

Recipients of out-of-work benefits

Cash transfers for working-age people provide a major income safety net in periods of high unemployment. In most countries two different layers of support can be distinguished: a primary out-of-work benefit (generally unemployment insurance benefits); and a secondary benefit (unemployment assistance or minimum-income benefits such as social assistance) for those who are not or no longer entitled to insurance benefits.

In 2010, the shares of working-age individuals receiving primary out-of-work benefits were highest in Iceland, France, Finland, Spain and the United States, with rates of around 5% or more (Figure 5.10, Panel A). At the other end of the spectrum, only about 1% in Japan, Korea, Slovak Republic and Chile received unemployment insurance benefits. There is no nation-wide unemployment insurance programme in Mexico and recipient data are not available for Greece and Turkey.

The large variation in the numbers in part reflects labour market conditions and partly the design of social benefit systems. Low participation in unemployment insurance programmes reduces coverage among the unemployed. An example is Chile, where unemployment insurance is organised as an individual saving scheme. In Sweden, where unemployment insurance membership is voluntary, recipient numbers dropped despite rising unemployment.

Benefit receipt increased most in Iceland, Estonia, United States, Ireland and Spain, all countries where unemployment soared during the economic crisis.

Receipt of secondary out-of-work benefits generally increased by much less between 2007 and 2010 (Figure 5.11, Panel B). Rising long-term unemployment and increasing joblessness among people without access to insurance benefits led, however, to a substantial rise in Ireland and Spain (unemployment assistance), and in the United States (Supplemental Nutrition Assistance Program, SNAP). Receipt rates dropped somewhat in the Czech Republic and in France, as well as in some countries with more favourable labour-market developments (Australia, Germany, Poland).

By 2010, receipt of secondary benefits was highest in Ireland, Mexico and the United States (Figure 5.11, Panel A) and lowest in Belgium, Israel and Japan. The composition of these safety nets differs across countries. Social assistance dominates in Mexico (*Oportunidades*) and the United States (SNAP and Temporary Assistance for Needy Families, TANF). Unemployment assistance is important in Ireland, Germany, Spain, Finland and the United Kingdom. Australia, Iceland and New Zealand also provide targeted income support to a large number of lone parents. In Germany, the largely unchanged number of recipients during a period of falling unemployment suggests that reducing safety-net beneficiary numbers can be difficult.

Definition and measurement

Primary out-of-work benefits are those that are typically received during an initial phase of unemployment (unemployment insurance in most countries). Some countries that have no unemployment insurance instead operate means-tested unemployment assistance as the primary benefit. Eligibility for primary benefits typically requires previous employment or insurance contributions. Exceptions are assistance benefits in Australia and New Zealand, which are not conditional on earlier employment. All primary out-of-work benefits are subject to active job search and related requirements, although implementation and enforcement differs across countries and programmes.

Where unemployment insurance is the primary benefit, unemployment assistance or social assistance provide secondary income support. In addition, many countries operate targeted benefits for specific groups, such as lone parents.

Statistics are based on the *OECD Social Benefit Recipients Database (SOCR)*, which covers all main income replacement benefits in 40 EU and OECD countries. Depending on the data made available by countries, SOCR includes caseloads, flows and average amounts of benefits, and currently covers four years (2007-10).

The charts show number of recipients as shares of working-age individuals. Benefits that are awarded at family level (e.g. social assistance) are only counted once per family.

Further reading

Immervoll, H., S. Jenkins and S. Königs (2014), "Experiences of Minimum-income Benefit Recipients: Duration and Dynamics of Benefit Receipt", *OECD Social, Employment and Migration Working Paper*, OECD Publishing, Paris, forthcoming, www.oecd.org/els/workingpapers.

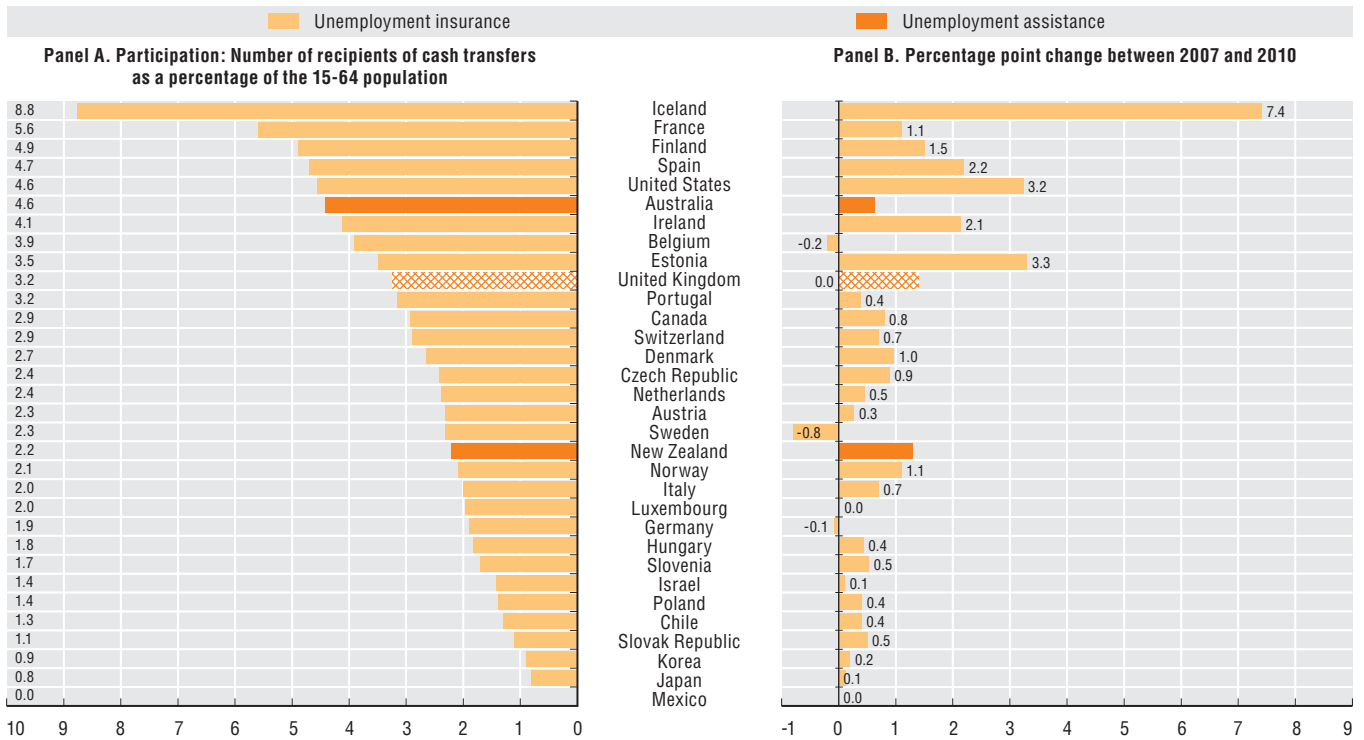
Königs, S. (2013), "The Dynamics of Social Assistance Benefit Receipt in Germany: State Dependence Before and After the Hartz Reforms", *OECD Social, Employment and Migration Working Paper*, No. 136, OECD Publishing, Paris, <http://dx.doi.org/10.1787/5k3xwtg6zknq-en>.

Figure notes

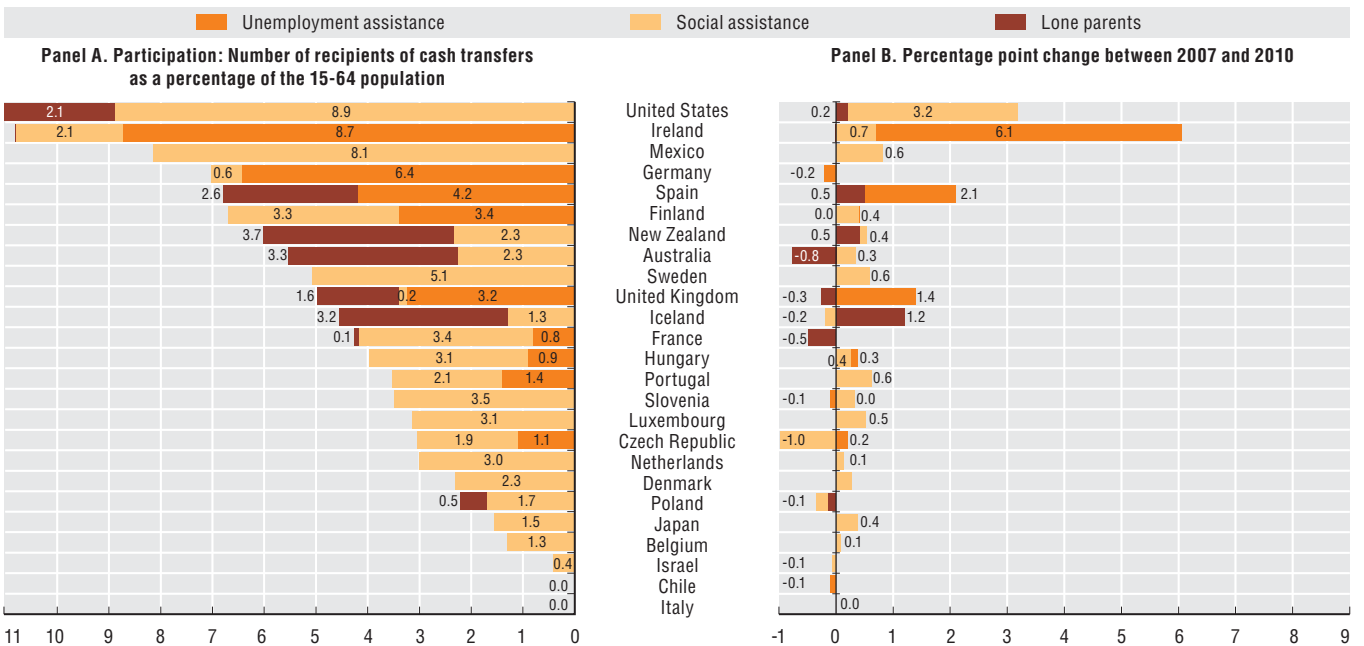
Secondary out-of-work benefits for a number of countries are not shown due to missing information. In the United Kingdom, insured jobseekers can receive a flat-rate benefit during the first six months of unemployment, which becomes means-tested afterwards. The split between these two categories was not available and total beneficiary numbers are indicated both as primary and secondary benefits.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

5.10. Primary out-of-work benefits: A first line of defence for the unemployed



5.11. Secondary out-of-work benefits: Safety nets are crucial for the poorest, but receipt rates are often low



Source: Calculations based on the upcoming OECD Benefit Recipients Database (SOCR).

StatLink <http://dx.doi.org/10.1787/888932966542>



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