisory or supervisory boards, do not seem to have any influence on union density.

The reverse is also true, as the Hungarian example shows where the trade unions are not involved in the unemployment benefit system, nor do they undertake any initiatives to assist unemployed people, such as launching specific programmes. Large-scale redundancies in the 1990s led to a decline in union membership. A comparison of the density of union membership in Norway – where the unemployment benefit scheme is publicly administered – with union density in the other Nordic countries, also suggests that the absence of union involvement may have negative consequences for union membership.

Active approach towards unemployed people
More difficult to assess is the influence on union density of an active approach of social partners towards unemployed people, besides involvement in the unemployment benefit system. In Italy, for example, the services provided by the unions to their members in the form of counselling and assistance with compiling application forms, may lead to a somewhat higher union density.

The creation of independent non-union organisations specifically aimed at the unemployed may lead to a decline in union membership. Although no data are available, the formation of the Irish organisations INOU and CPA, which specifically represent the interests of unemployed and poor people, may have led to decreasing union density. The fact that these organisations were created in the first place suggests that unemployed people in Ireland felt a need which was not fulfilled by the trade unions.

Issues and developments

Having described the practical involvement of social partners, this report will now highlight the opinions of both social partners and governments on the unemployment benefit systems, including views on social partner involvement in the system. This will include an analysis of reform plans. In addition, trends will be considered concerning the role of social partners in the different unemployment benefit systems, as to whether their role has changed or their influence is increasing or decreasing.

European standardisation versus sustainability
In many European countries, the unemployment benefit system is the subject of intense debate. The content of these debates varies, depending on the national context and characteristics of the unemployment benefit system. Opinions may differ between the social partners and the government, but also between the social partners themselves. Finally, the outcome of the debates and plans for reform differ between the individual countries.

The content of the debates depends largely on the stage of development of the unemployment benefit system in the different countries. In countries with a poor unemployment benefit system in terms of coverage and/or substitute income levels and duration of benefits, the main issue is to bring the system in line with European standards. In countries with better-developed systems, the chief concern is the sustainability of the unemployment benefit system.
Low coverage, income inequality and poverty

In some countries, the unemployment benefit system has not developed into a system which adequately covers the risks it was created to manage; the system has such low coverage and/or low levels of substitute income that it is leaving many unemployed people without income protection. This is most acute in countries with high unemployment rates (Italy, Poland and Spain), although the problem also exists in countries with low unemployment rates (Cyprus and Ireland).

The most critical example is Poland, as this country combines extremely low coverage – less than 20% of the unemployed receive an unemployment benefit – with extremely high unemployment rates of 18.8% in 2004 and 17.9% in 2005 (see Table 2), resulting in a severe poverty crisis. Nonetheless, the problem of poverty extends beyond the unemployed. Thus, the solution proposed by the social partners, most notably the trade unions, is not directed towards broader unemployment benefit system coverage, but towards guaranteeing a social minimum for all, including the many working poor. The problem of unemployment should be countered by the creation of new jobs and the prevention of further increases in the unemployment rate. Employers maintain that an increase in available job vacancies will only be possible if labour costs are reduced, a point that the unions contest.

Low coverage is also a problem in Italy and Spain. Spain has a coverage rate of around 40%, according to the employment statistics of the Bank of Spain. In Italy coverage depends, among other things, on enterprise size and sector of activity, with employees of small companies being hardly covered at all. International comparisons invariably highlight the high percentage of unemployed persons in Italy who are ineligible for benefits and who live below the poverty threshold. Spain and Italy, moreover, are both far from attaining the protection levels in terms of benefit level and duration of benefit present in other European countries. Both countries also show high unemployment levels: Italy, 8.0% in 2004 (2005: N/A); Spain, 11.0% in 2004 and 9.2% in 2005.

The discussions in both countries differ, however. In Italy, there is broad agreement among political parties, social partners, the government, other relevant institutions as well as researchers and commentators that reform of the social security system is one of the most urgent priorities on the Italian policy agenda. The current system is seen as dysfunctional: it neither provides adequate economic support for unemployed people, nor does it sufficiently promote re-entry of the labour market. Furthermore, the Italian system is considered to be entirely at variance with European standards, in that it exacerbates the distinction between insiders and outsiders. Notwithstanding this broad consensus, hardly any results have yet been achieved. Reform of the social security system figured on the agenda of all Italian governments in the 1990s. The need for reform was also expressed in October 2001 by the then Minister of Labour, Roberto Maroni, in a white paper (IT0110104F), and subsequently in a draft proxy law which set out guidelines for the reorganisation of the system. The government’s proposals met with fierce resistance from the trade unions. The latter argued that the reform was unrealistic, given the fact that a minimum benefit system approaching the European standard would cost between €5 and €10 billion. In July 2002, the social partners with the sole exception of the General Confederation of Italian Workers (Confederazione Generale Italiana del Lavoro, Cgil) and the government signed the so-called Pact of Italy, a significant part of which deals with reform of the social security system (IT0207104F). Up to now, this pact has never been translated into law.

In Spain, the government started out with a draft reform in 2002 that would have actually led to worse rather than better unemployment protection, by reducing access to benefits as well as benefit levels and duration. Eventually, this proposal was withdrawn in response to fierce trade union resistance, which took the form of a general strike. In July 2004, the new socialist government and the social partners signed the so-called Declaration of principles, which now serves as the framework for the current discussions on reform. Although reference is made to the improvement of unemployment protection, this is in fact not one of the priorities of either the government or the social partners. Whereas the government is advocating the preferential treatment of permanent contracts, thereby trying to foster permanent recruitment as a means to counteract unemployment, the trade unions favour other ways of solving the problem. They are calling for legal
measures to restrict and better regulate temporary and part-time work, and for stricter enforcement by the Labour Inspectorate. As a model, the unions point to other European countries, although they do not cite specific cases. The employers, meanwhile, are calling for the introduction of a new temporary long-term contract.

In Ireland, high levels of job creation have led to a very low unemployment rate – 4.5% in 2004; 4.3% in 2005 – and long-term unemployment, in particular, has declined. The picture is not particularly rosy, however, for people who remain dependent on unemployment benefits. They still qualify as living in poverty.

Cyprus, with an unemployment rate of 5.2% in 2004 and 6.1% in 2005, is also notable as a country where discussion is focusing on an increase rather than decline in protection. A persistent union demand is the extension of the period during which unemployment benefits are paid, from the current six to nine months.

Increasing efficiency through activation measures

In most countries with a more or less well-developed social security system, and more particularly a well-developed unemployment benefit system, there is consensus on the need to increase the sustainability of the social security and unemployment benefit systems. This agreement does not often extend, however, to the way in which this should be achieved. The countries differ in the extent to which social partners agree or disagree both among themselves as well as with the government. In some countries far-reaching reforms have already been implemented, other countries are in the process of carrying out reforms, while a third group of countries have yet to embark on reform. Finally, the influence that social partners have on the reforms that are to be implemented also differs from one country to another.

Broad reforms of the unemployment benefit system have been carried out or are planned in the near future in Germany, Hungary, the Netherlands and Slovakia. All of these reforms are aimed at increasing the efficiency of the unemployment benefit system through activation measures, by tightening eligibility criteria and decreasing the amount and duration of unemployment benefit. Denmark is planning a reform of the employment service to make it more efficient.

- In Germany, a complete restructuring of the unemployment benefit system was carried out in December 2003 (DE0401205F).
- In the Netherlands, a radical reform of the unemployment benefit systems will be implemented in 2006 (NL0506102F).
- Hungary has carried out major adjustments to the unemployment benefit system ever since its introduction in 1989, with increasingly unfavourable eligibility criteria. As a result, ever fewer people are receiving unemployment benefit (HU0506101N).
- In Slovakia, a great number of reforms of the social security system took place between 2002 and 2005, including measures stipulated in the labour code to increase worker flexibility and decrease job security, reforms of the sickness insurance and family benefits systems, and a reform of the tax system (SK0406101N). At the same time, the unemployment benefit system was reformed (SK0406102N) as it was integrated into the so-called investment support system, part of a policy to create favourable conditions for foreign investors in Slovakia and thereby to increase employment. Benefits for support training were increased, while those for income support were reduced (SK0411103F; SK0311101N). Although the measures have not been the subject of extensive discussion, their introduction invoked short-term but radical protest from those citizens affected, supported by the trade unions and the opposition parties in parliament.
The planned reform in Denmark concerns the employment service, to be implemented in 2007. Part of a comprehensive municipality reform and aimed at creating a one-string unemployment benefit system, the employment service for the insured (managed by the public employment service) is to be merged with the employment service for the unemployed (managed by the municipalities) at local level. Besides creating a single entry point for all types of jobseekers (insured as well as uninsured), the operation involves the creation of three new employment councils at national, regional and local level. The plans have been heavily criticised by the unions (DK0405101N).

Belgium and Norway are also debating radical reforms to the system (NO0409106F). Malta and Slovenia are about to begin discussions over far-reaching reforms of their respective unemployment benefit systems. Partial reforms have been discussed and/or carried out in Austria (AT0312201N; AT0404202N), Finland, Sweden and the UK (UK9710175N; UK9707143F).

Role of social partners in the unemployment benefit system
The following current issues can be identified regarding the role and involvement of social partners in the unemployment benefit system.

Stable and undisputed
The role of social partners is stable and undisputed. This is usually the case if a strong tradition of social partnership exists (as in Finland and Sweden), or – by contrast – there is a strong tradition of state leadership in the field of social security (as in Hungary and Norway). In the minimal welfare state of the UK, there is also no discussion on the role of social partners.

Stable, but demanding greater involvement
The role of social partners is stable, but social partners are demanding greater involvement in the process. This is the case in Malta, where social partner influence in the unemployment benefit system is minimal, and where the social partners consistently demand greater involvement. In Slovenia, the unions are calling for the formalisation of the role of social partners by anchoring the Economic and Social Council (ESSS) in the constitution. This would make the council less dependent on the actual power of the social partners.

Under threat
The role of social partners is being or has been threatened by:

- (planned) institutional changes. This has been the case in Austria, Denmark, and Germany. The threat of institutional changes will not necessarily diminish the role or influence of social partners. Both Austria and Denmark are examples of countries where new political measures have threatened the position of the social partners in the unemployment benefit systems (and the social security system) and continue to do so. The standing of social partners has not been weakened, however, and will probably remain firm in the immediate future.

- In Austria, a 2001 government reform of social partner representation on the Association of Social Security Providers (Hauptverband der Sozialversicherungsträger, HSV), which enabled the government to replace leading representatives (delegates from labour organisations) on HSV bodies with individuals more closely linked to the coalition partners, was overturned by Austria’s Constitutional Court (Verfassungsgerichtshof, VfGH) in 2003, as the reform breached the principles of self-government and democratic representation (AT0311201N). Consequently, the government was forced to withdraw key aspects of the reform. Another planned reform that was ultimately revoked concerned the Public Employment Service (Arbeitsmarktservice, AMS). The plan was to transform the existing AMS, a public service agency with an independent legal identity, into a private limited liability company, fully owned by the state. By this measure, the social partners would have lost their positions as decision makers within the AMS bodies and would have been downgraded to mere members of supervisory boards. Both employers and employees were opposed to this plan, which was eventually withdrawn.
In 2001, the liberal-conservative government in Denmark introduced a public unemployment insurance fund as well as the opportunity to create cross-sectoral unemployment funds. Both of these funds were intended as alternatives to the union-dominated unemployment funds. They have not, however, led to a decrease in the union position in the existing unemployment funds, as they did not win the broad support of the employees. Moreover, the planned reform of the unemployment system, which is part of a larger municipality reform currently underway and which aims at creating a one-string unemployment system, does not seem to have any effect on union power. Following the introduction of the reform, the unions would still be responsible for administering benefit payments.

In contrast, institutional changes to the German Federal Employment Agency (Bundesagentur für Arbeit, BA) have diminished social partner influence. The agency’s tripartite administrative council has become more of a supervising body similar to the supervisory board in private companies; since 2002, the BA’s organisational structure is much closer to a private company than to a public agency. With effect from 2004, regional autonomy was abolished and the tasks of the local administrative committees have been restricted.

The policy of (right-wing) governments. Since the emergence in Austria of neo-liberal government policy in the 1980s, social partner influence on public policymaking has declined. The employee faction, in particular, has been weakened. Only since the formation of the conservative People’s Party (Österreichische Volkspartei, ÖVP) and the populist Freedom Party (Freiheitliche Partei Österreichs, FPÖ) coalition government in 2000, the system of social partnership in Austria has been openly challenged by the government (AT041120F). As a consequence, strikes were organised on an unprecedented scale for Austria (AT0306201N). The fear expressed by some commentators that the government is aiming to dismantle the system of social partnership seemed to be exaggerated as the government continued to seek the consent of the social partners. A deviation from the culture of social dialogue is evident, however, from the present right-wing government in Slovenia. Here, the outcome of the process is not yet clear and will depend on the actual power of the social partners.

The lack of consensus among social partners. In France, besides a lack of real interest from recent governments in considering the views of social partners, the deep divisions between the trade union confederations can explain their lack of influence. In Spain, it is specifically in the area of unemployment protection where consensus among the social partners or between the social partners and the government is lacking. This has led to a sort of deadlock in this field.

A combination of the abovementioned factors.

Improved

The role of social partners is being or has been upgraded by:

- Institutional changes. This is the case in Poland, where the range of issues on which social partners are consulted has increased over the past 10 years as a result of, among other factors, the establishment of the regional social dialogue commissions.

- A proactive attitude from the social partners. Although Ireland has a minimal welfare state comparable with the UK, social partnership has nevertheless developed there over the past 15 years. Social partner influence has increased due to a proactive attitude from both the unions and the organisations representing unemployed people. More partners have pushed to secure a seat at the bargaining table. At a more local level, important initiatives have been devised to combat social exclusion, notably the creation of 38 local area-based partnerships. In Greece, the social partners have also shown a proactive attitude, albeit to a lesser extent, by developing initiatives in the field of labour market policy. This has not led, however, to more influence within the unemployment benefit system in Greece.

- A militant attitude from the social partners, most notably from the trade unions. This manifests itself in strikes and other protests against government initiatives. In Austria, the Netherlands and Spain, the unions have recently exercised important influence on policy reforms.
• alliances with political parties. In Spain, the practical influence of the unions stems from their influence on the political parties with which they are associated.

• social partner consensus. The proven structures of the social partnership and its conflict-resolution skills both in Austria and the Netherlands are even forcing the right-wing governments in these countries to consult with the social partners.

**Commentary and outlook**

The unemployment benefit systems were established at quite different times in the various countries surveyed here. In the new Member States, in particular, unemployment benefit systems are a fairly recent phenomenon. Overall, the systems show major differences regarding eligibility criteria and the level and duration of benefits. The eligibility criteria are an important – but not the solitary – factor in explaining the vast differences in coverage of the systems across European countries.

Traditionally, the main function of an unemployment benefit system was the (partial) insurance against loss of income due to unemployment. In recent years, the focus has very much shifted to unemployed people re-entering the labour market. In other words, there is a clear development of the unemployment benefit system’s main function from protection to activation. This change has been partly effected by organisational measures, a major example being the integration of employment offices with the unemployment benefit system offices. These measures have usually been welcomed by all parties concerned, including the social partners. This is not the case with the other category of activation measures, which mainly consist of stricter eligibility criteria to qualify for benefit, and lower and shorter benefits. These types of measures have usually received a warm welcome from the employer side, but have met with criticism and often resistance from the trade union side. Although unions fully acknowledge the importance of active labour market policies, they usually reject cuts in the levels and duration of unemployment benefits.

The role of social partners in the unemployment benefit system in the different countries covered by this study varies greatly, from powerful to (almost) negligible. The formal arrangements alone concerning the role of social partners should be treated with caution; the influence and power of the partners is not fully revealed by their institutional embeddedness. Attention must be paid to social partner influence through other instruments, like associations with political parties, mobilisation of employees (and sometimes of unemployed people themselves), or joint opinions.

The report reveals that there is no EU-wide convergence in social partner involvement: both an increase in social partner involvement in ‘weak’ Stability Pact (SP) countries, and a decrease in ‘strong’ SP countries are evident. One particular trend, however, can be identified: in quite a few of the countries surveyed, the position of social partners in the unemployment benefit system is coming under considerable severe pressure. This trend seems at odds with the EU insistence that social dialogue in both policy formation and implementation is of crucial importance.

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