Los daños causados por la crisis ya abarcan "tres generaciones" (abuelos-pensionistas, padres-trabajadores o parados, e hijos-empobrecidos y sin futuro) (Parte II)

Anexo: Informes de Organismos Internacionales sobre pensiones, salarios y niñez

Pensions at a Glance 2013 - OECD and G20 indicators Executive

summary

This edition of Pensions at a Glance examines the distributional impact of recent pension reforms and analyses how housing, financial wealth and publicly provided services may affect living standards in old age. It also contains a comprehensive selection of pensions policy indicators, covering: the design of pension systems; future pension entitlements for men and women at different earnings levels; finances of retirement-income systems as a whole; the demographic and economic context in which retirement-income systems operate; private pensions and public-pension reserve funds. The publication also includes profiles of the pension systems for all OECD and G20 countries.

Later retirement ages and increased private pensions arrangements

Reforms vary between countries, but there are two main trends. First, reforms of pay-as-you-go public pension systems, aimed at postponing retirement, have introduced higher pension ages, automatic adjustment mechanisms and modified indexation rules. These should improve financial sustainability of pension provision. Retirement ages will be at least 67 years by around 2050 in most OECD countries. Some others are linking the pension age directly to the evolution of life expectancy. Second, governments have been looking at funded private pension arrangements. While the Czech Republic, Israel and the United Kingdom have introduced defined-contribution pension schemes, Poland and Hungary have reduced or closed these.

Pension reforms made during the past two decades lowered the pension promise for workers who enter the labour market today. Working longer may help to make up part of the reductions, but every year of contribution toward future pensions generally results in lower benefits than before the reforms. While future pensions will decline across the earnings range, most countries have protected the lowest earners from benefit cuts; everywhere, except in Sweden, pension reforms will hit the highest earners most.

Adequate living standards in old age

The reduction of old-age poverty has been one of the greatest social policy successes in OECD countries. In 2010, the average poverty rate among the elderly was 12.8%, down from 15.1% in 2007, despite the Great Recession. In many OECD countries, the risk of poverty is higher at younger ages. Incomes of people aged 65 years and older in OECD countries reach, on average, about 86% of the level of disposable income of the total population, ranging from almost 100% in Luxembourg and France to less than 75% in Australia, Denmark and Estonia. However, to paint a more complete picture of pensioners' retirement needs, other factors -such as housing wealth, financial wealth and access to publicly provided services- also need to be considered.

In OECD countries, on average more than three-quarters of those aged 55 and above are homeowners. Housing can make a major contribution to pensioners' living standards, because they save on rent and can, when necessary, convert their property into cash through sale, rent, or reverse mortgage schemes. Nevertheless, homeowners may still be income-poor and may find it difficult to pay for both home maintenance and their daily needs.

Financial wealth can complement other sources of retirement income. Unfortunately, recent internationally comparable data is lacking in this area, making comprehensive assessment difficult. The extent to which financial wealth can help reduce the risk of poverty in old age depends on its distribution; as wealth is strongly concentrated among the top of the income distribution, its impact on poverty among the elderly is limited.

Access to public services, such as health care, education and social housing, also affects older people's living standards. Long-term care is very important as care costs associated with greater needs (i.e. 25 hours a week), may exceed 60% of the disposable income for all but the wealthiest one-fifth of the elderly. Women, who live longer than men, have both lower pensions and less wealth, are at a particular risk of old-age poverty when long-term care is needed. Public services are likely to benefit the elderly more than the working-age population: adding their value to incomes, about 40% of older people's extended income is made up of in-kind public services, compared to 24% for the working-age population.

Key findings

Population ageing means that in many OECD countries, pension expenditures will tend to increase. Recent reforms have aimed at maintaining or restoring financial sustainability of pension systems by reducing future pension spending. The social sustainability of pension systems and the adequacy of retirement incomes may thus become a major challenge for policy makers.

● Future entitlements will generally be lower and not all countries have built in special protection for low earners. People who do not have full contribution careers will struggle to achieve adequate retirement incomes in public schemes, and even more so in private pension schemes which commonly do not redistribute income to poorer retirees.

● It is essential that people should continue paying in contributions to build future pension entitlements and ensure coverage. However, increasing pension age alone will not suffice to ensure people stay effectively on the labour market. A holistic approach to ageing is needed.

● Retirement incomes come from different sources and are subject to different risks, related to labour markets, policy, economic conditions and individual circumstances. Unemployed, sick and people with disabilities may not be able to build adequate pension entitlements.

● Current retirees have high incomes relative to the total population: 86% on average in OECD. This outcome and the reduction of old-age poverty are policy successes of the last decades.

● Because of stigma, lack of information on entitlement, and other factors, not all elderly people who need last-resort benefits claim them. There is thus a certain degree of hidden old-age poverty.

● The retrenchment of public pension systems, trends towards working longer and more reliance on private pensions may increase inequality among retirees.

● Housing and financial wealth supplement public pension benefits. They do not, in their own right, appear to be sources of income that can be expected to replace a proper pension income. Better internationally comparable data are urgently needed to explore in greater detail how housing and financial wealth can contribute to the adequacy of retirement incomes.

● Public services are retirement-income enhancers. This is especially true of healthcare and long-term care services. Services benefit the poorest retirees much more than they do richer elderly households. Public support is set to play an increasingly important role in preventing old-age poverty among people requiring health and long-term care services…

Recent pension reforms Key

goals of pension reform

This section examines pension reform against six of its key objectives:

1. Pension system *coverage* in both mandatory and voluntary schemes.

2. *Adequacy* of retirement benefits.

3. *The financial sustainability* and *affordability* of pension promises to taxpayers and contributors.

4. *Incentives* that encourage people to work for longer parts of their lifetimes and to save more while in employment.

5. *Administrative efficiency* to minimise pension system running costs.

6. *The diversification* of retirement income sources across providers (public and private), the three pillars (public, industry-wide and personal), and financing forms (pay-as-you-go and funded).

A seventh, residual, category covers other types of change, such as temporary measures and those designed to stimulate economic recovery.

Trade-offs and synergies between the objectives are frequent. For example, increasing fiscal sustainability by lowering the generosity of the pension promise is likely to have adverse effects on the adequacy of pension incomes. On the other hand, widening the coverage of occupational pensions eases the pressure on the state budget to provide a pension and helps to diversify risk and improve the adequacy of retirement incomes.

Overview of pension reforms

Table 1.1 below shows the type of reform package adopted in each of the 34 OECD countries between 2009 and 2013. Table 1.2 considers reform in much greater details.

All 34 OECD countries have made reforms to their pension systems in the period under scrutiny. In some countries, like Belgium and Chile, reform entails phasing in measures under the terms of legislation passed in the previous five-year period (2004-08). Since then, reform has increasingly focused on improving financial sustainability and administrative efficiency in response to the consequences of the economic crisis and ageing populations.

Countries, like Greece and Ireland, that have revised the way in which they calculate benefits have been the worst affected by the economic downturn. Italy, too, stepped up the pace of its transition from defined benefit public pensions to notional defined-contribution (NDC) accounts in 2012.

Between 2004 and 2008 many countries -Chile, Italy and New Zealand, for example- undertook reform to improve pension coverage and safety net benefits as part of their efforts to fight poverty in old age more effectively. While some have continued in that direction, many others have concentrated on offering the incentive of an adequate retirement income to longer working lives. Most OECD countries are thus increasing their retirement ages, albeit gradually.

The following sections review and compare in detail the reform measures enacted or implemented by OECD countries between 2009 and 2013 to meet the six objectives identified above…

Table 1.1. **Overview of pension reform measures in 34 OECD countries, 2009-13**

	Coverage	Adequacy	Sustainability	Work incentives	Administrative efficiency	Diversification/ security	Other
Australia	x	x	x	x	x		x
Austria	x	x	x				x
Belgium				x			
Canada	x		x	x		x	x
Chile	x	x			x	x	x
Czech Republic			x	x		x	
Denmark				x	x		
Estonia		x	x	x	x	x	
Finland	x	x	x	x		x	
France	x	x	x	x			x
Germany		x	x	x			
Greece		x	x	x	x		
Hungary		x	x	x		x	x
Iceland							x
Ireland	x		x	x		x	x
Israel	x	x				x	
Italy		x	x	x	x		
Japan	x	x	x		x		x
Korea	x		x		x		
Luxembourg	x		x	x			
Mexico		x			x	x	
Netherlands						x	
New Zealand		x	x				x
Norway		x	x	x			
Poland	x		x	x		x	
Portugal	x	x	x	x		x	
Slovak Republic			x		x	x	
Slovenia			x	x			
Slovenia	x	x	x	x	x	x	x
Spain		x	x	x			
Sweden		x	x	x	x	x	
Switzerland			x			x	
Turkey				x		x	x
United Kingdom	x	x	x	x	x	x	x
United States	x	x	x				

Note: See Table 1.2 for the details of pension reforms.

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Financial sustainability

Many OECD countries have passed reforms to improve the long-term financial sustainability of their pensions systems, principally to secure greater savings for the state budget.

A particularly frequent measure has been the reform of pension indexation mechanisms, although the goals and effects of such action vary across countries and income levels. Some new indexation rules move towards less generous benefits, an especially sought-after effect in countries grappling with fiscal problems. For example, the Czech Republic, Hungary and Norway no longer index pensions to wage growth, while Austria, Greece, Portugal and Slovenia have frozen automatic adjustments for all but the lowest earners. In Luxembourg, the expected upward adjustment of benefits has been scaled back by 50%, while in 2010 Germany amended its planned increase in pension levels to avoid pressure on the federal budget and suspended the cut it had scheduled in contribution rates in 2009.

In Australia, Finland and the United States, by contrast, the freezes on pensions and changes in indexation rules were meant to offset the drop in benefit levels that the standard, inflation-based index would have involved. Policy action in the three countries was actually designed to preserve pensioners' purchasing power.

Greece and Ireland have taken some of the most far-reaching fiscal consolidation measures. Ireland now levies pensions from public sector wages and has limited both early withdrawals from pension funds and other tax privileges. Portugal, too, has enacted pension levies. In Greece, the government has lowered the average annual accrual rate and tied pension indexation to the variability of the consumer price index (CPI) rather than to civil servants' pensions. In addition, Greece now calculates pension benefits on the basis of lifetime average pay rather than final salary and, since January 2013, it has cut monthly pensions greater than EUR 1 000 by between 5% and 15% depending on pension income.

To lower the government's financial obligations in private plans, New Zealand has slashed tax credits for contributions by 50% up to a ceiling of NZD 521 and suspended tax exemptions for both employers and employees. Similarly, Australia halved the caps allowed on concessionally-taxed contributions to private plans (2009) and the tax rate for wealthier contributors to private pensions has been increased in order to better fund pension reforms in progress (2013). From July 2013, a higher cap allowed on concessionally-taxed contributions has been legislated for people aged 50 and over.

Significant changes to the pension formula are now effective in Norway, where benefit levels for younger workers have been linked to life expectancy and are now based on full contribution histories rather than on the best 20 years. Finland, too, now also ties earnings-related pensions to life expectancy and Spain will do the same for all pensions in the near future. A reform proposal is currently under discussion in Spain (September 2013) that should anticipate the moment since when pensions will be linked to life expectancy: from 2027 to 2019.

Some Central European countries have altered the equilibrium between private and public schemes in order to divert financing from private funds and increase inflows to the state budget. Hungary has gradually dismantled the mandatory second pillar since the end of 2010 and transferred accounts to the first pillar. In Poland, contributions to private schemes are to be progressively reduced from 7.3% to 3.5% to allow an increase in contributions to its new pay-as-you-go public financing pillar. Finally, the Slovak Republic allowed workers to move back to the state-run scheme from private DC plans in June 2009 and made occupational pensions voluntary for new labour market entrants. However, the move was short-lived: in 2012, private pensions were again made compulsory.

Work incentives

Many OECD countries' pension reforms are aimed at lengthening working lives so that people build higher pension entitlements and improve the adequacy of their retirement income.

Measures adopted have been of three main types: *i)* increases in the statutory retirement age; *ii)* improved provision of financial incentives to work beyond retirement age, e.g. through work bonuses and increases in pension benefit at retirement; and *iii)* less or no early retirement schemes.

In the last decade, most of the 34 OECD countries have passed legislation that raises the retirement age or the contribution requirements that earn entitlement to full pension benefits. Many countries have raised the bar above 65 years of age to 67 and higher. Others, such as Norway and Iceland, were already on 67, and a few -such as Estonia, Turkey and Hungary- will not exceed 65 years of age.

Slovenia enacted a reform in January 2013 that gradually increased women's statutory retirement age to 65 by 2016, when it will be the same as men's. Likewise, legislation in Poland in June 2012 increased the age to 67 for both sexes, albeit on different timelines: retirement at 67 will be effective for men in 2020, but only by 2040 for women. Australian women's Age Pension age rose to 65 in July 2013 and will again rise -to 67- for both men and women by 2023. In late 2011, Italy also introduced a reform that gradually increased the age at which both sexes start drawing a pension to age 67 by 2021 - a significant hike for women in the private sector who, until 2010, retired at 60. Similarly, in Greece women will stop working at the same age as men -65- as of December 2013. The retirement age will then gradually rise to 67 for men and women alike over the next decade.

These examples reveal a clear trend across countries towards the same retirement age for men and women. Only in Israel and Switzerland are projected retirement ages still different. In addition, some OECD countries -Denmark, Greece, Hungary, Italy, Korea and Turkey- have also opted to link future increases in pension ages to changes in life expectancy, meaning that retirement ages in both Denmark and Italy, for example, will go well beyond age 67 in the future. However, automatic adjustment is scheduled to run only from 2020 at the earliest. In the Czech Republic there will be a flat increase of two months per year in the retirement age from 2044, by which time the retirement age will already have reached age 67.

In France, pensions are generally determined by age and the number of years during which a worker contributes. Workers may retire with no penalty from the age of 62 at the earliest and should have paid in to a pension scheme for at least 42 years - a minimum requirement that will increase in the future. The age at which workers can retire -irrespective of the duration of their contribution period- will rise to 67 by 2022.

Some countries have used financial incentives to encourage people to continue working. Australia and Ireland have offered bonuses to older workers, while France and Spain award pension increments to workers who defer their pension take-up. The Swedish government increased its Earned Income Tax Credit (EITC) in two steps in 2009 and 2010.

The EITC is designed to stimulate employment and increase incentive to work and is higher for workers above 65. The employer's social security contribution is also lower for workers over 66. However, a larger number of OECD countries have introduced benefit penalties for retirement before the statutory or minimum age - Denmark, Italy, Poland and Portugal are some examples. Poland and Portugal have abolished and suspended, respectively, their early retirement schemes, while Italy replaced its arrangement by a less generous one, tying eligibility criteria to specific age and contribution requirements in response to projected rises in life expectancy.

Other types of reform that encourage late retirement are, for example, the removal of upper age limits for private pension compulsory contributions in Australia. Luxembourg, by contrast, has lowered its rates of increase in pension savings. The effect of the measure is that, if workers are to enjoy pensions at pre-reform levels, they will need to contribute for an extra three years or accept an average pension entitlement in 2050 that will be approximately 12% less than the present one.

Some countries have directly addressed the labour market to lengthen working lives. They have taken measures to ensure older workers retain their employment status and/or that they are not discriminated against on the job market. The United Kingdom, for example, has abolished the default retirement age (DRA) in order to afford workers greater opportunities for, and guarantees of, longer working lives (the OECD series on *Ageing and Employment Policies* offers more detailed analysis of the issue of older workers, building on the work from (OECD, 2006).

Administrative efficiency

The high costs of administering private pension plans that are passed on to members have been a policy concern for many OECD countries in recent years - especially where systems are mandatory or quasi-mandatory. However, administrative efficiency is also a policy priority in voluntary plans. High fees discourage workers from joining voluntary plans and make mandatory ones very costly. In fact, cost inefficiencies are a threat to the sustainability and suitability of plans themselves. Estimates suggest, for example, that the fees a worker is charged for belonging to a private pension plan can account for up to 20% or 40% of his or her contribution.

Several countries -Australia, Chile, Japan and Sweden- have made policy reforms to render national pension schemes more cost efficient. Australia introduced a simple, low-cost new scheme -MySuper- in July 2013 with the aim of providing a default superannuation product with a standard set of features for comparability. Similarly, the Chilean government has been fostering competition among plan managers to courage the emergence of affordable, cost-efficient schemes. In Sweden a new low-cost fund, AP7, has been competing with expensive investment options since 2010. In the same vein, Japan set up a new authority in 2010 to run public schemes at a lower cost, while centralised private pension management is a policy objective in Mexico and the United Kingdom.

Denmark, Greece, Italy and Sweden have merged the different authorities in charge of managing and paying social security benefits. In Greece, for example, the number of plans had dropped from 133 to just three by the end of 2010. The Greek government has also unified all workers' benefit contributions in a single payment to simplify matters and prevent evasion. Greece (again) and Korea have set up information systems for managing social security records in order to keep their pension systems accessible and efficient.

Finally, Estonia recently enforced caps on the fees passed on to contributors, while the Slovak Republic has tied fees to pension funds' returns on investment rather than to their asset value.

Diversification and security

Policies to diversify and secure savings have taken four main forms:

1. Voluntary pension plans to improve investment options for workers and increase competition among funds. Canada, the Czech and Slovak Republics, Poland and the United Kingdom have introduced such schemes.

2. Regulations that allow individuals greater choice over the way their retirement savings are invested in private plans. Canada, Estonia, Hungary, Israel, Mexico and Poland, for example, have adopted this policy, supported by measures to move people automatically into less risky investments as they get closer to retirement, a policy recommended in earlier OECD analysis (OECD, 2009).

3. The relaxing of restrictions on investment options to foster greater diversification of pension funds' portfolios. Chile, Finland, Switzerland and Turkey have followed this path, with Chile and the Slovak Republic allowing pension funds to take larger shares in foreign investments in order to hedge the risk of national default.

4. Action to improve pension funds' solvency rates. Canada, Chile, Estonia and Ireland have introduced stricter rules on investment in risky assets in order to protect pension plans' members more effectively. In Canada and Ireland, state direct intervention has helped financially insolvent funds to recoup losses in their asset values caused by the financial crisis. Finally, Finland and the Netherlands temporarily relaxed solvency rules to allow funds a longer time to recover.

Other reforms

The "other reforms" category covers a mixed bag of policy measures. Although their objectives differ from those typical of pension systems, they nonetheless affect pension parameters.

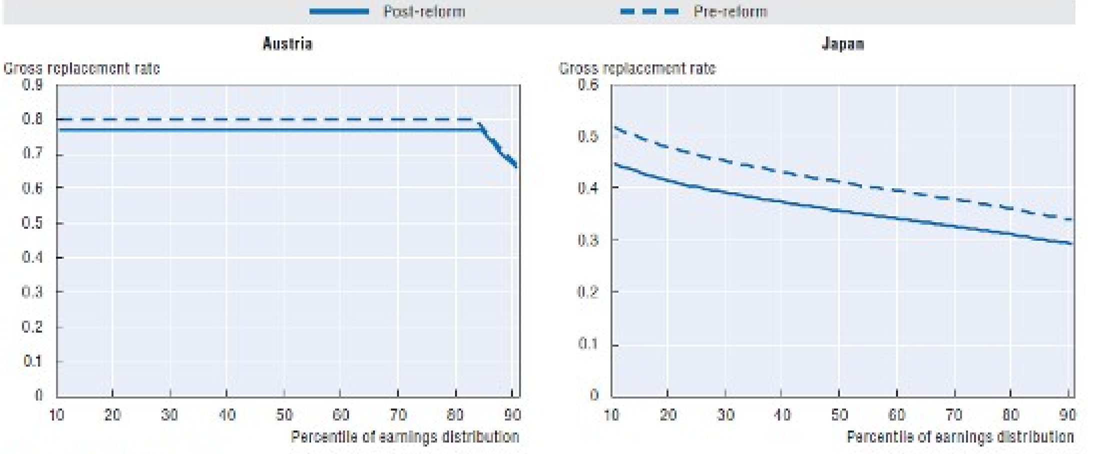
Helping people to ride the financial crisis has been a priority in many OECD countries and policy packages implemented to that effect have often involved pension systems. For example, Iceland has allowed early access to pension savings so that people hit hard by the economic downturn have some financial support. The Australian government issued new benefit packages designed to assist people in meeting such needs as home care and the payment of utility bills. Public contribution to the New Zealand Superannuation Fund was discontinued in 2009. The measure has accelerated the gradual run down of this fund which was originally scheduled from 2021 onward.

The purpose of all these measures has been to induce people to spend money to support domestic demand and thus speed up economic recovery. In many cases, they have also been part of action plans to prevent low earners and pensioners slipping below the poverty line.

Some countries have also retreated from earlier commitments to pre-finance future pension liabilities through reserve funds. Ireland, for example, has used part of its public pension reserves to recapitalise the country's banking sector teetering on the brink of financial default. The country has suspended any further contributions to the National Pension Reserve Fund in response to its large budget deficit. Similarly, the French government began to draw on its national pension reserve (*Fonds de réserve pour les retraites*) much earlier than originally envisaged - in 2011 rather than in 2020. Other countries, like Australia and Chile, however, have maintained their commitment to pre-funding, although it should be said that they have not been as badly affected by the economic crisis as Europe…

Countries with only one major reform in the last 20 years

Figure 1.1. **The uniform impact of pension reform on replacement rates in Austria and Japan, 2009-13**



Source: OECD pension models.

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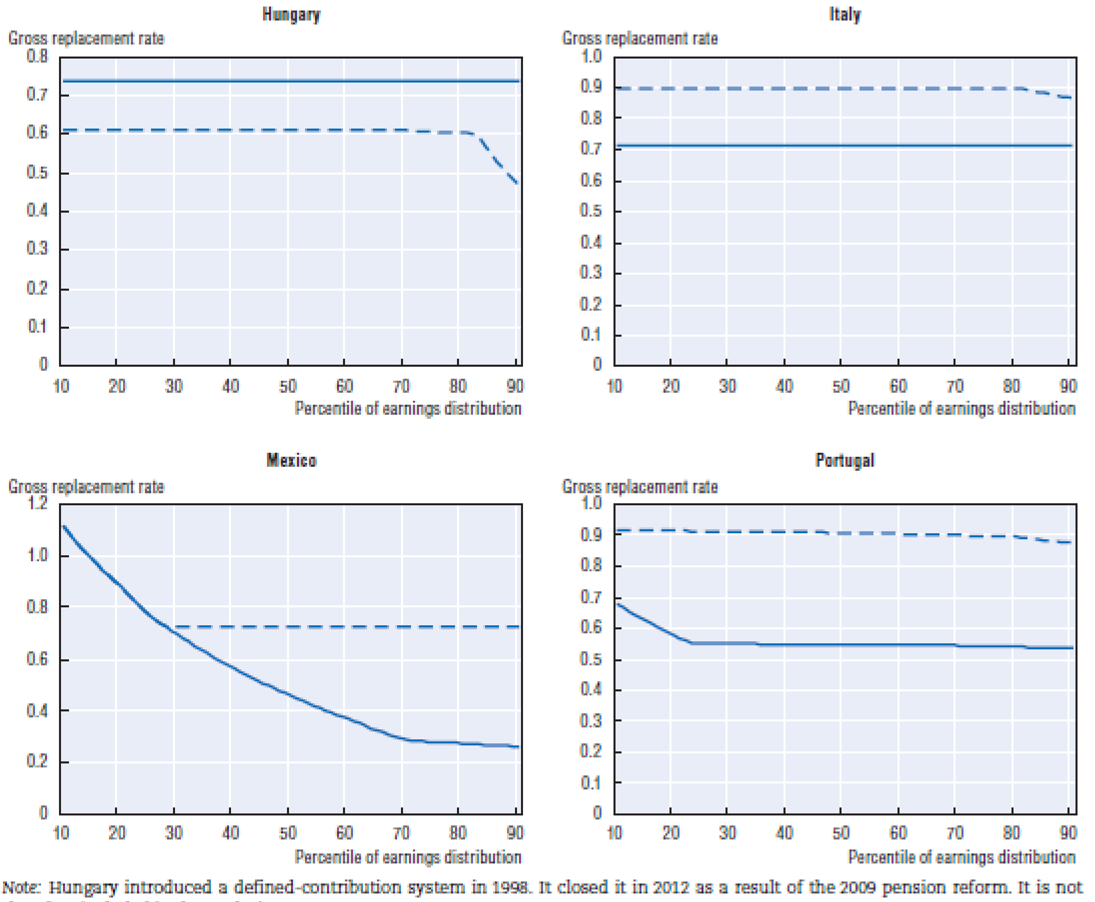
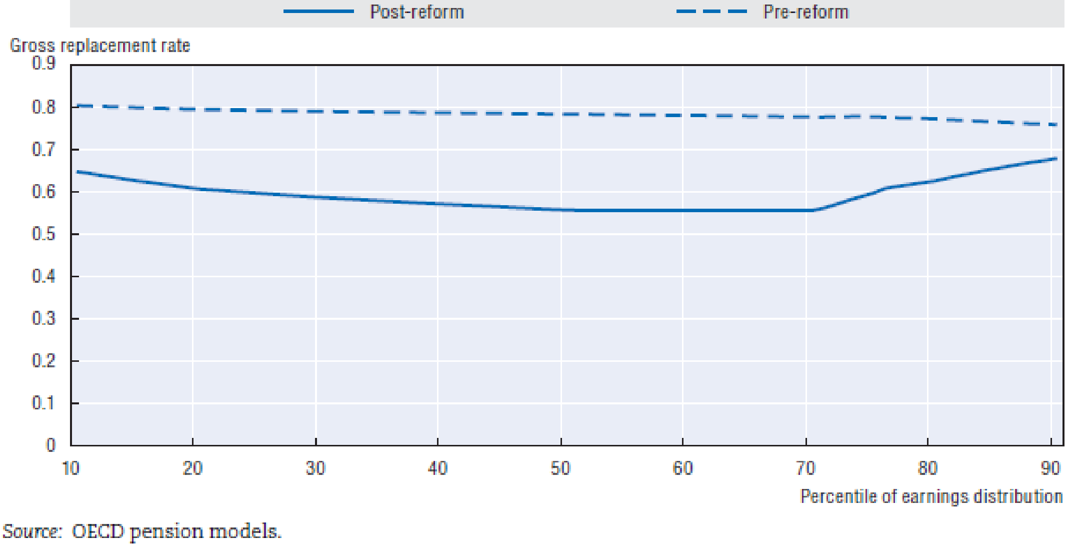
Figure 1.2. **Reform offers lower earners relatively better protection**



Note: Hungary introduced a defined-contribution system in 1998. It closed it in 2012 as a result of the 2009 pension reform. It is not therefore included in the analysis.
Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932935401

Figure 1.3. **Pension reform in Sweden spares highest earners' replacement rates**



Source: OECD pension models.

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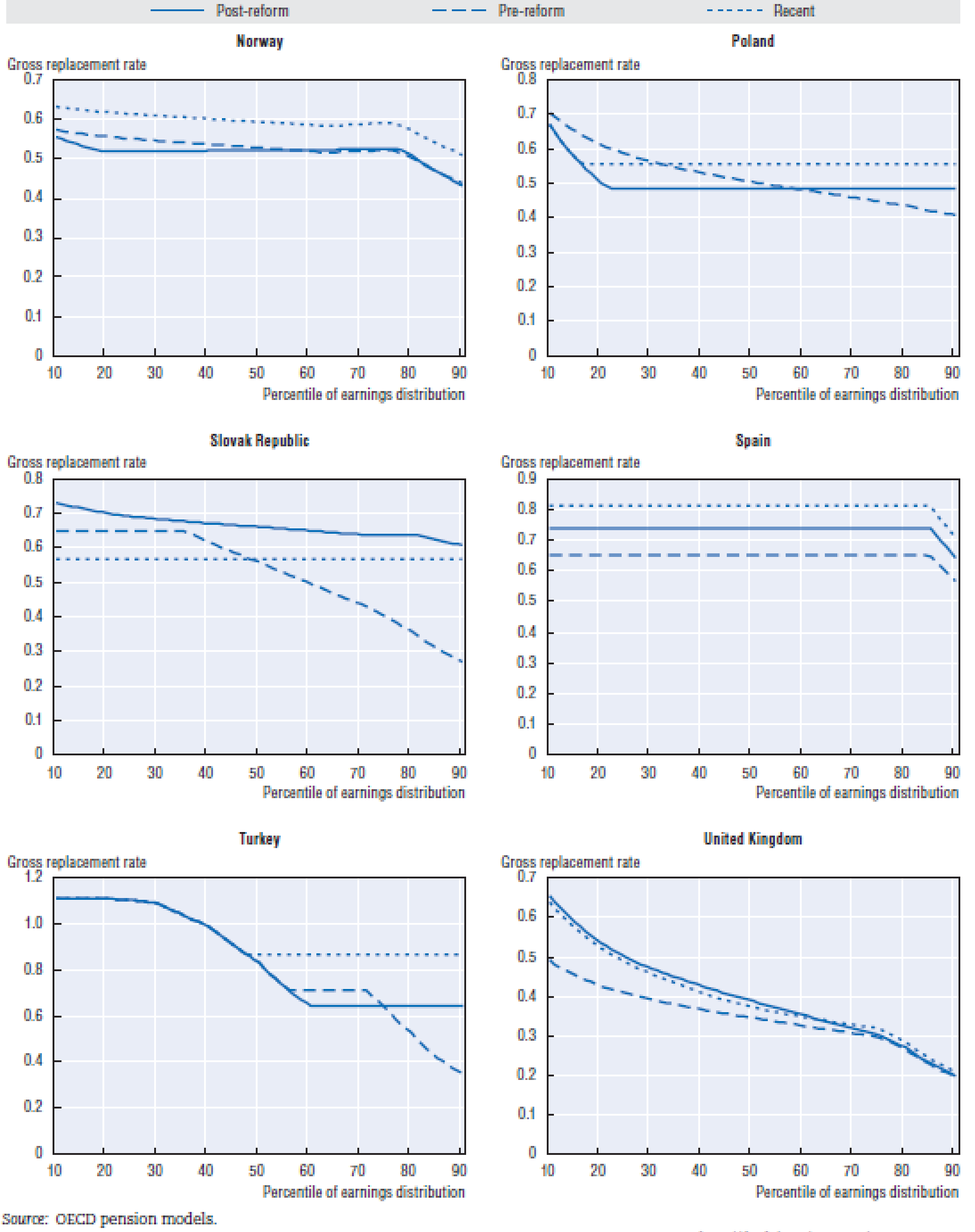
Countries with several reforms in the last 20 years

Figure 1.4. **Replacement rates after interim reforms**



Source: OECD pension models.

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Impact on pension wealth

What if pension ages had not increased?

Figure 1.7. **Comparison of gross replacement rates and gross pension wealth with unchanged retirement age, 1990-2013**

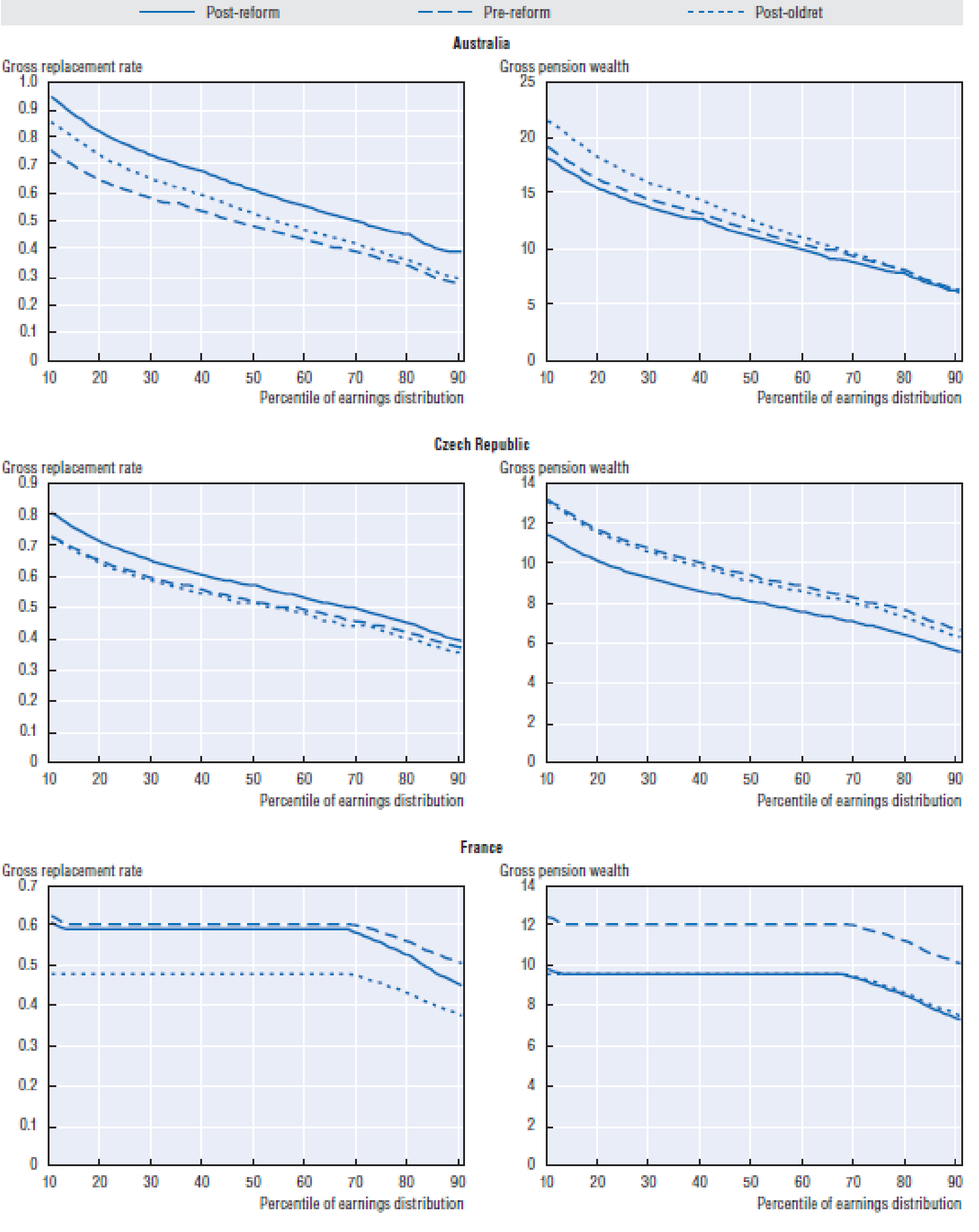
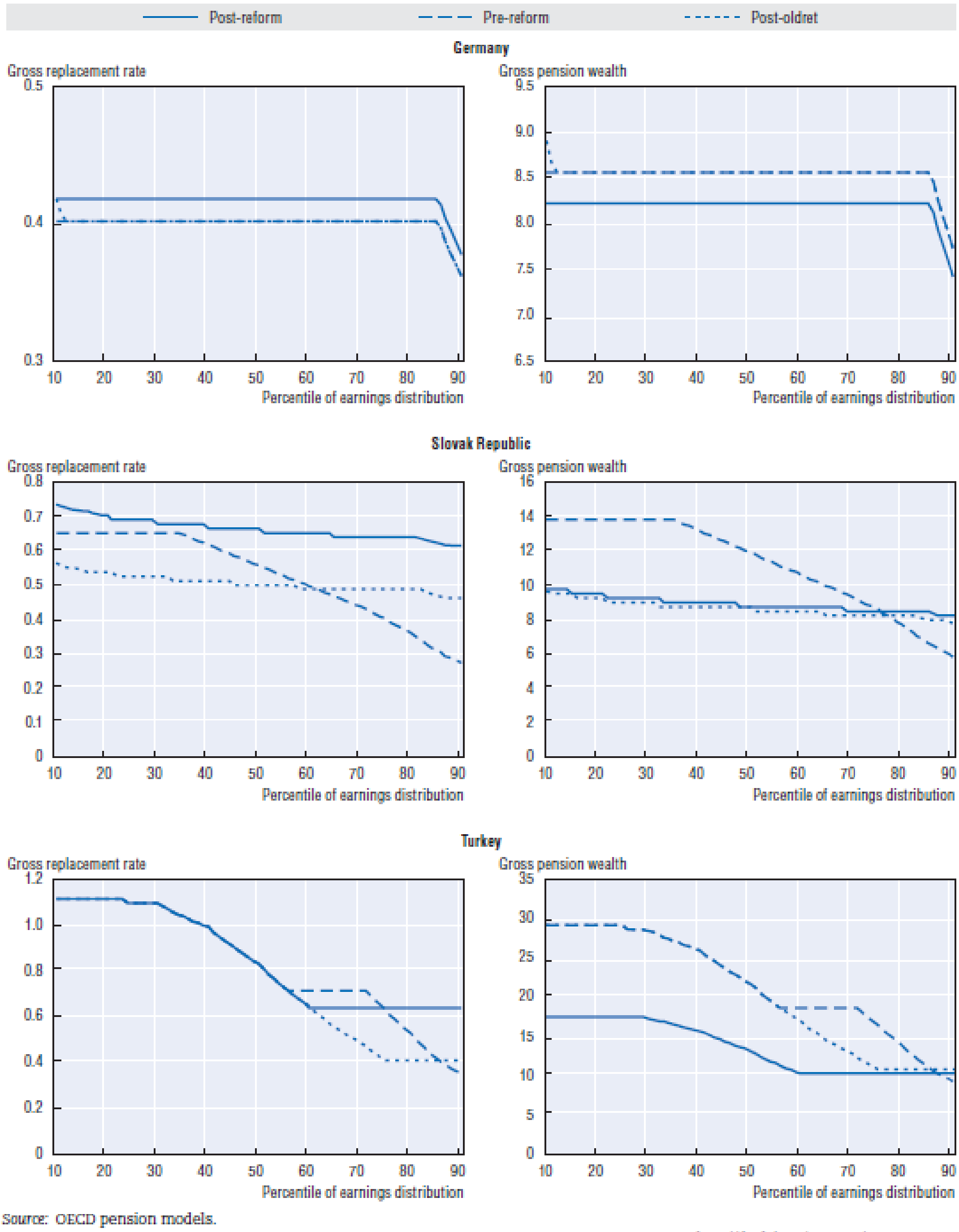


Figure 1.7. **Comparison of gross replacement rates and gross pension wealth with unchanged retirement age, 1990-2013** *(cont.)*



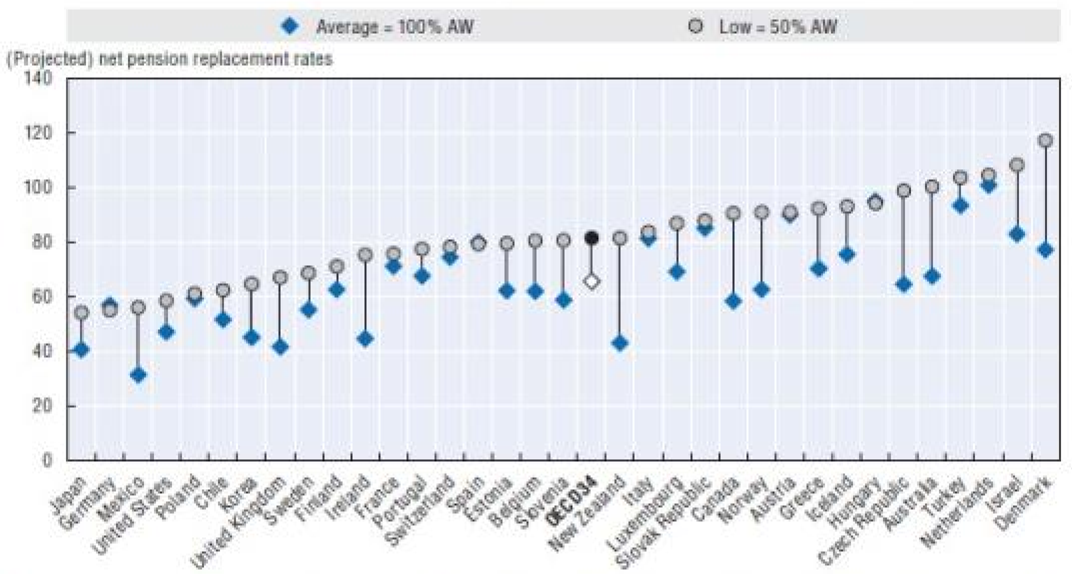
Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932935496

The role of housing, financial wealth and public services for adequate living standards in old age

Figure 2.1 shows OECD national net pension replacement rates (i.e. the ratios of pension benefits to earnings after taxes and social security contributions) for full-career workers entering the labour market in 2012 at average and low earnings relative to the economy-wide average. The pension replacement rates are therefore forward-looking and apply to the future entitlements assuming that current pension rules will apply throughout their career until they reach the standard pension age in their country. Countries with the highest net pension replacement rates for low earners are Australia, Denmark, Israel, the Netherlands and Turkey - all above 100%. Countries whose replacement rates are well below the OECD average are Germany, Japan, Mexico, Poland, and the United States, where low earners' pension benefits replace only between 50% and 60% of their pre-retirement earnings…

Figure 2.1. **Theoretical net replacement rates at different earnings levels for full-career workers entering the labour market in 2012, OECD**



Note: "Average" and "low" earnings levels refer to 100% AW and 50% of the AW respectively. See Chapter 7 in this publication.

Source: OECD pension models, see Table 4.7 on "Net pension replacement rates by earnings" in Chapter 4 in this volume.

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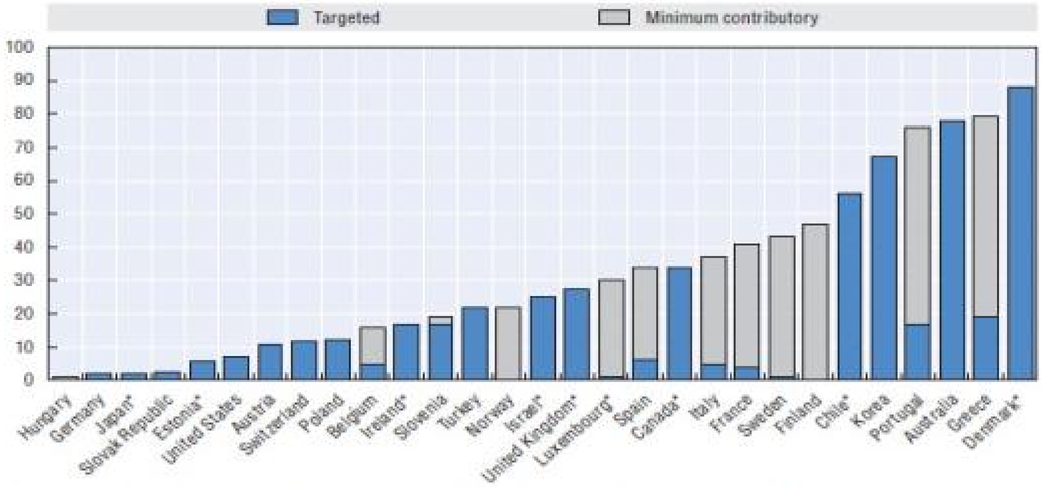
The analysis of benefit values provided by these schemes is complicated by the existence of multiple programmes in many countries. In some cases, benefits from these schemes are additive. In others, there is a degree of substation between them.

On average, safety-net retirement benefits are worth 22.9% of average worker earnings. Eleven countries provide a minimum pension above this safety-net level. For full-career workers, the average retirement income -including these contributory minimum pensions- is 28.2% of average worker earnings.

About a third of older people receive some support from basic, targeted or minimum pensions on average. Data on coverage are presented in Figure 2.2 just for non-contributory safety-net benefits and contributory minimum pension…

Figure 2.2. **Recipiency of targeted and minimum pensions among people aged 65 and over, 2012**

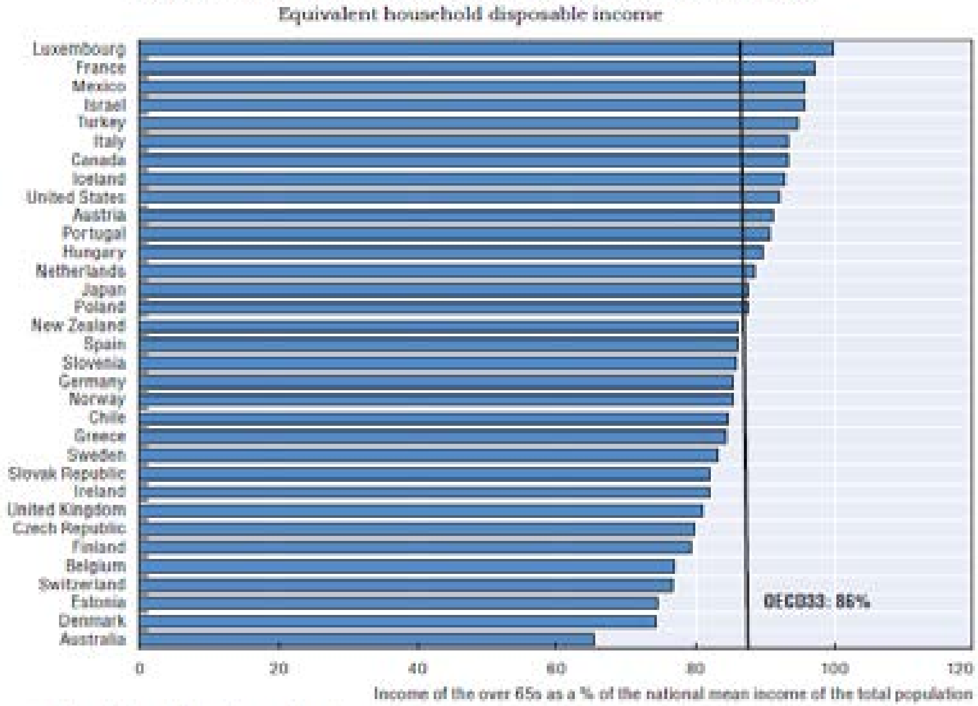


Note: The country-name followed by an asterisk indicates that the first-tier also comprises a basic pension.
Source: Indicator on "Basic, targeted and minimum pensions" in Chapter 3 in this publication.
StatLink http://dx.doi.org/10.1787/888932935819

Living standards in retirement: Incomes and poverty in old age

An at-a-glance idea of pensioner well-being can be gleaned from looking at the average income of the elderly in relation to the overall population's. Figure 2.3 shows the relative average mean equivalent income of the over-65s, remarkably similar across countries despite the diversity of retirement-income systems. In the late 2000s, elderly incomes in two-thirds of OECD countries accounted for an average of 86.2% of the total population's…

Figure 2.3. **Relative incomes of the over-65s, late 2000s**
Equivalent household disposable income

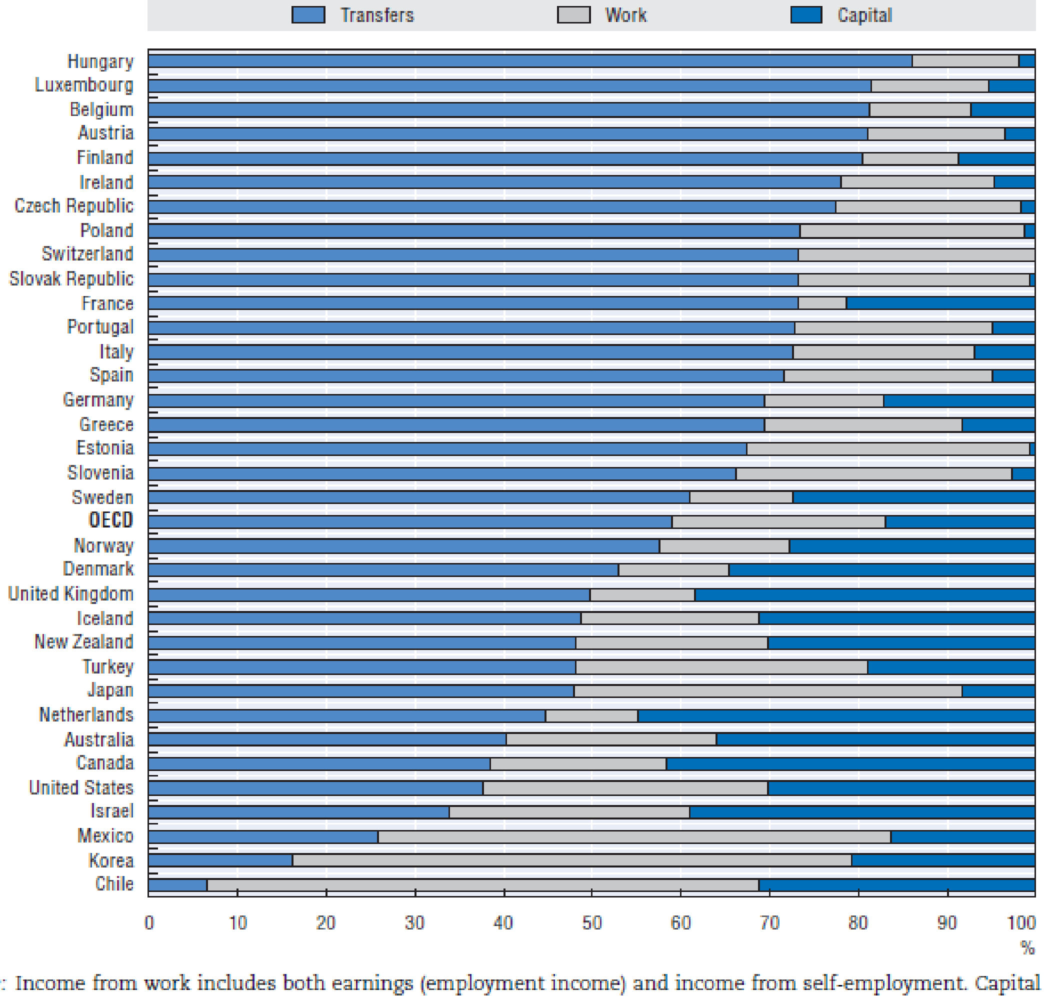


Source: Authors' calculations from data from the OECD Income Distribution Database, www.oecd.org/social/income-distribution-database.htm.
StatLink http://dx.doi.org/10.1787/888932935838

Analysis of the sources of old people's income yields further insight into their living standards. Figure 2.4 shows that during retirement they rely heavily on public pensions in the form of earnings-related or resource-tested benefits which account for an average of nearly 59% of their incomes in the 34 OECD countries…

Figure 2.4. **Sources of incomes of the over-65s, late 2000s**

Percentage of gross household income



Note: Income from work includes both earnings (employment income) and income from self-employment. Capital income includes private pensions as well as income from returns on non-pension savings.

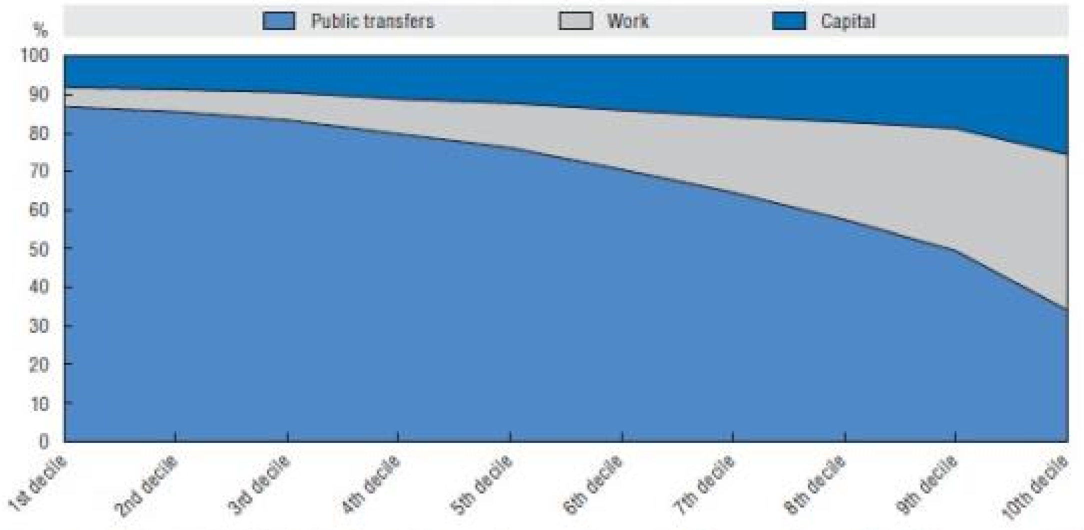
Source: Authors' calculations from data in *OECD Income Distribution Database*, *www.oecd.org/social/income-distribution-database.htm*.

StatLink http://dx.doi.org/10.1787/888932935857

Figure 2.5 shows the average income shares of the elderly by decile of the income distribution in OECD countries. The share of work-based income grows from less than 5% among the lowest 10% of incomes to just over 40% in the highest decile. The distribution of capital income is also skewed towards the richer income groups, albeit to a lesser extent than income from work. Public transfers, in turn, account for more than 85% of income in the poorest decile and less than 40% in the richest…

Figure 2.5. **Sources of income of the over-65s by income decile, late 2000s**

OECD average incomes before tax



Note: Income from work includes both earnings (employment income) and income from self-employment. Capital income includes private pensions as well as income from returns on non-pension savings.

Source: Authors' calculations based on data from the *OECD Income Distribution Database*, *www.oecd.org/social/income-distribution-database.htm*; OECD (2011), *Divided We Stand: Why Inequality Keeps Rising*, OECD Publishing, *http://dx.doi.org/10.1787/9789264119536-en*; Suchomel, M., A.C. D'Addio, A. Reilly and E. Whitehouse (2013), "Income Inequality in Old-age Over Time in OECD Countries: Trends and Determinants", *OECD Social, Employment and Migration Working Papers*, OECD Publishing.

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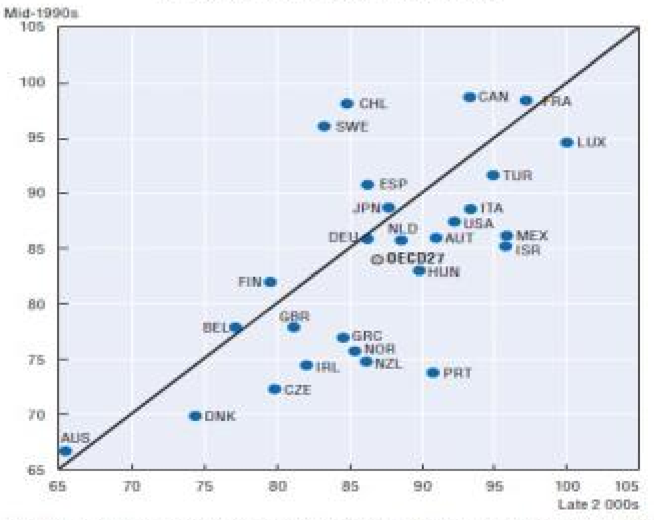
Previous OECD analysis has also demonstrated that older people's incomes increased more sharply than those of the total population between the mid-1990s and the mid-2000s (OECD, 2008, 2013a) in 21 OECD countries for which data are available. Figure 2.6 illustrates the trend, comparing the relative incomes of elderly people in the late 2000s (x-axis) and mid-1990s (y-axis). In countries to the right of the 45° line, older people's incomes grew faster than those of the population as a whole. In those to the left, they did not…

Figure 2.6. **Trends in elderly incomes from the mid-1990s to late 2000s**

Percentage of total population income



Source: Authors' calculations on data from OECD Income Distribution Database, *www.oecd.org/social/income-distribution-database.htm*. See also Figure 5.2 in Chapter 5 in this publication.

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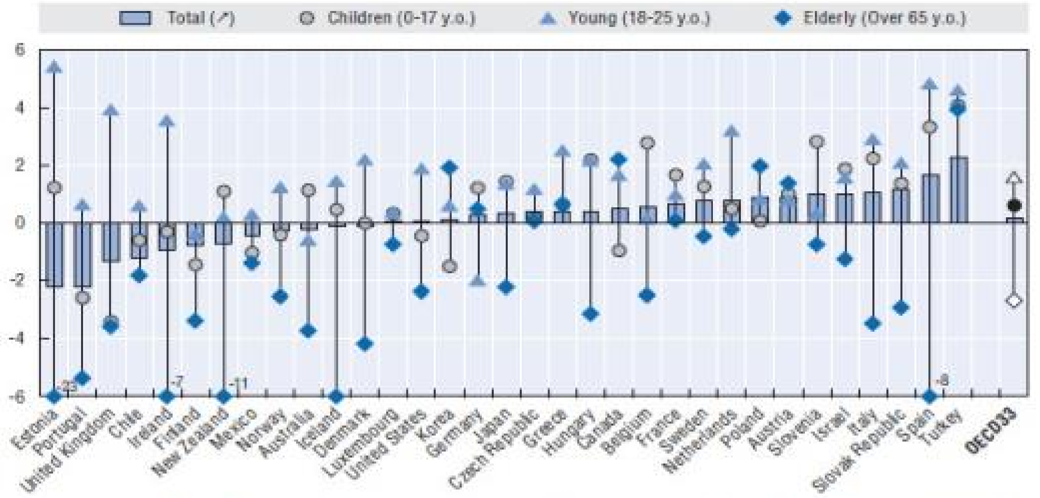
Old people's economic well-being has widely improved in recent decades, as their relative incomes have risen and poverty rates dropped. The fall documented in earlier OECD work between the mid-1980s and the mid-2000s (OECD, 2008) continued between 2007 and 2010 (Figure 2.7). Over those three years, average income poverty in the OECD rose from 12.8% to 13.4% among children and from 12.2% to 13.8% among young people. Among the elderly, however, relative income poverty shrunk from 15.1% to 12.8%, with falls in 20 countries and rises of around 2 percentage points in Turkey, Canada, and Poland only…

Figure 2.7. **Changes in poverty rates by age, 2007-10**

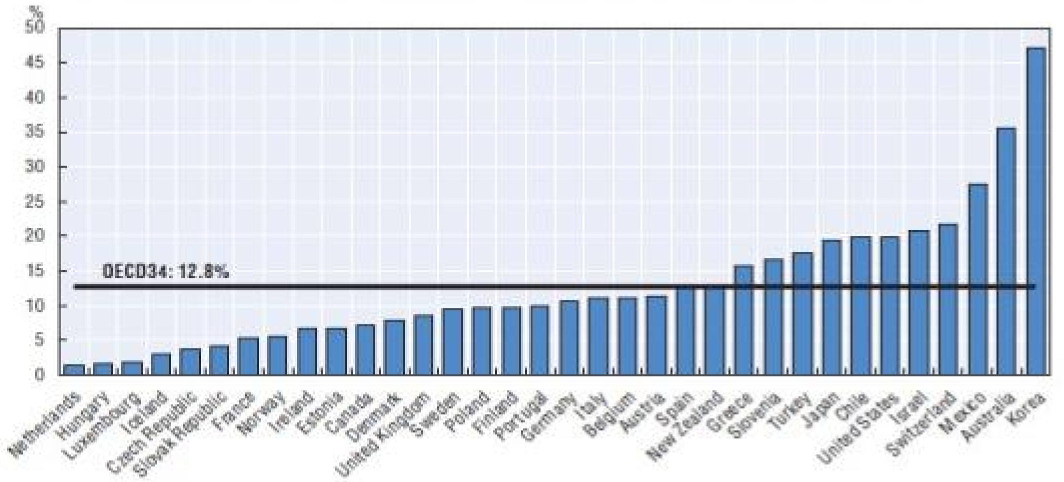


Note: Income poverty measured using relative poverty rate based on 50% of current median equivalised household disposable income.
Source: OECD (2013), "Crisis Squeezes Income and Puts Pressure on Inequality and Poverty. New Results from the OECD Income Distribution Database", Policy Brief, OECD, available at www.oecd.org/els/soc/OECD2013-Inequality-and-Poverty-8p.pdf.
StatLink http://dx.doi.org/10.1787/888932935914

The risk of elderly poverty, measured against the threshold of 50% of the median equivalised household income, was less than 13% on average in the late 2000s in OECD countries. The poverty rate shown in Figure 2.8, however, captures only partially the risk of poverty in old-age because non-cash benefits such as the value of publicly provided services, are not included in the measure of income used. The percentage displayed in Figure 2.8 masks wide variations across countries: in the late 2000s, 25% or more of the over-65s were income poor in Australia, Mexico, Korea and Switzerland. The risk of poverty in old age was also above the OECD average in Chile, Greece, Israel, Japan, Slovenia, Turkey, and the United States. By contrast, it was 5% or less in the Czech Republic, France, Hungary, Iceland, Luxembourg, the Netherlands, and the Slovak Republic…

Figure 2.8. **Poverty rates among the over-65s**

Percentage of the over-65s with incomes below 50% of the median equivalised income

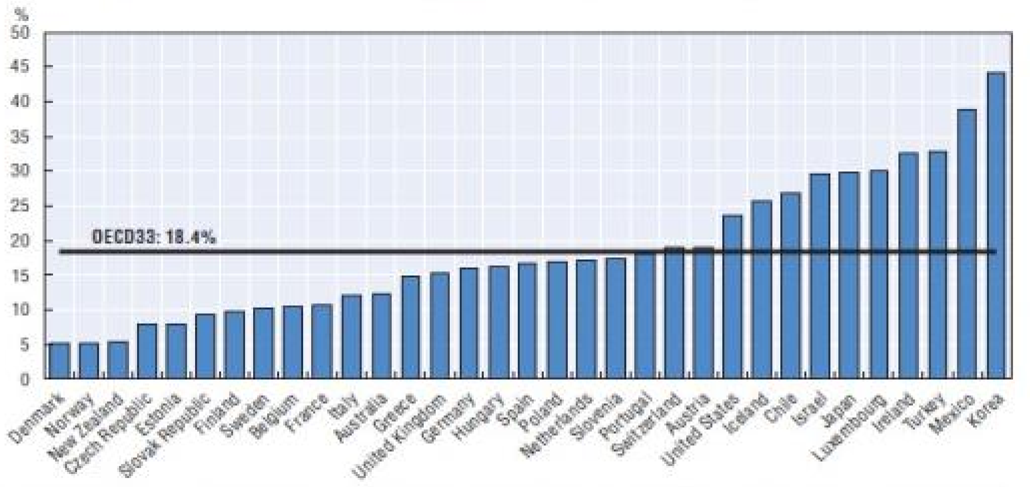


Source: Authors' calculations based on OECD *Income Distribution Database*, *www.oecd.org/social/income-distribution-database.htm*.

StatLink http://dx.doi.org/10.1787/888932935933

The median poverty gap illustrated in Figure 2.9 complements the headcount ratio with information on the depth of poverty. On average, the median income of the over-65s in the OECD area said to be "at risk of poverty" -i.e. with incomes below the 50% poverty line- was 18.4% below that line in the late 2000s. Differences across countries were substantial. Of the countries shown in Figure 2.9, the at-risk-of-poverty gap was widest in Korea, Ireland, Israel, Japan, Luxembourg, Mexico, and Turkey, where the elderly's median equivalised incomes were 30% and more below those countries' poverty lines. It was at its narrowest (at 5% or less) in Denmark and Norway (followed very closely by New Zealand). Wider-than-average gaps were also recorded in Austria, Chile, Iceland, Switzerland, and the United States…

Figure 2.9. **Median poverty gap among the over-65s, late 2000s**



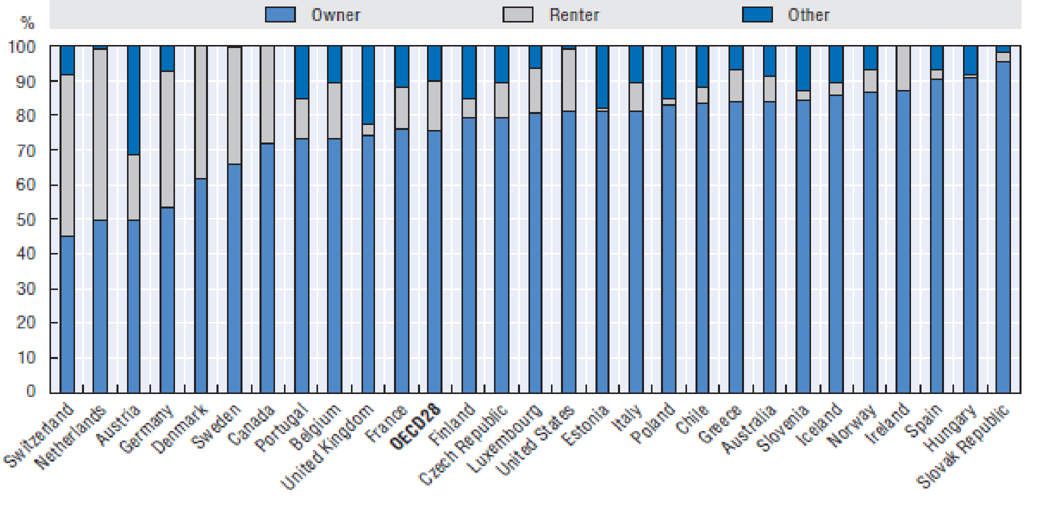
Note: Data for Hungary, Ireland, Japan, New Zealand, Switzerland and Turkey refer to the year 2009; for the Czech Republic data refer to the year 2011.

Source: Authors' calculations based on data extracted from OECD.Stat in the OECD *Income Distribution Database*, *www.oecd.org/social/income-distribution-database.htm*.

StatLink http://dx.doi.org/10.1787/888932935952

Figure 2.11 illustrates tenure patterns among the over-65s in the 28 OECD countries with publicly available data. On average, around 76% of heads of household in this age group own their homes. Of the remaining 24%, those who rent their accommodation at market prices account for 15% and tenants who enjoy reduced rents or free accommodation (i.e. the "other status") represent 9%...

Figure 2.11. **Housing tenure among the over-65s aged in selected OECD countries, 2011**



Note: The category "owner" includes both outright owners and owners who are still repaying a mortgage.
Source: Authors' calculations based on EU-SILC Revision 1 of March 2013. For Australia, Canada, Chile and the United States data are from national sources.

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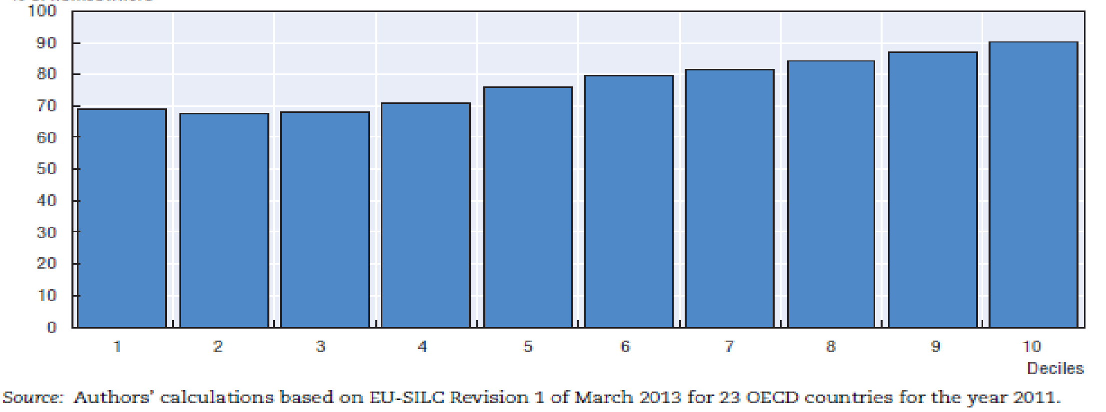
Housing tenure among the elderly also varies with socio-economic factors, owners' income being a particularly important determinant. Figure 2.12, which depicts homeownership among the over-65s (measured with data from the European Survey on Income and Living Conditions) by income quintiles in 23 EU-OECD countries, confirms that those with low incomes are less likely to be homeowners. Similar figures are observed in many other non-EU OECD countries. In Canada, the percentage of homeowners among the over-70s rises from 52% in the bottom decile of the income distribution, to 80% in the middle decile, and to more than 90% in the top decile. In the United States, the percentage of homeowners (in the total population) increases from 42% in the bottom quintile, to 66% on average in the second and third quintiles, and 87% in the top quintile…

Figure 2.12. **Homeownership among the over-65s by income decile**



Source: Authors' calculations based on EU-SILC Revision 1 of March 2013 for 23 OECD countries for the year 2011.

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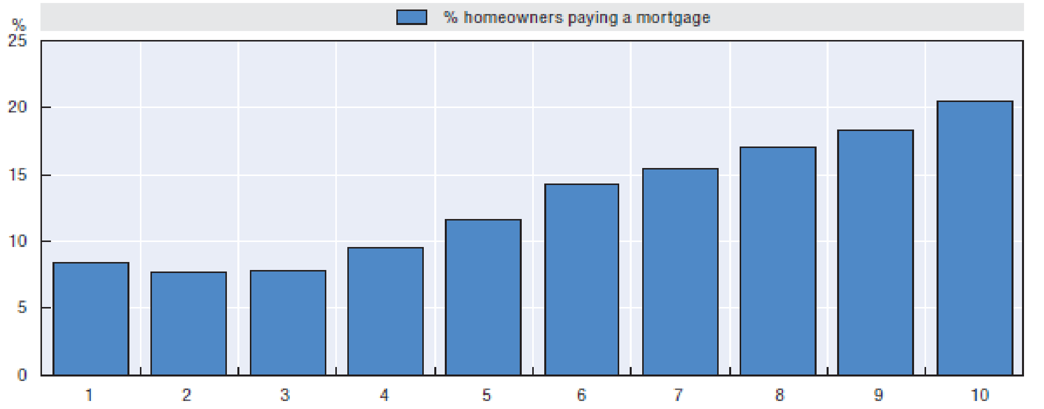
The share of elderly households with mortgages also increases with income. The number of households paying a mortgage is much lower in the lowest quartile of the income distribution than in the top income quartiles (Figure 2.13)…

Figure 2.13. **Heads of households aged over 65 who are homeowners and paying a mortgage in 23 OECD-EU countries, 2011**

By income decile



Source: Authors' calculations based on EU-SILC Revision 1 of March 2013.

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Using data from the OECD and the European Union, Figure 2.14 seeks to identify clusters of countries with respect to public pension expenditure, poverty, and homeownership among the elderly in the late 2000s. Public pension expenditure is taken as a proxy for pension generosity. It should be interpreted with caution, however, as high expenditure does not necessarily entail high pension benefits: people may actually receive relatively low benefits but have retired at an early age…

Figure 2.14. **Homeownership and pension expenditure**

Note: All the data refer to the late 2000s.

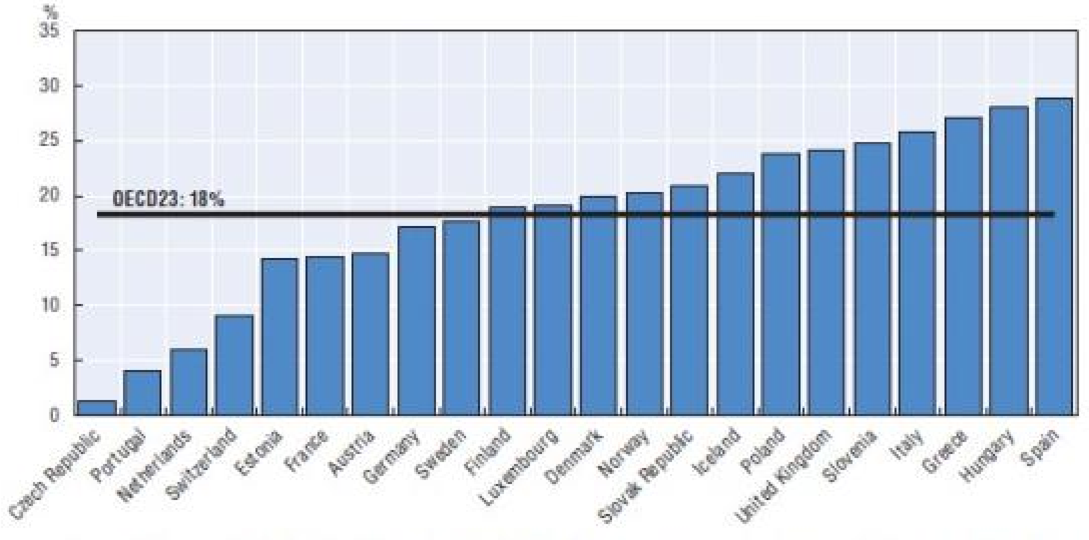
Source: Authors' calculations based on OECD Income Distribution Questionnaire for the old-age poverty rates, on EU-SILC and national information for homeownership, and on Indicator 6.2 in Chapter 6 of this publication for public expenditure on pension.

StatLink http://dx.doi.org/10.1787/888932936047

Factoring imputed rents into income generally increases the disposable income of householders who own the dwelling they live in or rent at less than the going market rate. Among the 22 OECD countries with relatively comparable data collected by EU-

SILC (Törmälehto and Sauli, 2013), the incomes of the over-65s rise by 18% on average when net imputed rent is added (Figure 2.15). The effects on incomes are substantial -between 20% and 29%- in Greece, Hungary, Iceland, Italy, Norway, Poland, Slovenia, the Slovak Republic, Spain, and the United Kingdom. The weakest effects, at around 5%, are observed in the Czech Republic, the Netherlands, and Portugal, while imputed rents account for some 10% to 15% of household equivalised disposable incomes in Austria, Estonia, France, and Germany. However, it is in Spain, which measures imputed rents with the rental equivalence method, that the resulting rise in disposable income is greatest…

Figure 2.15. **Net imputed rents as percentages of disposable income of the over-65s**



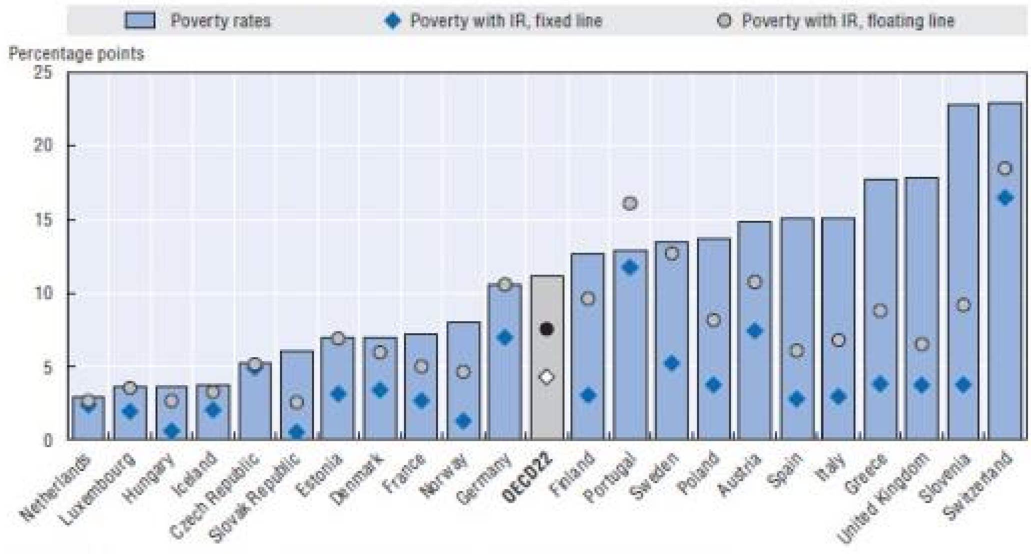
Note: Disposable income is defined as the equivalised (with the square root equivalence scale) income derived from the sum for all household members of gross personal income components from employment, self-employment, old-age pensions, survivor's benefit, disability benefit, sickness benefit, and education-related allowances. Incomes obtained from rented properties are also included. Similarly, allowances related to the family and children, housing allowances, regular inter-household cash transfers received, interests, dividends, profit from capital investments in unincorporated business, and income received by people aged under 16 – all are incorporated into income. The income is net of interest paid on mortgage, regular taxes on wealth owned, regular inter-household cash transfers paid, and tax on income and social insurance contributions. Income includes imputed rents.

Source: Authors' calculations based on data from EU-SILC Revision 1 of March 2013.

StatLink http://dx.doi.org/10.1787/888932936066

Figure 2.16 shows poverty rates with fixed and floating poverty lines in selected European OECD countries before and after incorporating imputed rents. When the line is fixed, poverty is computed by comparing the incomes, augmented by net imputed rents, with the original poverty threshold calculated without imputed rent. With a floating line, poverty is computed with reference to a new income threshold that also includes the (net) imputed rent…

Figure 2.16. **Poverty rates among the over-65s before and after the inclusion of imputed rents (IR) in household income**



Source: Authors' calculations based on data from EU-SILC Revision 1 of March 2013.

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Mean and median financial wealth reveals wide disparities

Figure 2.20 illustrates households' mean and median financial wealth expressed in 2011 USD purchasing power parity (PPP) in countries studied in the LWS. While the mean reflects the simple average, the median shows the value which divides the population into two equal parts: one-half below the median line, the other half above. When the distribution is very unequal, as it is with financial wealth, the median is much lower than the mean.

Using comparable data from the LWS, average median wealth across the whole population is about USD 8 200. It ranges from USD 2 600 (at 2011 PPP rates) in Germany to almost USD 22 000 in Austria. Average mean wealth is much higher -at about USD 43 100- ranging from about USD 16 300 in Finland to USD 124 000 in the United States.

Examination of older age groups shows that median financial wealth in the over-50s age group is USD 14 300, while mean wealth amounts to about USD 63 000. Differences across countries are again very wide, with median wealth ranging from USD 5 600 in Finland to almost USD 39 000 in Japan and mean wealth from USD 22 000 in Finland to USD 219 000 in the United States…

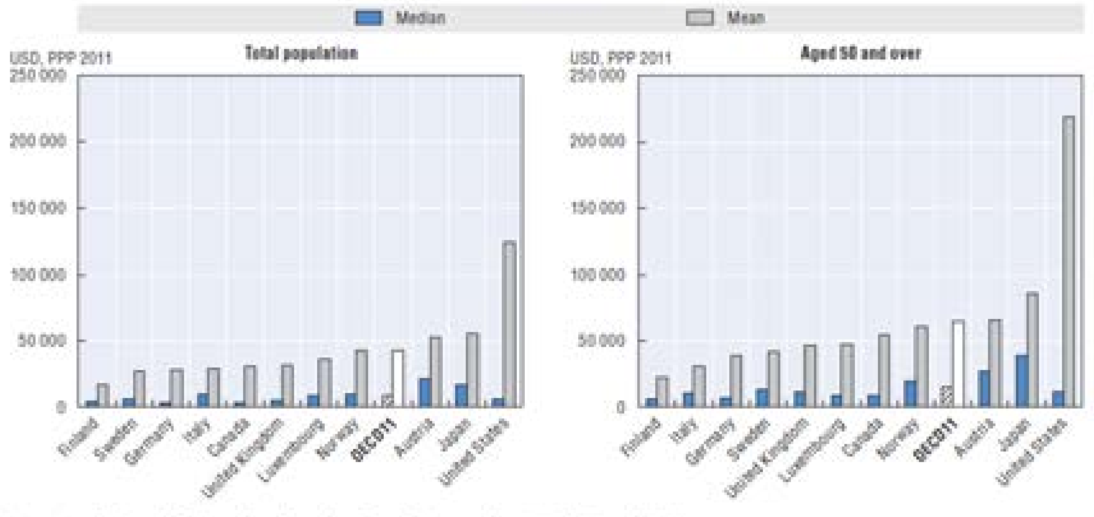
There is a large gender gap in wealth holdings: women possess much less. Among the countries depicted in Figure 2.21, the gender wealth gap in old age is about 46% on average. Countries where the gap is widest are Belgium, France, Germany, Greece and Spain (see also D'Addio et al., 2013)…

The uneven distribution of financial wealth is also clearly visible in Figure 2.22, which shows the approximation of the Lorenz Curve based on ECB data. The x-axis sorts households by wealth deciles, while the cumulative proportion of financial wealth held by households lies along the y-axis. A perfectly equal distribution would describe a straight 45-degree line showing that each 10% of population held exactly 10% of the overall wealth.

The larger the distance of the actual curve from the 45-degree line, the higher the inequality in the distribution of financial wealth. LWS data yield the same result. In the 13 OECD countries in Figure 2.22, the top 30% of the wealth distribution hold more than two-thirds of the financial wealth.

Figure 2.20. **Median and mean financial wealth, 2011**

2011 USD, in purchasing power parities



Source: Authors' calculations based on data from the Luxembourg Wealth Study (LWS).

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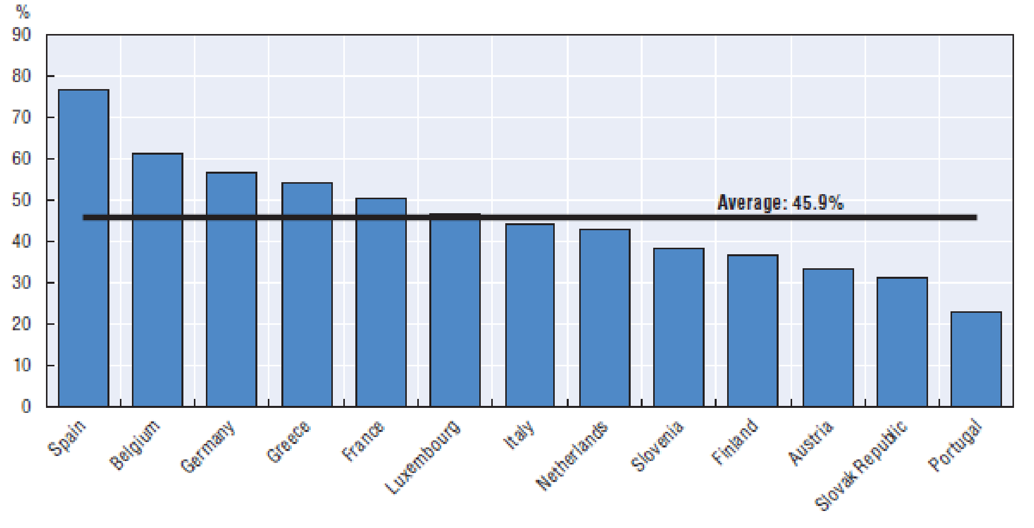
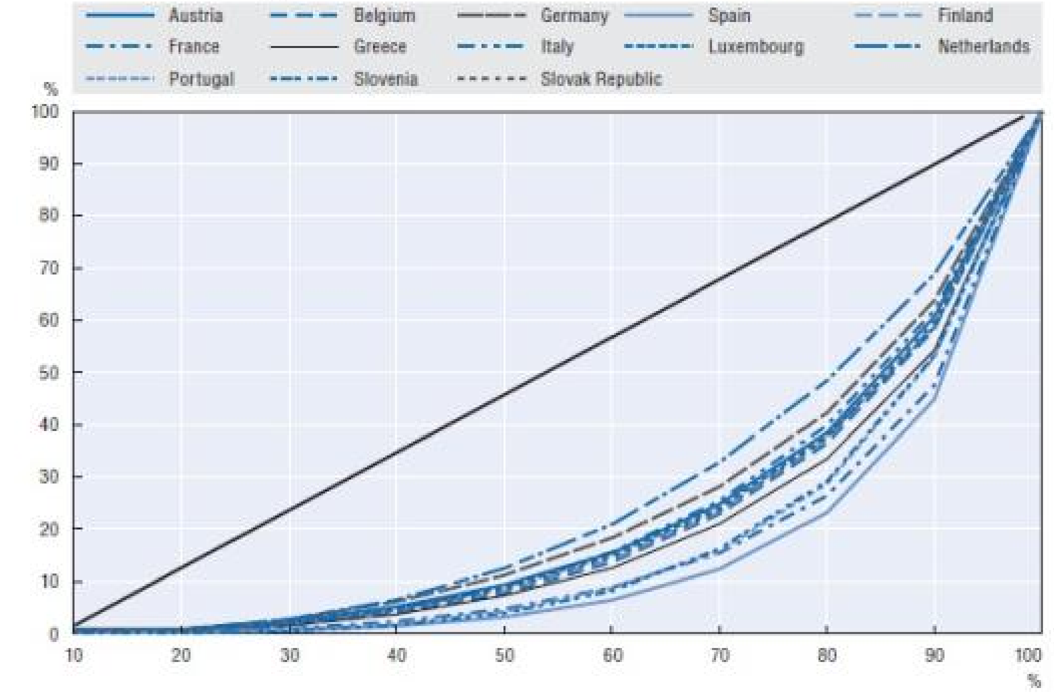
Figure 2.21. **(Mean) gender wealth gap among the over-65s**



Source: Authors' calculations based on data from the first wave of the Eurosystem Household Finance and Consumption Survey (HCFs).

StatLink http://dx.doi.org/10.1787/888932936180

Figure 2.22. **Distribution of financial wealth**



Source: Authors' calculations based on data from the first wave of the Eurosystem Household Finance and Consumption Survey (HCFs) in 2013.

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The costs of care and caring

Paying for long-term care can have dramatic consequences for the adequacy of retirement incomes (OECD, 2011; OECD, 2014b). The OECD 2011 report Help Wanted?

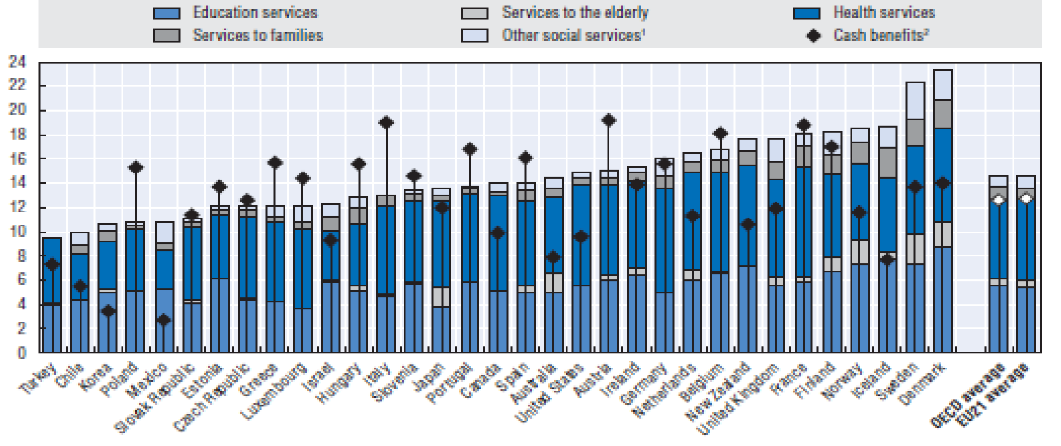
Providing and Paying for Long-Term Care shows that the costs associated with low care needs (i.e. ten hours per week) may rise to very high levels at old ages (65 and over) and account for more than 60% of a senior's available income up to the fourth decile (Figure 2.27). Care costs that meet a wide range of needs (25 hours a week) may exceed 60% of disposable incomes up to the eighth decile (OECD, 2011c).Women, whose life expectancy is longer and who have lower pensions and less wealth are particularly exposed to old-age poverty when they begin to need long-term care (OECD, 2014b)…

Taken together and with respect to the whole population, education, healthcare, childcare, eldercare and social housing services enhance households' incomes by 28.8% on average in 27 OECD countries, with the largest aggregate effects in Sweden (41%) and the lowest in Australia (19%) (Figure 2.28).

Figure 2.29 also suggests also that public services are likely to benefit the elderly more than the working-age population: about 40% of older people's extended income is made up of in-kind public services, compared to 24% for the working-age population at large. However, in some countries the share of public services in the disposable income of the elderly is much larger: it exceeds 70% in Sweden and Norway and 60% in Iceland and Denmark…

Figure 2.26. **Gross public spending by type of benefit for the total population, cash and in-kind, 2009**

As a percentage of GDP



Note: Countries are ranked in ascending order of total expenditure on all social services. Data on education services in Greece, Luxembourg and Turkey refer to 2005.

1. "Other social services" include services to survivors, disabled persons, the unemployed, social assistance and housing services, though estimates of social housing are not included.
2. "Cash benefits" encompass cash transfers to the elderly, survivors, disabled persons, families, the unemployed, as well as transfers for social assistance.

Source: *OECD Social Expenditure Database, OECD Education Database.*

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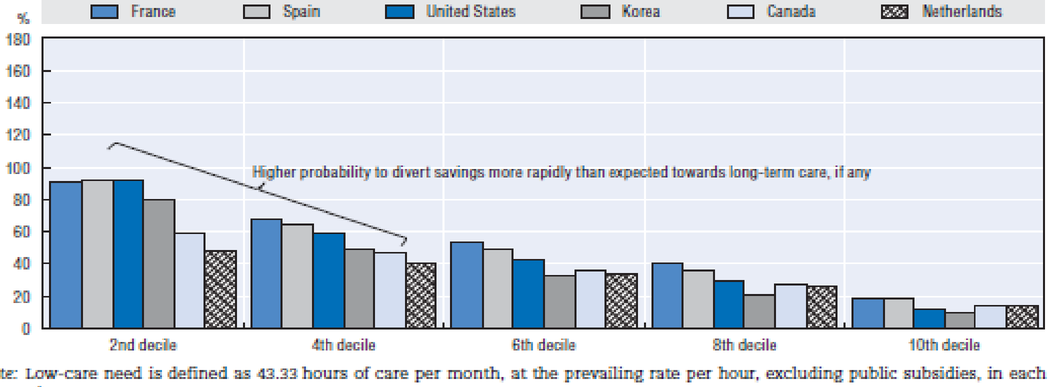
Figure 2.27. **Cost associated with (low-) care needs at old age (65 and over)**

Share of adjusted disposable income for individuals 65 years and over in different income deciles, mid-2000s

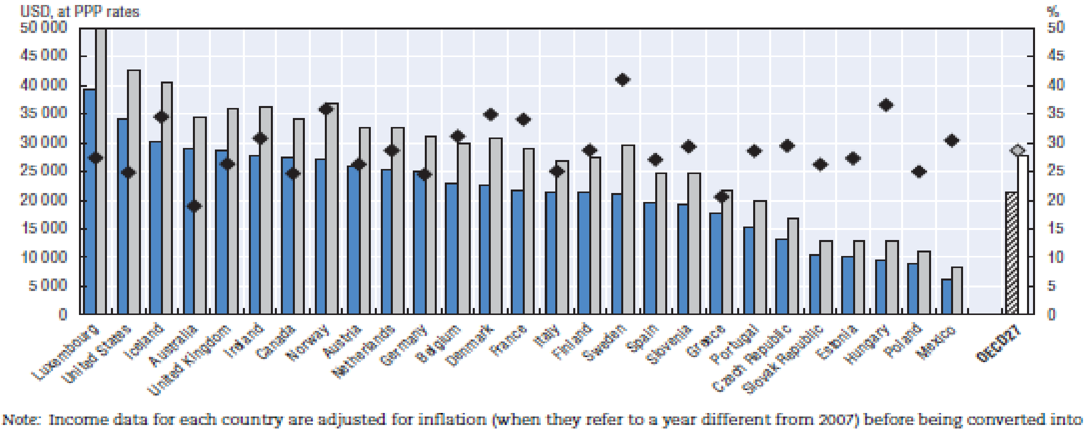


Note: Low-care need is defined as 43.33 hours of care per month, at the prevailing rate per hour, excluding public subsidies, in each respective country.

Source: OECD (2011), *Help Wanted? Providing and Paying for Long-Term Care*, OECD Publishing, *www.oecd.org/health/longtermcare/helpwanted*; OECD (2014), *Women and Pensions*, OECD Publishing, forthcoming.

StatLink http://dx.doi.org/10.1787/888932936294

Figure 2.28. **Income-enhancing effect of public services in the total population, 2007**



Note: Income data for each country are adjusted for inflation (when they refer to a year different from 2007) before being converted into USD based on PPP rates for actual consumption in 2007. This exchange rate expresses the costs of a standard basket of consumer goods and services purchased on the market or provided free of charge (or at subsidised rates) by the public sector in different countries.

Source: Verbist, G., M. Förster and M. Vaalavuo (2012), "The Impact of Publicly Provided Services on the Distribution of Resources: Review of New Results and Methods", *OECD Social, Employment and Migration Working Papers*, No. 130, OECD Publishing, *http://dx.doi.org/10.1787/5k9h363c5szq-en*.

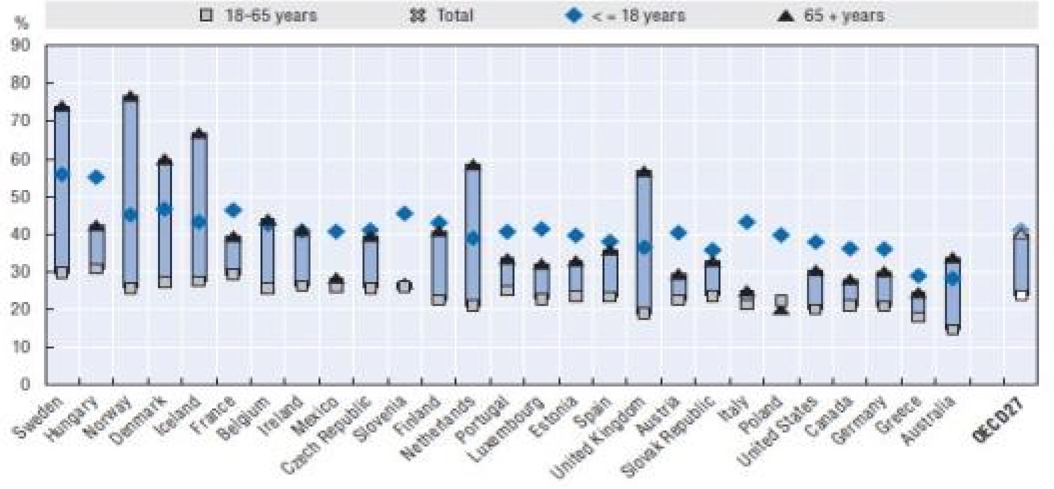
StatLink http://dx.doi.org/10.1787/888932936313

Figure 2.29 also suggests also that public services are likely to benefit the elderly more than the working-age population: about 40% of older people's extended income is made up of in-kind public services, compared to 24% for the working-age population at large. However, in some countries the share of public services in the disposable income of the elderly is much larger: it exceeds 70% in Sweden and Norway and 60% in Iceland and Denmark…

Public services, particularly health- and eldercare, play an important part in enhancing household incomes at the bottom of the income distribution. Verbist et al. (2012) find that the aggregate value of services represents an average of 76% of the disposable incomes of the poorest 20%, but only 14% of those of the richest 20% (Figure 2.30)…

Looking in particular at long-term care, Verbist et al. (2012) stress their redistributive impact in that people towards the bottom of the income distribution benefit most (Figure 2.31). In Northern European countries for example, the bottom quintile are the recipients of between 40% and 50% of long-term care: on average in the 14 OECD countries in Figure 2.31, long-term in-kind care benefits boost incomes among the bottom quintile by more than one-third and incomes among the top quintile by less than one-fifth (Verbist et al., 2012)…

Figure 2.29. **Income-enhancing effect of public services by age, 2007**

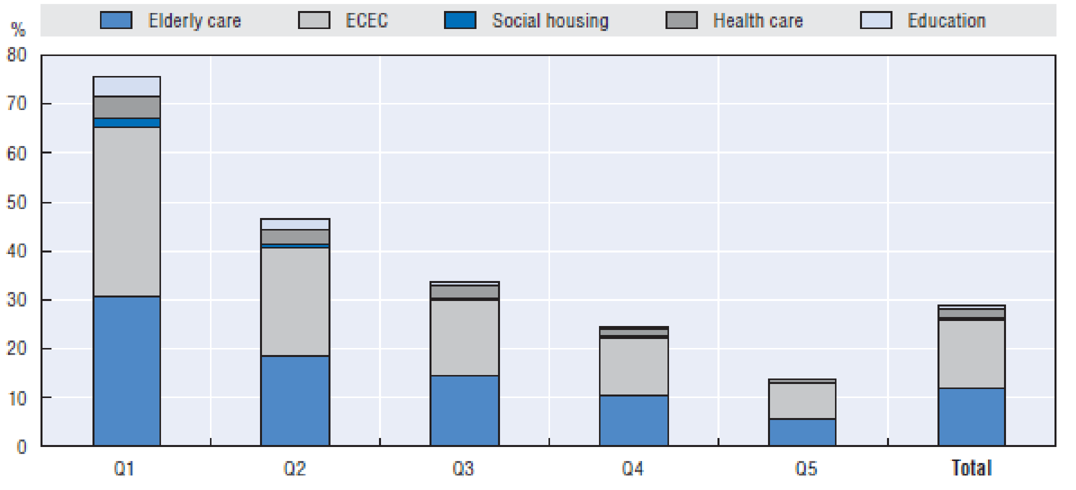


Note: Income data for each country are the per capita net equivalised disposable income of people aged 65 and above. The equivalence scale is the square root of household size. Income data is taken from the OECD *Income Distribution Database* and refers to the mid-2000s. Income is adjusted for inflation and then converted into USD at the relevant PPP rates.

Source: Verbist, G., M. Förster and M. Vaalavuo (2012), "The Impact of Publicly Provided Services on the Distribution of Resources: Review of New Results and Methods", *OECD Social, Employment and Migration Working Papers*, No. 30, OECD Publishing, *http://dx.doi.org/10.1787/5k9h363c5szq-en*; and *OECD Income Distribution Database, www.oecd.org/social/income-distribution-database.htm*.

StatLink http://dx.doi.org/10.1787/888932936332

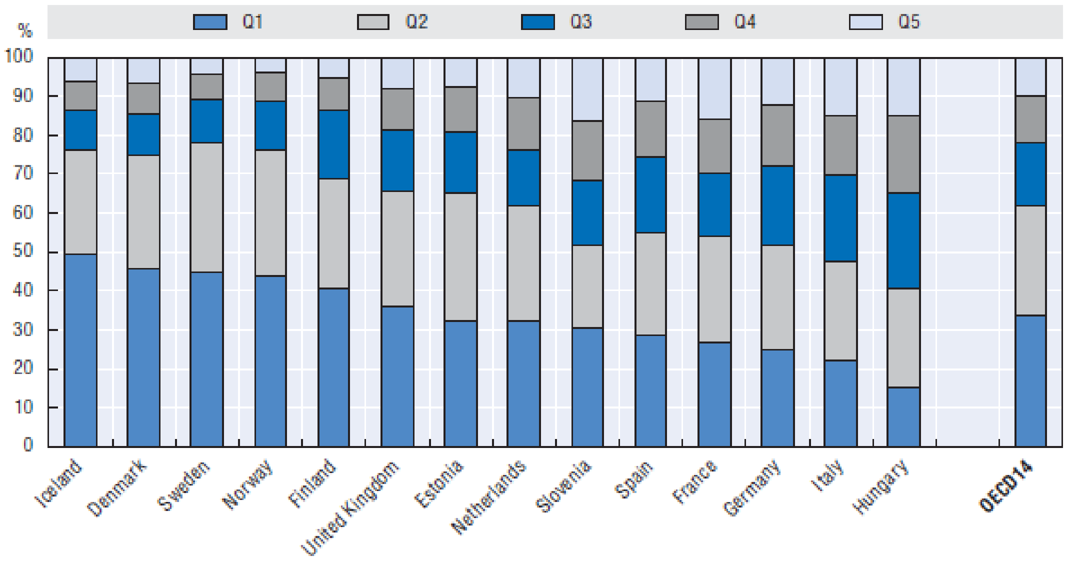
Figure 2.30. **Impact of in-kind services on households' disposable income across the quintiles of the income distribution, total population, 2007**



Source: Verbist, G., M. Förster and M. Vaalavuo (2012), "The Impact of Publicly Provided Services on the Distribution of Resources: Review of New Results and Methods", *OECD Social, Employment and Migration Working Papers*, No. 130, OECD Publishing, *http://dx.doi.org/10.1787/5k9h363c5szq-en.*

StatLink http://dx.doi.org/10.1787/888932936351

Figure 2.31. **Distribution of long-term care in-kind benefits over quintiles**



Source: Verbist, G., M. Förster and M. Vaalavuo (2012), "The Impact of Publicly Provided Services on the Distribution of Resources: Review of New Results and Methods", *OECD Social, Employment and Migration Working Papers*, No. 130, OECD Publishing, *http://dx.doi.org/10.1787/5k9h363c5szq-en.*

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Summary and conclusions

This chapter examined the adequacy of retirement incomes from a wider perspective than merely the pension entitlements of current and future retirees. As living standards in retirement are also influenced by a range of other factors, the analysis looked at the impact of housing wealth, financial wealth, and the value of publicly-provided services on the adequacy of elderly people's incomes.

Multiple sources of retirement income

In OECD countries the average monetary living standards of older people, aged 65 and over, are generally high today. They stand at about 86% of the total population's level of disposable income, ranging from close to 100% in Luxembourg and France to just under 75% in Australia, Denmark, and Estonia.

Retirees in OECD countries receive their incomes from different sources, which vary widely across countries. In some, such as France, Hungary, and Austria, public transfers make up the bulk of retirement incomes. In other countries, capital incomes -especially from private pension schemes- play an important role. Examples are Canada, Israel, and the Netherlands. In other countries still, like Chile, Japan, Korea and Mexico, many older people work and earn a substantial share of their retirement income in the labour market. Everywhere, however, low-income retirees rely almost exclusively on public pensions and other income transfers.

Reduction of old-age poverty: a policy success

The reduction of old-age poverty over the decades has been one of the greatest successes of social policy in OECD countries. In 2010, the average OECD poverty rate among the elderly was 12.8% - down, in spite of the Great Recession, from 15.1% in 2007. Only Canada, Poland and Turkey saw a rise in old-age poverty over that period. In many countries, younger age groups are now at higher risk of poverty than the elderly. Low old-age poverty is also reflected in the relatively low numbers of older people who receive safety-net benefits in OECD countries.

That being said, through stigma, lack of information on entitlement, and other factors, not all elderly people who need last-resort benefits claim them. There is thus a certain degree of hidden old-age poverty.

Homeownership is an asset in retirement

To paint a more complete picture of pensioners' retirement needs, this chapter examined other factors which affect their living standards: housing wealth, financial wealth, and access to publicly-provided services, such as health and long-term care services. A major obstacle to a comprehensive assessment, however, is the lack of internationally comparable data. Bearing this constraint in mind, the analysis showed that homeownership can make a substantial contribution to pensioners' living standards - they enjoy the financial advantage of living in their own homes and can, when necessary, convert their property into cash through sale, rent, or reverse mortgage schemes.

Homeownership rises with age: on average, 77% of over-55s are homeowners, compared to 60% of under-45s. However, the extent to which the elderly have or have not paid off their mortgages varies considerably from country to country. More than one in five elderly homeowners in Europe are still paying off their mortgages. In Switzerland, only 40% of older people are outright homeowners, compared to more than 90% in Hungary and the Slovak Republic, and around 80% in Australia, Chile and the United States.

In European countries, homeownership is more common among higher-income groups. Yet, even among the poorest 10% of the elderly, almost 70% are homeowners. In

Canada, more than 90% of over-70s in the highest income decile own their homes. Indeed, outstanding mortgage obligations are bigger and more widespread among higher-income retirees than among poorer ones.

Imputed rent boosts income, drops poverty

The monetary benefit that people derive from living in their own homes is known as “imputed rent”. Different countries use different methods to calculate it, so comparing the results internationally is difficult. Nevertheless, adding imputed rent to the disposable income of the elderly increases it by an average of 18% in countries where data are available. The country where housing makes its biggest contribution to disposable income, increasing it by 29%, is Spain.

Adding imputed rent also reduces old-age poverty rates. Poverty among the elderly declines in selected European countries by an average of 7 percentage points against a fixed poverty threshold of 50% of the median equivalised disposable income. It also falls -by 3.5%- against a floating poverty line drawn from a higher median income that includes imputed rent. Again, data are available only for a limited set of countries, which makes OECD-wide cross-country comparisons impossible.

Housing wealth can also provide a stream of income in retirement through the use of reverse mortgages. Such schemes are not yet very common, however, and only Australia, the United Kingdom, and the United States have made any real use of them and even then, only sparingly. Reverse mortgages remain a comparative rarity in Europe for the time being, though they are set to become more widespread in the future, particularly to finance long-term care needs.

While housing wealth can substantially raise retirees’ living standards, owning a house does not necessarily mean that they need less resources in old age. First, housing is not only an asset, but a consumption good, too. Owners need to spend money on the upkeep of their homes, costs that should be factored into their incomes. Second, housing values change over time and place, while population ageing is poised to set in motion strong social and economic shifts that will introduce considerable uncertainty into retirement planning. Third, housing owned by lower-income groups is likely to be of considerably lower value than the properties of the richest retirees. Whether turning housing wealth into an income flow is a feasible option will likely depend on the homeowner’s position in the income distribution.

Data scarcity hampers analysis of retirement potential of wealth

The paucity of consistent data is most acute with regard to the financial wealth of the elderly. There are little recent internationally comparable data on which to base analysis.

Using what evidence is available, this chapter finds that wealth of the elderly is very unequally distributed and that there are wide wealth gender gaps among the over-65s that are to the disadvantage of older women. As a consequence, the potential contribution of drawing down financial wealth to bolster retirement income is limited. Those most likely to reap the benefits are rich retirees. But is not the adequacy of their retirement income and standards of living which concerns policy makers.

Housing and financial wealth supplement public pension benefits. They do not, in their own right, appear to be sources of income that can be expected to replace a proper pension income. Better internationally comparable data are urgently needed to explore in greater detail how housing and financial wealth can contribute to the adequacy of retirement incomes.

Public services: Retirement enhancers

Publicly provided services, on the other hand, increase retirees' incomes considerably. This is especially true of healthcare and long-term care services, though countries also provide other services such as free transport, TV licenses, or free participation in cultural and social activities. Publicly provided in-kind services add value to retirement: they enhance the income of the elderly by an average of 40%, compared to 24% among the working-age population. In some Nordic countries, the share of services in the disposable income of the elderly is as high as 70%. The analysis presented here also shows that services benefit the poorest retirees much more than they do richer elderly households.

Public in-kind services reduce poverty in the total population by an average of 46%, while old-age poverty is lower in countries where the provision of services is strong. The contribution of long-term care, however, which by definition is focused on the elderly, is still small. Few countries are spending much on it as yet, although they will be in the future. Public support is set to play a more and more crucial role in preventing old-age poverty among people requiring health and long-term care services.

The outlook for pensions

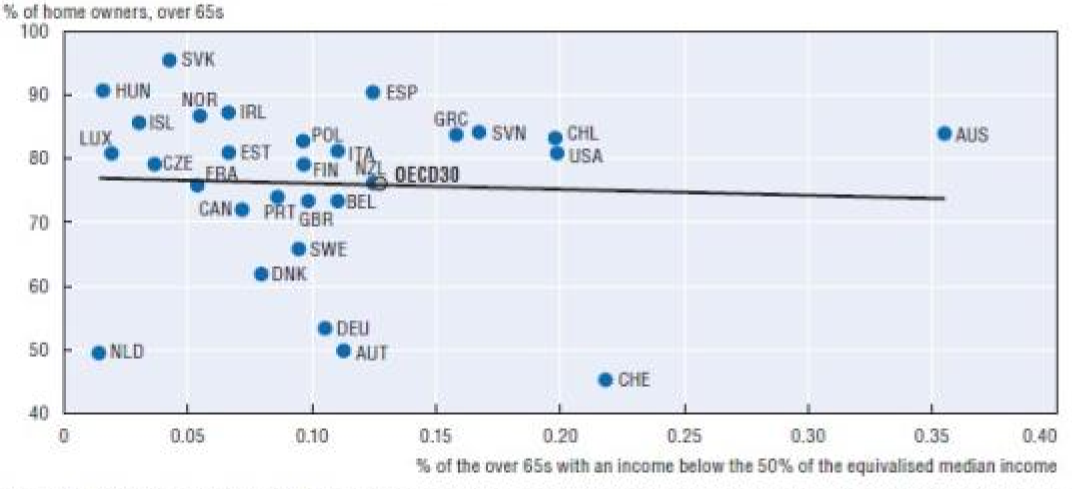
There are number of adequacy-related factors which this chapter has not addressed in detail but are the focus of ongoing work in the OECD. As public pension entitlements will remain the backbone of retirement income provision in most countries, it is essential that people should continue paying in contributions to build future pension entitlements and ensure coverage.

The OECD analysis of pension reforms in the previous chapter shows that future entitlements will generally be lower and that not all countries have built in special protection for low earners. People who do not have full contribution careers will struggle to achieve adequate retirement incomes under public schemes. The same is true for private pension plans, perhaps even more so, given that they are not commonly redistributive. For some countries, pension system coverage in a broader sense is also still a challenge. Examples are Mexico, Chile, and Turkey, as well as many emerging economies, where coverage is low due to large informal sectors.

Although these policy challenges have not been covered here, the OECD publication OECD Pensions Outlook addresses them in detail.

Additional figure

Figure 2.A2.1. **Over-65s at risk of poverty and rates of homeownership, late 2000s**



Note: The poverty rate shown in the figure captures only partially the risk of poverty in old-age because non-cash benefits and the value of publicly provided services are not included.

Source: Authors' calculation based on data from EU-SILC (Revision 1 of March 2013) and *OECD Income Distribution Database*. For Australia, Chile, Canada and the United States data on homeownership are derived from national sources.

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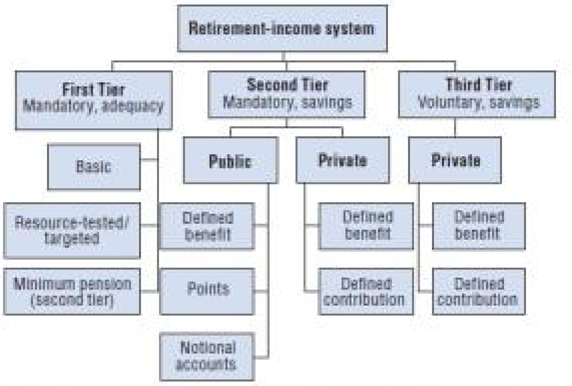
Design of pension systems

3.1. Taxonomy: Different types of retirement-income provision



Note: See Chapter 1 of OECD (2005a) and OECD (2005b) for a more detailed discussion of classification issues.

StatLink http://dx.doi.org/10.1787/888932907034

3.2. Structure of retirement-income provision

	Public			Public	Private
	Targeted	Basic	Minimum	Type	Type
OECD members					
Australia	✓				DC
Austria				DB	
Belgium	✓		✓	DB	
Canada	✓	✓		DB	
Chile	✓		✓		DC
Czech Republic		✓	✓	DB	
Denmark	✓	✓			DC
Estonia		✓		Points	DC
Finland			✓	DB	
France			✓	DB + points	
Germany	✓			Points	
Greece			✓	DB	
Hungary				DB	
Iceland	✓	✓			DB
Ireland		✓			
Israel		✓			DC
Italy	✓			NDC	
Japan		✓		DB	
Korea	✓	✓		DB	
Luxembourg	✓	✓	✓	DB	
Mexico			✓		DC
Netherlands		✓			DB
OECD members *(cont.)*					
New Zealand		✓			
Norway			✓	NDC	DC
Poland			✓	NDC	DC
Portugal			✓	DB	
Slovak Republic			✓	Points	DC
Slovenia			✓	DB	
Spain			✓	DB	
Sweden			✓	NDC	DC
Switzerland	✓		✓	DB	DB
Turkey			✓	DB	
United Kingdom	✓	✓	✓	DB	
United States				DB	
Other major economies					
Argentina		✓		DB	
Brazil				DB	
China		✓		NDC/DC	
India				DB + DC	
Indonesia				DC	
Russian Federation		✓		NDC	DC
Saudi Arabia			✓	DB	
South Africa	✓				

Note: In Iceland and Switzerland, the government sets contribution rates, minimum rates of return and the annuity rate at which the accumulation is converted into a pension for mandatory occupational plans. These schemes are therefore implicitly defined benefit.
DB = Defined benefit; DC = Defined contribution; NDC = Notional accounts.
Source: See "Country profiles" in Chapter 9 of this report.

StatLink http://dx.doi.org/10.1787/888932907053

3.3. Value and coverage of basic, targeted and minimum pensions

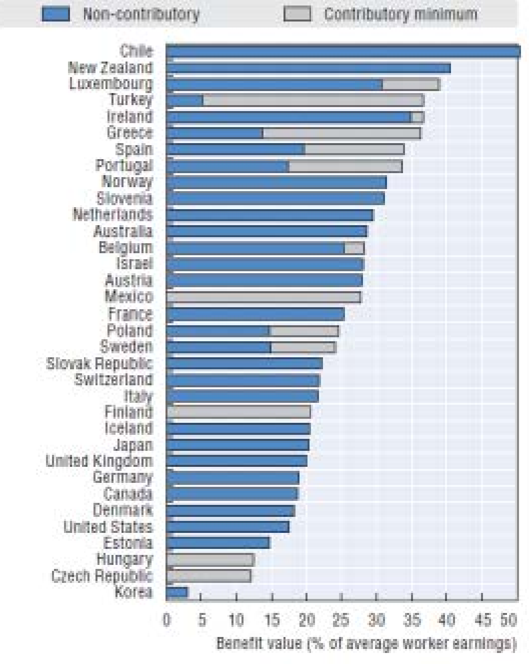
	Relative benefit value (% of AW earnings)			Absolute value (units of national currency per year)			Coverage (% of over 65s receiving)	
	Basic	Targeted	Minimum	Basic	Targeted	Minimum	Targeted	Minimum
Australia	x	28.6	x	x	21 018	x	78	x
Austria	x	27.9	x	x	11 407	x	11	x
Belgium	x	25.3	28.3	x	11 669	13 052	5	11
Canada	13.9	18.8	x	6 511	8 828	x	34	x
Chile.	15.5	50.5	x	966 336	3 141 096	x	60	x
Czech Republic	9.1	x	12.1	27 240	x	36 480	x	..
Denmark	17.5	18.1	x	68 556	71 196	x	88	x
Estonia	13.2	14.7	x	1 442	1 609	x	6	x
Finland	x	x	20.6	x	x	8 565	x	47
France	x	25.4	22.5	x	9 326	8 248	4	37
Germany	x	18.9	x	x	8 484	x	2	x
Greece	x	13.7	36.4	x	2 760	7 303	19	60
Hungary	x	x	12.4	x	x	342 000	x	< 1
Iceland	6.5	20.4	x	393 300	1 240 000	x	..	x
Ireland	36.7	34.9	x	11 976	11 388	x	17	x
Israel	14.8	28.1	x	17 772	33 712	x	25	x
Italy	x	21.6	19.3	x	6 253	5 582	5	32
Japan	16.4	20.3	x	786 500	969 840	x	2	x
Korea	x	2.9	x	x	1 135 200	x	67	x
Luxembourg	10.2	30.8	38.9	5 232	15 780	19 944	1	29
Mexico	x	x	27.7	x	x	26 112	x	..
Netherlands	29.5	x	x	13 714	x	x	x	x
New Zealand	40.6	x	x	20 804	x	x	x	x
Norway	x	x	31.5	x	x	160 956	x	22
Poland	x	14.7	24.6	x	5 724	9 590	12	..
Portugal	x	17.4	33.8	x	2 736	5 307	17	59
Slovak Republic	x	22.2	x	x	2 177	x	3	x
Slovenia	x	31.1	13.2	x	5 397	2 315	17	2
Spain	x	19.6	33.9	x	5 008	8 665	6	28
Sweden	x	14.8	24.2	x	61 644	93 720	1	42
Switzerland	x	21.9	16.0	x	19 050	13 920	12	..
Turkey	x	5.2	36.8	x	1 433	10 124	– 22 –	
United Kingdom	15.6	19.9	10.2	5 587	7 142	3 654	27	..
United States	x	17.6	x	x	8 376	x	7	x

Note: Data are for the most recent year available.
.. = Data are not available.
x = Not applicable.

StatLink http://dx.doi.org/10.1787/888932907072

3.4. Value of basic, targeted and minimum pensions

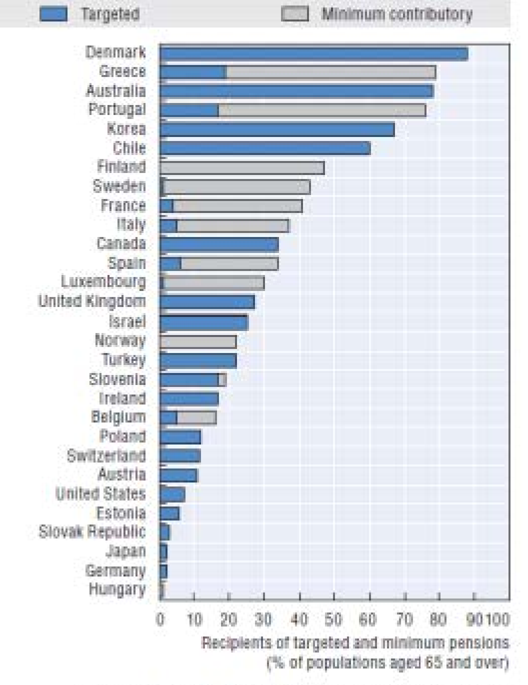
Percentage of average worker earnings



StatLink http://dx.doi.org/10.1787/888932907091

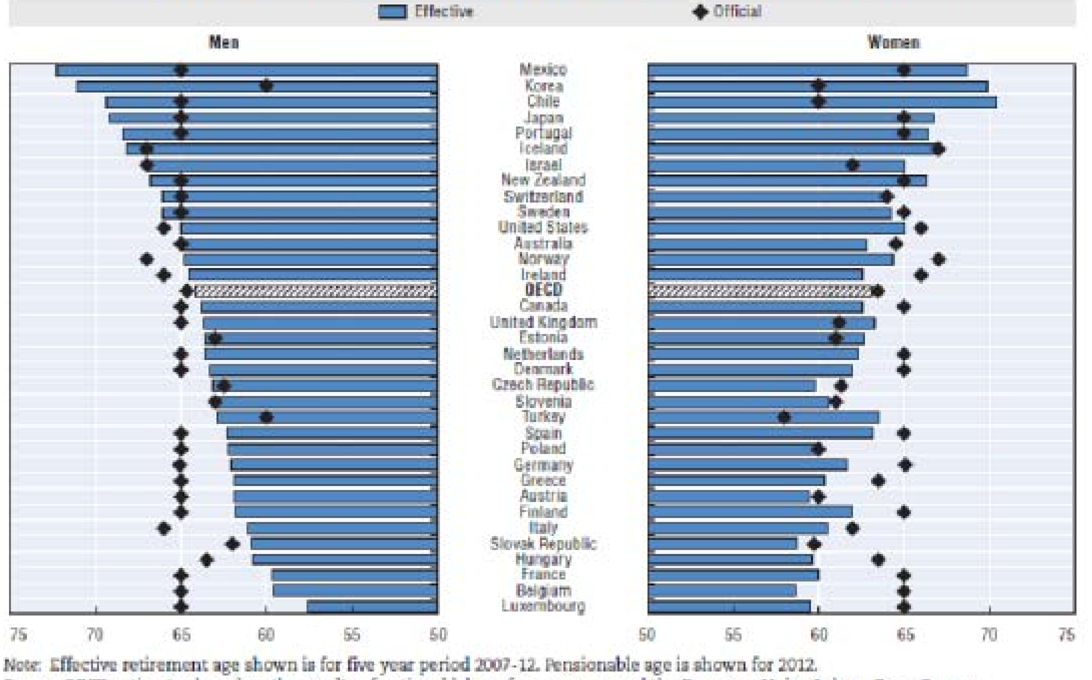
3.5. Coverage of targeted and minimum pensions

Percentage of over 65s



StatLink http://dx.doi.org/10.1787/888932907110

3.8. Average effective age of labour market exit and normal pensionable age

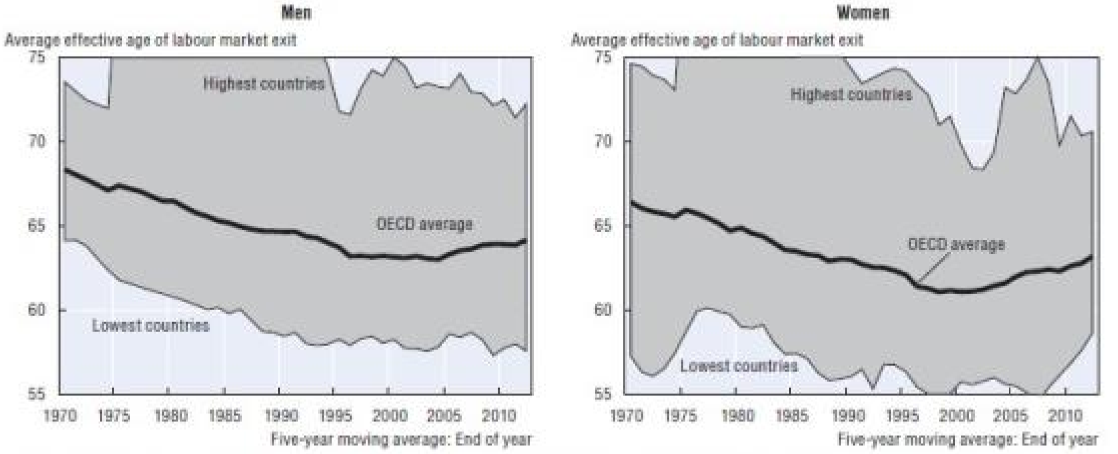


Note: Effective retirement age shown is for five year period 2007-12. Pensionable age is shown for 2012.

Source: OECD estimates based on the results of national labour force surveys and the European Union Labour Force Survey.

StatLink http://dx.doi.org/10.1787/888932907186

3.9. Average labour market exit age in OECD countries, 1970-2012



Source: OECD estimates based on the results of national labour force surveys, the European Union Labour Force Survey and, for earlier years in some countries, national censuses.

StatLink http://dx.doi.org/10.1787/888932907205

Gross pension replacement rates

4.1. Gross pension replacement rates by earnings

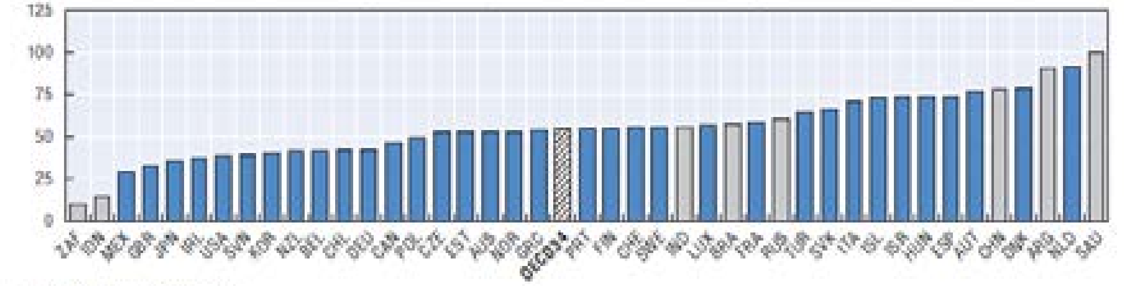
Individual earnings, multiple of mean for men (women where different)

	Median earner	0.5	1.0	1.5		Median earner	0.5	1.0	1.5
OECD members					**OECD members** *(cont.)*				
Australia	60.2 *(55.8)*	91.1 *(86.6)*	52.3 *(47.8)*	39.4 *(34.9)*	Norway	52.3	63.4	52.5	41.6
Austria	76.6	76.6	76.6	74.0	Poland	48.8	49.3	48.8	48.8
Belgium	41.4	58.2	41.0	30.2	Portugal	55.0	67.5	54.7	54.1
Canada	51.0	80.1	45.4	30.2	Slovak Republic	67.9	74.2	65.9	63.4
Chile	45.5 *(36.6)*	57.3 *(48.3)*	41.9 *(33)*	37.3 *(27.9)*	Slovenia	40.6	62.0	39.2	36.7
Czech Republic	59.9	85.2	52.2	41.2	Spain	73.9	73.9	73.9	73.9
Denmark	83.7	120.7	78.5	64.4	Sweden	55.6	70.2	55.6	67.9
Estonia	55.3	65.2	52.2	47.9	Switzerland	58.4 *(57.6)*	64.3 *(63.7)*	55.2 *(54.3)*	36.8 *(36.2)*
Finland	54.8	64.1	54.8	54.8	Turkey	66.8	73.5	64.5	64.5
France	59.1	64.8	58.8	47.5	United Kingdom	37.9	55.8	32.6	22.5
Germany	42.0	42.0	42.0	42.0	United States	41.0	49.5	38.3	33.4
Greece	64.0	75.4	53.9	46.7	**OECD34**	**57.9 *(57.2)***	**71.0 *(70.3)***	**54.4 *(53.7)***	**48.4 *(47.7)***
Hungary	73.6	73.6	73.6	73.6					
Iceland	73.8	91.7	72.3	70.1	**Other major economies**				
Ireland	44.2	73.4	36.7	24.5	Argentina	96.2 *(88.9)*	115.2 *(107.9)*	90.4 *(83.1)*	82.1 *(74.8)*
Israel	86.7 *(76.8)*	103.7 *(93.9)*	73.4 *(64.8)*	48.9 *(43.2)*	Brazil	57.5 *(52.3)*	55.4 *(50.3)*	57.5 *(52.3)*	61.7 *(56.1)*
Italy	71.2	71.2	71.2	71.2	China	82.5 *(65.1)*	97.9 *(78.5)*	77.9 *(61)*	71.2 *(55.2)*
Japan	37.5	49.8	35.6	30.8	India	60.4 *(56.3)*	75.6 *(71.2)*	55.8 *(51.8)*	49.2 *(45.3)*
Korea	43.9	59.2	39.6	29.2	Indonesia	14.1 *(13)*	14.1 *(13)*	14.1 *(13)*	14.1 *(13)*
Luxembourg	59.3	77.7	56.4	53.0	Russian Federation	63.0 *(56.4)*	72.4 *(65.8)*	60.2 *(53.6)*	56.1 *(49.5)*
Mexico	44.7	55.5	28.5 *(27.7)*	27.2 *(25.1)*	Saudi Arabia	100.0 *(87.5)*	100.0 *(87.5)*	100.0 *(87.5)*	100.0 *(87.5)*
Netherlands	91.4	94.4	90.7	89.4	South Africa	11.8	19.1	9.6	6.4
New Zealand	50.1	81.1	40.6	27.0	EU27	60.0 *(59.7)*	69.6 *(69.3)*	58.0 *(57.7)*	53.3 *(53.1)*

Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907224

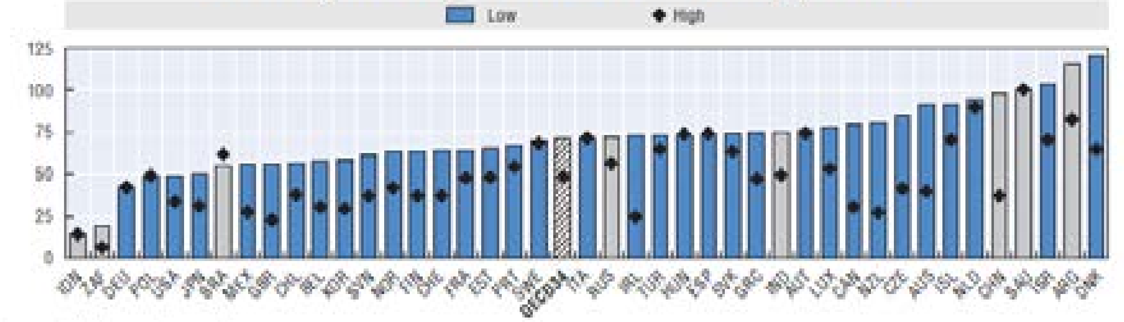
4.2. Gross pension replacement rates: Average earners



Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907243

4.3. Gross pension replacement rates: Low and high earners



Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907262

Tax treatment of pensions and pensioners

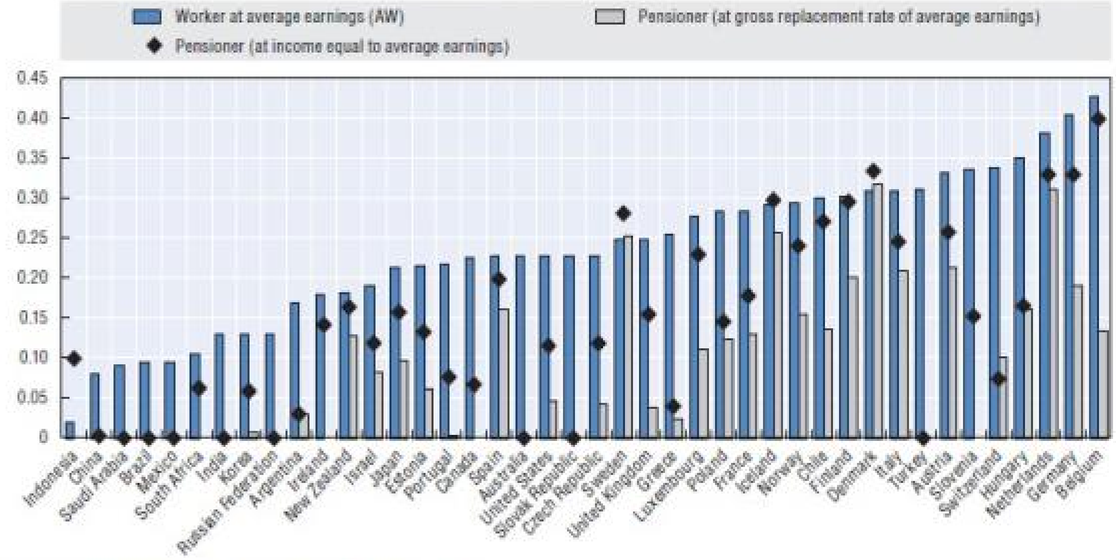
4.5. Treatment of pensions and pensioners under personal income tax and social security contributions

	Extra tax	Full or partial relief for pension income		Social security contributions		Extra tax	Full or partial relief for pension income		Social security contributions
	Allowance/ credit	Public scheme	Private scheme	Pensions		Allowance/ credit	Public scheme	Private scheme	Pensions
OECD members					**OECD members** *(cont.)*				
Australia	✓	✓	✓	*None*	New Zealand				*None*
Austria				*Low*	Norway	✓	✓		*Low*
Belgium		✓		*Low*	Poland				*Low*
Canada	✓	✓	✓	*None*	Portugal				*None*
Chile	✓			*None*	Slovak Republic		✓		*None*
Czech Republic	✓	✓		*None*	Slovenia	✓			*Low*
Denmark				*None*	Spain				*None*
Estonia	✓			*None*	Sweden	✓			*None*
Finland		✓		*Low*	Switzerland				*Low*
France				*Low*	Turkey		✓		*None*
Germany		✓	✓	*Low*	United Kingdom	✓			*None*
Greece				*Low*	United States	✓	✓		*None*
Hungary				*None*					
Iceland				*None*	**Other major economies**				
Ireland	✓			*Low*	Argentina		✓		*None*
Israel	✓			*Low*	Brazil		✓		*None*
Italy	✓		✓	*None*	China				
Japan	✓			*Low*	India	✓			*None*
Korea	✓	✓		*None*	Indonesia				*None*
Luxembourg	✓			*Low*	Russian Federation				*Low*
Mexico	✓			*None*	Saudi Arabia				*Low*
Netherlands	✓			*Low*	South Africa	✓			*None*

Source: On-line country profiles available at *www.oecd.org/pensions/pensionsataglance.htm*.

StatLink http://dx.doi.org/10.1787/888932907300

4.6. Personal income taxes and social security contributions paid by pensioners and workers



Source: OECD pension models; OECD tax and benefit models.

StatLink http://dx.doi.org/10.1787/888932907319

Net pension replacement rates

4.7. Net pension replacement rates by earnings

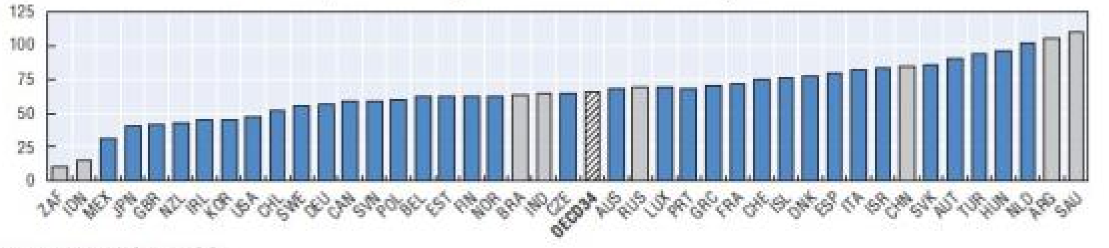
Individual earnings, multiple of mean for men (women where different)

	Median earner	0.5	1.0	1.5		Median earner	0.5	1.0	1.5
OECD members					**OECD members** *(cont.)*				
Australia	75.6 *(70.0)*	100.5 *(95.6)*	67.7 *(61.9)*	54.3 *(48.2)*	Norway	63.8	91.1	62.8	51.3
Austria	89.9	91.2	90.2	86.2	Poland	59.8	61.3	59.5	59.1
Belgium	63.9	80.7	62.1	44.6	Portugal	65.6	77.7	67.8	68.4
Canada	64.4	90.7	58.6	40.8	Slovak Republic	86.1	88.1	85.4	84.7
Chile	54.1 *(44.1)*	62.5 *(53.2)*	51.8 *(41.6)*	47.7 *(37.2)*	Slovenia	59.0	80.8	59.0	57.0
Czech Republic	73.4	99.1	64.7	51.6	Spain	79.8	79.5	80.1	79.8
Denmark	82.4	117.5	77.4	67.4	Sweden	55.3	68.8	55.3	72.9
Estonia	67.1	79.7	62.4	55.5	Switzerland	77.8 *(76.6)*	78.4 *(77.7)*	74.7 *(73.5)*	49.1 *(48.3)*
Finland	62.4	71.3	62.8	63.2	Turkey	94.9	103.9	93.6	97.2
France	72.3	75.9	71.4	60.9	United Kingdom	48.0	67.2	41.8	30.5
Germany	57.8	55.2	57.1	56.1	United States	49.9	58.7	47.3	42.9
Greece	79.6	92.5	70.5	65.0	**OECD34**	**69.1 *(68.3)***	**81.7 *(80.9)***	**65.8 *(65.0)***	**59.7 *(53.8)***
Hungary	94.4	94.4	95.2	96.1					
Iceland	77.8	93.3	75.7	73.3	**Other major economies**				
Ireland	52.2	75.5	44.8	34.6	Argentina	112.4 *(103.9)*	134.6 *(126.1)*	105.6 *(97.1)*	98.4 *(90.1)*
Israel	96.5 *(85.9)*	108.5 *(98.8)*	83.2 *(74.7)*	59.1 *(53.0)*	Brazil	63.1 *(57.4)*	60.2 *(54.7)*	63.5 *(57.7)*	70.3 *(64.0)*
Italy	82.0	83.9	81.5	83.3	China	89.7 *(70.8)*	106.4 *(85.3)*	84.7 *(66.3)*	78.2 *(60.9)*
Japan	42.5	54.3	40.8	35.7	India	68.7 *(64)*	85.9 *(80.9)*	64.1 *(59.2)*	58.2 *(53.5)*
Korea	49.1	64.8	45.2	34.2	Indonesia	14.4 *(13.2)*	14.4 *(13.2)*	14.4 *(13.2)*	14.5 *(13.4)*
Luxembourg	70.5	87.1	69.4	66.8	Russian Federation	72.4 *(64.9)*	83.2 *(75.6)*	69.1 *(61.6)*	64.5 *(56.9)*
Mexico	45.3	56.2	31.5 *(30.7)*	31.3 *(28.9)*	Saudi Arabia	109.9 *(96.2)*	109.9 *(96.2)*	109.9 *(96.2)*	109.9 *(96.2)*
Netherlands	103.8	104.8	101.1	97.2	South Africa	12.9	19.7	10.7	7.5
New Zealand	51.7	81.7	43.2	30.6	EU27	72.7 *(72.3)*	81.6 *(81.2)*	70.6 *(70.3)*	65.6 *(65.3)*

Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907338

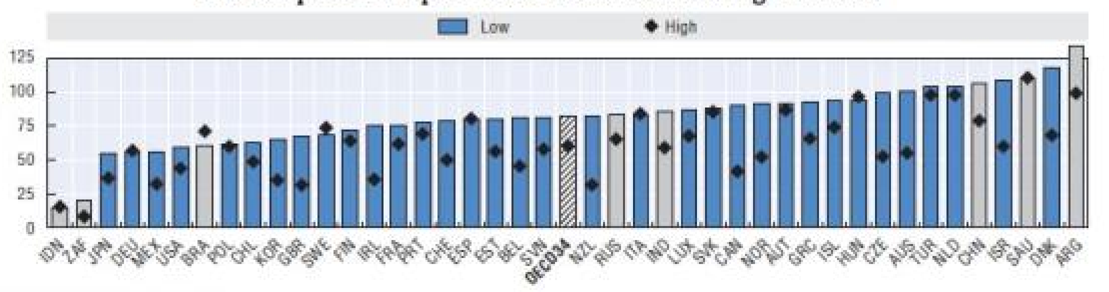
4.8. Net pension replacement rates: Average earners



Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907357

4.9. Net pension replacement rates: Low and high earners



Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907376

Weight averages: pension levels and pension wealth

4.22. Weighted averages: Pension levels and pension wealth

Percentage of average worker earnings

	Weighted average pension level		Weighted average pension wealth		Average pension wealth (USD)	
	Men	Women	Men	Women	Men	Women
OECD members						
Australia	55.0	50.3	10.5	11.2	802 000	856 000
Austria	73.1	73.1	10.0	11.1	539 000	598 000
Belgium	37.1	37.1	6.6	7.6	401 000	462 000
Canada	44.3	44.3	7.6	8.5	357 000	400 000
Chile	44.5	34.1	7.7	7.8	100 000	101 000
Czech Republic	53.2	53.2	8.1	9.4	128 000	148 000
Denmark	80.7	80.7	13.6	15.2	943 000	1 054 000
Estonia	54.3	54.3	8.3	10.5	120 000	152 000
Finland	58.4	58.4	9.5	11.3	520 000	618 000
France	53.9	53.9	9.0	10.8	435 000	522 000
Germany	42.2	42.2	7.9	9.2	467 000	544 000
Greece	53.8	53.8	9.4	10.6	249 000	281 000
Hungary	81.8	81.8	10.5	12.4	131 000	154 000
Iceland	76.8	76.8	12.7	14.1	601 000	668 000
Ireland	36.7	36.7	7.8	8.8	336 000	379 000
Israel	67.8	60.2	12.4	13.3	398 000	427 000
Italy	74.9	74.9	11.9	13.6	454 000	518 000
Japan	36.4	36.4	6.7	7.7	371 000	426 000
Korea	38.4	38.4	7.0	8.2	253 000	296 000
Luxembourg	58.8	58.8	15.0	17.3	1 015 000	1 170 000
Mexico	38.2	36.3	5.8	6.1	42 000	44 000
Netherlands	94.6	94.6	17.7	20.4	1 083 000	1 248 000
New Zealand	40.6	40.6	10.1	11.4	428 000	483 000
OECD members *(cont.)*						
Norway	49.1	49.1	9.4	10.9	863 000	1 000 000
Poland	53.4	53.4	7.0	8.3	88 000	104 000
Portugal	59.7	59.7	8.0	9.2	166 000	191 000
Slovak Republic	68.6	68.6	9.0	10.6	117 000	137 000
Slovenia	39.3	39.3	9.0	11.5	204 000	261 000
Spain	69.7	69.7	12.4	14.4	418 000	485 000
Sweden	67.6	67.6	10.8	12.2	642 000	726 000
Switzerland	48.8	48.1	10.0	11.6	949 000	1 101 000
Turkey	80.3	80.3	10.2	11.9	157 000	184 000
United Kingdom	31.3	31.3	5.5	6.0	321 000	350 000
United States	37.8	37.8	6.0	6.7	286 000	319 000
OECD34	**55.9**	**55.2**	**9.5**	**10.9**	**423 000**	**483 000**
Other major economies						
Argentina	93.8	86.1	14.4	17.9	157 000	195 000
Brazil	60.9	55.4	16.2	19.0	166 000	195 000
China	80.9	63.3	15.8	16.0	119 000	120 000
India	57.7	53.5	9.8	10.1	43 000	44 000
Indonesia	14.8	13.7	2.6	2.6	4 000	4 000
Russian Federation	61.7	54.9	8.0	11.1	84 000	117 000
Saudi Arabia	105.3	92.1	18.4	19.3	846 000	888 000
South Africa	9.6	9.6	1.5	1.9	24 000	30 000
EU27	46.0	46.0	7.7	8.9	269 000	313 000

Source: OECD pension models.

StatLink http://dx.doi.org/10.1787/888932907623

Incomes and poverty of older people

Incomes of older people

Key results

Incomes of older people are generally lower than those of the population, even when differences in household size are taken into account. On average in OECD countries, over-65s had incomes of 86% of the population as a whole in the late 2000s. Older people's incomes grew faster than the population's between the mid-1990s and the late 2000s in 18 out of 27 countries where data are available. In most OECD countries, public transfers provide the bulk of income in old age.

People over 65 had incomes that were 86.2% of population incomes, on average, in the late 2000s. Older people fared best in France, Israel, Luxembourg, Mexico and Turkey, with incomes around 95% of the national average. In Australia and Korea, by contrast, older people's incomes stood at just two-thirds of population average.

People aged 66-75 have higher relative incomes, on average, than those aged over 75: 90% and 80% of population incomes, respectively. Lower incomes for older retirees are partly explained by the fact that the 75+ group consists of people with longer-than-average life expectancy, mostly women who tend to have lower wages, shorter working hours and longer career breaks.

Older people's incomes are shown in absolute

(US dollar) as well as in relative terms. These averaged around USD 21 500 in the late 2000s, ranging from USD 7 000 in Mexico and just over USD 10 000 in Estonia and Hungary to nearly USD 44 000 in Luxembourg.

Income trends

In 18 of the 27 countries for which data are available, incomes of older people grew faster than those of the population as a whole between the mid-1990s and the late 2000s. The largest increases were in Israel, Mexico, New Zealand and Portugal. The largest drops in older people's relative incomes over the 15 years were seen in Chile and Sweden.

Income sources

Of the three main sources of income on which older people draw, public transfers (earnings-related pensions, resource-tested benefits, etc.) are the most important. They account for around 60% of older people's incomes on average. The over-65s most reliant on public transfers live in Hungary and Luxembourg: 86% and 82% respectively of their incomes come from that source. Transfers have a small share in Korea because the public pension scheme dates only from 1988.

Work accounts for 24% and capital for about 18% of older people's incomes on average. Work is especially important in Chile, Japan, Korea and Mexico, where it accounts for more than 40% of old-age income. In another seven OECD countries, work accounts for a quarter or more of old-age incomes. In some, such as Israel and the United States, the normal pension age is higher than age 65. And in others, people keep on working to fill gaps in contribution histories. Also, incomes are measured for households; older people are assumed to draw on the earnings of younger that they live with. Work is likely to be a more important income source for older people where many of them live in multi-generational households.

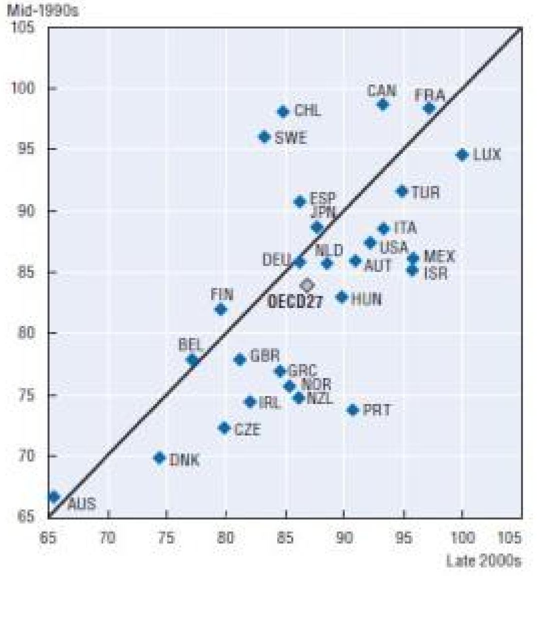
Capital, mostly private pensions, represents 30% or more of old-age income in Australia, Canada, Chile, Denmark, Iceland, Israel, the Netherlands, New Zealand, the United Kingdom and the United States…

5.1. Incomes of older people, late 2000s

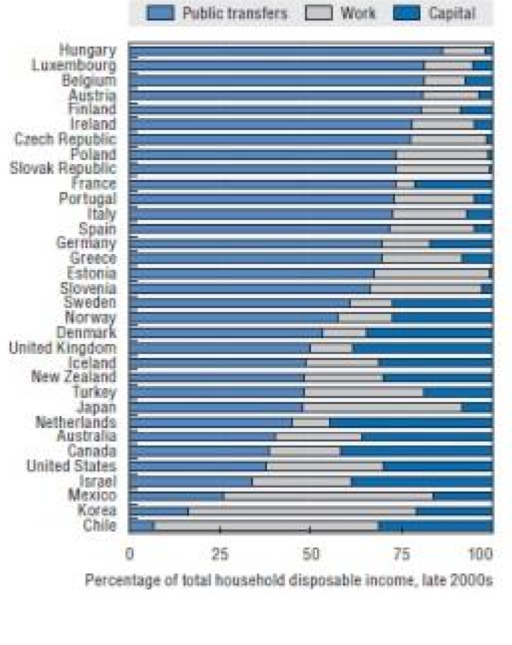
	Incomes of people aged over 65, percentage of population incomes			Average incomes of over 65s (USD, PPP)		Incomes of people aged over 65, percentage of population incomes			Average incomes of over 65s (USD, PPP)
	All aged over 65	Age 66-75	Aged over 75			All aged over 65	Age 66-75	Aged over 75	
Australia	65.4	69.3	60.0	21 622	Korea		62.4		15 685
Austria	91.3	95.0	86.0	28 258	Luxembourg	99.9	101.8	96.7	43 761
Belgium	77.1	80.2	73.5	21 180	Mexico	95.8	98.0	92.0	7 088
Canada	93.3	95.8	89.9	31 690	Netherlands	88.6	93.3	81.8	26 353
Chile	84.8	85.6	83.6	12 354	New Zealand	86.2	97.8	69.2	24 048
Czech Republic	79.8	82.5	75.8	13 362	Norway	85.3	95.3	73.0	32 083
Denmark	74.3	79.4	67.2	23 004	Poland	87.5	87.5	87.4	12 653
Estonia	74.5	77.7	70.1	10 135	Portugal	90.8	97.0	83.4	16 591
Finland	79.5	86.4	71.0	22 440	Slovak Republic	82.1	82.3	81.6	12 742
France	97.2	103.4	90.8	27 652	Slovenia	85.9	90.1	79.7	19 169
Germany	85.4	89.6	80.0	24 790	Spain	86.1	90.6	81.5	19 098
Greece	84.4	89.6	77.9	16 418	Sweden	83.2	94.8	66.1	22 860
Hungary	89.8	91.0	87.9	10 239	Switzerland	76.9	81.7	68.9	30 275
Iceland	92.8	102.9	80.0	26 435	Turkey	94.9	99.2	87.0	10 886
Ireland	82.0	86.4	75.4	25 225	United Kingdom	81.2	86.0	75.4	24 170
Israel	95.8	100.0	90.4	19 507	United States	92.2	102.4	79.3	32 821
Italy	93.3	99.1	86.9	23 306	**OECD34**	**86.2**	**90.1**	**79.9**	**21 480**
Japan	87.7	89.0	86.1	22 404					

Note: Purchasing power parity (PPP) exchange rates are based on cross-national comparisons of actual consumption.
Source: *OECD Income Distribution Database*; see OECD (2008), Figure 2.4 for relative incomes by age and Table 5.A1.1 for absolute incomes.
StatLink http://dx.doi.org/10.1787/888932907718

5.2. Income trends, mid-1990s to late 2000s



5.3. Income sources, late 2000s



Old-age income poverty

Key results

On average, 12.8% of over 65s in OECD countries live in income poverty, defined as an income below half the national median. There is large variation between countries, from three with practically no old-age poverty to four with poverty rates double the OECD average. Poverty rates are higher for older people than for the population as whole, which averages 11.3%.

In 2010, poverty rates of people aged over 65 were very high in Korea (47%) and high in Australia (36%), Mexico (28%) and Switzerland (22%). Hungary, Luxembourg and the Netherlands have the fewest poor elderly: below 2%. Poverty rates are close to the OECD average of 12.8% in Austria, Belgium, Italy, New Zealand and Spain.

In 16 out of 34 countries, the population poverty rate is below the old-age poverty rate. The largest differences between the two are found in Australia, Korea and Switzerland. Older people are relatively less likely to be poor in 18 countries. Most notably among these are Canada, Estonia, Hungary, Luxembourg and the Netherlands, where the old-age poverty rate is between 4.7 and 6.1 percentage points lower than the overall rate…

5.4. Income poverty rates

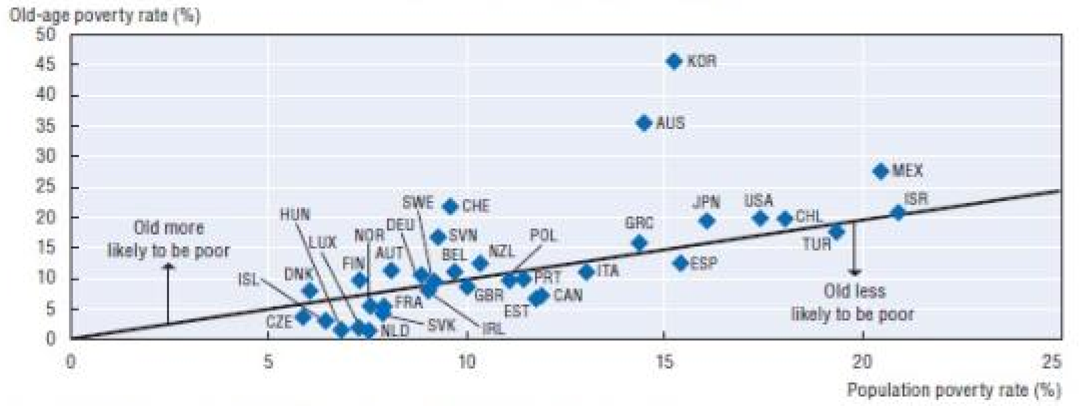
Percentage with incomes less than 50% of median equivalised household disposable income

	2007				2010			
	Older people (aged over 65)			Whole population	Older people (aged over 65)			Whole population
	All 65+	66-75	75+		All 65+	66-75	75+	
Australia	39.2	35.2	44.7	14.6	35.5	31.2	41.5	14.4
Austria	9.9	9.0	11.2	7.2	11.3	11.1	11.5	8.1
Belgium	13.5	12.0	15.4	9.1	11.0	10.9	11.2	9.7
Canada	5.0	5.4	4.5	11.3	7.2	6.9	7.6	11.9
Chile	21.6	21.3	22.1	19.2	19.8	20.0	19.5	18.0
Czech Republic	3.6	3.2	4.2	5.4	3.7	3.4	4.0	5.8
Denmark	12.1	9.3	15.8	6.1	8.0	5.7	11.2	6.0
Estonia	29.5	24.6	36.7	13.9	6.7	4.6	9.5	11.7
Finland	13.0	7.7	19.4	8.0	9.7	6.1	14.0	7.3
France	5.3	3.6	6.8	7.2	5.4	4.5	6.3	7.9
Germany	10.1	8.1	13.0	8.5	10.5	8.5	13.3	8.8
Greece	15.2	11.5	20.7	13.9	15.8	13.2	19.1	14.3
Hungary	4.7	5.1	4.3	6.4	1.6	2.2	0.7	6.8
Iceland	9.4	5.0	14.5	6.5	3.0	0.7	6.0	6.4
Ireland	13.4	12.4	14.7	9.8	8.0	6.9	9.6	9.0
Israel	22.1	21.1	23.4	19.9	20.8	20.1	21.7	20.9
Italy	14.5	14.1	15.0	12.0	11.0	10.5	11.7	13.0
Japan	21.7	19.4	24.5	15.7	19.4	16.6	22.8	16.0
Korea	44.6	43.2		14.8	47.2	45.6		15.2
Luxembourg	2.7	2.6	2.8	7.2	1.9	1.4	2.8	7.2
Mexico	29.0	28.4	30.1	21.0	27.6	26.7	29.1	20.4
Netherlands	1.6	1.6	1.7	6.7	1.4	1.3	1.6	7.5
New Zealand	23.5	19.7	29.3	11.0	12.5	10.2	15.8	10.3
Norway	8.0	4.0	12.6	7.8	5.5	2.7	9.0	7.5
Poland	7.7	8.6	6.4	10.1	9.7	11.2	7.7	11.0
Portugal	15.2	12.6	18.7	13.6	9.9	7.6	12.6	11.4
Slovak Republic	7.2	6.6	8.1	6.7	4.3	3.5	5.7	7.8
Slovenia	17.5	15.1	21.1	8.2	16.7	13.1	22.0	9.2
Spain	20.6	17.4	24.2	13.7	12.5	11.6	13.4	15.4
Sweden	9.9	5.9	15.1	8.4	9.5	6.3	14.2	9.1
Switzerland					21.8	19.4	25.8	9.5
Turkey	13.7	13.9	13.1	17.0	17.6	15.9	20.7	19.3
United Kingdom	12.2	9.9	14.9	11.3	8.6	7.0	10.5	10.0
United States	22.2	18.9	26.3	17.3	19.9	16.4	24.3	17.4
OECD	**15.1**	**13.2**	**16.7**	**11.2**	**12.8**	**11.3**	**13.8**	**11.3**

Source: OECD Income Distribution Database; OECD (2008), Table 5.3.

StatLink http://dx.doi.org/10.1787/888932907775

5.5. Income poverty rates by age



Source: OECD Income Distribution Database; see OECD (2008), Tables 5.1 and 5.3.

StatLink http://dx.doi.org/10.1787/888932907794

Finances of retirement-income systems

Contributions

Key results

Pension contribution rates have remained broadly stable since the mid-1990s. The average contribution rate in the 25 OECD countries that levy separate public contributions increased from 19.2% in 1994 to 19.6% in 2012, reaching a high of 20.0% in 2004. This probably reflects governments' concerns over the effect on employment of high labour taxes. Indeed, these concerns seem to have taken precedence over the pressure on pension-system finances from ageing populations and maturing of schemes.

In the 23 countries for which data are available, revenues from these contributions were worth an average of 5.2% of national income, representing 15.8% of total government revenues raised from taxes and contributions.

Most of the measures presented in Pensions at a Glance look at the benefits side of the pension system. These indicators look at the contribution side.

The left-hand side of the table looks at the evolution of contribution rates. Around two-thirds of countries with separate pension contributions saw rates unchanged between 2009 and 2012: Austria, Belgium, Canada, Chile, the Czech Republic, Estonia, France, Greece, Israel, Korea, Luxembourg, the Netherlands, Poland, the Slovak Republic, Slovenia, Spain, Switzerland and Turkey. In addition, there were only very small changes in Germany, Hungary, Italy and Sweden. There were significant increases in contribution rates in the Czech Republic, with a smaller increase also in Finland and Japan. In contrast, there were cuts in contribution rates in the United States.

The right-hand side of the table looks at the money raised from contributions to public pension schemes. The revenue figures complement those for the contribution rate, because they illustrate the effect of other parameters of the pension system. For example, most OECD countries have ceilings on pension contributions, which range from around the level of average earnings to 3.3 times in Italy and 6.0 times in Mexico. A lower ceiling will, of course, reduce revenues for a given contribution rate. In other countries, there are floors to contributions, which can mean that low earners pay little or no contributions. Finally, some countries' revenues may be affected by the size of the informal sector or under-reporting of earnings…

The final column of the table shows pension contributions as a percentage of total government revenues from taxes and contributions. This time, Spain is again highest with pension contributions accounting for 28% of total revenues, with Greece next at 25.5%. In Australia, Denmark and New Zealand, pensions are financed by general revenues. For the reasons explained above, pension contributions are a relatively small part of government revenues in Canada, Korea and Turkey…

6.1. Public pension contribution rates and revenues

	Pension contribution rate (% of gross earnings)							Pension contribution revenues, 2011			
								(% of GDP)			(% of total taxes)
	1994	1999	2004	2009	2012	Employee 2012	Employer 2012	Employee	Employer	Total	
OECD members											
Australia	Private pension contributions only							0.0	0.0	0.0	0.0
Austria	22.8	22.8	22.8	22.8	22.8	10.3	12.6	3.5	3.7	7.8	20.1
Belgium	16.4	16.4	16.4	16.4	16.4	7.5	8.9	2.3	2.0	4.7	11.5
Canada	5.2	7.0	9.9	9.9	9.9	5.0	5.0	1.2	1.2	2.6	9.1
Chile			29.8	29.8	29.8	28.8	1.0				
Czech Republic	26.9	26.0	28.0	28.0	28.0	6.5	21.5	1.8	6.0	8.3	24.7
Denmark	Private pension contributions only							0.0	0.0	0.0	0.0
Estonia			35.0	22.0	22.0	2.0	20.0				
Finland	18.6	21.5	21.4	21.6	22.8	5.2	17.7	1.8	6.8	9.0	22.9
France	21.5	16.7	16.7	16.7	16.7	6.8	9.9				
Germany	19.2	19.7	19.5	19.9	19.6	9.8	9.8	2.8	3.2	6.9	20.2
Greece	20.0	20.0	20.0	20.0	20.0	6.7	13.3	3.4	4.3	9.2	25.5
Hungary	30.5	30.0	26.5	33.5	34.0	10.0	24.0	1.4	6.4	8.3	23.0
Iceland	No separate pension contribution										
Ireland	No separate pension contribution										
Israel			6.1	6.9	6.9	3.9	3.1				
Italy	28.3	32.7	32.7	32.7	33.0	9.2	23.8	2.2	6.8	9.0	21.1
Japan	16.5	17.4	13.9	15.7	16.8	8.4	8.4	3.2	3.1	6.3	22.8
Korea	6.0	9.0	9.0	9.0	9.0	4.5	4.5	1.2	0.9	2.1	9.0
Luxembourg	16.0	16.0	16.0	16.0	16.0	8.0	8.0	2.8	2.4	5.9	17.4
Mexico	Private pension contributions only							0.0	0.0	0.0	0.0
Netherlands	17.9	17.9	17.9	17.9	17.9	17.9	0.0				
New Zealand	No contributions							0.0	0.0	0.0	0.0
Norway	No separate pension contribution										
Poland		19.5	19.5	19.5	19.5	9.8	9.8	3.0	2.6	6.8	24.1
Portugal	No separate pension contribution										
Slovak Republic	28.5	27.5	26.0	18.0	18.0	4.0	14.0	0.9	2.5	4.3	16.4
Slovenia			24.4	24.4	24.4	15.5	8.9				
Spain	29.3	28.3	28.3	28.3	28.3	4.7	23.6	1.4	6.8	9.2	28.0
Sweden	19.1	15.1	18.9	18.9	18.4	7.0	11.4	2.5	3.6	6.2	14.6
Switzerland	9.8	9.8	9.8	9.8	9.8	4.9	4.9	2.7	2.7	5.9	21.5
Turkey	20.0	20.0	20.0	20.0	20.0	9.0	11.0	1.1	1.3	2.4	12.0
United Kingdom	No separate pension contribution										
United States	12.4	12.4	12.4	12.4	10.4	4.2	6.2	2.1	2.1	4.2	18.5
OECD34	**19.2**	**19.3**	**20.0**	**19.6**	**19.6**	**8.4**	**11.2**	**1.8**	**3.0**	**5.2**	**15.8**
Other major economies											
Argentina			28.0	23.7	23.7	11.0	12.7				
Brazil			31.0	31.0	31.0	11.0	20.0				
China			28.0	28.0	28.0	8.0	20.0				
India			24.0	24.0	24.0	12.0	12.0				
Indonesia			6.0	6.0	6.0	2.0	4.0				
Russian Federation			28.0	26.0	22.0	0.0	22.0				
Saudi Arabia			18.0	18.0	18.0	9.0	9.0				
South Africa	No contributions										
EU27			23.8	22.5	22.6	8.0	14.6				

Note: In some cases, pension contribution revenues have been calculated assuming that the revenues are split between different social security programmes in the same proportion as the contribution rates. The total contribution includes payments from people who are not employed (principally the self-employed).

Source: OECD (various years), *Taxing Wages*; OECD (2013), *Revenue Statistics*; Social Security Administration, United States (various years), *Social Security Programs throughout the World*; OECD pension and tax models.

StatLink http://dx.doi.org/10.1787/888932907813

Public expenditure on pensions

Key results

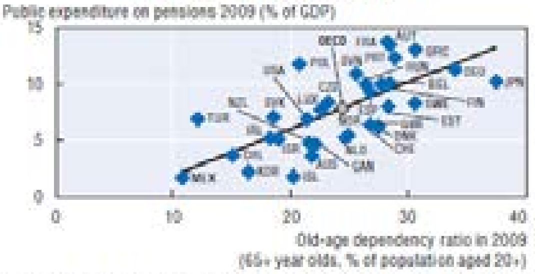
Public spending on cash old-age pensions and survivors' benefits in the OECD increased 27% faster than the growth in national income between 1990 and 2009, from an average of 6.1% of gross domestic product (GDP) to 7.8%. Public pensions are often the largest single item of government expenditure, accounting for 17% of total government spending on average…

6.2. Public expenditure on old-age and survivors benefits

	Public expenditure on cash benefits for old-age and survivors									Total inc. non-cash (% of GDP)
	Level (% of GDP)					Change (%)	Level (% of total government spending)		Level in net terms (% of GDP)	
	1990	1995	2000	2005	2009[1]	1990-2009	1990	2009[1]	2009[1]	2009[1]
Australia	3.0	3.6	3.8	3.3	3.5	14.7	8.5	9.4	3.4	5.1
Austria	11.4	12.3	12.2	12.4	13.5	18.3	22.1	25.5	11.8	14.0
Belgium	9.1	9.3	8.9	9.0	10.0	10.2	17.4	18.7	8.9	10.2
Canada	4.2	4.7	4.3	4.1	4.5	7.4	8.5	10.3	4.3	4.5
Chile		6.7	7.3	5.7	3.6				3.5	3.6
Czech Republic	5.8	6.1	7.2	7.0	8.3	47.0		18.5	8.3	8.6
Denmark	5.1	6.2	5.3	5.4	6.1	19.3	9.2	10.5	4.5	8.2
Estonia			6.0	5.3	7.9			17.6	7.8	8.1
Finland	7.3	8.8	7.6	8.4	9.9	36.3	15.1	17.7	8.3	11.1
France	10.6	12.0	11.8	12.4	13.7	29.2	21.4	24.2	12.8	14.1
Germany	9.7	10.5	11.1	11.4	11.3	16.7		23.4	10.9	11.3
Greece	9.9	9.7	10.8	11.8	13.0	31.2		24.2	13.0	13.2
Hungary			7.6	8.5	9.9			19.4	9.9	10.5
Iceland	2.2	2.4	2.2	2.0	1.7	-21.3		3.4	1.6	2.2
Ireland	4.9	4.3	3.1	3.4	5.1	5.2	11.5	10.5	4.8	5.6
Israel		4.7	4.9	5.1	5.0			11.1	4.9	5.2
Italy	10.1	11.3	13.5	13.9	15.4	53.3	19.1	29.8	13.5	15.6
Japan	4.8	6.1	7.3	8.7	10.2	111.4		19.1	9.5	11.8
Korea	0.7	1.2	1.4	1.5	2.1	193.5	3.7	6.5	2.1	2.4
Luxembourg	8.2	8.8	7.5	7.2	7.7	-6.1	21.6	17.8	6.9	7.7
Mexico	0.5	0.7	0.9	1.2	1.7	260.0		7.3	1.7	1.7
Netherlands	6.7	5.8	5.0	5.0	5.1	-23.9	12.2	9.9	4.7	6.1
New Zealand	7.4	5.7	5.0	4.3	4.7	-36.7	14.0	11.1	4.0	4.7
Norway	5.6	5.5	4.8	4.8	5.4	-5.2		11.5	4.4	7.4
Poland	5.1	9.4	10.5	11.4	11.8	129.1		26.4	10.8	11.8
Portugal	4.9	7.2	7.9	10.3	12.3	151.9		24.8	11.6	12.5
Slovak Republic		6.3	6.3	6.2	7.0			15.9	7.0	7.4
Slovenia			10.5	9.9	10.9			22.1	10.9	11.0
Spain	7.9	9.0	8.6	8.1	9.3	17.3		20.1	9.0	9.9
Sweden	7.7	8.2	7.2	7.6	8.2	6.8		15.0	6.2	10.8
Switzerland	5.6	6.7	6.6	6.8	6.3	11.9	18.5	19.5	6.4	6.6
Turkey	2.4	2.7	4.9	5.9	6.8	188.7		16.8	6.8	6.9
United Kingdom	4.8	5.4	5.3	5.6	6.2	28.1	11.6	12.1	5.9	6.8
United States	6.1	6.3	5.9	6.0	6.8	17.6	16.4	16.3	6.4	6.9
OECD	**6.1**	**6.7**	**6.6**	**7.0**	**7.8**	**27.8**		**16.6**	**7.3**	**8.5**

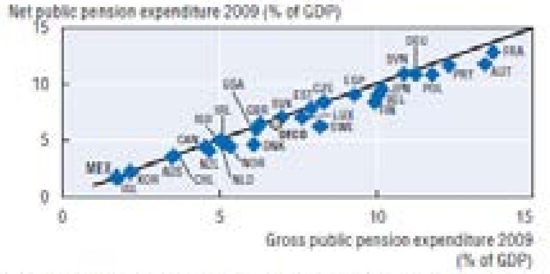
Note: See Adema, W. and M. Ladaique (2009), "How Expensive is the Welfare State? Gross and Net Indicators in the OECD Social Expenditure Database (SOCX)", OECD Social, Employment and Migration Working Papers, No. 92, OECD Publishing, Paris, http://dx.doi.org/10.1787/220615515052 for more details on the data, sources and methodology.
1. Data for Switzerland is 2008.
Source: OECD, Social Expenditures Database (SOCX); OECD, Main Economic Indicators (database).
StatLink http://dx.doi.org/10.1787/888932907832

6.3. Demographic pressures and public pension expenditure



Note: Regression line is pension expenditure = -2.408 (1.917) + 0.4186 (0.07774) × dependency ratio, where heteroskedasticity adjusted standard errors are given in parentheses. The coefficient on the dependency ratio is significant at the 1% level and the R^2 of the regression is 0.4832.
Source: OECD, Social Expenditures Database (SOCX); United Nations, World Population Prospects: The 2008 Revision – Highlights.
StatLink http://dx.doi.org/10.1787/888932907851

6.4. Gross and net public pension expenditure



Note: The figure shows a 45° line. See Adema, W. and M. Ladaique (2009), "How Expensive is the Welfare State? Gross and Net Indicators in the OECD Social Expenditure Database (SOCX)", OECD Social, Employment and Migration Working Papers, No. 92, OECD Publishing, Paris, http://dx.doi.org/10.1787/220615515052 for more details on the data, sources and methodology.
Source: OECD, Social Expenditures Database (SOCX).
StatLink http://dx.doi.org/10.1787/888932907870

Pension benefit expenditures: public and private

Key results

Payments from private pension schemes were worth 1.6% of gross domestic product (GDP) on average in 2009 in the 25 OECD countries for which data are available. This is equivalent to a fifth of average public spending on retirement benefits. Private-pension payments increased 27% faster than GDP between 1990 and 2009…

6.5. Pension-benefit expenditures: Public and private, 1990-2009

	Scheme type	Benefit expenditure of private pension schemes						Public and private benefit spending (% of GDP)	Tax breaks for private pensions (% of GDP)
		Level (% of GDP)					Change (%)		
		1990	1996	2000	2006	2009[1]	1990-2009	2009	2009
Australia	v		1.8	2.9	1.9	2.0		5.5	2.0
Austria	v	0.4	0.4	0.5	0.5	0.7	*60.2*	14.2	0.1
Belgium	v	1.0	1.7	1.4	1.5	1.4	*38.0*	11.5	0.2
Canada	v	2.6	3.5	4.0	4.3	3.7	*43.9*	8.2	1.3
Chile	m		0.9	1.1	1.3	1.3		4.9	
Czech Republic	m	a	a	0.2	0.2	0.4		8.8	0.1
	v	a	0.0	0.0	0.0	0.1			
Denmark	q/m	1.5	1.8	2.0	2.3	2.5	*59.3*	8.6	
Estonia								7.9	
Finland	v	0.1	0.4	0.3	0.2	0.3	*184.3*	10.2	0.1
France	m	0.2	0.1	0.2	0.2	0.2	*-1.4*	14.1	0.0
	v	0.1	0.1	0.1	0.1	0.1	*189.6*		
Germany	v	0.7	0.7	0.8	0.8	0.8	*22.9*	12.1	0.9
Greece	v	0.4	0.4	0.5	0.5	0.4	*-0.1*	13.4	
Hungary								9.9	
Iceland	v	1.4	1.8	2.3	2.8	3.7	*166.5*	5.5	1.1
Ireland	v	0.9	1.0	0.8	0.8	1.1	*23.1*	6.2	1.2
Israel								5.0	
Italy	m	2.7	3.1	1.2	1.1	1.2	*-55.2*	17.0	0.0
	v	0.3	0.2	0.2	0.2	0.3	*0.2*		
Japan	m	0.2	0.3	0.5	a	a		13.3	0.6
	v	a	a	3.0	2.3	3.1			
Korea	v	m	0.0	0.0	0.0	0.0		2.2	
Luxembourg	v	a	a	a	0.6	0.6		8.2	0.0
Mexico								1.7	0.2
Netherlands	m	a	0.0	0.0	0.0	0.0		10.7	
	q	3.9	4.7	4.8	5.2	5.6	*44.6*		
New Zealand								4.7	
Norway	v	0.6	0.6	0.6	0.6	0.6	*11.2*	6.0	0.9
Poland								11.8	0.0
Portugal	v	0.3	0.3	0.4	0.6	0.5	*64.5*	12.8	0.1
Slovak Republic	v	a	0.1	0.2	0.4	0.3		7.3	0.2
Slovenia								10.9	
Spain								9.3	0.2
Sweden	q/m	1.2	1.9	1.8	2.1	2.4	*99.3*	10.7	
Switzerland[1]	m	3.2	4.9	5.8	6.0	5.8	*84.3*	12.1	
	v	0.0	0.0	0.0	0.0	a			
Turkey								6.8	
United Kingdom	v/m	4.3	5.2	6.1	4.8	4.6	*6.7*	10.8	1.4
United States	v	2.7	3.1	3.8	3.8	3.9	*44.6*	10.7	0.8
OECD		**1.3**	**1.4**	**1.5**	**1.5**	**1.6**	***26.7***	**9.2**	**0.5**

m = Mandatory private scheme; q = Quasi mandatory; v = Voluntary.

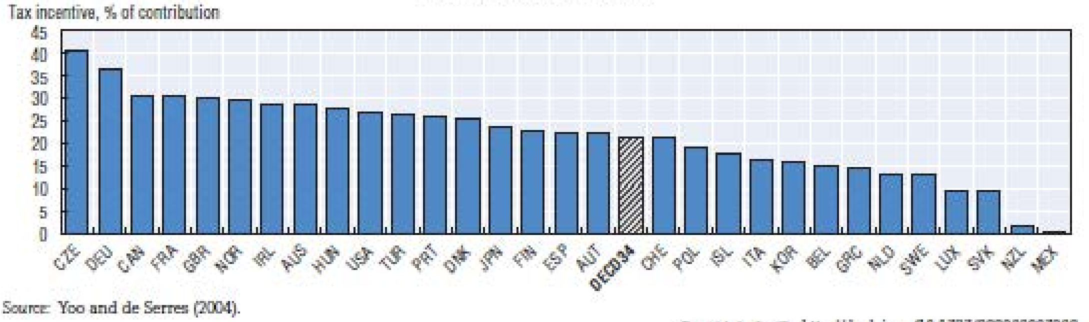
1. Data for Switzerland are from 2009.

Source: OECD, *Social Expenditures Database* (SOCX); OECD, *Main Economic Indicators* (database); see Adema and Ladaique (2009) for more details on the data, sources and methodology.

StatLink http://dx.doi.org/10.1787/888932907889

6.6. Tax incentives for private pensions

2003 parameters and rules



Source: Yoo and de Serres (2004).

StatLink http://dx.doi.org/10.1787/888932907908

Long-term projections of public pension expenditure

Key results

Public spending on pensions has been on this rise in most OECD countries for the past two decades, as shown by the previous two indicators. Long-term projections show that pension spending is expected to go on growing in 28 out of 31 OECD countries where data are available. On average pension expenditure is forecast to grow from 9.3% of gross domestic product (GDP) in 2010 to 11.7% of GDP in 2050…

6.7. Projections of public expenditure on pensions, 2010-60

	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060
OECD members											
Australia	3.6	3.6	3.7		4.3		4.7		4.9		
Austria	14.1	14.4	15.1	16.1	16.7	16.7	16.5	16.4	16.4	16.4	16.1
Belgium	11.0	11.9	13.1	14.5	15.5	16.2	16.5	16.7	16.7	16.8	16.6
Canada	5.0	5.4	5.8	6.3	6.6	6.6	6.5	6.4	6.3	6.3	6.2
Chile											
Czech Republic	9.1	8.6	8.7	8.7	8.9	9.2	9.7	10.3	11.0	11.6	11.8
Denmark	10.1	10.4	10.8	10.6	10.7	10.5	10.3	10.0	9.6	9.5	9.5
Estonia	8.9	7.8	7.7	7.9	8.2	8.1	8.1	8.1	8.0	8.0	7.7
Finland	12.0	12.8	14.0	14.9	15.6	15.5	15.2	14.9	14.9	15.1	15.2
France	14.6	14.4	14.4	14.5	14.9	15.2	15.2	15.2	15.1	15.1	15.1
Germany	10.8	10.5	10.9	11.4	12.0	12.4	12.7	12.8	13.0	13.2	13.4
Greece	13.6	14.1	13.7	13.6	14.1	14.6	14.9	15.3	15.4	15.0	14.6
Hungary	11.9	11.9	11.5	11.4	11.1	11.4	12.1	12.8	13.5	14.2	14.7
Iceland	4.0								6.9		
Ireland	7.5	8.3	9.0	9.0	9.0	9.4	10.0	10.6	11.4	11.7	11.7
Israel											
Italy	15.3	14.9	14.5	14.4	14.5	15.0	15.6	15.9	15.7	15.0	14.4
Japan											
Korea	0.9	1.1	1.4	2.0	2.5	3.1	3.9	4.8	5.5	6.0	6.5
Luxembourg	9.2	9.9	10.8	12.4	14.0	15.4	16.5	17.6	18.1	18.7	18.6
Mexico	2.4								3.5		
Netherlands	6.8	6.8	7.4	8.3	9.1	10.0	10.4	10.5	10.4	10.4	10.4
New Zealand	4.7	4.8	5.3	5.9	6.7	7.3	7.7	7.8	8.0		
Norway	9.3	10.9	11.6	12.3	12.9	13.4	13.7	13.8	13.9	14.0	14.2
Poland	11.8	10.7	10.9	11.1	10.9	10.6	10.3	10.1	10.0	9.9	9.6
Portugal	12.5	13.3	13.5	13.4	13.2	13.1	13.1	13.2	13.1	12.9	12.7
Slovak Republic	8.0	8.1	8.6	9.1	9.5	10.0	10.6	11.3	12.2	13.2	13.2
Slovenia	11.2	11.8	12.2	12.5	13.3	14.5	15.8	16.9	17.9	18.3	18.3
Spain	10.1	10.4	10.6	10.5	10.6	11.3	12.3	13.3	14.0	14.0	13.7
Sweden	9.6	9.7	9.6	9.8	10.1	10.2	10.2	9.9	9.9	10.1	10.2
Switzerland	6.3	6.6	6.8	7.5	8.1	8.6	8.6	8.8	8.6		
Turkey	7.3								11.4		
United Kingdom	7.7	7.4	7.0	7.3	7.7	8.0	8.2	8.0	8.2	8.7	9.2
United States	4.6	4.8	4.9	4.9	4.9	4.9	4.8	4.8	4.8	4.7	4.7
OECD28	**9.3**	**9.5**	**9.8**		**10.6**		**11.2**		**11.7**		
Other major economies											
Argentina	5.9								8.6		
Brazil	8.5								15.8		
China	2.2								2.6		
India	1.7								0.9		
Indonesia	0.9								2.1		
Russian Federation	7.1	8.5	8.9	9.0	9.0	8.7	8.4	8.0	7.5	7.2	6.9
Saudi Arabia	2.2								7.1		
South Africa	1.3	1.7	1.8	1.8	1.7	1.6	1.6	1.5	1.5	1.5	1.4
EU27	10.8	10.9	11.1	11.5	11.9	12.3	12.6	12.9	13.1	13.2	13.2

Note: OECD28 figure shows only countries for which complete data between 2010 and 2050 are available. EU27 figure is a simple average of member states (not the weighted average published by the European Commission). Pension schemes for civil servants and other public-sector workers are generally included in the calculations for EU member states: see European Commission, *The 2012 Ageing Report*. Expenditures on these schemes are not included for Canada, Japan, South Africa and the United States. Projections are not available, in some cases, for separate resource-tested programmes for retirees. This is the case for the United States and some EU member states as set out in European Commission, *op. cit.* Similarly, data for Korea cover the earnings-related scheme but not the basic (resource-tested) pension.
Source: European Commission (2012), *The 2012 Ageing Report*; Australia: Commonwealth of Australia (2010), *Australia to 2050: Future Challenges*; Canada: Calculations provided by the Office of the Chief Actuary, Office of the Superintendent of Financial Institutions; Korea: National Pensions Research Institute; Russian Federation: World Bank staff estimates; South Africa: OECD Secretariat estimates assuming a universalised basic pension; United States: Social Security Administration (2010), *Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, Document 111-137, House of Representatives, United States; Argentina, Brazil, China, Iceland, India, Indonesia, Mexico, Saudi Arabia, Turkey: Standard and Poor's (2010), *Global Aging 2010: An Irreversible Truth*.

StatLink http://dx.doi.org/10.1787/888932907927

Demographic and economic context

Fertility

Key results

The total fertility rate is below the replacement level – the number of children needed to keep the total population constant - in 32 out of 34 OECD countries for 2010-15. The exceptions to this are Israel with a replacement rate of 2.9 and Mexico at 2.2. However in two-thirds of OECD countries there has been a moderate increase in fertility rates over the last decade. Fertility rates have a profound implication for pension systems because they, along with life expectancy, are the drivers of population ageing…

7.1. Total fertility rates, 1980-2065

	1980-85	1990-95	2000-05	2010-15	2020-25	2030-35	2040-45	2050-55	2060-65
OECD members									
Australia	1.91	1.86	1.75	1.88	1.87	1.86	1.86	1.86	1.86
Austria	1.60	1.48	1.38	1.47	1.57	1.66	1.71	1.76	1.79
Belgium	1.60	1.61	1.68	1.85	1.89	1.91	1.93	1.94	1.95
Canada	1.63	1.69	1.52	1.66	1.74	1.79	1.82	1.84	1.86
Chile	2.67	2.55	2.00	1.83	1.77	1.77	1.79	1.80	1.82
Czech Republic	2.01	1.66	1.19	1.55	1.71	1.80	1.86	1.89	1.91
Denmark	1.43	1.75	1.76	1.88	1.91	1.92	1.93	1.94	1.95
Estonia	2.09	1.63	1.39	1.59	1.71	1.79	1.84	1.86	1.88
Finland	1.69	1.82	1.75	1.85	1.87	1.88	1.89	1.89	1.90
France	1.87	1.72	1.88	1.98	1.98	1.99	1.99	1.99	1.99
Germany	1.46	1.30	1.35	1.42	1.50	1.57	1.62	1.66	1.69
Greece	1.96	1.37	1.28	1.52	1.61	1.69	1.74	1.78	1.80
Hungary	1.82	1.74	1.30	1.41	1.53	1.62	1.69	1.74	1.77
Iceland	2.23	2.19	1.99	2.08	2.00	1.93	1.90	1.88	1.87
Ireland	2.76	1.91	1.97	2.00	1.99	1.98	1.98	1.97	1.97
Israel	3.13	2.93	2.91	2.91	2.69	2.49	2.33	2.19	2.08
Italy	1.54	1.28	1.25	1.48	1.61	1.70	1.76	1.80	1.83
Japan	1.75	1.48	1.30	1.41	1.54	1.63	1.69	1.74	1.78
Korea	2.23	1.70	1.22	1.32	1.46	1.57	1.65	1.71	1.75
Luxembourg	1.47	1.66	1.65	1.67	1.74	1.78	1.82	1.84	1.85
Mexico	4.25	3.16	2.54	2.20	1.94	1.80	1.74	1.74	1.76
Netherlands	1.52	1.58	1.73	1.77	1.81	1.84	1.86	1.87	1.88
New Zealand	1.97	2.07	1.95	2.05	1.94	1.88	1.84	1.83	1.83
Norway	1.69	1.89	1.81	1.93	1.93	1.94	1.94	1.94	1.94
Poland	2.33	1.89	1.27	1.41	1.53	1.62	1.69	1.74	1.77
Portugal	2.01	1.51	1.45	1.32	1.38	1.49	1.58	1.65	1.71
Slovak Republic	2.27	1.87	1.22	1.39	1.52	1.61	1.68	1.73	1.77
Slovenia	1.87	1.36	1.23	1.50	1.60	1.68	1.73	1.77	1.80
Spain	1.88	1.28	1.29	1.50	1.63	1.71	1.77	1.81	1.83
Sweden	1.64	2.01	1.67	1.92	1.95	1.97	1.98	1.99	1.99
Switzerland	1.54	1.54	1.41	1.53	1.62	1.69	1.74	1.77	1.80
Turkey	4.07	2.87	2.33	2.05	1.89	1.80	1.76	1.75	1.77
United Kingdom	1.78	1.78	1.66	1.89	1.89	1.90	1.90	1.90	1.90
United States	1.80	2.03	2.04	1.97	1.98	1.98	1.99	1.99	1.99
OECD34	**2.04**	**1.83**	**1.65**	**1.74**	**1.77**	**1.80**	**1.82**	**1.85**	**1.85**
Other major economies									
Argentina	3.15	2.90	2.35	2.18	2.06	1.97	1.91	1.88	1.86
Brazil	3.80	2.60	2.25	1.82	1.71	1.68	1.69	1.72	1.75
China	2.69	2.05	1.55	1.66	1.72	1.76	1.80	1.82	1.84
India	4.47	3.67	3.00	2.50	2.25	2.08	1.96	1.88	1.85
Indonesia	4.11	2.90	2.48	2.35	2.12	1.98	1.89	1.85	1.84
Russian Federation	2.04	1.55	1.30	1.53	1.66	1.74	1.79	1.83	1.85
Saudi Arabia	7.02	5.45	3.54	2.68	2.24	1.98	1.82	1.75	1.73
South Africa	4.56	3.34	2.80	2.40	2.18	2.01	1.91	1.85	1.82
EU27	1.94	1.67	1.46	1.60	1.68	1.74	1.79	1.82	1.84

Source: United Nations, *World Population Prospects – 2012 Revision*.

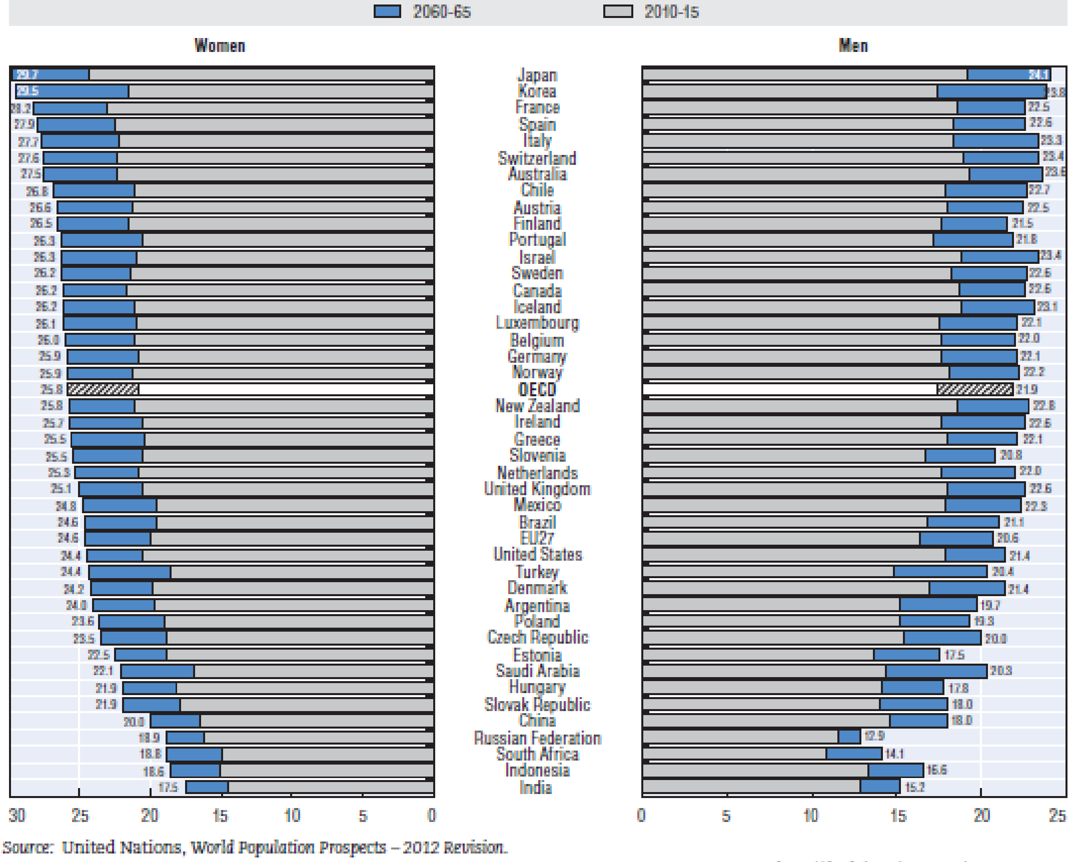
StatLink http://dx.doi.org/10.1787/888932907946

Life expectancy

Key results

The remarkable increase in life expectancy is one of the greatest achievements of the last century. Lives continue to get longer, and this trend is predicted to continue. In 2010-15, life expectancy at birth averaged 77.2 years for men and 82.7 years for women. Among women, the figure was highest in Japan (86.9 years), followed by Spain, France, Italy and Switzerland. For men, life expectancy at birth was highest in Iceland (80.2 years) followed by Australia, Switzerland, Japan and Israel…

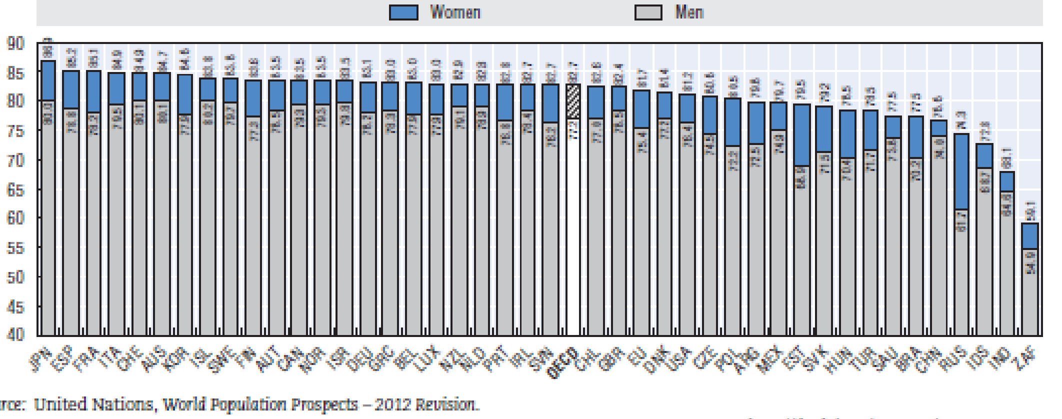
7.2. Additional life expectancy at age 65, in years, men and women, 2010-15 and 2060-65



Source: United Nations, World Population Prospects – 2012 Revision.

StatLink http://dx.doi.org/10.1787/888932907965

7.3. Life expectancy at birth, in years, men and women, 2010-15



Source: United Nations, World Population Prospects – 2012 Revision.

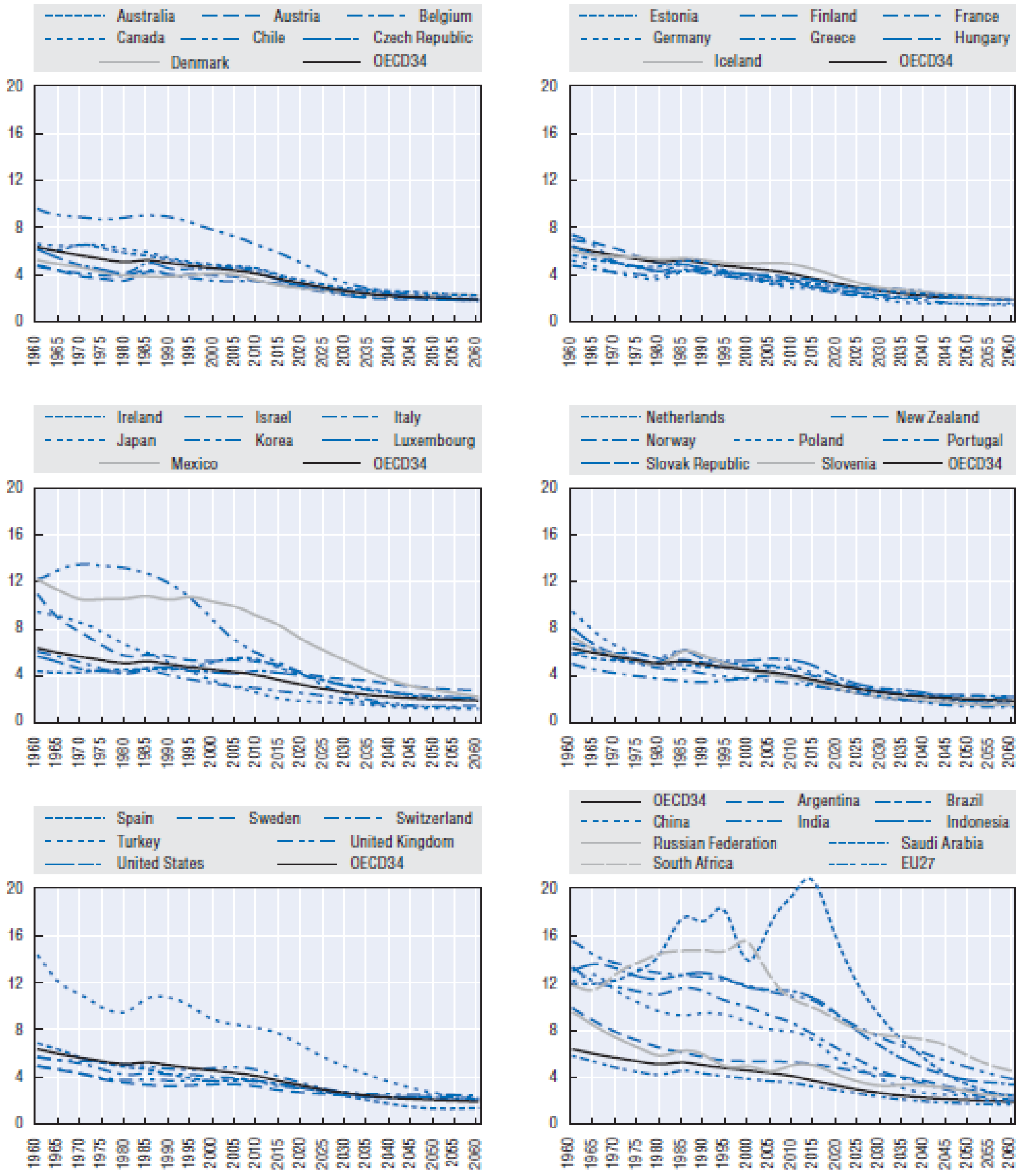
StatLink http://dx.doi.org/10.1787/888932907984

Old-age support ratio

Key results

Population ageing is one of the main driving forces behind the wave of pension reforms in recent years. The old-age support ratio is an important indicator of the pressures that demographics pose for pension systems. It measures how many people there are of working age (20-64) relative to the number of retirement age (65+). At the moment, there are just under four people of working age for every one of pension age on average. OECD countries have been ageing for some time: between 1960 and 1980, the average support ratio decreased from 6.4 to 5.1. However, the decline in the more recent period has been slower, with the fall from 5.1 to 3.9 taking 32 years. From 2012, population ageing is expected to accelerate. By 2024, the support ratio is projected to reach three and fall further to 1.9 by 2060…

7.4. Old-age support ratios: Historical and projected values, 1960-2060



Source: United Nations, World Population Prospects – 2012 Revision.

StatLink http://dx.doi.org/10.1787/888932908003

Earnings: averages and distribution

Key results

"Average earnings" are an important metric underlying the presentation of system parameters and the results of pension modelling. The distribution of earnings is used to calculate composite indicators, such as the progressivity of pension systems, the structure of the retirement-income package and weighted averages…

7.5. Average worker earnings (AW) and points of the earnings distribution, 2012

National currency and USD at market price and purchasing-power-parity exchange rates

	OECD measures of average earnings			Exchange rate with USD		Points of earnings distribution (% of mean earnings)		
	National currency	USD, market exchange rate	USD, PPP	Market rate	PPP	Lowest decile	Median	Top decile
OECD members								
Australia	73 500	76 400	48 100	0.96	1.53	49.5	83.3	167.5
Austria	40 900	53 900	47 800	0.76	0.85	48.1	82.7	164.0
Belgium	46 100	60 700	51 800	0.76	0.89	60.4	84.5	153.4
Canada	46 900	47 000	38 300	1.00	1.22	44.6	89.1	166.9
Chile	6 218 600	13 000	15 400	478.90	403.24			
Czech Republic	300 400	15 800	21 400	19.03	14.02	49.3	85.2	153.1
Denmark	392 500	69 400	45 500	5.66	8.62	60.9	89.0	150.4
Estonia	11 000	14 400	19 900	0.76	0.55			
Finland	41 500	54 700	43 800	0.76	0.95	62.3	89.5	147.9
France	36 700	48 400	40 500	0.76	0.91	55.1	81.2	159.5
Germany	44 800	59 100	53 200	0.76	0.84	43.4	87.0	165.7
Greece	20 100	26 500	28 100	0.76	0.72	42.8	68.0	147.7
Hungary	2 749 600	12 500	19 000	220.84	144.57	37.8	74.3	176.0
Iceland	6 079 000	47 300	42 900	128.40	141.64		95.5	
Ireland	32 600	43 000	35 700	0.76	0.92	45.2	82.7	169.0
Israel	119 900	32 100	31 100	3.73	3.85			
Italy	28 900	38 100	32 800	0.76	0.88	56.1	85.1	156.6
Japan	4 788 300	55 300	45 300	86.58	105.66	52.4	87.6	162.7
Korea	38 500 000	36 100	47 800	1 065.31	804.96	39.9	81.7	181.7
Luxembourg	51 300	67 700	51 800	0.76	0.99	48.9	77.9	167.3
Mexico	94 100	7 300	10 600	12.96	8.91	27.4	62.2	216.7
Netherlands	46 400	61 200	54 400	0.76	0.85	51.7	84.0	158.8
New Zealand	51 300	42 400	31 600	1.21	1.62	51.2	87.2	160.6
Norway	510 700	91 800	49 900	5.56	10.23	63.2	88.9	149.0
Poland	38 900	12 600	19 500	3.09	1.99	39.2	80.3	169.3
Portugal	15 700	20 700	22 500	0.76	0.70	40.9	69.3	189.2
Slovak Republic	9 800	12 900	17 400	0.76	0.57	45.1	78.7	163.5
Slovenia	17 200	22 700	26 800	0.76	0.64			
Spain	25 600	33 700	33 900	0.76	0.76	52.3	78.2	171.2
Sweden	387 300	59 500	40 500	6.51	9.55	56.0	89.8	150.9
Switzerland	86 900	94 900	51 400	0.92	1.69	56.6	84.9	153.4
Turkey	27 500	15 400	21 700	1.79	1.27	42.0	55.2	203.7
United Kingdom	35 900	58 300	53 600	0.62	0.67	39.6	75.5	165.9
United States	47 600	47 600	47 600	1.00	1.00	36.7	77.1	177.6
OECD34		**42 700**	**36 500**			**48.2**	**81.2**	**166.2**
Other major economies (latest available year)								
Argentina	53 600	10 900	17 500	4.92	3.07			
Brazil	21 000	10 200	12 200	2.05	1.72			
China	46 800	7 500	12 000	6.23	3.91			
India	240 400	4 400	13 100	54.85	18.29			
Indonesia	16 100 000	1 600	2 500	9 799.95	6 533.33			
Russian Federation	321 900	10 500	14 800	30.53	21.82			
Saudi Arabia	172 500	46 000	61 900	3.75	2.79			
South Africa	135 600	16 000	23 800	8.49	5.69			
EU27		35 100	33 000					

Note: Average earnings are rounded to the nearest 100 and exchange rates rounded to decimal places.
PPP = Purchasing power parity.
Source: *OECD Income Distribution Database*; D'Addio and Immervoll (2010).

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Coverage of private pensions

Key results

Private pension arrangements have been growing in importance in recent years as pension reforms have reduced public pension entitlements. In 18 OECD countries, private pensions are mandatory or quasi-mandatory (that is, they achieve near-universal coverage of employees through collective bargaining agreements). In a further eight OECD countries, voluntary private pensions (occupational and personal) cover more than 40% of the working age population…

8.1. Coverage of private pension schemes by type of plan, 2011

As a percentage of working age population (15-64 years)

	Mandatory/ quasi-mandatory	Voluntary		
		Occupational	Personal	Total
Australia	68.5	x	19.9	19.9
Austria	x	19.6	18.0	..
Belgium	x	45.2	..	..
Canada	x	33.4	32.8	..
Chile	75.6	..	..	..
Czech Republic	x	x	62.1	62.1
Denmark	ATP: 83.7 QMO: 61.9	x	23.6	23.6
Estonia	68.9	x	..	..
Finland	74.2	6.4	19.1	25.4
France	x	16.5	5.4	..
Germany	x	56.4	35.2	71.3
Greece	x	0.2	..	..
Hungary	1.5	x	20.0	20.0
Iceland	84.8	x	41.9	41.9
Ireland	x	31.0	12.0	41.3
Israel	81.8	x	x	x
Italy	x	7.5	6.9	14.0
Japan	..	..	..	..
Korea	12.2	x	23.4	23.4
Luxembourg	x	3.0	..	..
Mexico	59.5	1.9	x	1.9
Netherlands	88.0	x	28.3	28.3
New Zealand	x	7.9	63.7	..
Norway	68.1	..	23.2	..
Poland	56.5	1.3	..	..
Portugal	x	3.3	5.1	..
Slovak Republic	44.4	x	..	..
Slovenia	x	..	..	38.2
Spain	x	3.3	15.7	18.6
Sweden	PPS: ~100 QMO: ~90	x	27.1	27.1
Switzerland	70.5	x	..	..
Turkey	0.9	0.2	4.7	..
United Kingdom	x	30.0	11.1	43.3
United States	x	41.6	22.0	47.1

Note: Coverage rates are provided with respect to the total working age population (i.e. individual aged 15 to 64 years old) for all countries except Germany, Ireland and Sweden for which coverage rates are provided with respect to employees subject to social insurance contributions for Germany and to total employment for Ireland and Sweden.

PPS = Premium Pension System; QMO = Quasi-mandatory occupational; .. = Not available; x = Not applicable.

Source: OECD, Global Pension Statistics, estimates and OECD calculations using survey data.

StatLink http://dx.doi.org/10.1787/888932908041

Institutional structure of private pension plans

Key results

Private pension plans can be funded through various financing vehicles. In 2011, for OECD countries for which data are available, on average, 76% of OECD private pension assets was held by pension funds, 19% was held in pension insurance contracts run by life and pension insurance companies, 4% was held in retirement products provided by banks or investment management companies, and 1% were book reserves.

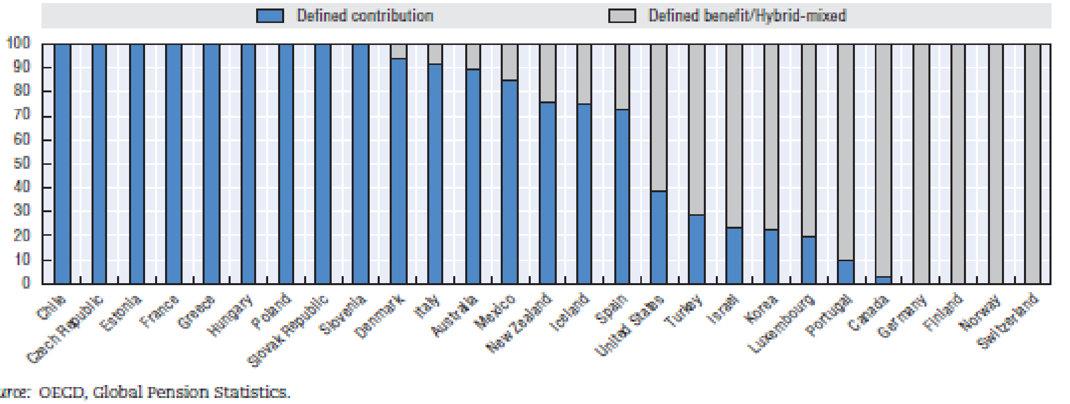
Within pension funds, DC plans are playing an increasing role, even if DB plans still dominate pension fund assets in some countries, largely due to their historical prominence as the favoured arrangement for occupational (workplace) pensions in many countries…

8.2. Private pension assets by type of financing vehicle in selected OECD countries, 2011
As a percentage of total assets

Source: OECD, Global Pension Statistics.

StatLink http://dx.doi.org/10.1787/888932908060

8.3. Relative shares of DB, DC and hybrid pension fund assets in selected OECD countries, 2011
As a percentage of total assets



Source: OECD, Global Pension Statistics.

StatLink http://dx.doi.org/10.1787/888932908079

The pension gap

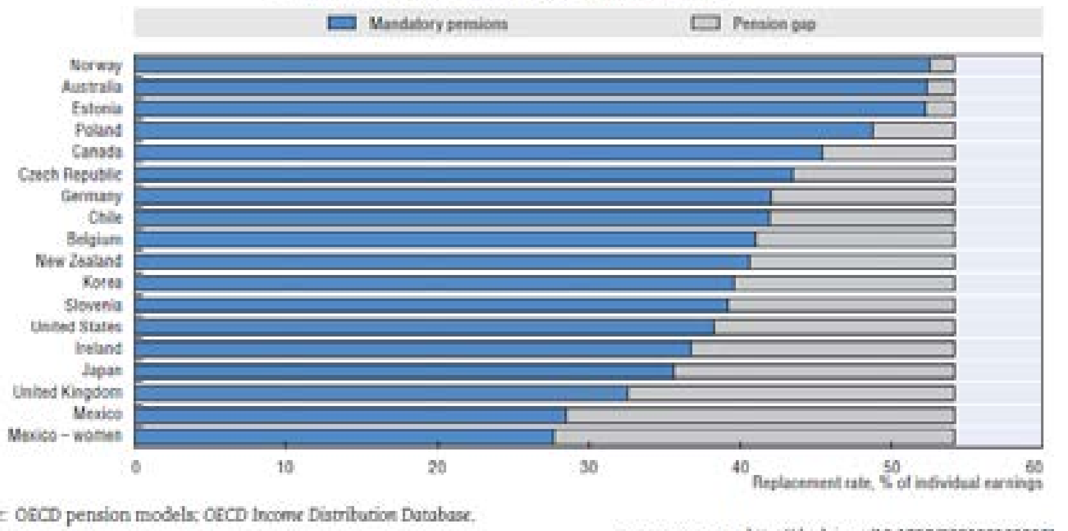
Key results

There are 17 countries with a mandatory pension scheme giving a replacement rate below the average for the 34 OECD countries. This pension gap is over 26% of pay for an average female earner in Mexico. It also exceeds 25% for men in Mexico and 21% for average earners in the United Kingdom.

Pension contributions required to fill the pension gap and bring the overall replacement rate up to the OECD average can be up to 7.5% of earnings if contributions are made for the full career. However, most workers do not start paying into a voluntary private pension until well into their careers. As a result, contribution rates of 10-15% would be required in three countries for workers with 20 years missing from their contribution records…

8.4. Pension gap level

Gross replacement rate for an average earner from mandatory pension schemes and difference from OECD average replacement rate



Source: OECD pension models; OECD Income Distribution Database.

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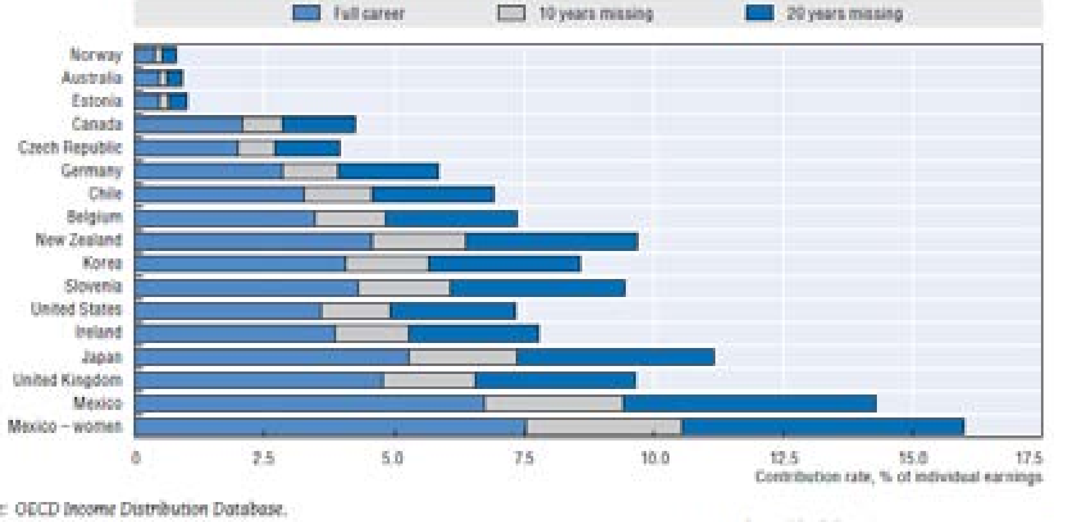
8.5. Filling the pension gap

Contribution rate required for average earner to reach OECD average gross replacement rate



Source: OECD Income Distribution Database.

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Assets in pension funds and public reserve funds

Key results

Substantial assets have been accumulated in most OECD countries to help meet future pension liabilities.
Total OECD pension funds' assets were the equivalent to 74% of gross domestic product (GDP) in 2011. Half of OECD countries have also built up public pension reserves to help pay for state pensions. For these countries, total public pension reserves were worth nearly 19% of GDP…

8.6. Assets in pension funds and public pension reserve funds in OECD countries, 2011

As a percentage of GDP and in millions of USD

	Pension funds		Public pension reserve funds	
	% of GDP	USD million	% of GDP	USD million
OECD members				
Australia	93.2	1 345 506	5.0	75 366
Austria	4.9	20 534	x	x
Belgium	4.2	21 740	5.0	25 574
Canada	63.7	1 106 091	10.9	189 755
Chile	58.5	145 512	1.9	4 750
Czech Republic	6.5	14 019	x	x
Denmark	49.7	165 741	x	x
Estonia	5.3	1 577	x	x
Finland	75.0	199 809	x	x
France	0.3	6 954	4.3	119 520
Germany	5.5	195 358	x	x
Greece	0.0	102	x	x
Hungary	3.8	5 287	x	x
Iceland	128.7	18 089	x	x
Ireland	46.2	100 556	8.6	18 658
Israel	49.4	120 101	x	x
Italy	4.9	106 889	x	x
Japan	25.1	1 470 350	23.2	1 360 686
Korea	4.5	49 721	28.2	314 917
Luxembourg	1.9	1 156	x	x
Mexico	12.9	149 010	0.1	1 539
Netherlands	135.5	1 134 726	x	x
New Zealand	15.8	24 734	8.8	14 046
Norway	7.4	35 977	5.0	24 410
Poland	15.0	77 433	0.8	4 325
Portugal	7.7	18 410	5.2	12 340
Slovak Republic	8.4	8 065	x	x
Slovenia	2.9	1 666	x	x
Spain	7.8	116 355	6.2	92 928
Sweden	9.2	49 635	25.0	134 620
Switzerland	110.7	703 448	x	x
Turkey	4.1	32 090	x	x
United Kingdom	95.8	2 313 484	x	x
United States	72.2	10 839 889	17.8	2 677 925
OECD34	**73.8**	**20 600 013**	**18.9**	**5 071 358**
Other major economies				
Argentina	0.0	0	10.8	46 566
Brazil	13.8	308 240	x	x
EU27	..	..	..	..
China	..	..	..	..
India	0.2	2 848	..	..
Indonesia	1.8	15 058	..	..
Russian Federation	3.2	54 740	x	x
Saudi Arabia	..	..	..	..
South Africa	82.5	300 276	x	x

Note: OECD34 represents the weighted average of funds' assets as a % of GDP or total funds' assets in millions of USD for countries for which data are shown.
x – Means not applicable.
Source: OECD, Global Pension Statistics.

StatLink http://dx.doi.org/10.1787/888932908136

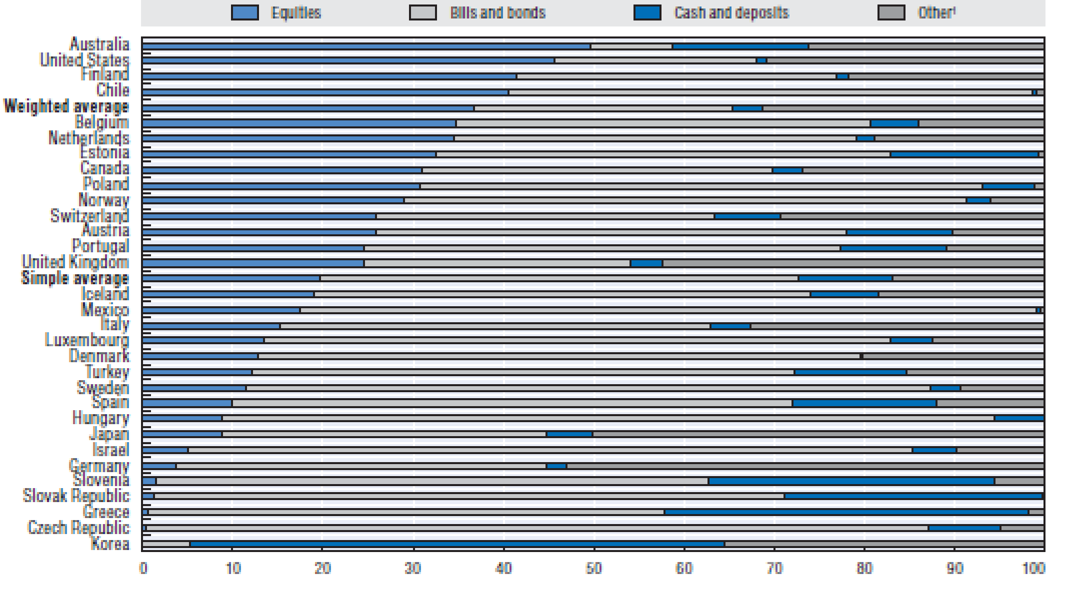
Asset allocation of pension funds and public pension reserve funds

Key results

At the end of 2011, traditional asset classes (primarily bonds and equities) were still the most common kind of investment in pension fund and public pension reserve fund portfolios. Proportions of equities and bonds vary considerably across countries but there is, generally, a greater preference for bonds…

8.7. Pension funds' asset allocation for selected investment categories in selected OECD countries, 2011

As a percentage of total investment



Note: The OECD *Global Pension Statistics Database* provides information about investments in Collective Investment Schemes and the look-through Collective Investment Schemes investments in cash and deposits, bills and bonds, shares and other. When the look-through was not provided by the countries, estimates were made assuming that Collective Investment Schemes' investment allocation in cash and deposits, bills and bonds, shares and other was the same as pension funds' direct investments in these categories. Therefore, asset allocation data in this Figure include both direct investment in shares, bills and bonds and indirect investment through Collective Investment Schemes.

1. The "Other" category includes loans, land and buildings, unallocated insurance contracts, hedge funds, private equity funds, structured products, other mutual funds (i.e. not invested in cash, bills and bonds, shares) and other investments.

Source: OECD, Global Pension Statistics.

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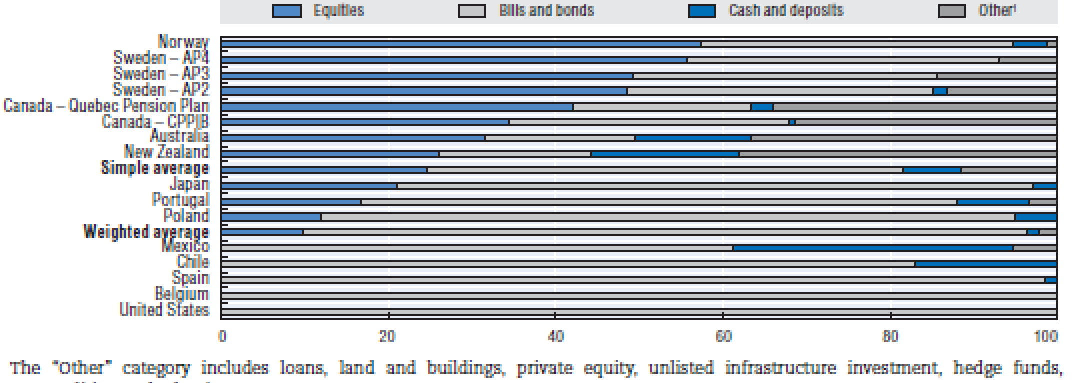
8.8. Public pension reserve funds' asset allocation for selected investment categories in selected OECD countries, 2011

As a percentage of total investment



1. The "Other" category includes loans, land and buildings, private equity, unlisted infrastructure investment, hedge funds, commodities, and other investments.

Source: OECD, Global Pension Statistics.

StatLink http://dx.doi.org/10.1787/888932908174

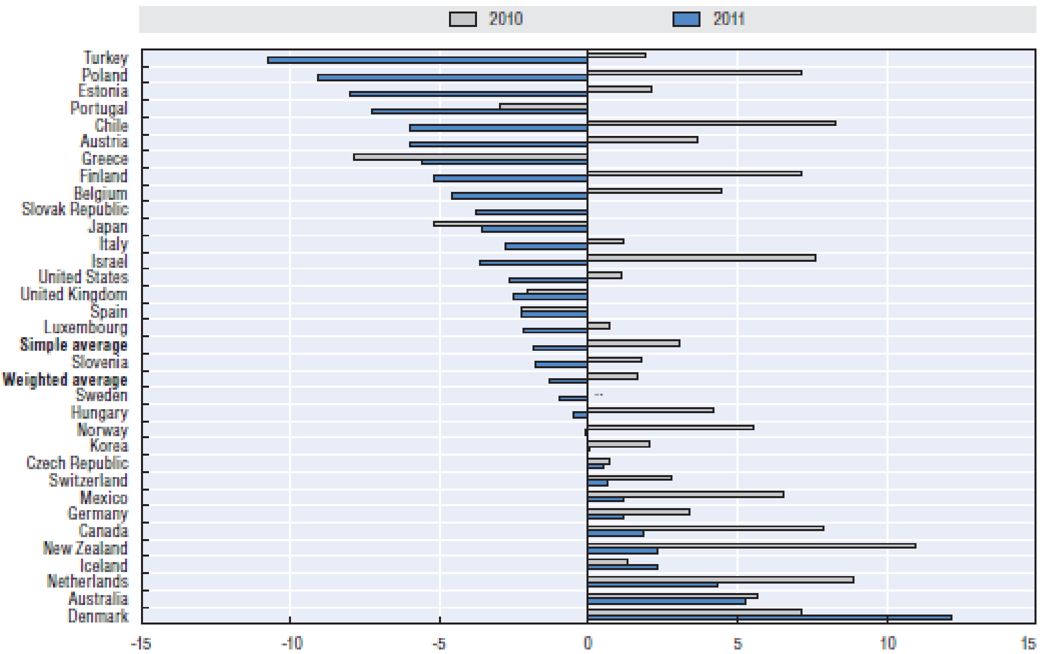
Investment performance of pension funds and public pension reserve funds

Key results

After a year of positive returns in 2010, pension funds experienced negative rates of return in more than half of the OECD countries in 2011. During 2011, pension funds experienced a negative real investment rate of return of -1.3% on average. Public pension reserve funds experienced the same trend, with positive returns in 2010 and a null performance in 2011 on average…

8.9. Pension funds' real net investment return in selected OECD countries, 2010-11

Percentage



Source: OECD, Global Pension Statistics.

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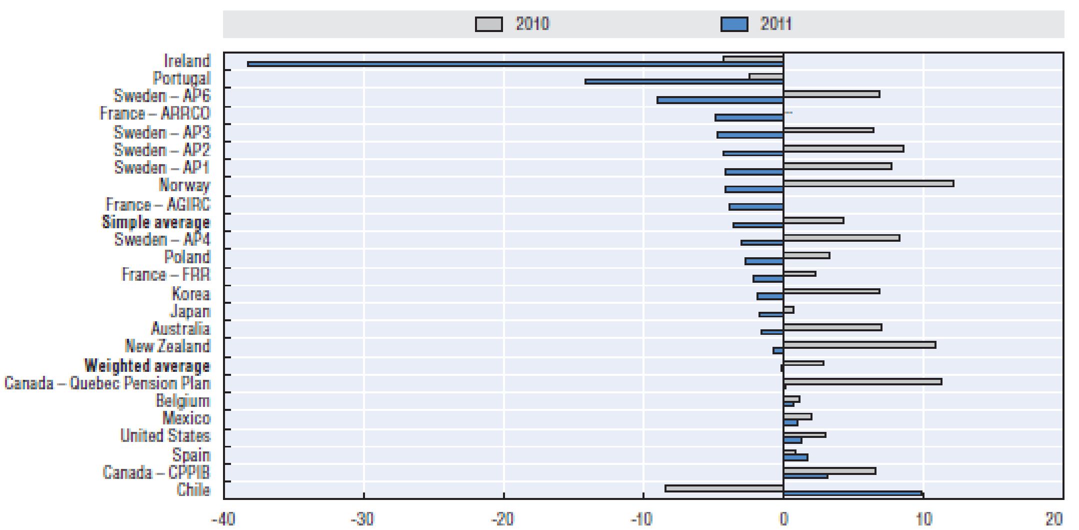
8.10. PPRFs' real net investment return in selected OECD countries, 2010-11

Percentage



Source: OECD, Global Pension Statistics.

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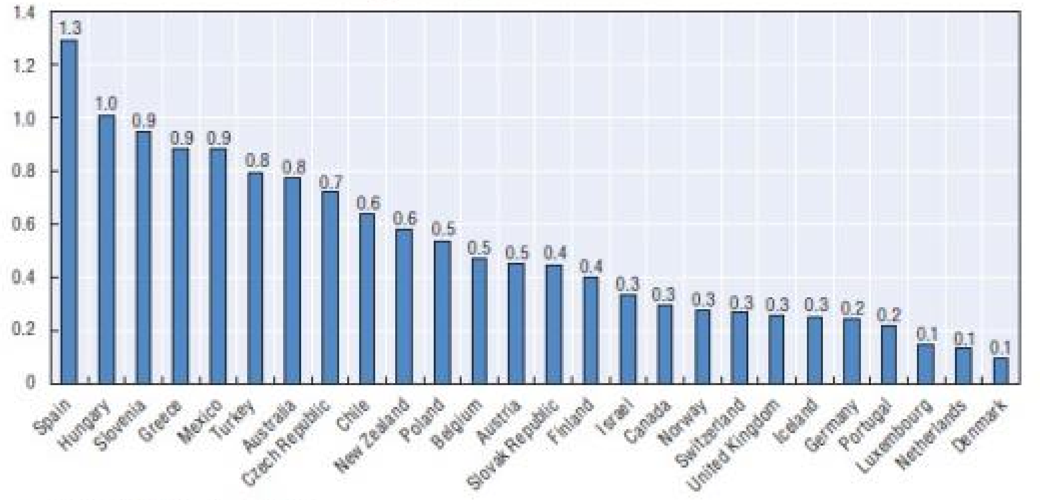
Pension fund operating costs and fees

Key results

Private pension systems efficiency, as measured by the total operating costs in relation to assets managed, varies considerably between countries, ranking from 0.1% of assets under management annually to 1.3%. Fees charged to plan members to cover these costs also vary considerably in structure and level across countries…

8.11. Pension funds' operating expenses as a share of total investments in selected OECD countries, 2011

As a percentage of total investment



Source: OECD, Global Pension Statistics.

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8.12. Average administration fee in DC systems in selected OECD countries, 2011

	Fees on (%)			
	Contributions	Salary	Assets	Returns
Austria			0.50	
Chile		1.42		
Czech Republic			0.60	15.00
Estonia			1.49	
Greece			0.90	
Hungary	4.50		0.80	
Israel	4.07		0.35	
Korea			0.70	
Mexico			1.50	
Poland	3.50		0.46	
Slovak Republic (2nd pillar)	1.50		0.30	5.60
Slovak Republic (3rd pillar)			0.083-0.165	
Spain (occupational)			0.19	
Spain (personal)			1.44	
Turkey	3.52		1.80-2.55	
United Kingdom			1.50	

Source: National supervisory authorities' data, IOPS, OECD, World Bank.

StatLink http://dx.doi.org/10.1787/888932908250

DB funding ratios

Key results

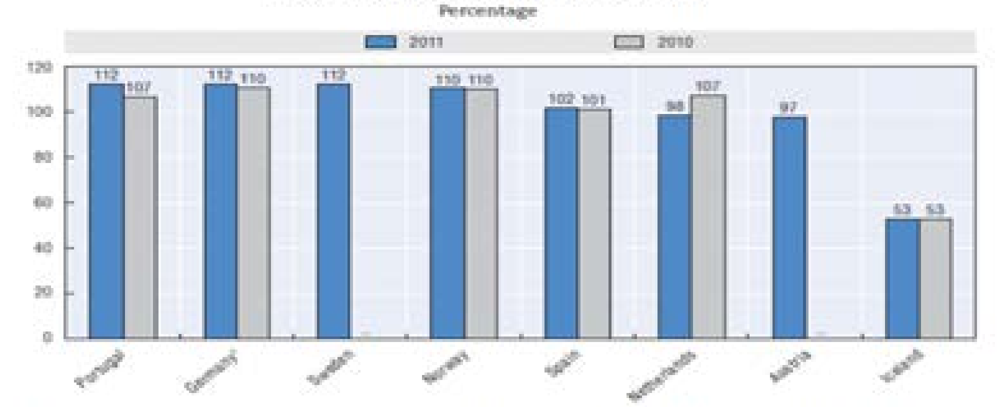
Average funding ratios of defined-benefit pension plans varied greatly across countries at the end of 2011. For the countries that report such data to the OECD, funding levels improved in 2011 relative to 2010, with the exception of the Netherlands where they declined substantially, partly as a result of declining interest rates. Funding levels are calculated using national (regulatory) valuation methodologies and hence cannot be compared across countries.

About 60% of OECD pension assets are in defined benefit and other plans which offer return or benefit guarantees. Funding levels reflect very different situations in a selection of OECD countries at the end of 2011. Pension funds in Portugal, Germany, Sweden, and Norway were overfunded that year, with an average funding ratio around 110%. In contrast, pension funds were underfunded at the end of 2011 in the Netherlands, Austria and Iceland. For Iceland, the very low funding ratio of 53% refers to pension funds for public sector workers. Since the start of the global financial crisis, the Icelandic government has not made additional contributions to these plans, while assets have declined sharply. Funding levels remained stable between 2010 and 2011 in Norway, Spain, and Iceland. In Portugal and Germany, pension funds have improved their funding position, increasing the average funding ratio by 5 percentage points in Portugal (from 107% to 112%) and by 2 percentage points in Germany (from 110% to 112%).

The opposite trend can be observed in the Netherlands, where pension funds saw their funding position worsen between 2010 and 2011 by as much as 9 percentage points (from 107% to 98%). The decline in funding ratio was driven to a large extent by the decline in interest rates. Funding levels are calculated using national (regulatory) valuation methodologies and hence cannot be compared across countries. Differences in methodology are substantial as some countries like Germany and Spain use fixed discount rates while others like the Netherlands and Sweden use market rates. Discount rates have a major impact on funding levels, a 1% decline in the discount rate causing a roughly 20% increase in a pension fund liabilities.

8.13. Average funding ratio of DB pension plans in selected OECD countries, 2010-11

Percentage



Note: The average DB funding ratios are regulatory funding ratios directly provided by national pension authorities.
1. Data refer to Pensionskassen and Pensionsfonds.
Source: OECD, Global Pension Statistics.

StatLink http://dx.doi.org/10.1787/888932908269

- Social expenditure update - Social spending is falling in some countries, but in many others it remains at historically high levels Insights from the OECD Social Expenditure database (SOCX) - November 2014

New OECD data show that in recent years Canada, Estonia, Germany, Greece, Hungary, Iceland, Ireland and the United Kingdom have experienced substantial declines in social spending as a percent of GDP, but in most countries social spending remains at historically high levels. Public spending in some emerging economies is below the OECD average, lowest in India and Indonesia but highest in Brazil where -as in OECD countries- pensions and health expenditure are important areas of social spending.

New SOCX data also shows that income-testing in social protection systems is much more prevalent in Anglophone and non-European OECD countries than in continental Europe. Finally, when considering the role of private social benefits and the impact of tax systems, social spending levels become more similar across OECD countries, and while France remains the biggest social spender, the United States moves up the rankings to second place.

Public social expenditure is worth more than 20% of GDP on average across the OECD

In 2014, OECD countries devote more than one-fifth of their economic resources to public social support. Public social spending-to-GDP ratios are highest at over 30% of GDP in Denmark, Belgium, Finland and France (highest at almost 32% of GDP), with Italy, Austria, Sweden, Spain and Germany also devoting more than a quarter of their GDP to public social spending (Figure 1). At the other end of the spectrum are non-European countries as Turkey, Korea, Chile and Mexico which spend less than 15% of GDP on social support. Spending levels in the latter three countries are now similar to what they were in Europe in the 1960s. Indeed, social protection systems in many European countries, Japan and the United States have developed over 50 years into the comprehensive state they are in now (Figure 2).

Social spending is coming down in some countries, but in many countries it remains high

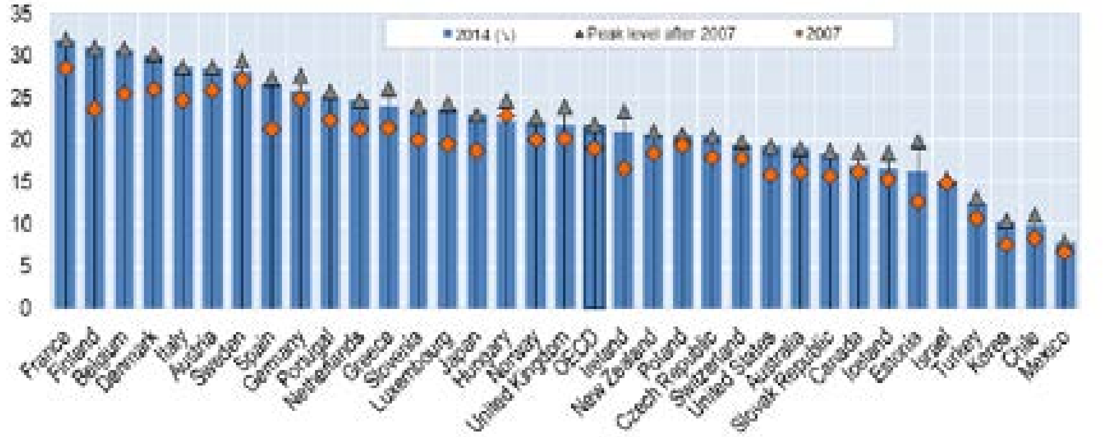
In an economic downturn, social spending-to-GDP ratios usually increase as public spending goes up to address greater need for social support, while simultaneously economic growth falters (GDP as in the denominator). At the onset of the Great Recession both these features contributed to a rapid increase in public social spending-to-GDP ratios on average across the OECD from 18.9% in 2007 to 21.9% in 2009, and estimates for recent years suggest it has declined a little since: it was 21.6% of GDP in 2014.

However, while in most countries social spending has not fallen much in recent years, in some OECD countries there has been a significant decline since spending peaked in 2009. Since then spending-to-GDP ratios declined by 1.5 to 2.5 percentage points in Canada, Germany, Hungary, Iceland, Ireland, the United Kingdom, and by 3.5% of GDP in Estonia. The most rapid decline was recorded for Greece, where the social spending-to-GDP ratio fell by almost 2 percentage points since peak in 2012 (Figure 1). When comparing current social spending levels with pre-crisis levels in 2007, public social-spending-to-GDP ratios are more than 4 percentage points higher in 2014 in

Belgium, Denmark, Ireland, Japan (2011), Luxembourg, Spain and, particularly, in Finland. Only in Hungary are public social-spending-to-GDP ratios now lower (by almost 1 percentage point) than in 2007, while Canada, Germany and Israel have public social spending-to-GDP ratios that are within 1 percentage point of 2007 levels…

1 Public social spending is worth 22% of GDP on average across the OECD

Public social expenditure as a percent of GDP, 2007, peak level after 2007, and 2014



Note: Throughout this document, (↗) (or ↘) in the legend relates to the variable for which countries are ranked from left to right in increasing (or decreasing) order.

"Peak level after 2007" refers to the highest level social spending-to-GDP-ratio over the period 2007-2014, i.e. to 2009 except for the United States (2010), Japan and Slovenia (2011), Greece and Mexico (2012), Belgium, Denmark, France, Italy, Poland, Portugal, the Slovak Republic, Spain, Switzerland(2013), Australia, the Czech Republic, Finland, Korea and the Netherlands (2014).

For detail on the underlying methodology regarding estimates for recent years, and the detailed social expenditure programme data, see the box "What is in SOCX?" below. Data for the most recent year for Japan concern 2011, 2012 for Mexico and 2013 for Chile, Israel, New Zealand and Turkey.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law. This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

2 Comprehensive social welfare systems were developed over a long period of time

Public social expenditure as a percent of GDP in 1960-2014

Pensions and health are the largest areas of social spending

Countries on average spent more on cash benefits (12.3% of GDP) than on social and health services (8.6% of GDP), but Nordic countries, Canada, the Netherlands, New Zealand and the United Kingdom had a more equal balance in spending on cash and in-kind benefits. Low-spending countries like Mexico and Korea have a greater focus on services in social support.

Cash income support to the working age population accounts for 4.4% GDP on average across the OECD, of which 1% GDP towards unemployment benefits, 1.8% on disability/sickness benefits, 1.3% on family cash benefits and another 0.4% on other social policy cash supports.

Public expenditure on health is another important social policy area. On average across the OECD, public expenditure on health has increased from 4% in 1980 to 6% of GDP. This increase was related to various factors including rising relative health prices and the cost of medical technology (OECD, 2014, Health Statistics 2014), and to a lesser extent the increase in the proportion of the elderly population.

In terms of spending, public pension payments constitute the largest social policy area with spending at just below 8% of GDP. There is great variety across countries in pension spending which and to some extend these differences are related to differences in population structures. For example, public spending on pensions in Italy accounted for 15.8% of GDP while this was only 1.8% of GDP in Mexico, but Mexico is a relative young country with nine persons of working age per senior citizen, three times as many as in Italy. (OECD, 2014, Society at a Glance). At the same time, Italian and Japanese populations have a similar age profile, but public pension spending in Italy is 5.6 percentage points of GDP higher than in Japan: the nature of pension systems also plays a key role in determining pension spending.

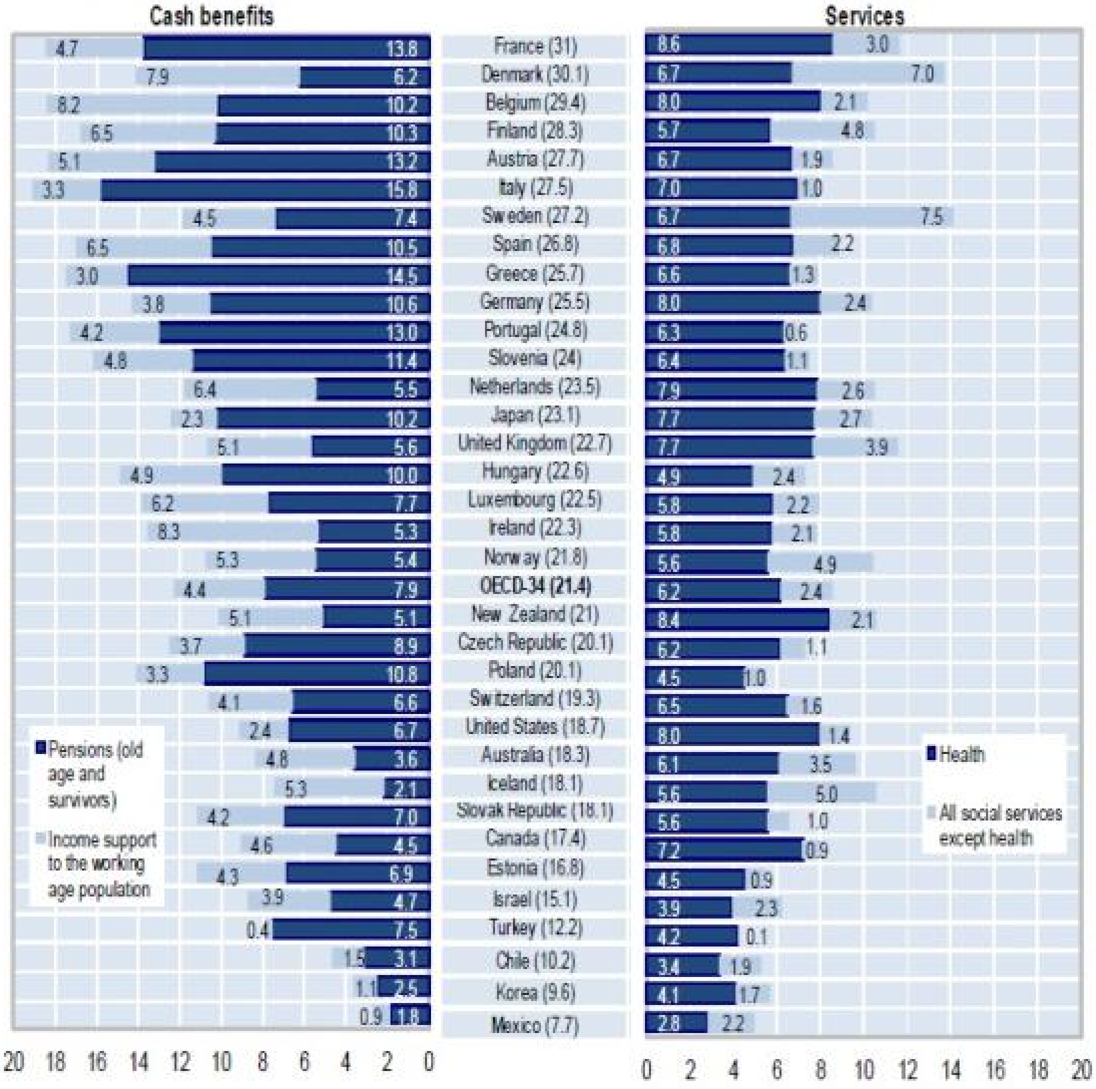
Since 1980 public spending on pensions has increased by 2 percentage points of GDP on average across the OECD, and demographic change continues to exert upward pressure on pension expenditure. Pensions at a Glance (OECD, 2013) and Pensions Outlook (OECD, 2012) show that in many countries pension reforms have improved the financial sustainability of pensions systems through, e.g. less generous indexation procedures for benefit payments, a greater reliance on private and/or defined contribution schemes, or higher retirement ages. For example, the gradual increase in the minimum age for “New Zealand Superannuation” from 60 to 65 over the 1992-2001 periods contributed to a decline in public pension spending in New Zealand from 6.8% to 4.6% of GDP over the 1992-2001 periods.

Are social transfers made to richer or poorer households?

Social cash benefits can be made for different reasons to different households, including because people are retired, disabled, unemployed, or otherwise without source of income, or to help out with the cost of children or support households when they are on leave taking care of very young children or sick and/or elderly dependents. Benefit receipt can thus depend on different contingencies; it does not necessarily mean the receiving household is poor.

4 Pensions and health are the main areas of public social spending

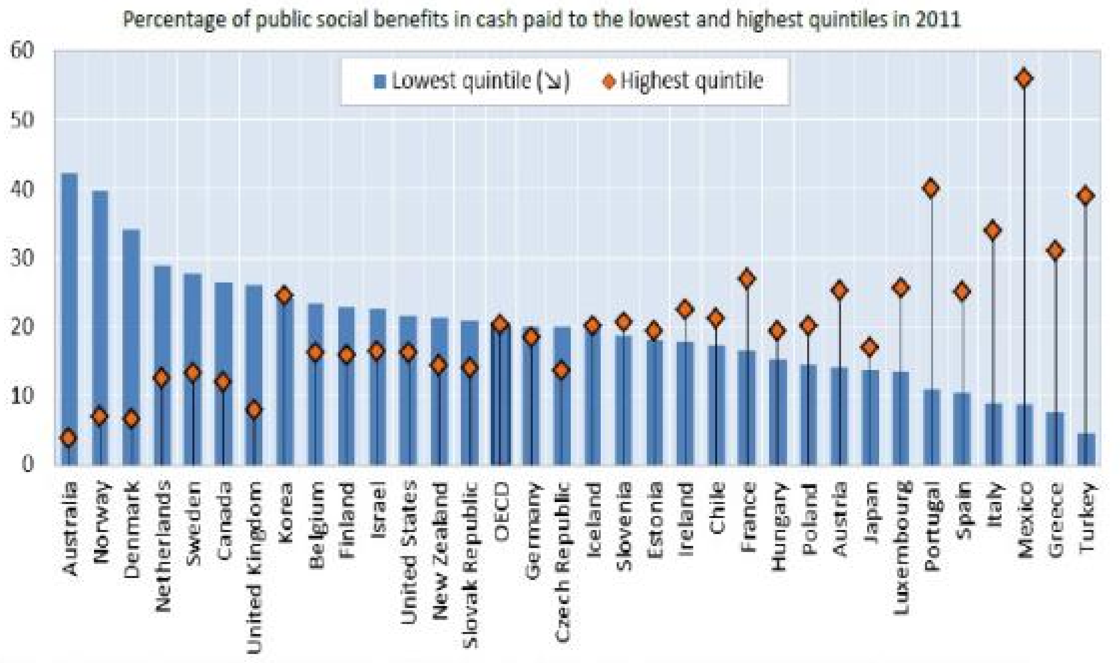
Public social expenditure by broad social policy area, as a percent of GDP, in 2012 or latest year available[1]



Note: Countries are ranked by decreasing order of public social expenditure as a percent of GDP. Spending on active labour market programs (ALMPs) cannot be split by cash/services breakdown; they are however included in the total public spending (shown in brackets). Income support to the working-age population refers to spending on the following SOCX categories: incapacity benefits, family cash benefits, unemployment and other social policy areas categories. Data for Australia, Canada, Chile, Israel, Korea, New Zealand and the United States refer to 2012; other data reflect 2011.

Figure 5 shows the share of cash social benefits paid to the lowest quintile and the highest income quintiles in OECD countries. Clearly, there is considerable variation across OECD countries in the extent to which social transfers are made to low and high-income households. The share of cash benefits paid to household in the bottom income exceeds 25% of all cash benefits in the United Kingdom, Canada, and the Netherlands and is highest in Norway and Australia at 40%, compared to around 10% in Mediterranean countries and 5% in Turkey. By contrast, in these latter countries social transfers often go to richer households, because these benefit payments are often related to a work history in the formal sector, and often concern pension payments to retired workers. Earnings related social insurance payments also underlie substantial cash transfers to the top income quintile in Austria, France and Luxembourg.

5 The share of social benefits going to low income households varies considerably across OECD



Note: Lowest/highest quintile is defined as 20% of the population living the lowest/highest equivalised disposable income.
Source: OECD Income Distribution database via http://oe.cd/idd.

Income-testing in cash benefits

Getting a relatively high level of spending on cash benefits to lower-income households can be related to high levels of overall expenditure on cash benefits and/or a high degree of targeting within social programmes (Adema et al. 2014). The provision of social support can be made directly contingent on household income and/or means (e.g. assets), and, governments are increasingly looking at income-testing as a tool to ensure delivery of social support to the least well-off in the face of budgetary pressures.

For the first time this year, SOCX collected comprehensive information on whether social expenditure programmes were income and/or means-tested or not, with "income-tested benefits" defined as those benefits that aimed to prevent household income to fall below a certain level and for which eligibility and entitlements are conditional on the recipient's current income, and assets in the case of means-testing.

Figure 6, Panel A shows that income-testing is most prevalent in non-European and/or Anglophone countries, and plays a much more limited role in continental European social protection systems. For example, in Australia, social spending through income-tested programmes amounts to 6.5% of GDP or almost 80% of all public social cash spending that is made. By contrast, most cash benefit payments in continental Europe are not subject to an income and/or means-test and income-tested support concerns less than 2% of GDP except in Spain, where spending income-tested unemployment benefits is now 2.5 times as high as it was before the crisis.

In most countries, income-tested benefits mainly concern income support of the working-age population (Figure 6, Panel B). However, in Australia, Iceland, Canada, Greece, Israel, Japan, Korea, Norway and Spain at least 40% of income-tested payments go to old-age and survivor pension recipients.

6 Income testing of social support plays a limited role in continental Europe

Public spending on income and means-test benefits as a percent of public social spending on cash benefits (and GDP in brackets), 2012 or latest year available

Note: The following cash income-tested spending items are included: spending on "other contingencies - other social policy areas" as in the OECD Social Expenditure database (SOCX), income-tested spending on the unemployed (e.g. unemployment assistance payments for Germany), income-tested support payments to elderly and disabled (e.g. Belgium and the UK), other income tested payments (survivor payments, family cash transfers) but do not include spending on ALMPs, housing or income-tested medical support.

In the United States public social spending is relatively low, but total social spending is the second highest in the world

Thus far, the discussion focused on public social spending on cash benefits and social and health services, and in the United States and other non-European OECD countries such spending is lower than in most European countries. However, a focus on public budgets misses two important features that affect social spending totals and international comparisons of social expenditure: 1) private social expenditure and 2) the impact of tax systems.

Private social expenditure

Private social expenditure concerns social benefits delivered through the private sector (not transfers between individuals) which involve an element of compulsion and/or inter-personal redistribution, for example through the pooling of contributions and risk sharing in terms of health and longevity. Pensions constitute an important part of both public and private social expenditure. Private pension payments can derive from mandatory and voluntary employer-based (sometimes occupational and industry wide) programmes (e.g. in the Netherlands or the United Kingdom), or tax-supported individual pension plans (e.g., individual retirement accounts in the United States). In 2011, private pension benefit payments were around 3% of GDP in Canada, Iceland, and Japan, around 5% of GDP in Denmark, the Netherlands, the United Kingdom and the United States, and highest in Switzerland at around 6% of GDP.

Private social benefits are much less likely to concern cash transfers to the working age population. In terms of spending, sickness and disability-related benefits were most important in Austria, France, Germany, the Netherlands, Norway and Switzerland where they amounted to 1% of GDP and were around 2% of GDP in Iceland. Private social spending also includes social services and benefits provided by non-government organisations (NGOs) to those most in need, but such outlays are often not centrally recorded, and relevant spending is under-reported in SOCX.

Individual out-of-pocket spending on health services is not regarded as social spending, but many private health insurance plans across the OECD involve pooling of contributions and risk sharing across the insured population. On average across the OECD, such private social health expenditure amounted to 0.6% of GDP in 2012. It was 1.5% of GDP in France and 2.5% of GDP in Chile, but across OECD countries private health insurance is most important in the United States where it amounted to 5.7% of GDP. Taken together with public spending on health amounting to 8% of GDP in the same year, and the value of revenue foregone on tax breaks on health premiums (just over 0.5% of GDP), total social health spending in the United States amounted to over 14% of GDP - 4 percentage points higher than in France which is the second biggest "health spender" among OECD countries.

In all, in 2011/12 private social spending was on average 2.6% of GDP across the OECD. Private social spending plays the most important role in the United States where it amounted to almost 11% of GDP, while it ranged from 4 to 7.5% of GDP in Chile and Canada, 5 to 6 % in Denmark, Iceland and the United Kingdom and over 7% in the Netherlands and Switzerland.

The impact of tax systems

Tax systems can affect social spending in three different ways:

1. Governments can levy direct income tax and social security contributions on cash transfers to beneficiaries. In 2011 the Danish Government clawed back more than 5% of public social spending through direct taxation of benefit income, and tax levied over benefit payments also exceeds 2.5% of GDP in Austria, Italy, Finland, the Netherlands and Sweden.

2. Government also levy indirect taxation on consumption out-of-benefit income and on average across the OECD this was worth 2% of GDP in 2011. Tax rates on consumption are often considerably lower in non-European OECD countries where tax revenue on consumption out-of-benefit income often amounts to less than 1% of GDP. In Europe, relevant tax revenue ranges from 1.8 to 3% of GDP.

3. Governments can also use so-called “tax breaks with a social purpose” (TBSP) to directly provide social support or with the aim to stimulate the private provision of social support.

a) TBSPs which directly provide support to households are similar to cash benefits and often concern support for families with children, e.g. child tax allowances or child tax credits. Such TBSPs amounted to around 1`% of GDP in the Czech Republic, France, Germany, Portugal and Hungary - which introduced a Child Tax Credit in 2011.

b) TBSPs to stimulate provision of “current” private social benefits is largest in the United States at around 1.4% of GDP, of which almost 80% concerns exclusion of employer contributions of medical insurance contributions.

Accounting for these features, results in a “net tax effect” (Figure 7). The value of benefit income clawed back through direct and indirect taxation exceeds the value of TBSPs in almost all countries, particularly in Europe, and the claw-back is 5% of GDP or more in Austria, Finland, Luxembourg, the Netherlands, Norway, Sweden, and is highest at 8-9% of GDP in Denmark. In non-European OECD countries, the overall tax claw-back over social spending is much smaller and negligible in Korea and Mexico, and the United States the value of TBSPs and the tax claw-back over benefit income is broadly similar.

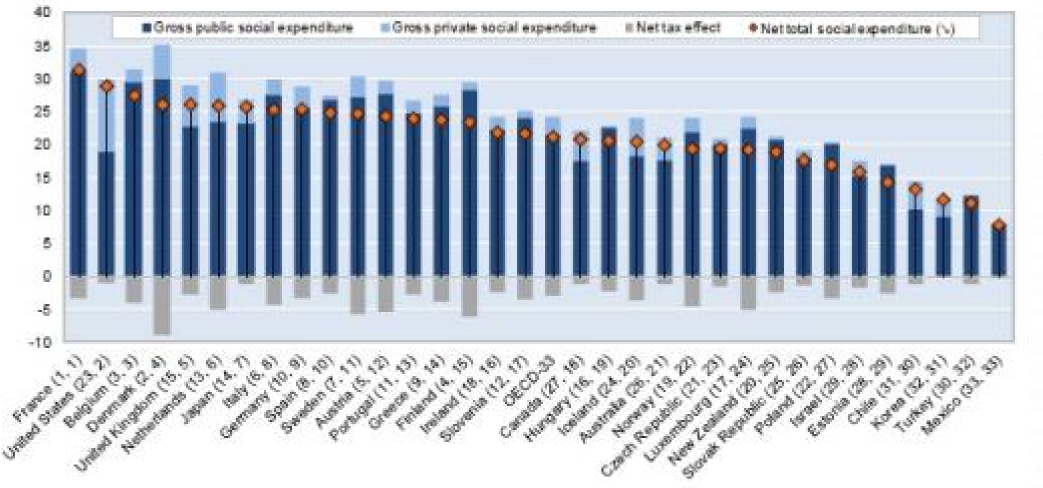
Cross-country rankings

Putting together the information on gross public and private social spending and the impact of tax systems leads to an indicator on net total social expenditure. This indicator shows greater similarity in spending levels across countries and changes in the ranking among countries.

Because of the large “net tax effect” Austria, Luxembourg and Scandinavian countries drop down the rankings. The “net tax effect” is also considerable in Iceland, the United Kingdom and the Netherlands, but the large role of private social benefits ensures that in spending terms these countries move up the rankings when considering net total social expenditure.

The combination of small “net tax effects” and considerable private social spending ensures that Australia, Canada, Japan and in particular the United States move up the international social spending ladder. As private social spending (including health) is so much larger in the United States compared with other countries, its inclusion moves the United States from 23rd in the ranking of the gross public social spending to 2nd place when comparing net total social spending across countries.

7 From gross public to total net social spending, as a percent of GDP at market prices, 2011



Note: The figures in brackets refers to the ranking of countries in term of gross public social expenditure from number 1 being the highest spender to the lowest 33: i.e. the United States ranks 23rd in OECD in term of gross public social expenditure and 2nd in term of net total social expenditure. 2011 data on TBSPs for New Zealand were estimated using available information for 2009; indicators on direct taxation of benefit income and TBSPs for Poland were also estimated on basis of available information for 2009. The "Net tax effect" includes direct taxes and social contributions, indirect taxes and net tax breaks for social purpose similar to cash benefits (TBSPs). TBSPs also include favourable tax treatment of "current" private social benefits (e.g. donations to charities or exemptions of private health insurance contributions) and favourable treatment of pension saving that "ultimately" benefits households (e.g., favourable tax treatment of private funds). The value of the TBSPs toward "current" private benefits is not included in this figure, as it is equivalent to financing of private social benefits, and thus has to be excluded to avoid double counting when calculating total net (public and private) social spending. For methodological reasons there is no comprehensive cross-nationally comparable dataset on the value of TBSPs for pensions.
Because of the complexities with calculating the value of tax reliefs for pension that are given at various stages (e.g. including tax exemptions for contributions to private pensions and tax relief for investment income of capitalised pension funds) there is no fully comparable cross-national data set available on TBSPs for pensions. Hence, available data are not included in the overall calculation of net total social spending.

- Informe sobre el Trabajo en el Mundo 2014 - El desarrollo a través del empleo - OIT - Mayo 2014

Resumen ejecutivo

Los países en desarrollo están alcanzando a las economías avanzadas...

El proceso de convergencia económica entre los países en desarrollo y las economías avanzadas ha cobrado impulso. Entre 1980 y 2011 la renta por habitante en los países en desarrollo aumentó una media del 3,3 por ciento al año, una cifra muy superior al aumento medio del 1,8 por ciento registrado en las economías avanzadas. Este proceso de convergencia se ha visto acelerado desde principios del decenio de 2000, en particular desde el inicio de la crisis mundial de 2007 y 2008.

Sin embargo, se aprecian considerables diferencias entre los países. Por ejemplo, en el presente informe se discute sobre un grupo de economías emergentes que han crecido con especial rapidez. Cabe señalar asimismo que en los últimos años se ha registrado un crecimiento económico significativo en la mayoría de los países de ingresos medios y bajos y de los países menos avanzados.

... y son los países que invierten en empleo de calidad los que más progresan.

La magnitud de los esfuerzos que han hecho los países para mejorar la calidad del empleo explica, en cierta medida, los modelos de crecimiento que se observan. Así ha sucedido en particular durante el pasado decenio. Los países que más han invertido en empleos de calidad desde principios del decenio de 2000, el nivel de vida (medido por el crecimiento de la renta media anual por habitante) mejoró más que en las economías en desarrollo y las economías emergentes que destinaron menos recursos.

En los países en los que el número de trabajadores pobres -incluyendo los trabajadores que ganan menos de 2 dólares de los Estados Unidos al día- disminuyó más fuertemente desde principios del decenio de 2000, la renta por habitante aumentó un 3,5 por ciento de media entre 2007 y 2012. En el caso de los países en los que desde principios del decenio de 2000 la disminución de trabajadores pobres fue menor, la cifra fue solo del 2,4 por ciento.

De igual modo, los países que tuvieron especial éxito en reducir el efecto del empleo vulnerable a principios del decenio de 2000 registraron un notable crecimiento económico tras 2007. En estos países, el crecimiento por habitante fue de casi un 3 por ciento anual entre 2007 y 2012, prácticamente un punto porcentual por encima de los países que menos progresaron en reducir el efecto del empleo vulnerable, el cual incluye el empleo por cuenta propia y el trabajo familiar no remunerado.

No obstante, la disparidad entre los empleos de calidad sigue siendo significativa...

A pesar de estas tendencias positivas, los problemas sociales y de empleo siguen siendo agudos en la mayor parte de los países emergentes y países en desarrollo. Más de la mitad de los trabajadores del mundo en desarrollo, cerca de 1.500 millones de personas, se encuentran en situación laboral vulnerable. Estos trabajadores tienen menos posibilidades que los trabajadores asalariados de acceder a modalidades de trabajo formales, contar con protección social, como sistemas de pensiones o salud, o tener ingresos regulares. Tienden a encontrarse atrapados en un círculo vicioso de ocupaciones de baja productividad, malas remuneraciones y capacidad limitada para invertir en la salud y la educación de sus familias, lo que a su vez perjudica el desarrollo general y las perspectivas de crecimiento, no sólo de ellos mismos sino de las generaciones futuras. En Asia Meridional y el África Subsahariana, por ejemplo, de cada cuatro trabajadores más de tres se encuentran en modalidades de empleo vulnerable, estando las mujeres especialmente afectadas por esta situación en comparación con los hombres.

... el número de trabajadores pobres sigue siendo alto a pesar de los muchos progresos alcanzados...

La menor incidencia de los trabajadores pobres en muchos países del mundo en desarrollo ha sido notable. Con todo, 839 millones de trabajadores en los países en desarrollo no pueden ganar lo suficiente para superar junto con sus familias el umbral de pobreza de 2 dólares de los Estados Unidos al día, lo que supone cerca de un tercio del total del empleo, frente al valor registrado a principios del decenio de 2000, que correspondía a más de la mitad.

... y será necesario crear unos 200 millones de empleos nuevos en los próximos cinco años para mantener el ritmo de crecimiento de la población en edad de trabajar en los países emergentes y los países en desarrollo...

Se calcula que durante los cinco próximos años accederán al mercado de trabajo unos 213 millones de trabajadores nuevos, de los cuales 200 millones pertenecerán a países en desarrollo. Esta perspectiva plantea la cuestión del desempleo juvenil.

Actualmente, la tasa de desempleo juvenil ya supera el 12 por ciento en los países en desarrollo, una cifra tres veces superior a la tasa de desempleo de los adultos. En el plano regional, las tasas de desempleo juvenil más elevadas se encuentran en las regiones del Oriente Medio y África del Norte, donde prácticamente una de cada tres personas jóvenes que participan en la fuerza de trabajo no puede encontrar un empleo. Con una tasa de desempleo que se acerca al 45 por ciento, las mujeres jóvenes en especial luchan por conseguir un trabajo en esta región.

El desafío del empleo también es cualitativo. De hecho, el nivel de educación está mejorando rápidamente en la mayoría de los países en desarrollo, lo cual ha ido agrandando la brecha entre las competencias adquiridas en la educación y el nivel de competencias que exigen los empleos disponibles.

.... lo que obligará a muchos jóvenes con formación a emigrar.

La falta de empleos de calidad es un factor determinante de la emigración, en particular entre los jóvenes con formación de los países en desarrollo. La diferencia entre los salarios de los países receptores y de los países emisores llega a ser de 10 a 1. En 2013, más de 230 millones de personas vivían en un país que no era el país en que habían nacido, unos 57 millones más que en 2000; y un 50 por ciento de estas personas eran originarias de Asia Meridional.

Para afrontar estos desafíos, en primer lugar es fundamental promover una capacidad productiva diversificada, en lugar de limitarse a liberalizar el comercio...

Los datos presentados en el capítulo 5, incluyendo los estudios de caso de países que han aumentado con éxito su capacidad productiva, muestran que el desarrollo requiere una estrategia que diversifique la base económica y mejore la capacidad de las empresas sostenibles para crear empleo de calidad.

Si bien la industria manufacturera tiende a asociarse a un crecimiento económico y una creación de empleo, más rápidos, el informe destaca experiencias positivas basadas en el desarrollo agrícola y rural, el uso eficiente y equitativo de los recursos naturales y los servicios que conectan con el resto de la economía. No existe una única vía hacia el desarrollo y el informe documenta casos de países que han obtenido buenos resultados en todos los niveles de desarrollo. Las restricciones de los recursos naturales y los límites del medio ambiente a los que se enfrentan todos los países pueden transformarse en ventajas para las economías en desarrollo y las economías emergentes que sepan aprovechar la oportunidad de dar un salto tecnológico. A este respecto, la economía verde ofrece nuevas perspectivas a los países en desarrollo, que tienen que hacer frente a menos problemas en cuanto a los ajustes que las economías avanzadas, que cuentan con estructuras de producción ya desarrolladas con altos niveles de emisión de gas carbónico.

No obstante, en todos los casos es crucial evitar la concentración de crecimiento económico en unos pocos sectores orientados a la exportación y poco vinculados al resto de la economía. Las políticas de diversificación económica, las medidas para facilitar la formalización y la expansión de las empresas, y el cumplimiento de las normas del trabajo pueden contribuir a un desarrollo de amplio alcance y a la promoción del trabajo decente.

La transformación productiva debe sustentarse en un entorno favorable a las empresas, que incluya políticas macroeconómicas de apoyo. Las experiencias de varios países asiáticos y latinoamericanos ponen de manifiesto el potencial con que cuentan las estrategias de desarrollo para impulsar la diversificación de la producción en colaboración con el sector privado. Esta estrategia permite fortalecer el entorno de las empresas, garantizando al mismo tiempo una demanda agregada suficiente, en particular a través de políticas macroeconómicas anticíclicas. Adicionalmente, unos controles de capital bien calibrados para gestionar los flujos de capital inestables y mantener unos tipos de cambio previsibles, y competitivos, han demostrado su éxito en estos países.

Estas conclusiones arrojan nueva luz sobre el papel de los gobiernos en los países en desarrollo. Suele pensarse que las intervenciones selectivas y el apoyo específico son fuente de distorsiones e ineficiencia económica, pero lo cierto es que el éxito depende de la adopción de estrategias de diversificación prudentes en el contexto de la liberalización gradual del comercio que se ajusten a los compromisos multilaterales contraídos.

... en segundo lugar es preciso fortalecer las instituciones del mercado de trabajo, en lugar de desoír las normas aplicables...

Las instituciones del mercado de trabajo y de protección social son elementos importantes del crecimiento económico, el empleo de calidad y el desarrollo humano. La diversificación económica no es posible sin medidas activas para abordar la productividad baja en la agricultura y en las pequeñas y medianas empresas, las condiciones de trabajo deficientes y las tasas elevadas de trabajo informal. Si aumenta la desigualdad social o se toleran sin control los comportamientos de propietarios de recursos naturales y tierras que buscan los beneficios a corto plazo se pondrá en peligro el crecimiento fuerte y sostenido.

Para muchos países en desarrollo sigue siendo un desafío hacer que estas instituciones sean más efectivas. En este sentido, es preciso diseñar adecuadamente los mecanismos de fijación de los salarios y las normas del trabajo, prestándose especial atención a la capacidad de ejecución.

A pesar de las dificultades, en los últimos años se han producido muchas innovaciones interesantes en este ámbito. Existe una mayor conciencia de la función que desempeñan los salarios mínimos en la lucha contra la pobreza y la desigualdad, promoviendo al mismo tiempo la participación en el mercado de trabajo.

El informe aporta ejemplos de algunos países en desarrollo que han encontrado modos innovadores de establecer y aplicar los salarios mínimos, como el diálogo social. De igual modo, una negociación colectiva bien concebida puede repercutir positivamente en la distribución de los ingresos, abordando al mismo tiempo la informalidad y las trampas de baja productividad. Un desafío importante es el retroceso en la cobertura de la negociación colectiva, una tendencia que también se observa en las economías avanzadas.

El informe examina en detalle la cuestión de la protección del empleo, que ha sido objeto de acalorados debates que a menudo no han incluido un análisis sistemático de las prácticas actuales. Contra todo pronóstico, unas normas del trabajo poco estrictas no han servido para facilitar las transiciones al empleo formal. En lugar de aquello, el informe incluye ejemplos de países, como la Argentina, que han abordado la informalidad a través de planteamientos pragmáticos, combinando la reforma fiscal, la protección social y la agilización en el proceso de registro para las empresas, con mejoras en la aplicación.

... en tercer lugar es necesario utilizar los pisos de protección social, bien diseñados, como impulsores del empleo de calidad y del desarrollo, no únicamente como red de seguridad para la población más desfavorecida...

Existen datos que demuestran que la protección social ayuda a reducir el efecto de la pobreza, las desigualdades y el empleo vulnerable. Una protección social bien diseñada favorece las competencias individuales para acceder a mejores empleos. Así, por ejemplo, Bolsa Familia en el Brasil, la Ley nacional de garantía del empleo rural Mahatma Gandhi de la India y programas similares en Cabo Verde han servido para proporcionar ingresos complementarios a las familias, haciendo posible que invirtiesen en actividades productivas y mejorasen su salud y su nivel de educación.

Además, la protección social puede impulsar el crecimiento económico y la creación de empleos de calidad, aunque ello depende en gran medida de su capacidad de reacción ante las cambiantes condiciones económicas. A este respecto, revisten gran interés programas anticíclicos como los que se han implementado en China y algunos países África, como Etiopía y Namibia, donde el empleo es un objetivo explícito de los regímenes de protección social.

El establecimiento de una base de financiación eficiente es fundamental para la protección social. La creación de un impuesto sobre las exportaciones de petróleo y gas en Bolivia fue decisiva para garantizar una financiación sostenible de las pensiones de jubilación no contributivas.

Por último, es importante combinar la protección social con conjuntos de políticas que promuevan un entorno favorable a las empresas y a la creación de empleo. Esto incluye la agilización de los trámites administrativos para los trabajadores por cuenta propia a fin de facilitar la iniciativa empresarial formal. Otra medida que ha obtenido muy buenos resultados ha sido la creación de incentivos adicionales para los beneficiarios de prestaciones, incluidas las personas que buscan trabajo, para recibir formación y empezar a trabajar, como han demostrado en el Brasil los programas de formación profesional para beneficiarios de los programas de transferencias condicionadas de ingresos.

... y por último, debe garantizarse una evolución equilibrada de los ingresos para evitar los perjuicios que acarrean las desigualdades.

La desigualdad cada vez mayor en los ingresos en el interior de los países es, al día de hoy, un hecho. Los análisis muestran que esta tendencia va asociada a un cambio en la distribución de los ingresos, en detrimento del factor trabajo. Esto ocurre también en los países en desarrollo.

Los datos indican que un aumento de las desigualdades puede ser perjudicial para el crecimiento económico en la medida en que el efecto negativo en el consumo asociado a las desigualdades cada vez mayores supera (y con creces) cualquier efecto positivo resultante de la mayor rentabilidad de las inversiones y competitividad de los costos. Estos resultados tan negativos ocurren probablemente debido a que en muchos países los efectos de la competitividad se han visto empañados por la disminución de la participación de los ingresos provenientes del trabajo, lo que conduce a un déficit de la demanda agregada global y a una carrera hacia el abismo en cuanto a salarios y normas laborales. Además de los efectos en la economía, estas mayores desigualdades en los ingresos pueden erosionar la cohesión social e intensificar el malestar social, como ha ocurrido en algunos países árabes y asiáticos.

Desafortunadamente, la capacidad de los países en desarrollo para compensar la participación cada vez menor de los ingresos provenientes del trabajo a través de una tributación progresiva es más limitada que en el caso de las economías avanzadas.

Por consiguiente, es fundamental fortalecer las instituciones del mercado de trabajo, lo cual puede mejorar la distribución de la renta entre el factor capital y el factor trabajo. Esto puede lograrse facilitando el diálogo entre empleadores y trabajadores, reforzando las leyes laborales y las normas fundamentales del trabajo, así como aplicando una protección social bien diseñada con objeto de garantizar una distribución de los ingresos más equilibrada en los países en desarrollo.

Países como Argentina, Brasil, y más recientemente, Túnez, cuentan con experiencias muy positivas al respecto.

Finalmente, el trabajo decente debería ser un objetivo fundamental de la agenda para el desarrollo después de 2015.

Las conclusiones del presente informe indican que el desarrollo sostenible no es posible sin lograr avances en materia de empleo y en el programa de trabajo decente. El crecimiento económico no será sostenible si se basa en condiciones de trabajo pobres e inseguras, salarios reprimidos, en un aumento en el número de los trabajadores pobres, y en un incremento de las desigualdades. Por el contrario, el proceso de desarrollo se verá favorecido a través de la puesta en marcha de políticas e instituciones que ayuden a crear más y mejores empleos. Además de su efecto en el crecimiento económico, el empleo, los derechos, la protección social y el diálogo son elementos integrales del desarrollo.

Así pues, el empleo y el trabajo decente deberían ser un objetivo fundamental de la agenda para el desarrollo después de 2015. La OIT ha adoptado una serie de importantes iniciativas que, como parte de una nueva agenda de desarrollo establecida bajo los auspicios de las Naciones Unidas, podrían contribuir notablemente a mejorar los niveles de vida de todas las mujeres y los hombres del mundo.

Informe Mundial sobre Salarios 2014 / 2015 - Salarios y desigualdad de ingresos - OIT - Diciembre 2014

Resumen ejecutivo

Parte I. Principales tendencias de los salarios

El contexto

En los últimos años se han intensificado los debates en torno a la función económica de los salarios. En el plano empresarial, el incremento o reducción de los salarios repercute en los costes de producción y por lo tanto en los beneficios, sostenibilidad y competitividad de las empresas. En el de los países, el efecto neto del aumento o el descenso de los salarios depende de la dirección y de la magnitud relativa de los efectos de los salarios en el consumo de los hogares, las inversiones y las exportaciones netas. En la eurozona, la atención se ha centrado más en los salarios a raíz de la preocupación por el déficit de la demanda agregada derivado del consumo insuficiente de los hogares; muchos analistas han señalado que la reducción o el estancamiento de los salarios aumentan el riesgo de deflación. En algunas economías emergentes y en desarrollo, se ha atribuido más atención a los salarios como componente fundamental de las estrategias generales de reducción de la pobreza y la desigualdad.

El crecimiento salarial mundial sufrió una desaceleración en 2013 en comparación con 2012, y aún tiene que recuperar los niveles anteriores a la crisis

El crecimiento del salario real sufrió una drástica caída durante la crisis de 2008 y 2009, registró cierta recuperación en 2010 y posteriormente una nueva desaceleración.

A nivel mundial, el crecimiento del salario mensual real promedio fue del 2,0 por ciento en 2013, una reducción con respecto al 2,2 por ciento de 2012, y aún tiene que recuperar los niveles anteriores a la crisis, cuando en 2006 y 2007 el crecimiento de estos rondaba el 3,0 por ciento.

Las economías emergentes y las economías en desarrollo, impulso principal del crecimiento salarial mundial

Las economías emergentes y las economías en desarrollo, donde desde 2007 el salario real ha venido aumentando -en ocasiones con rapidez-, han impulsado el crecimiento salarial mundial en los últimos años. No obstante, entre regiones hay importantes variaciones. En Asia, el crecimiento del salario real en 2013 alcanzó el 6 por ciento, y en Europa Oriental y Asia Central, casi el 6 por ciento; sin embargo, en América Latina y el Caribe el porcentaje fue inferior al 1 por ciento (una caída con respecto al 2,3 por ciento de 2012). Las estimaciones aproximadas también indican un crecimiento del salario real de casi el 4 por ciento en Oriente Medio, resultante del fuerte crecimiento del salario real en Arabia Saudita, y un crecimiento inferior al 1 por ciento en África. En las economías emergentes del G20, dicho crecimiento sufrió una desaceleración, y pasó del 6,7 por ciento en 2012 al 5,9 por ciento en 2013.

La exclusión de China reduce a la mitad el crecimiento salarial mundial

China determinó gran parte del porcentaje de crecimiento salarial mundial, debido a su magnitud y al crecimiento del salario real en el país. Si se excluye a China de la muestra de países, el resultado es que el crecimiento del salario real mundial se reduce casi a la mitad, pasando del 2,0 por ciento al 1,1 por ciento en 2013, y del 2,2 por ciento al 1,3 por ciento en 2012.

Salarios estáticos en las economías desarrolladas

En el grupo de economías desarrolladas, el salario real se mostró estático en 2012 y 2013, y creció en un 0,1 por ciento y en un 0,2 por ciento, respectivamente. En algunos casos -como los de España, Grecia, Irlanda, Italia, Japón y Reino Unido-, el nivel del salario medio real en 2013 fue inferior al de 2007. En los países afectados por la crisis, el efecto compuesto (es decir, el efecto sobre el salario medio debido a los cambios de la composición de los trabajadores en el empleo remunerado) desempeñó un papel importante.

Entre 1999 y 2013, el crecimiento de la productividad laboral en las economías desarrolladas superó al crecimiento del salario real, y la participación salarial en la renta nacional -otro indicio de la relación entre los salarios y la productividad- se redujo en las economías desarrolladas más grandes

En general, en el grupo de economías desarrolladas el crecimiento del salario real quedó rezagado con respecto al de la productividad laboral entre 1999 y 2013. Así ocurrió antes de la crisis en 2007, y -tras un breve estrechamiento de la disparidad en el punto más profundo de la crisis- desde 2009 la productividad laboral ha seguido superando al crecimiento del salario real.

Entre 1999 y 2013, en Alemania, Estados Unidos y Japón el crecimiento de la productividad laboral superó al de los salarios. Esta disociación entre el crecimiento de los salarios y el crecimiento de la productividad en estos países se refleja en la reducción de la participación de la renta del trabajo en los ingresos nacionales (proporción del PIB correspondiente al trabajo) en el mismo periodo. En otros países, como Francia y Reino Unido, dicha participación se mantuvo estable o aumentó. En el caso de las economías emergentes, en los últimos años hubo un aumento de la participación salarial en la Federación de Rusia, y una reducción en China, México y Turquía. Cabe señalar, no obstante, que el crecimiento acelerado del salario real puede tener efectos diferentes sobre el bienestar, ya se trate de economías emergentes y economías en desarrollo o de economías desarrolladas.

Lentamente, el salario medio de las economías emergentes y las economías en desarrollo converge hacia el salario medio de las economías desarrolladas

El salario medio sigue siendo considerablemente inferior en las economías emergentes y las economías en desarrollo con respecto al de la mayoría de las economías desarrolladas. Por ejemplo, medido en dólares PPP, el salario medio mensual de los Estados Unidos es más de tres veces superior al de China.

Si bien resulta difícil comparar con precisión los niveles salariales entre los países, debido a la variedad de definiciones y de metodologías, se estima que el valor del salario medio mensual en las economías desarrolladas es de unos 3.000 dólares PPP, frente a uno de aproximadamente 1.000 dólares PPP en las economías emergentes y las economías en desarrollo. El salario mensual promedio estimado en el mundo es de unos 1.600 dólares. Con todo, debido al fuerte crecimiento del salario en las economías emergentes, la disparidad del salario real entre ambos grupos se redujo entre 2000 y 2012, y en muchas economías desarrolladas los salarios se mostraron estáticos o se redujeron.

Parte II. La desigualdad de los salarios y los ingresos

Variedad de tendencias de la desigualdad de la renta

El aumento de la desigualdad en muchos países en los últimos decenios ha captado mayor atención, pues el alto nivel de desigualdad puede tener efectos adversos sobre el bienestar y la cohesión social, y mermar el crecimiento económico a mediano y a largo plazo. El informe muestra que las últimas tendencias de la desigualdad total de la renta familiar han sido variadas, tanto en las economías desarrolladas como en las economías emergentes y las economías en desarrollo. El nivel de desigualdad en este último grupo es en general más elevado, aunque varios de estos países han avanzado en su reducción, por lo general en un clima de incremento de los ingresos. En las economías desarrolladas en las que la desigualdad aumentó, este avance ha tenido lugar sobre todo en un clima de estancamiento o de reducción de los ingresos.

La desigualdad comienza en el mercado de trabajo

En muchos países, la desigualdad comienza en el mercado de trabajo. Las variaciones de la distribución salarial y del empleo remunerado han sido los determinantes fundamentales de las tendencias recientes de la desigualdad. En las economías desarrolladas donde más aumentó la desigualdad, ello se debió a menudo a la combinación de mayor desigualdad salarial y pérdida de empleos. En España y Estados Unidos, los dos países donde más aumentó la desigualdad si esta se mide comparando hogares en el decil superior con hogares en el decil inferior, las variaciones de la distribución salarial y las pérdidas de empleos determinaron el 90 por ciento del incremento de la desigualdad en España y el 140 por ciento en los Estados Unidos. En los países desarrollados donde la desigualdad de la renta familiar aumentó, otras fuentes de ingresos contrarrestaron aproximadamente una tercera parte del aumento de la desigualdad debida a variaciones de los salarios y del empleo.

Varias economías emergentes y economías en desarrollo registraron una reducción de la desigualdad. En estos países, el factor predominante fue la distribución más equitativa de los salarios y del empleo remunerado. En la Argentina y el Brasil, países con la mayor disminución de la desigualdad, las variaciones de la distribución salarial y del empleo remunerado determinaron -en todo el decenio- el 87 por ciento de la disminución de la desigualdad en la primera y el 72 por ciento en el segundo. En ambos casos la desigualdad se ha medido comparando los deciles extremos de la distribución de la renta familiar.

Los salarios constituyen la principal fuente de ingresos familiares

El importante papel de los salarios en la desigualdad a nivel del hogar puede deberse a que, tanto en las economías desarrolladas como en las economías emergentes y las economías en desarrollo, estos representan la principal fuente de ingresos de los hogares. En el caso de las economías desarrolladas, los salarios en bruto constituyen entre el 70 y el 80 por ciento del total de ingresos de aquellos hogares que tienen al menos un miembro en edad de trabajar; hay que señalar que pueden existir variaciones sustanciales entre los países de dicho grupo. En el caso de las economías emergentes y economías en desarrollo estudiadas en el informe, la contribución de los salarios a la renta familiar es más reducida, y oscila entre un 50 y un 60 por ciento en la Argentina y el Brasil, hasta un 40 por ciento en el Perú y un 30 por ciento en Vietnam. En dichos países, los ingresos procedentes del empleo independiente representan, por lo general, una proporción mayor de la renta familiar que en las economías desarrolladas; este es particularmente el caso de los hogares de bajos ingresos.

Sin embargo, tanto en las economías desarrolladas como en las economías emergentes y en desarrollo, las fuentes de ingresos de los deciles superiores e inferiores son más diversas que en los deciles de la parte media, donde los hogares dependen más de los salarios. En las economías desarrolladas, las transferencias sociales desempeñan un papel importante como asistencia a los hogares de bajos ingresos, mientras que en muchas economías emergentes y en desarrollo los hogares de bajos ingresos dependen sobre todo del empleo independiente. En el caso de los hogares del decil inferior, por ejemplo, los salarios representan alrededor del 50 por ciento de la renta familiar en los Estados Unidos, del 30 por ciento en Italia, del 25 por ciento en Francia, del 20 por ciento en el Reino Unido, del 10 por ciento en Alemania y del 5 por ciento en Rumania. En el caso de los hogares en los deciles medios y altos, los salarios constituyen la mayor proporción de la renta familiar en casi todos los países; en Alemania, Estados Unidos y Reino Unido dicha proporción llega a ser del 80 por ciento.

Por lo que respecta a las economías emergentes y las economías en desarrollo, la proporción salarial correspondiente al decil inferior de los hogares oscila entre un 50 por ciento de la renta familiar en la Federación de Rusia y menos del 10 por ciento en Vietnam. En la Argentina, Brasil, China y Federación de Rusia, la proporción salarial aumenta paulatinamente entre las clases medias, y luego se reduce en los deciles con ingresos más elevados.

Algunos grupos sufren la discriminación y penalizaciones salariales

El informe pone de manifiesto que en casi todos los países de la muestra hay brechas salariales entre las mujeres y los hombres, y entre los trabajadores nacionales y los trabajadores migrantes. Los motivos de dichas brechas son múltiples y complejos, difieren de un país a otro y varían de un punto a otro de la distribución salarial. Tales brechas pueden dividirse en una parte “explicada” a través de características observables que definen el capital humano de cada individuo y sus características dentro del mercado laboral, y una parte “no explicada” que refleja la discriminación salarial y engloba características específicas que en principio no debieran incidir en los salarios (por ejemplo, tener hijos). El informe demuestra que si se suprimiera la penalización no explicada, es decir, la parte no explicada por las características laborales, la brecha media entre mujeres y hombres se reduciría en el Brasil, Eslovenia, Lituania, Federación de Rusia y Suecia, donde las características de mercado laboral de los grupos desfavorecidos deberían conferirles salarios más elevados. Además, si dicha

parte no explicada se suprimiera, la brecha salarial entre hombres y mujeres desaparecería casi por completo en alrededor de la mitad de los países de economías desarrolladas representados en la muestra.
Un análisis similar se realiza para comparar los salarios de los migrantes con los de los trabajadores nacionales; del mismo se infiere que, en diversos países, la brecha salarial media se reduciría si se suprimiera la parte no explicada. Tal es lo que ocurre en las economías desarrolladas siguientes: Alemania, Dinamarca, Luxemburgo, Noruega, Países Bajos, Polonia y Suecia. En el caso de Chile, los trabajadores migrantes ganan en promedio más que sus homólogos nacionales.

El informe también da cuenta de una brecha salarial entre los trabajadores de la economía formal y la economía informal; ello queda de manifiesto en las diferencias salariales entre trabajadores de la economía formal e informal en países seleccionados de América Latina. Tal como ocurre con las disparidades salariales entre mujeres y hombres y las disparidades de que son objeto los migrantes, la disparidad salarial de los trabajadores de la economía informal suele ser más reducida en los deciles inferiores, y va aumentando en función del incremento en la escala salarial. Por otra parte, frente a las de los trabajadores de la economía formal, las características observables de mercado laboral de los trabajadores de la economía informal difieren en todos los puntos de la distribución salarial y en todos los países (es decir, hay una disparidad explicada en la totalidad de la distribución). No obstante, esto no quita peso a que la parte no explicada de la brecha salarial entre trabajadores formales e informales sigue siendo sustancial.

Parte III. Respuestas de política para resolver el tema salarial y la desigualdad

El desafío en materia política

La desigualdad puede resolverse mediante políticas que influyan directamente o indirectamente en la distribución salarial, y mediante políticas fiscales que redistribuyan los ingresos a través de la tributación y las transferencias, políticas que a su vez no son necesariamente posibles ni deseables. Cabe señalar que la creciente desigualdad en el mercado de trabajo supone una carga suplementaria sobre las iniciativas destinadas a reducir la desigualdad mediante los impuestos y las transferencias. Ello indica que la desigualdad que se plantea en el mercado de trabajo también debería resolverse mediante políticas con un efecto directo sobre la distribución de los ingresos.

El salario mínimo y la negociación colectiva

Algunos estudios recientes indican que los gobiernos cuentan con un margen apreciable para utilizar el salario mínimo como herramienta de política. Por una parte, las investigaciones indican bien que el aumento del salario mínimo y el nivel de empleo no se contrarrestan, bien que dicho aumento tiene un efecto muy limitado sobre el empleo, lo cual puede ser positivo o negativo. Por otra parte, varios estudios indican que el salario mínimo contribuye efectivamente a reducir la desigualdad salarial. De hecho en los últimos años, tanto en economías desarrolladas como en economías emergentes y economías en desarrollo, un número cada vez mayor de gobiernos ha utilizado el salario mínimo como herramienta de política eficaz contra la desigualdad salarial. Cabe subrayar la importancia de que el salario mínimo se fije considerando las necesidades de los trabajadores y sus familias en equilibrio con los factores económicos.

La negociación colectiva es otra institución del mercado de trabajo que goza de gran reconocimiento como instrumento fundamental para resolver la desigualdad, en general, y la desigualdad salarial, en particular. El punto hasta el cual la negociación colectiva puede reducir la desigualdad salarial depende de la proporción de trabajadores amparados por los convenios colectivos y de la ubicación de esos trabajadores en la distribución salarial.

Promover la creación de empleo

La creación de empleo representa una prioridad en todos los países. El informe demuestra que el acceso a un empleo remunerado, o la pérdida del mismo, es un determinante fundamental de la desigualdad de la renta. En las economías desarrolladas, las pérdidas de empleos que afectaron desproporcionadamente a los trabajadores de bajos ingresos agudizaron el aumento de la desigualdad. En las economías emergentes y las economías en desarrollo, la creación de empleos remunerados para quienes se encuentran en el decil inferior contribuyó a reducir la desigualdad en varios países. Estos resultados confirman la importancia de aplicar políticas que tengan como objetivo el pleno empleo como herramienta para reducir la desigualdad. En este sentido, es fundamental promover empresas sostenibles, entre otras cosas, mediante el establecimiento de un entorno propicio para la creación, sostenibilidad y desarrollo de las empresas, así como mediante un entorno favorable para alentar las innovaciones y mejorar la productividad. Los beneficios resultantes pueden compartirse equitativamente en las empresas y en el ámbito más amplio de la sociedad.

Especial atención a los grupos de trabajadores desfavorecidos

Haciendo extensivos el salario mínimo y la negociación colectiva a los trabajadores mal remunerados servirá para reducir la desigualdad sufrida por mujeres, migrantes y otros colectivos que de por sí están sobrerrepresentados en la parte inferior de la escala salarial. Sin embargo, por sí solas, estas herramientas de política no eliminarán todas las formas de discriminación ni las brechas salariales, en sí importantes determinantes de la desigualdad salarial. Con respecto a todos los grupos, para poder superar las brechas salariales no explicadas en términos de capital humano y de las características de mercado de trabajo de los individuos se requiere una amplia gama de políticas. Por ejemplo, para lograr la igualdad de remuneración entre mujeres y hombres es preciso aplicar políticas de lucha contra las prácticas discriminatorias y los estereotipos de género acerca del valor del trabajo femenino; políticas eficaces sobre maternidad, paternidad y excedencia parental, y que promuevan una distribución más justa de las responsabilidades familiares.

La redistribución fiscal mediante los impuestos y los sistemas de protección

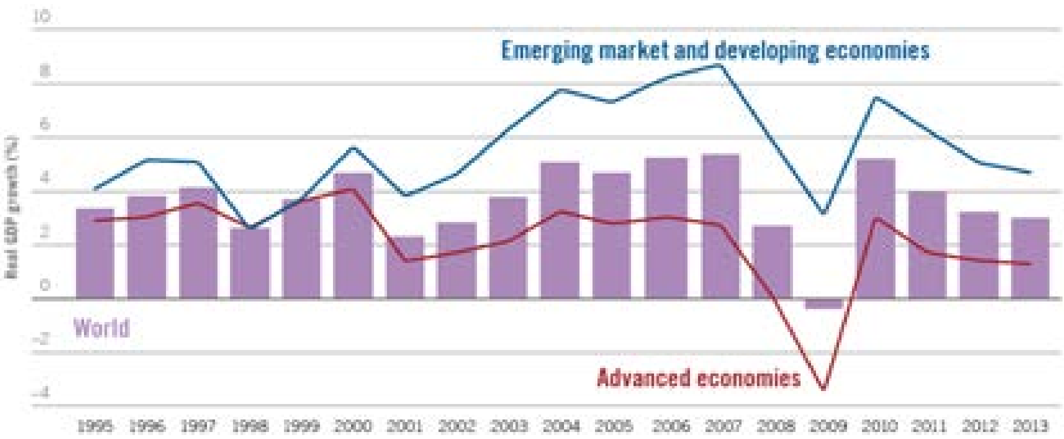
En cierta medida, las políticas fiscales compensan la desigualdad en el mercado de trabajo, tanto a través de los sistemas de tributación progresiva como de las transferencias, que tienden a nivelar la renta de los hogares. En comparación con los gobiernos de las economías emergentes y las economías en desarrollo, los de las economías desarrolladas recurren más a estas políticas para conseguir sus objetivos en relación con la distribución de la renta, aunque puede haber una tendencia hacia cierta convergencia. En el grupo de países emergentes y en las economías en desarrollo, parece haber margen para obtener más ingresos fiscales mediante diversas medidas, como la ampliación de la base impositiva a través del desplazamiento de los trabajadores y las empresas de la economía informal a la formal, y de la mejora de la recaudación tributaria. A su vez, el aumento de la recaudación permitiría ampliar y mejorar los sistemas de protección social, que en las economías de este grupo suelen no estar plenamente desarrollados.

La necesidad de combinar las medidas de política

Salvo en contadas excepciones, los salarios representan la principal fuente de ingresos de los hogares, tanto en las economías emergentes como en las economías desarrolladas. Al mismo tiempo, los salarios representan una proporción más reducida de la renta familiar de los deciles más bajos de la distribución de los ingresos. En las economías desarrolladas, donde la importancia de las transferencias sociales como fuente de ingresos es mayor, se requiere una combinación de políticas que ayuden a esos hogares a incorporarse al mundo laboral con medidas que mejoren la calidad y la remuneración del empleo al alcance de estas personas. En algunas economías emergentes y economías en desarrollo, se ha logrado aumentar la renta de los grupos de bajos ingresos mediante programas de empleo directo (India y Sudáfrica) y transferencias en efectivo (Brasil y México, entre muchos otros países). En última instancia, la vía más eficaz y sostenible para que la población en edad de trabajar supere la pobreza es contar con un empleo productivo que a la vez esté remunerado con un salario justo. Las políticas debieran orientarse hacia este objetivo.

- Global Wage Report 2014/15 - Wages and income inequality - OIT - December 2014

Figure 1 Annual average economic growth, 1995–2013 (GDP in constant prices)



Note: Country groups are those used by the IMF as described in the appendix of the IMF's *World Economic Outlook*, Apr. 2014.
Source: IMF, *World Economic Outlook* database, Apr. 2014. Data accessible at: www.ilo.org/gwr-figures

The global economy contracted sharply between 2007 and 2009, quickly recovered in 2010, but subsequently decelerated (figure 1). While growth rates after 2010 declined across the globe, they remained much higher in emerging and developing economies than in advanced economies…

How have recent economic trends been reflected in average real wages? Figure 2 provides two estimates. The first is a global estimate based on wage data for 130 economies using the methodology described in Appendix I and the Global Wage Database. The second is also a global estimate, but omits China because of its large size (in terms of number of wage earners) and high real wage growth, which remained in double digits for most of the 2000s and accounted for much of the global wage growth. As can be seen from figure 2, global real wage growth dropped sharply during the crisis in 2008 and 2009, recovered somewhat in 2010 and then decelerated again. It has yet to rebound to its pre-crisis rates…

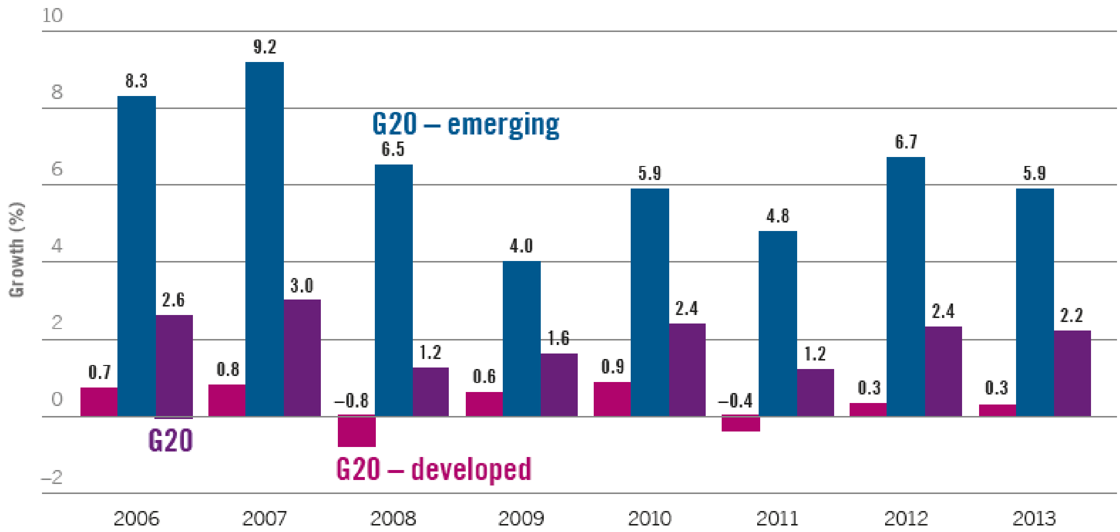
Figure 2 Annual average global real wage growth, 2006–13

Note: Global wage growth is calculated as a weighted average of year-on-year growth in average monthly real wages in 130 countries, covering 95.8 per cent of all employees in the world (for a description of the methodology, see Appendix I).

Source: ILO Global Wage Database. Data accessible at: www.ilo.org/gwr-figures

Figure 3 shows estimates for the G20 as a whole and for its developed as well as its emerging members. Together, the countries of the G20 produce about three-quarters of world GDP and employ more than 1 billion of the world’s 1.5 billion paid employees…

Figure 3 Annual average real wage growth in the G20, 2006–13



Note: The estimate for the G20 uses the methodology specified in Appendix I, but is restricted to 18 out of 19 individual countries for which data are available (Argentina identified some inconsistencies in its wage series for some years and has been excluded).

Source: ILO Global Wage Database. Data accessible at: www.ilo.org/gwr-figures

Looking at developed economies, it is apparent from figure 4 that the growth rates of average real wages have tended to fluctuate within a low and narrow range since 2006. This pattern has become particularly pronounced in 2012 and 2013, years of virtually flat wages, contributing in the current low inflation environment to concerns about possible risks of deflation…

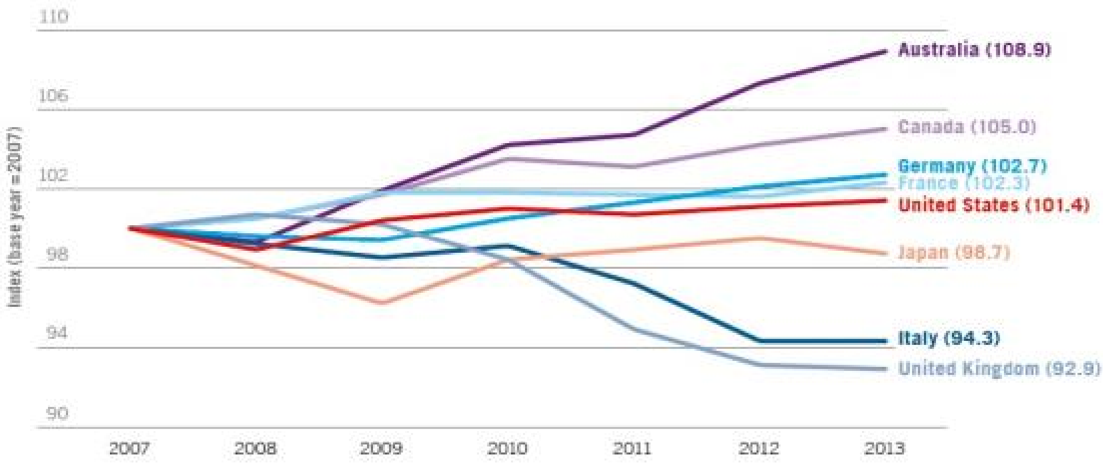
Figure 4 Annual average real wage growth in developed economies, 2006–13

Note: Wage growth is calculated as a weighted average of year-on-year growth in average monthly real wages in 36 countries (for a description of the methodology, see Appendix I).

Source: ILO Global Wage Database. Data accessible at: www.ilo.org/gwr-figures

Figure 5 looks at the individual developed economy members in the G20, which represent the largest developed economies in the world. It shows the variety that exists within the overall trend depicted in figure 4. In France and the United States, average wages are consistent with the pattern shown in figure 4, having been relatively stagnant, with only minor fluctuations. However, Australia and Canada show more positive growth in average wages partially attributed by some to their natural-resource based growth during a boom in commodities (Downes, Hanslow and Tulip, 2014; Statistics Canada, 2014). Conversely, notable declines are observed in Italy and the United Kingdom, where the deep recession was accompanied by an unprecedented period of falling real wages. According to the Low Pay Commission, British wages fell more sharply than at any time since records began in 1964 (Low Pay Commission, 2014)…

Figure 5 Average real wage index for developed G20 countries, 2007–13



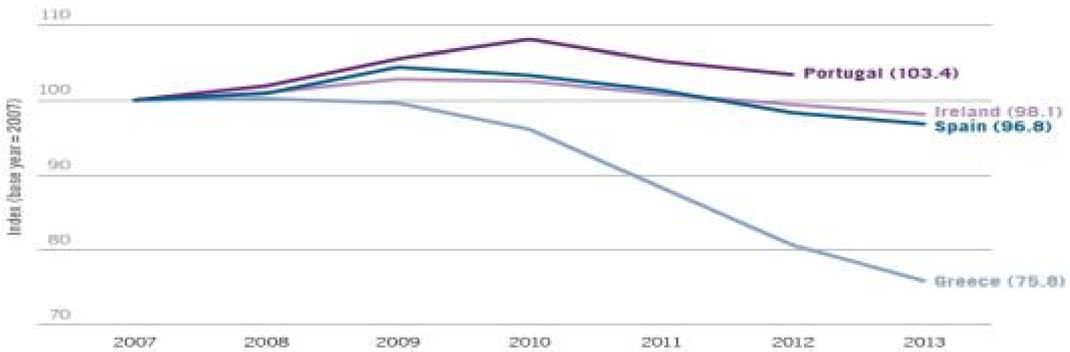
Source: ILO Global Wage Database. Data accessible at: www.ilo.org/gwr-figures

Figure 6 shows the extent to which wages changed in selected European countries most affected by the crisis. Most striking is the large decline in Greek wages, resulting in part from a series of specific policy measures, including a 22 per cent cut in the minimum wage for unskilled workers aged 25 and over and a 32 per cent cut for those under 25 in 2012. Collective bargaining was also decentralized, with priority given to enterprise-level agreements in cases of conflict with higher-level agreements, which tended to facilitate downward wage adjustments (ILO, 2014a)…

Are differences in wage trends across countries a product of differences in labour productivity growth? Figure 7 shows the relationship between wages and productivity from 1999 to 2013 in the group of developed economies where labour productivity refers to GDP (output) per worker. This definition captures how productively labour is used to generate output, but also captures the contribution to output of other elements such as changes in hours worked, changes in the skill composition of labour, and the contribution of capital. While other measures of productivity exist, labour productivity as defined here is used by the ILO as a decent work indicator, and is the only one readily available for all countries up to and including 2013.

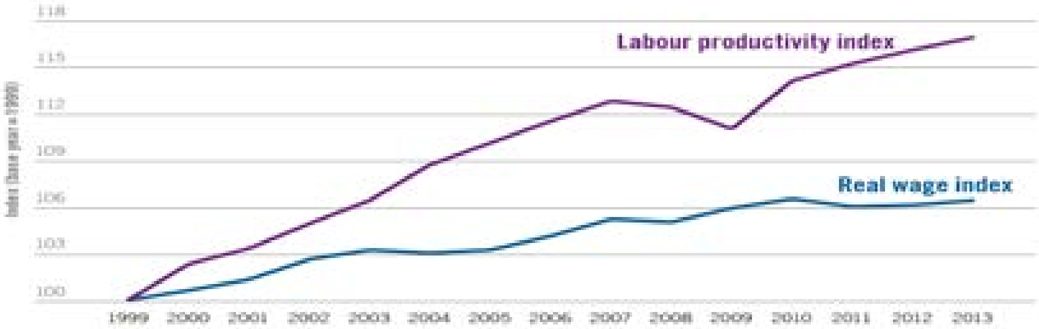
Figure 7 shows that after a narrowing of the gap during the depth of the crisis between 2008 and 2009, labour productivity has continued to outstrip real wage growth in this group of countries. Even when changes in real wages are calculated using not the CPI but the GDP deflator, the trend presented in figure 7 persists…

Figure 6 Average real wage index for selected European countries most affected by the crisis, 2007–13



Source: ILO Global Wage Database. Data accessible at: www.ilo.org/gwr-figures

Figure 7 Trends in growth in average wages and labour productivity in developed economies (index), 1999–2013

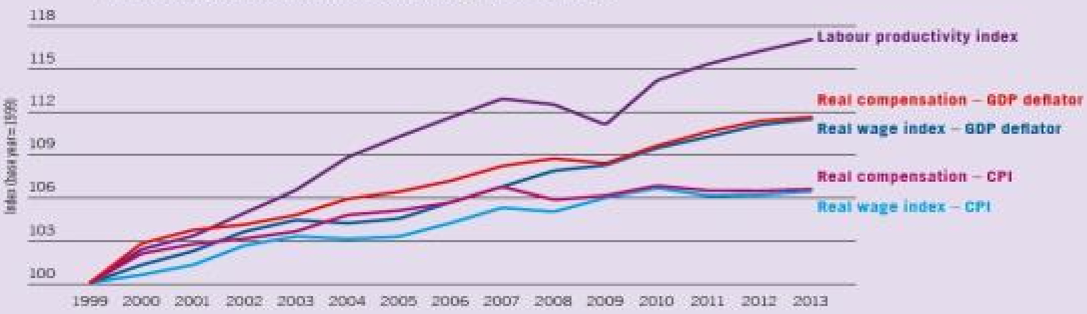


Note: Wage growth is calculated as a weighted average of year-on-year growth in average monthly real wages in 36 economies (for a description of the methodology, see Appendix I). Index is based to 1999 because of data availability.
Sources: ILO Global Wage Database; ILO *Trends Econometric Models*, Apr. 2014. Data accessible at: www.ilo.org/gwr-figures

Since wages represent only one component of labour costs, it may be more appropriate to compare gains in labour productivity with increases in average compensation per employee (as opposed to wages). Compensation of employees includes wages and salaries payable in cash or in kind and social insurance contributions payable by employers (CEC, IMF, OECD, UN and World Bank, 2009, para. 7.42).

To address this argument, figure 8 compares the change in labour productivity with the changes in average real wages and in average real compensation per employee; as can be seen, the gap still persists…

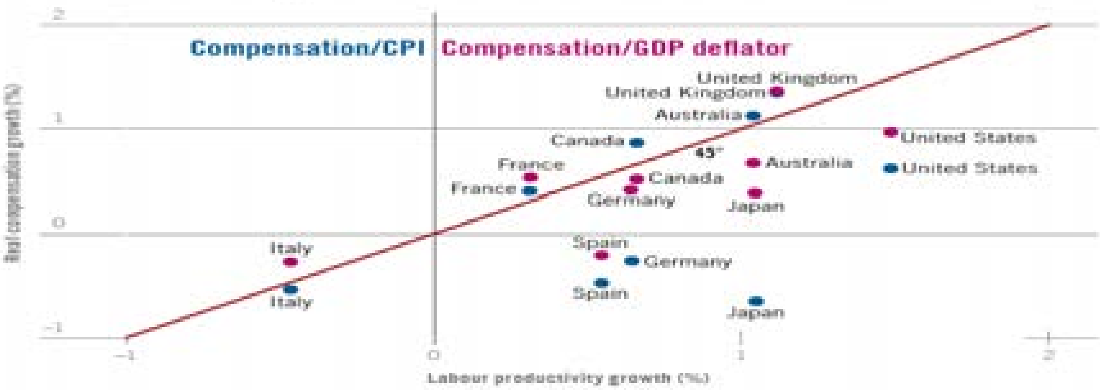
Figure 8 Labour productivity, real wages and estimated real compensation per employee in developed economies (indices), 1999–2013



Note: Wage growth is calculated as a weighted average of year-on-year growth in average monthly real wages in 33 economies (for a description of the methodology, see Appendix I). Iceland, Israel and Malta were excluded from this figure for reasons of data availability; these three countries collectively contribute less than 1 per cent of the total employees in developed economies. Index is based to 1999 because of data availability.
Sources: ILO Global Wage Database; ILO *Trends Econometric Models*, Apr. 2014; IMF, *World Economic Outlook*, Apr. 2014; European Commission AMECO database. Data accessible at: www.ilo.org/gwr-figures

The overall picture for developed economies is strongly influenced by the largest economies in the group, in particular Germany, Japan and the United States. Figure 9 shows the relationship between productivity and real compensation per employee (as opposed to real wages) for selected developed economies between 1999 and 2013, using both the CPI and the GDP deflator. Real labour compensation per employee is used instead of wages since it is more closely linked to trends in the labour income share. In several countries, labour productivity grew faster than labour compensation. However, in the cases of France and the United Kingdom they grew fairly closely in line, while in Australia, Canada and Italy the relationship between real compensation per employee and labour productivity growth, during this particular period, depends on the deflator used…

Figure 9 Estimated real labour compensation per employee and labour productivity growth in the largest developed economies, deflated by the CPI and GDP deflator, 1999–2013

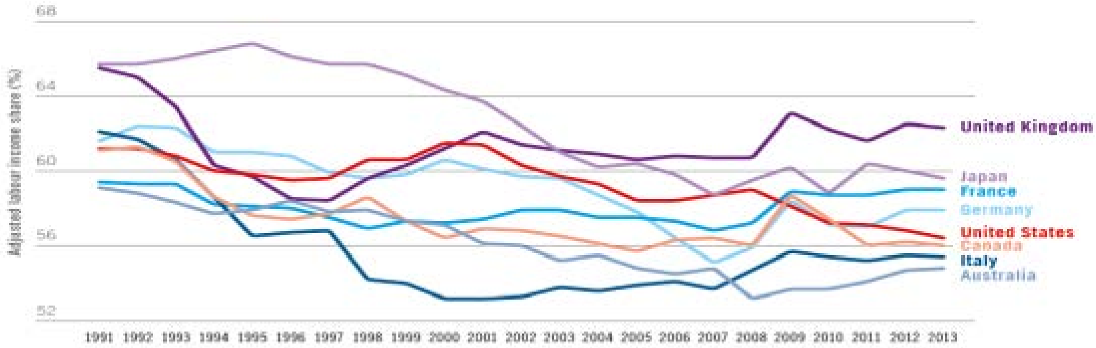


Sources: European Commission AMECO database; IMF, *World Economic Outlook*, Apr. 2014; ILO *Trends Econometric Models*, Apr. 2014. Data accessible at: www.ilo.org/gwr-figures

Figure 10 shows how the labour income share has changed since 1991 in the developed G20 countries. The unadjusted labour income only includes compensation of employees, whereas the adjusted labour income share used in figure 10 makes an adjustment to account for the self-employed as well. In Canada (and also in Australia), part of the decline is tied to the rise in commodity prices; profits in the mining, oil and gas sectors in Canada doubled between 2000 and 2006 (Sharpe, Arsenault and Harrison, 2008; Rao, Sharpe and Smith, 2005). In Japan, the decline is attributable in part to labour market reforms in the mid-1990s, when more industries were allowed to hire non-regular workers; the consequent influx of non-regular workers, who often earned less than regular workers, contributed to the stagnation of wages over time (Sommer, 2009; Agnese and Sala, 2011). In France, the labour income share remained relatively stable. In Italy and the United Kingdom, the trend is unclear: while the labour income share declined in the early part of the 1990s, since then wages and productivity have grown at a similar pace. In the United Kingdom, the Low Pay Commission has estimated that employees' compensation and productivity have grown at more or less the same rate since 1964 (Low Pay Commission, 2014). In Italy, one factor contributing to the decline in the labour income share at the beginning of the 1990s was a set of labour market reforms that changed the wage bargaining system to curb wage growth (Lucidi and Kleinknecht, 2010). In Germany, after years of wage moderation, the labour income share has partly recovered in recent years.

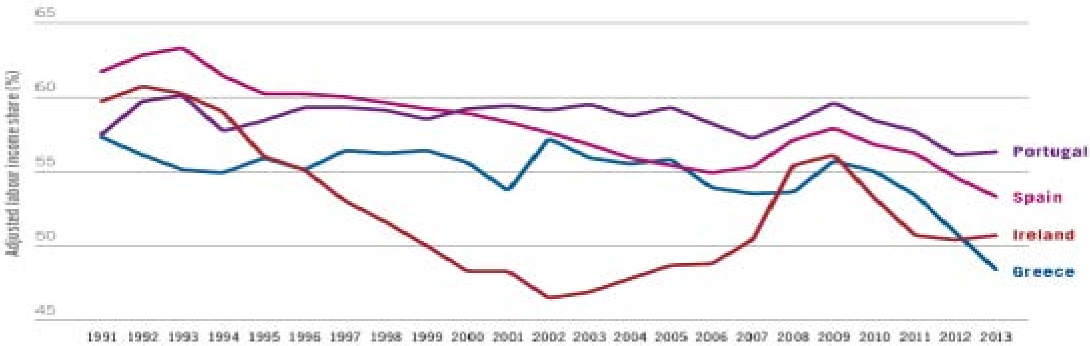
Turning to European countries most affected by the crisis, figure 11 points to the large decline in the Greek labour income share, to the sharp reversals of wage shares in the Irish labour market, and to the continuously falling labour income share in Spain since 2009…

Figure 10 Adjusted labour income share in developed G20 countries, 1991–2013



Note: Adjusted wage share, total economy, as a percentage of GDP at current market prices (compensation per employee as a percentage of GDP at market prices per person employed).
Source: European Commission AMECO database. Data accessible at: www.ilo.org/gwr-figures

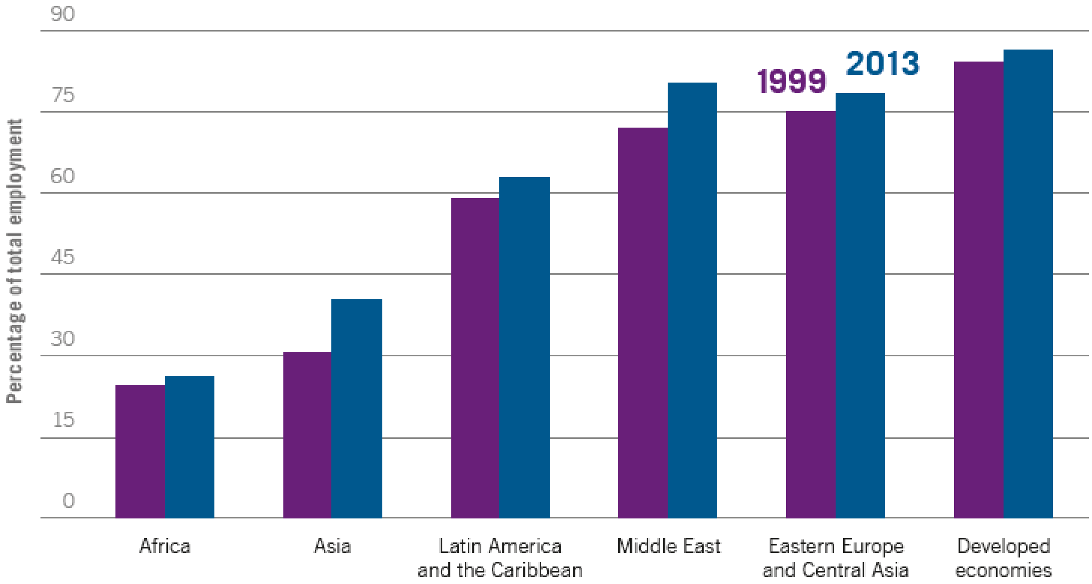
Figure 11 Adjusted labour income share in selected European countries most affected by the crisis, 1991–2013



Note: Adjusted wage share, total economy, as a percentage of GDP at current market prices (compensation per employee as a percentage of GDP at market prices per person employed).
Source: European Commission AMECO database. Data accessible at: www.ilo.org/gwr-figures

In emerging and developing economies, data constraints make it difficult to compare wage and labour productivity trends.[16] In addition, labour productivity refers to output per worker, while wages refer only to a subcategory of the working population, namely employees. Employees typically represent about 85 per cent of employment in developed countries, but in emerging and developing economies this proportion is often much lower, and changes more rapidly (see figure 14). For this reason, a more appropriate comparison in this group of countries would be between wages and the labour productivity of employees only. Unfortunately, such data are generally not available. All of these issues create some uncertainty in analyses related to wages and productivity in emerging and developing economies. As a result, subsequent analyses for this group of countries focus only on levels and trends in the labour income share, for which data are more widely available…

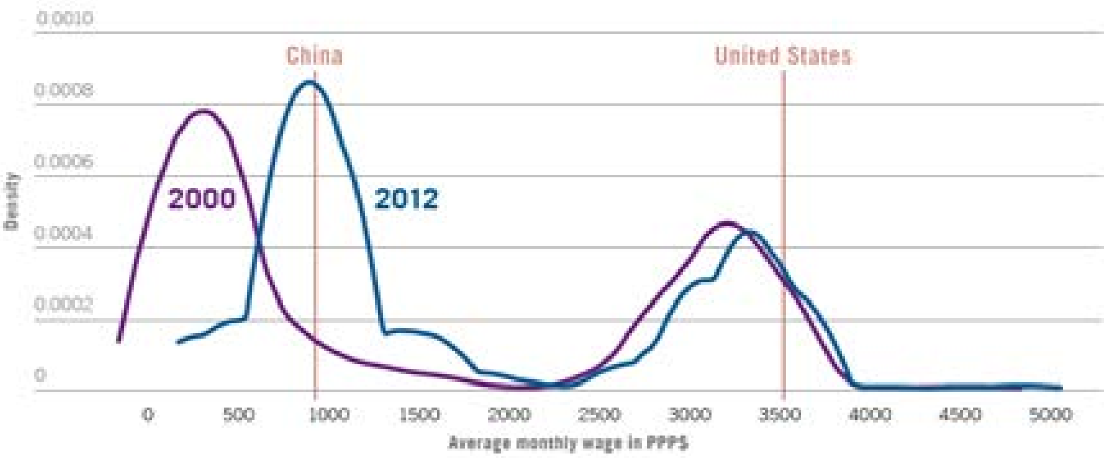
Figure 14 Employees as a share of total employment, 1999 and 2013



Source: ILO *Trends Econometric Models*, Apr. 2014. Data accessible at: www.ilo.org/gwr-figures

The persistent difference in wages between developed economies and emerging and developing economies across the world is evident from figure 19, which shows the shape of the world distribution of average wages if the abovementioned differences between countries' wage data are disregarded and country wages in local currency are converted to purchasing power parity dollars (PPP$), which capture the difference in the cost of living between countries.[19] The difference in wage levels between the emerging and developing economies (on the left side of the distribution) and the developed economies (on the right) is quite substantial. For instance, the average wage in the United States, measured in PPP$, is more than triple that in China. However, the figure also shows that the difference in wage levels is decreasing over time. Between 2000 (the red line) and 2012 (the blue line) the wage distribution shifts to the right and becomes more compressed; this implies that in real terms average wages grew across the world, but they grew by much more in emerging and developing economies. This is consistent with trends in average real wage growth presented in section 3 of this report. The average wage in developed economies in 2013 lies at around US$ (PPP) 3,000 compared to an average wage in emerging and developing economies of about US$ (PPP) 1,000. The estimated world average monthly wage is about US$ (PPP) 1,600…

Figure 19 Global average monthly wage distribution in 2000 and 2012 (2012 PPP$)

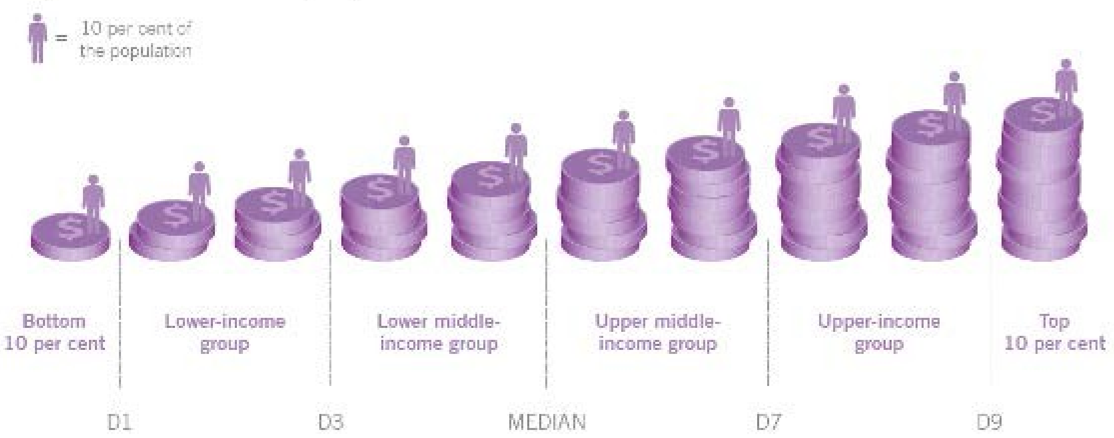


Note: Refers to countries for which wage levels for 2000 and 2012 are available, and covers 83 countries which represent 73 per cent of the world's employees. Wage levels have been converted to constant 2012 PPP$: PPP$1 is equivalent to the purchasing power of US$1 in the United States.

Source: ILO Global Wage Database. Data accessible at: www.ilo.org/gwr-figures

"Top–bottom" inequality is measured by comparing the top and the bottom of the income distribution: see figure 20, where each person represents 10 per cent of the population. The measure of "top-bottom inequality" (also termed the D9 / D1 ratio) is the ratio between two cut-off points: the threshold value above which individuals are in the top 10 per cent and the threshold value below which they are in the bottom 10 per cent of the distribution. Figure 20 also sets out the boundaries of what is understood in this report as constituting "lower", "middle" and "upper" income groups. Middle-class inequality (D7/D3) is measured by cutting out the top and the bottom 30 per cent of the distribution and comparing the "entry point" and the "exit point" of a statistical middle, comprising the 40 per cent of individuals grouped around the median (as shown in figure 20)…

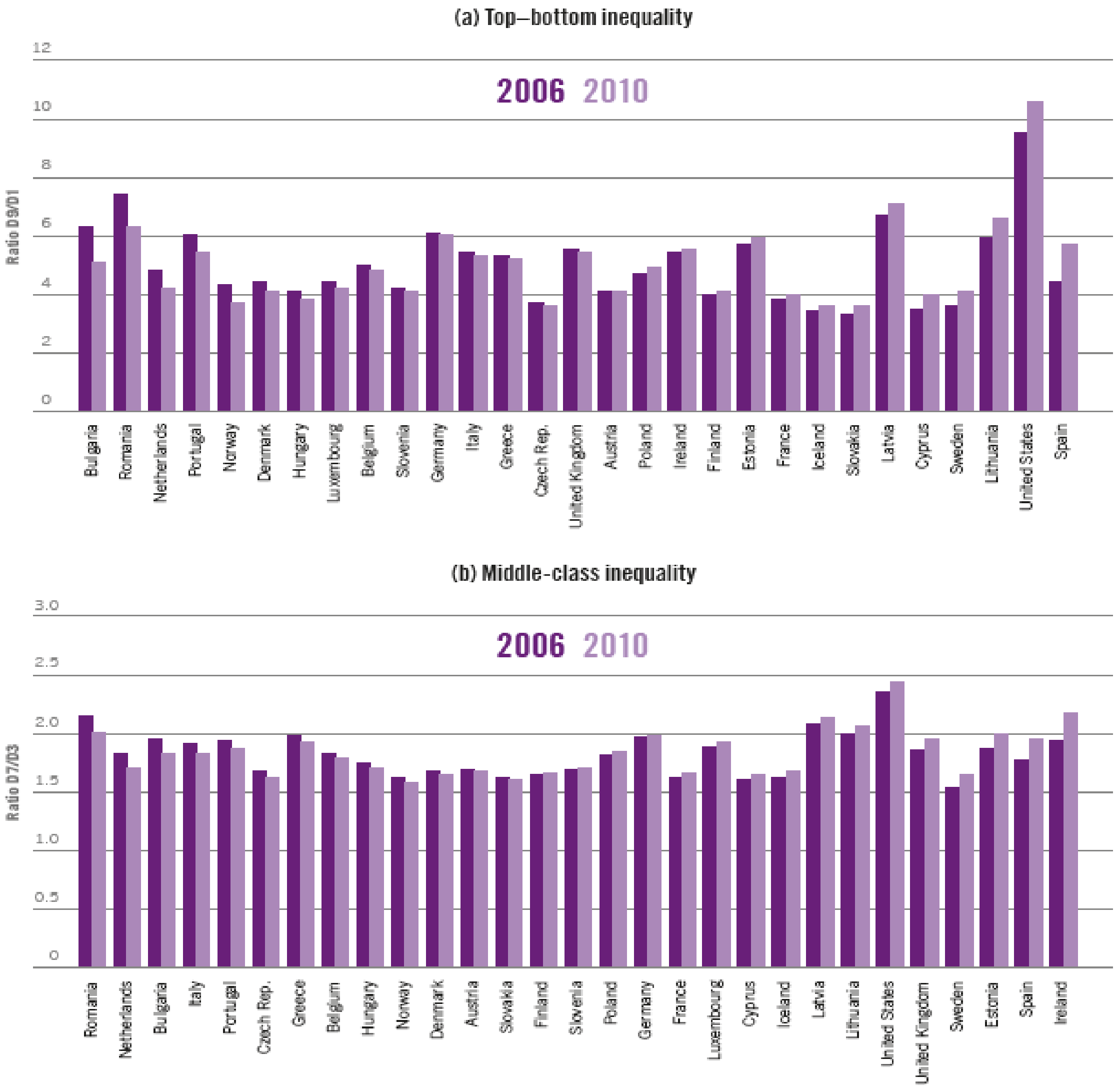
Figure 20 Measures of inequality



In our sample of developed economies, between 2006 and 2010 "top-bottom inequality" increased in about half of the countries, and decreased or remained stable in the remaining countries. Figure 21(a) shows these trends with countries ordered from left to right, from the countries where inequality decreased to those where it increased. Using the methodology and data sources described in Appendix II, inequality increased most in Spain and the United States (where inequality, measured by the D9/D1 ratio, is highest), and declined most in Bulgaria and Romania.

Over the same period, trends in middle-class inequality in developed economies have also been mixed, increasing in about half the countries where a change can be observed and decreasing in the other half (figure 21(b)). Countries are again ordered from left to right, starting with the countries where inequality decreased most and moving to the countries where it increased most. We see that according to our methodology, the country where inequality among the middle class increased most is Ireland, followed by Spain. On the other side, Romania and the Netherlands are the two countries in the sample where inequality among the middle class fell most. The United Kingdom is one example of a country where middle-class inequality increased while top-bottom inequality remained more or less stable and even declined somewhat…

Figure 21 Inequality in a sample of developed economies in the crisis years, 2006–10: (a) top–bottom inequality (D9/D1); (b) middle-class inequality (D7/D3)



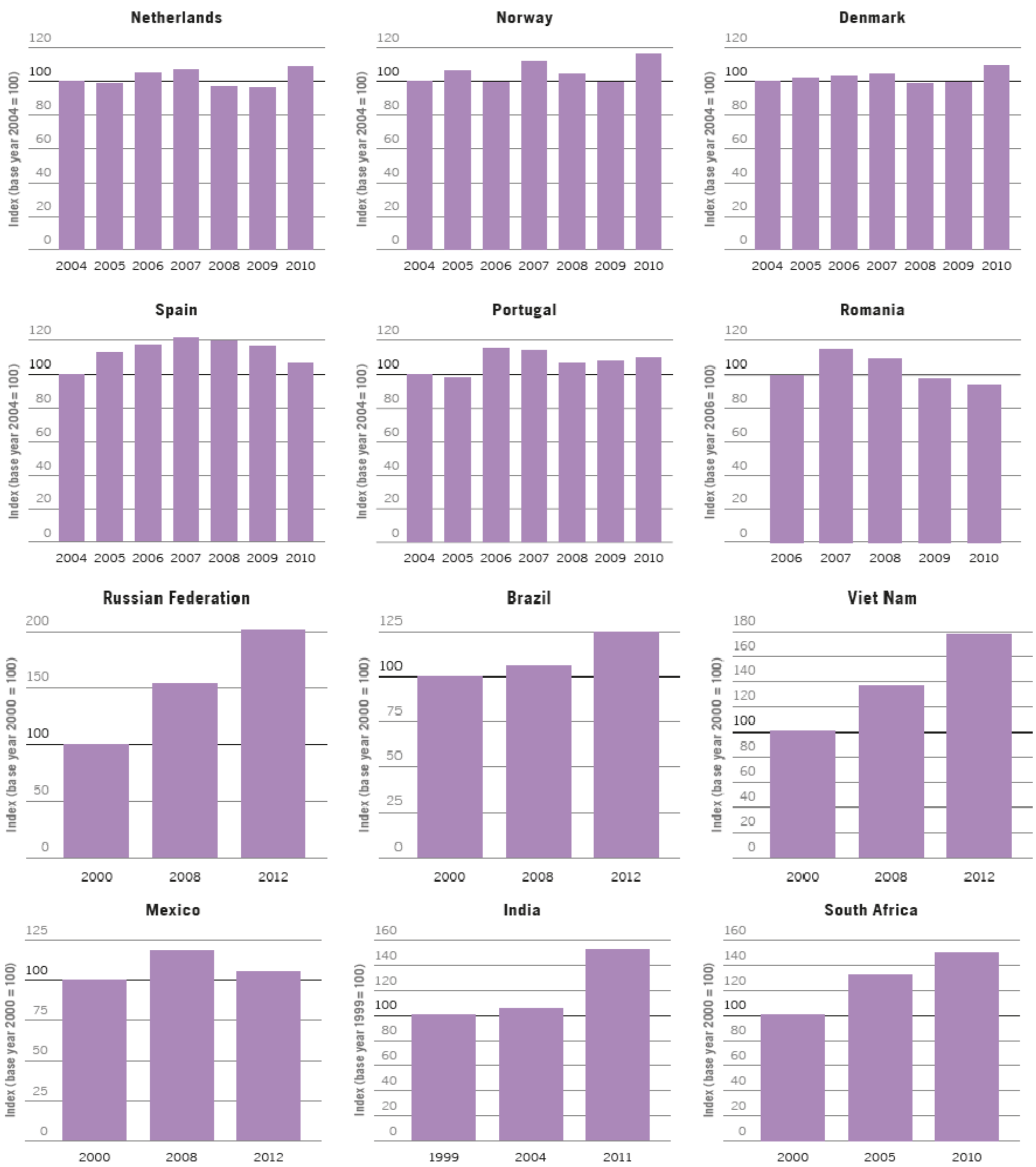
Note: For methodology, definitions and database, see Appendix II.

Source: ILO estimates. Data accessible at: www.ilo.org/gwr-figures

In developed economies, these mixed trends frequently took place in a context of stagnating or declining household incomes between 2007 and 2009/10 (see figure 23). With the exception of Spain, where inequality increased, some of the countries most adversely affected by the crisis have seen a reduction in inequality as a result of a general downward "flattening effect" of the crisis, meaning that incomes have fallen more for high-income than for lower-income households. Thus, inequality declined in Romania and Portugal and remained almost unchanged in Greece, three countries severely hit by the crisis.[28] A few countries, such as Denmark, the Netherlands and Norway, have been able to combine growing household income and falling inequality during this period…

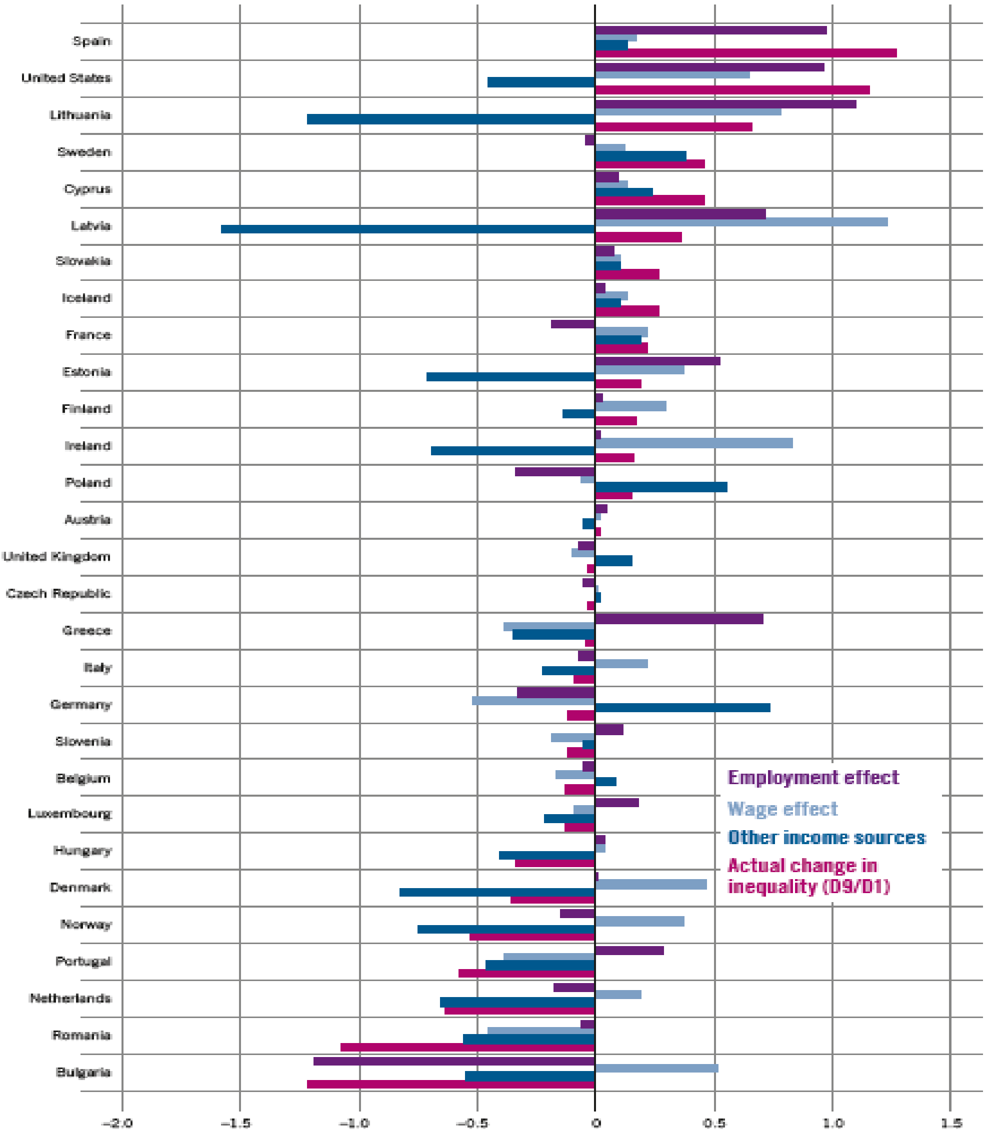
In contrast to developed economies, in emerging and developing economies these trends frequently took place in a context of increasing household incomes (see figure 23). A comparison of figures 21 and 22 also shows that total inequality remains higher in emerging and developing economies than in developed economies even after progress on reducing inequality in the former group. The difference is particularly marked in top-bottom inequality, while the middle class, though more stretched, shows a proportionally smaller difference in inequality…

Figure 23 Recent evolution of real household income in selected countries



Note: For methodology, definitions and databases, see Appendix II.
Source: ILO estimates. Data accessible at: www.ilo.org/gwr-figures

Figure 25 Change in inequality between the top and bottom 10 per cent (D9/D1) in developed economies, 2006–10



Note: For methodology, definitions and databases, see Appendix II.
Source: ILO estimates. Data accessible at: www.ilo.org/gwr-figures

In developed countries, the labour market effect (i.e. wage plus employment effects) would have increased inequality in two-thirds of countries if other income sources had not offset the increase. In those countries where inequality *did* increase, other income sources offset about one-third of the increase in inequality generated by the labour market effect. Country-specific developments can be seen in figure 25, which shows the findings from the decomposition of "top–bottom inequality" (D9/D1) for developed economies. Countries are ranked from top to bottom, starting with the country where inequality increased most, to the country where it declined most, over the period 2006-10. The ranking of countries is thus the same as in section 7, but figure 25 focuses on the change in (rather than the levels of) top-bottom inequality. In addition to showing the actual change in inequality, the figure shows how much of the change was due, respectively, to the wage effect, to the employment effect and to changes in other sources of income in the household.

When looking at countries where top-bottom inequality increased, labour market effects (wage plus employment effects) were more important than other income effects in explaining this increase in a majority of cases. In Spain and the United States, the two countries where inequality increased most, the labour market effect accounted for, respectively, 90 per cent and 140 per cent of the increase in inequality - meaning that in Spain inequality was further increased by other income sources, while in the United States (as in some other countries) other income sources partially offset the increase in inequality caused by the labour market effect. The employment effects dominate the wage effects in countries where inequality increased the most, suggesting that job losses were the major cause of top-bottom inequality in these countries during the crisis. (The bars in figure 25 show that within the labour market effect, the wage effect contributed to the overall increase in inequality in both Spain and the United States, but in these two countries the employment effect was even larger, as many workers lost their jobs and hence their wages.)

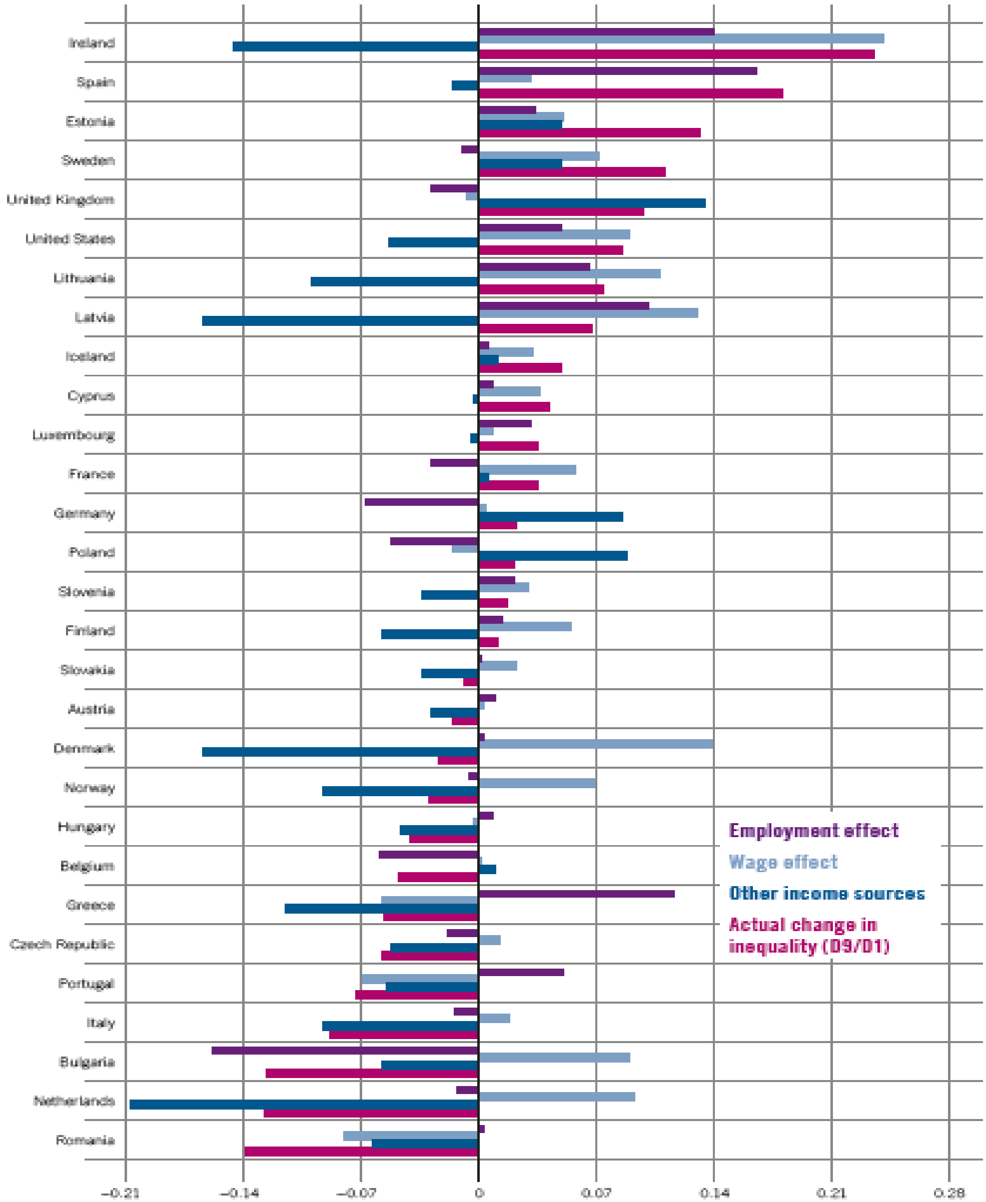
Among countries where top–bottom inequality declined, this was predominantly a result of the labour market effect in Germany and Belgium. Note that in Greece, Romania and Portugal, the wage effect contributed to less inequality; this occurred because the whole wage distribution was flattened (i.e. wages have fallen more for high-income than for lower-income households). In Bulgaria, Denmark, the Netherlands and Norway, while the wage effect contributed to more inequality, it was more than offset by other factors and inequality declined.

Looking at middle-class inequality (figure 26), the labour market effect contributed to higher inequality in almost three-quarters of the countries in the sample. In countries where inequality increased, other income sources offset only about 5 per cent of the increase. Here again, countries are ranked from top to bottom, from the country where household income inequality increased most, to the country where it declined most, over the period 2006-10. As in the D9/D1 analysis (shown in figure 25), here too the labour market effect is the dominating factor behind the increase in inequality. It is notable, though, that other incomes offset the increase in inequality much less among the middle class (as might be expected, since wages are the major source of household income for the middle classes, as will be seen later in this report).

When looking at middle-class inequality, labour market effect is dominated by changes in the distribution of wages rather than by changes in employment in most countries with increases in middle-class inequality, with Spain the most notable exception. This was the case for example in Ireland, where middle-class inequality increased most, but also in other countries where inequality increased, such as Estonia, Iceland, Sweden and the United States. Considering the labour market effect in those countries where inequality decreased, the decline in inequality was exclusively due to the wage effect in Greece, Portugal and Romania. In Bulgaria and the Netherlands, middle-class inequality fell even though the wage effect pushed towards more inequality.

Taken together, the evidence shows that the labour market effect was the largest force pushing towards more inequality over the period 2006-10; other income sources offset some of these increases in some countries. In this sense, the last few years have been no different from the three decades before the crisis, when other evidence shows that increases in inequality were largely driven by changes in the distribution of wages (see OECD, 2011; Salverda, Nolan and Smeeding, 2009b, p. 11; Daly and Valletta, 2004). The difference is that during the crisis, employment played a larger role in explaining changes in inequality…

Figure 26 Change in inequality within the middle class (D7/D3) in developed economies, 2006–10

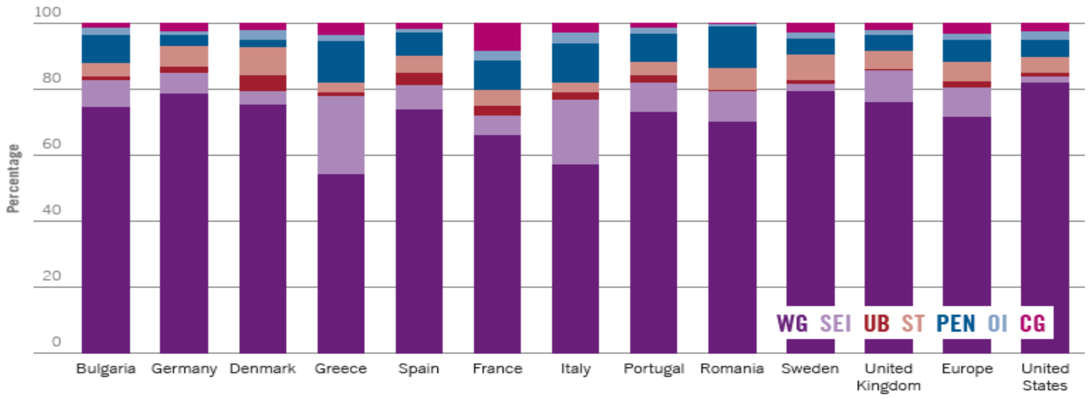


Note: For methodology, definitions and databases, see Appendix II.
Source: ILO estimates. Data accessible at: www.ilo.org/gwr-figures

To better understand the role of wages in household income, the report next addresses the great variation in the weight of income sources across countries, and across households located at different places in the distribution of income. This is of key importance in order to: (a) understand how recent changes in wages and employment have affected households at different parts of the income distribution, and how this, in turn, has affected income inequality; and (b) develop appropriate policy responses, for example with regard to the mix of minimum wages and transfers. The link between wages and household income is not well documented in the literature, either for developed economies or for emerging and developing economies. This report provides some illustrations of the type of information that policy-makers may find useful in designing policies to address inequality.

It is not surprising that, in most developed economies, wages are a major determinant of changes in inequality, given that wages represent about 80 per cent of household income in the United States and about 70 per cent -with some substantial variation between countries- in Europe. Figure 29 provides an estimate of the respective percentages of total household income that, on average, come from wages and from other income sources across a selection of developed economies. In contrast to the previous section, this section disaggregates other income sources, breaking them down into income from self-employment, capital gains, pensions, unemployment benefits, other social transfers and remaining residual income. As pointed out earlier, households where no member is of working age are excluded from the analyses. In Germany and Sweden, wages represent at least 75 per cent of household income, whereas in Greece and Italy they account for between 50 and 60 per cent, with self-employment and pensions playing a relatively larger role than in other developed countries. Taken together, pensions, unemployment benefits and other social transfers represent on average between 15 and 20 per cent of household income in both Europe and the United States. In all countries, reported capital gains are a relatively small proportion of reported incomes…

Figure 29 Share of wages in household income, latest year: Selected developed economies and European average



WG = wages; SEI = self-employment income; UB = unemployment benefits; ST = other social transfers; PEN = old-age pensions; OI = residual income; CG= capital gains.

The European average includes: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

In the case of European economies, *social transfers* include old-age benefits, survivor benefits, sickness benefits, disability benefits and education allowances (aggregated at the household level) and family and/or children allowances, housing allowances as well as social exclusion allowances not elsewhere classified (e.g., incomes for destitute people, drug addicts, alcoholics or victims of criminal violence, among others). The aggregation excludes unemployment benefits and old-age pensions which, for the purpose of illustration, are singled out in the figure. *Old-age benefits* cover benefits that provide a replacement income when the aged person retires from the labour market, or guarantee a certain income when a person has reached a prescribed age (private pension plans are included as part of *capital gains*). *Capital gains* include individual private pension plans, dividends from incorporated business, interest and profits received from capital investment in an unincorporated business in which the person does not work, and income from the rent of property or land. *Residual income* includes regular intra-household transfers (e.g. alimony, child support, cash support from households in other countries), in-kind payments, value of goods produced for own consumption, and income received from family members aged 15 or below with a non-working status.

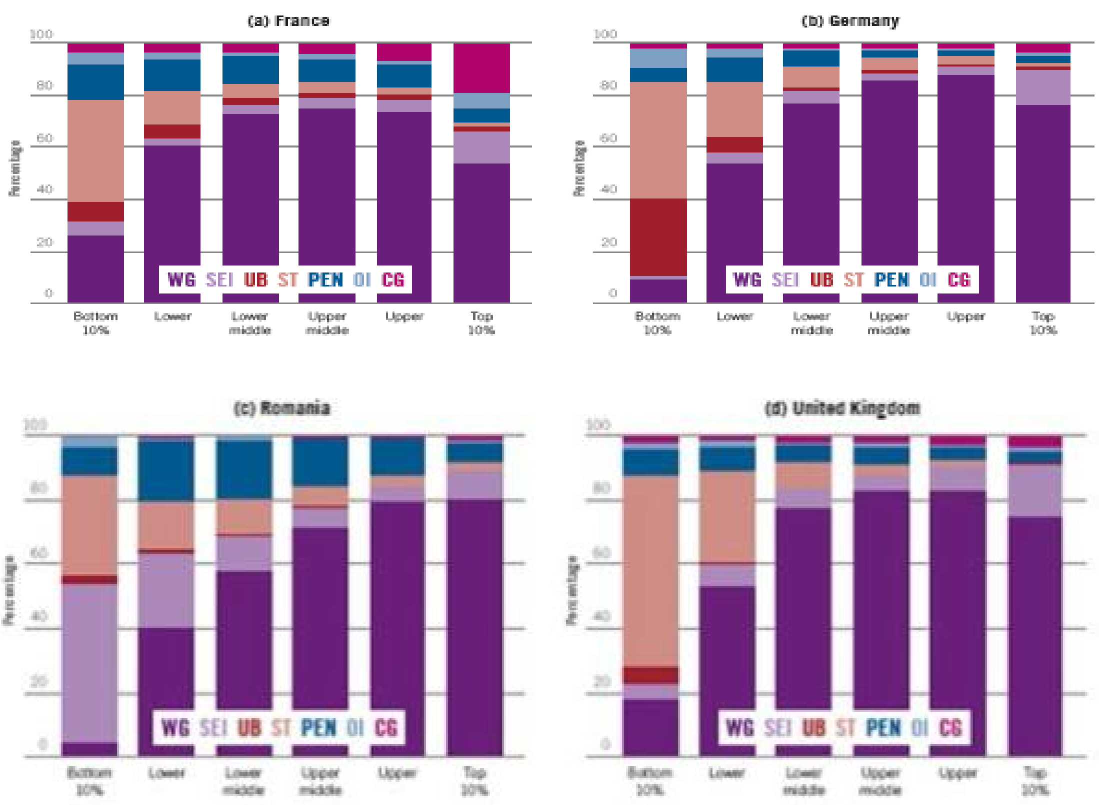
In the case of the United States, all variables except *residual income* are defined as in the EU-SILC. *Residual income* includes income received from other household members who are neither the head of household nor the spouse of the head (this is the case in about 6 per cent of households). While the data set indicates that this particular income is not from social transfers, it does not indicate whether it is from employment or from capital gains.

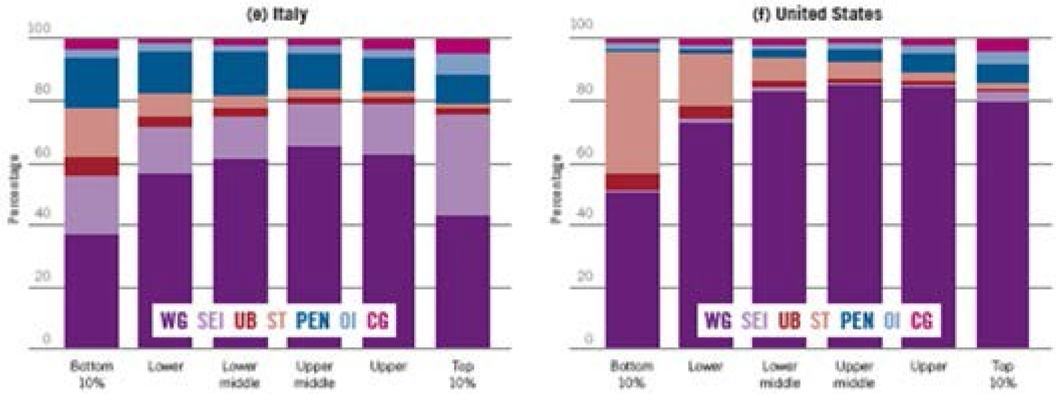
Source: ILO estimates; see Appendix II.

We have seen in section 8 that other (non-wage) income sources play a larger role in changes in top-bottom inequality than in respect of middle-class inequality. This reflects the fact that income sources at both the top and the bottom of the income distribution are more diverse than in the middle, where households rely mostly on wages. In figure 30, households are ranked in ascending order by their per capita household income and divided into six groups: the “bottom 10 per cent”, the “lower” income group (11th-30th percentiles), the “lower middle” class (31st-50th percentiles), the “upper middle” class (51st-70th percentiles), the “upper” income group (71st-90th percentiles) and the “top 10 per cent”. As before, these labels are formulated purely for practical purposes, to facilitate the description of results, and do not have a sociological interpretation. For all the selected countries shown in figure 30, it is for the poorest 10 per cent of households that wages represent the smallest source of household income, and in the middle classes and upper-income groups that wages frequently make up the largest source of household income. This pattern can in fact be observed in almost all developed economies.

There is also great variability across countries in the proportion of household income made up by wages in the top and bottom 10 per cent of households. Figure 30 shows, for example, that among the bottom 10 per cent, wages represent about 50 per cent of household income in the United States, more than 30 per in Italy and about 25 per cent in France. By contrast, in the United Kingdom wages represent less than 20 per cent of household income among the poorest households, in Germany less than 10 per cent, and in Romania less than 5 per cent. In all countries, social transfers play an important role in supporting low-income households (as compared with other income groups), even though the type of transfers varies across countries. In Germany, for instance, unemployment benefits and other social transfers play an almost equally important role, whereas in other countries unemployment benefits make up a much smaller share of household income in the bottom 10 per cent. Among the middle and upper classes, wages represent the highest share of household income in almost all countries, reaching about 80 per cent or more in Germany, the United Kingdom and the United States. In Italy and France, the richest 10 per cent of households draw a large share of their household income from income sources other than wages, particularly from self-employment income and capital gains (even though both of these household income sources are likely to be underestimated in household surveys)…

Figure 30 Household income by group and source in selected developed economies, latest year





(a)–(d): wages represent less than 30 per cent of household income among the poorest 10 per cent of households.
(e)–(f): wages represent more than 30 per cent of household income among the poorest 10 per cent of households.

WG = wages; SEI = self-employment income; UB = unemployment benefits; ST = other social transfers; PEN = old-age pensions; OI = residual income; CG= capital gains.

Note: "Bottom 10%" reflects up to the first decile; "lower" reflects from above the first decile to the third decile inclusive; "lower middle" reflects from above the third decile to the fifth included; "upper middle" reflects from above the fifth decile and up to the seventh included; "upper" reflects from above the seventh decile to the ninth included; "top 10%" reflects the tenth decile.

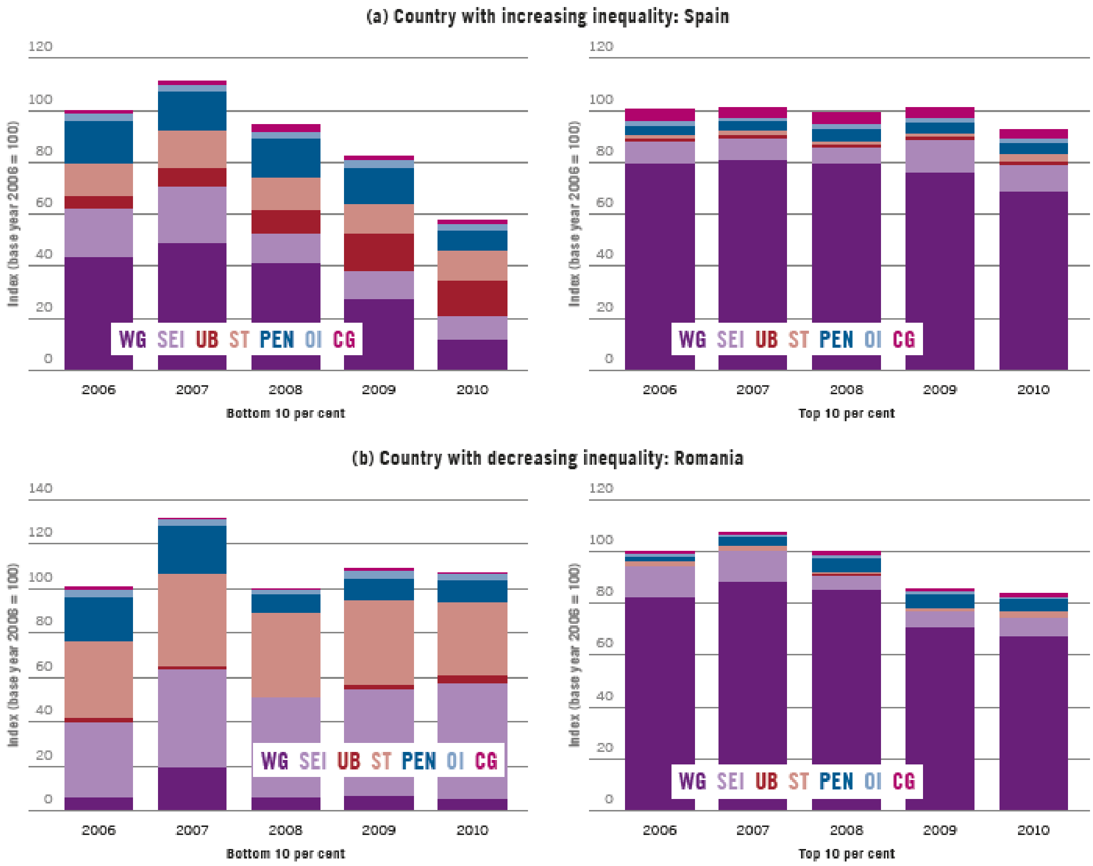
Source: ILO estimates.

Figure 31 shows the change in income sources in two countries over the period 2006 to 2010 to provide an illustration of why top-bottom inequality (D9 / D1) increased in Spain (the country in our sample where inequality rose most) and why it declined in Romania (the country in our sample where inequality declined most, together with Bulgaria). The figure shows the real change (i.e., adjusted for inflation) in household income of the top and bottom 10 per cent, broken down by source of income.

In Spain, growing inequality between 2006 and 2010 is the result of household income falling more in real terms in the bottom 10 per cent than in the top 10 per cent (the overall bars -where 2006 serves as the base year equal to 100- shrink more for the bottom 10 per cent across time than for the top 10 per cent). Looking at the different components of the bars, we see that the share of household income from wages declined in real terms between 2007 and 2010 for those in the bottom 10 per cent. Incomes from self-employment and from pensions also declined. For the bottom 10 per cent, only income from unemployment benefits increased, but not enough to prevent a sharp decline in overall real income. For the top 10 per cent, household income from wages also declined, but by proportionally less than at the bottom.

In Romania, a different story emerges: over the whole period 2006-10, top-bottom inequality declined because household income, in real terms, fell at the top (the overall size of the bar shrank) but increased slightly at the bottom. Looking at the different components, wages accounted for a small proportion of household income in both 2006 and 2010 for households at the bottom: most household income came from self-employment and from social transfers. In Romania, the top 10 per cent rely to a much larger extent on wages, although this source of income has been declining. The fall in inequality in the country may have been due to fiscal consolidation measures affecting the top of the income distribution, including public sector wage cuts, and modest gains, mostly from social transfers, for low-income households (Domnisoru, 2014)…

Figure 31 Real growth in household income by source of income for the top and bottom 10 per cent, Spain and Romania, 2006–10



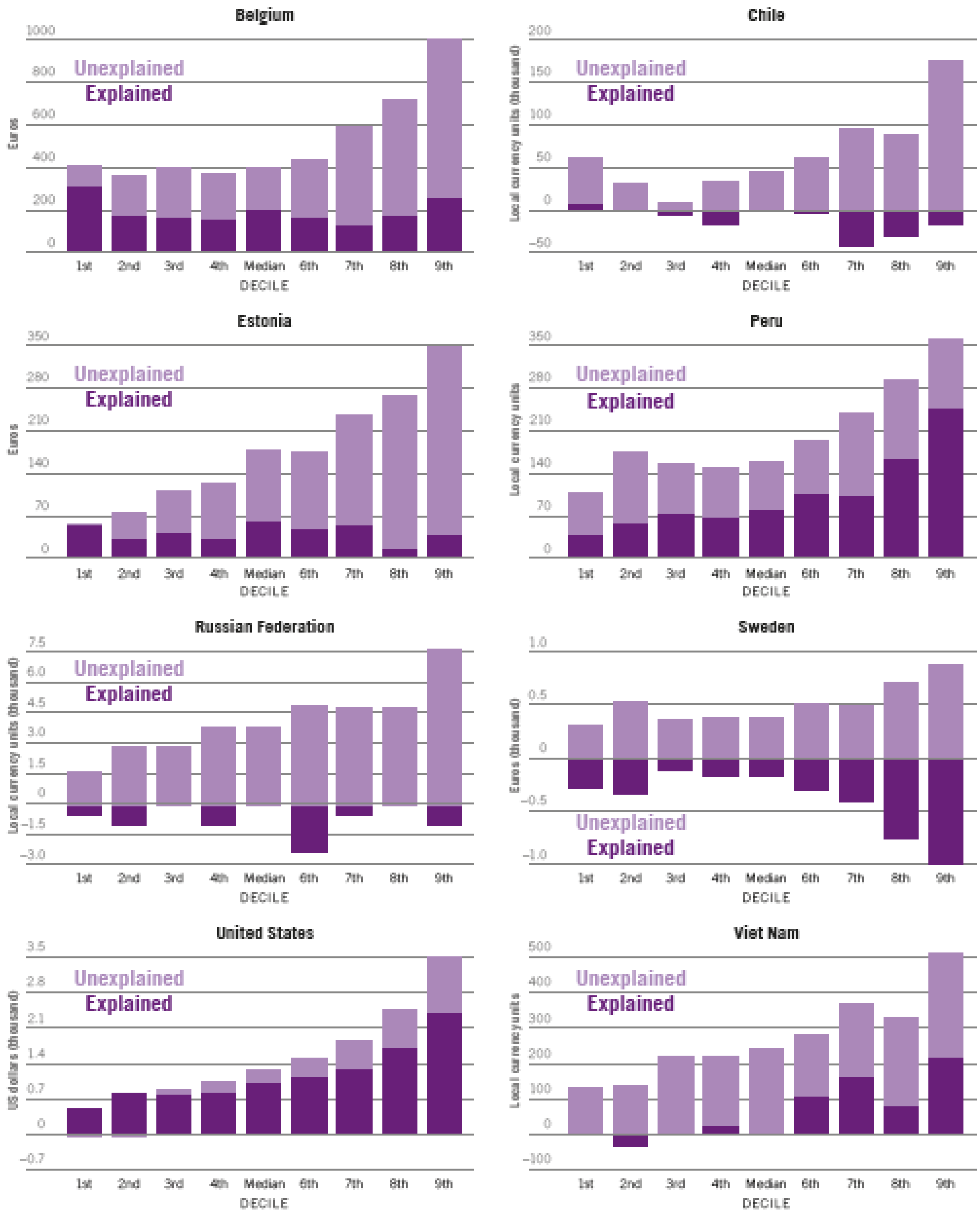
WG = wages; SEI = self-employment income; UB = unemployment benefits; ST = other social transfers; PEN = old-age pensions; OI = residual income; CG= capital gains.

Note: The D9/D1 ratio used in the report cannot be compared to the ratio of the top to the bottom 10 per cent in this figure, since the former is a "threshold measure" and this figure shows averages within deciles.

Source: ILO estimates.

Figure 36 shows the gender wage gap, calculated for each decile of the wage distribution and split into an explained and unexplained component, for selected countries. Wage earners are ranked according to their level of wages, from the lowest decile to the highest. The total unadjusted wage gap is the sum of the two bars: the dark bar represents the proportion of the wage gap which can be explained by observable labour market characteristics, and the light bar is the "unexplained" gap. The gaps are provided in absolute values: for example, in the first decile in Belgium there is an unadjusted gender wage gap of about € 400, whereas in Estonia it is about € 50. The shapes of the decompositions vary across countries and across groups. In Belgium and Estonia, women receive lower wages than men throughout the distribution, but the unexplained part of the gap tends to be higher among better-paid women. In the United States, the unexplained part is proportionally small, and affects predominantly better-paid women. In Peru and Vietnam, the explained part tends to increase at higher wage levels of the wage distribution. By contrast, in Sweden the unadjusted gender wage gap is very small (the light and dark bars generally offset each other; the negative dark bars imply that women would actually earn more than men if discrimination and other unexplained factors did not exist). A similar situation can be observed in Chile and in the Russian Federation, where discrimination and other unexplained factors alone account for differences in pay between men and women.

Figure 36 Explained and unexplained gender wage gaps in selected countries, latest year



Note: In Europe in 2010, the bottom 10 per cent of women earned about €100 per month less than the bottom 10 per cent of men. Conversely, the top 10 per cent of high-earning women earned close to €700 per month less than the top 10 per cent of men.
Source: ILO estimates.

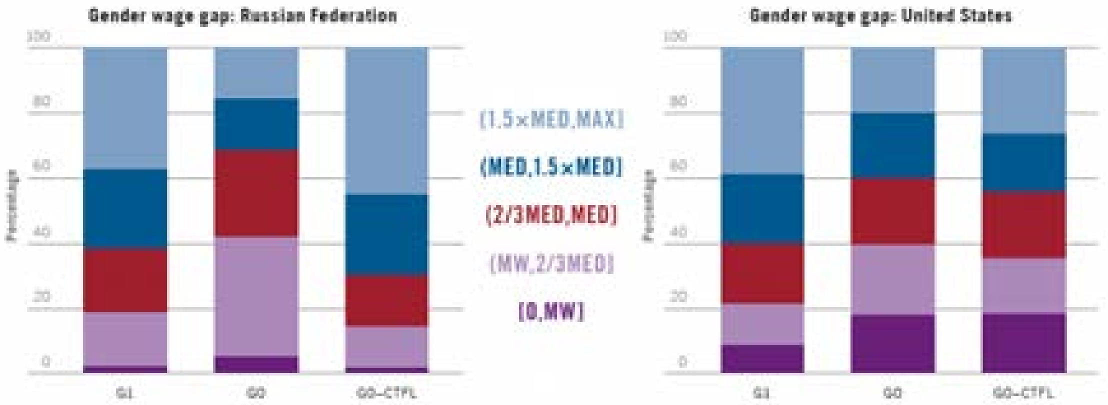
Figure 37 presents (1) the level of the average gender wage gap at the national level for the countries included (the dark bar) and (2) a counterfactual estimate of the contribution of the unexplained part of the wage gap to the overall unadjusted wage gap (the light bar). The counterfactual wage gap is the gap which would exist if men and women were equally remunerated entirely according to the observable labour market characteristics taken into account in this report (i.e. education, experience, economic activity, location, work intensity and occupation). Once these adjustments are taken into account, in our sample of developed economies (figure 37(a)) the mean gender wage gap nearly disappears (e.g. Austria, Iceland, Italy) or even reverses (e.g. Lithuania, Slovenia, Sweden) in about half the countries in the sample. It declines substantially in other countries but remains largely explained in Germany and the United States. Among our sample of emerging and developing economies (see figure 37(b)), the gender wage gap reverses in Brazil and the Russian Federation. In all other countries in the sample, the wage gap declines substantially, though less so in Argentina and Peru, where much of the gender wage gap is also due to differences in education and other observable labour market characteristics. The existence of negative "explained" gender wage gaps (i.e. negative light bars), in the presence of positive unadjusted wage gaps (i.e. positive dark bars), points to the importance of gaining a better understanding of the factors that influence pay for men and women with equal experience, qualifications and other observable labour market characteristics, in order to address them effectively…

Figure 37 Eliminating the unexplained gender wage penalty: Mean wage gap before and after adjustment in selected economies, latest year: (a) developed economies; (b) emerging and developing economies

Source: ILO estimates. Data accessible at: www.ilo.org/gwr-figures

Figure 38 shows the results of applying the counterfactual estimation across different wage levels for two countries with available data, the Russian Federation and the United States. The first column shows the distribution of men by wage level, the second column shows the distribution of women, and the third column shows the distribution of women absent the unexplained wage gap. Consistent with figure 36 -which showed that in the United States the unexplained wage gap is small at the bottom- the elimination of the unexplained component brings about the greatest increase in the proportion of women in the top category with wages above one and a half times the median wage (where, according to figure 38, the unexplained wage penalty is highest). In the Russian Federation, once the unexplained penalty is removed, the percentage of women on low pay declines considerably, and the proportion earning higher wages equal to at least one and a half times the median wage increases…

Figure 38 Wage distribution and counterfactual wage distribution, Russian Federation and United States, latest year



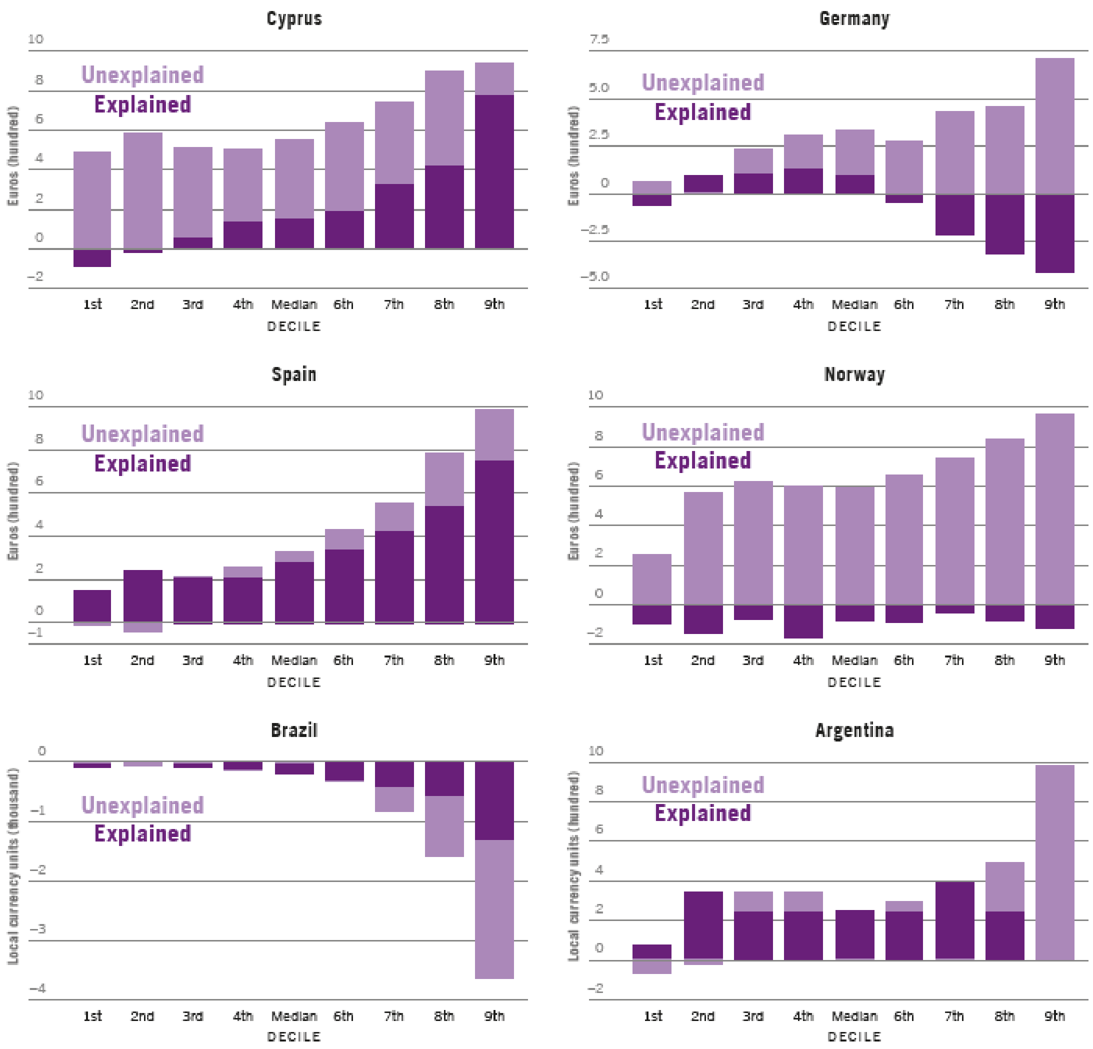
G1: Wage distribution for males; G0: Wage distribution for females; G0-CTFL: Wage distribution for females once the unexplained component is eliminated and the gap is fully described by the explained component.
Source: ILO estimates.

Figure 39 shows that in Germany, for example, high-wage migrant workers earn less than high-wage nationals, even though they would earn higher wages than nationals if they were remunerated according to their labour market attributes (the dark bar is negative). In Argentina as well, the wage gap among migrant and national top wage earners is exclusively due to the unexplained part.

In Cyprus, even though the overall unadjusted wage gap is higher at the top than at the bottom of the wage distribution, the unexplained part accounts for a larger share of the gap at the bottom. This implies that while the wage gap is smaller at the bottom, migrant workers at the bottom would earn more than their national counterparts if they were remunerated according to their observable labour market characteristics alone. By contrast, among high wage earners the gap is large, but can be attributed to migrants' lower levels of education and other observable labour market attributes. One exception to this pattern is Brazil, where according to the available survey data, high-wage migrants (mostly university graduates) earn more than high-wage nationals for both explained and unexplained reasons. Figure 40 shows what would remain of the wage gap if the unexplained component was eliminated using the same counterfactual approach as employed for the gender wage gap above. Among developed economies (figure 40(a)), in Denmark, Germany, Luxembourg, the Netherlands, Norway, Poland and Sweden, the mean wage gap reverses when the unexplained part is eliminated, implying that on average migrant workers may have more education or experience, work in higher-paid regions, or be more highly skilled, etc., than their national counterparts.

In most other countries, the migration penalty declines but is not eliminated after the adjustment. In the emerging and developing economies for which data permit analysis (figure 40(b)), the results are similar, except in Chile. There, migrant workers earn more than their national counterparts on average, although if they were paid according to their observable labour market attributes, they would earn slightly less than national workers (as shown by the increase in the light bar).

Figure 39 Explained and unexplained migrant–national wage gaps in selected countries, latest year

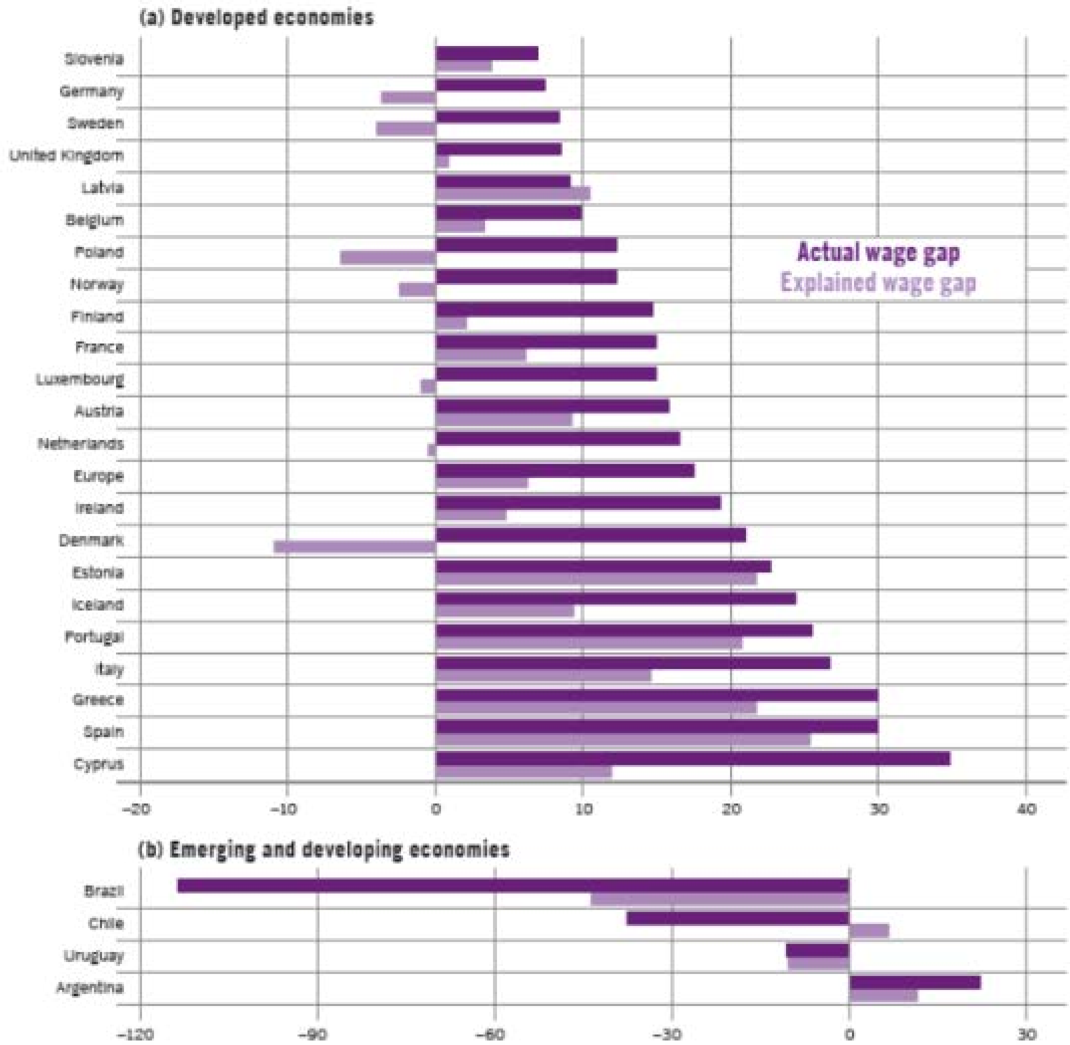


Source: ILO estimates.

Figure 41 shows the counterfactual applied across the wage distribution for two countries, Cyprus and Spain. The first column shows the wage distribution of national employees, whereas the second column presents the same information for migrant employees. The third column shows how migrants would be distributed in these groups if the "unexplained" wage gap were eliminated. We see that in Cyprus, migrant workers are heavily represented in the lowest wage groups.

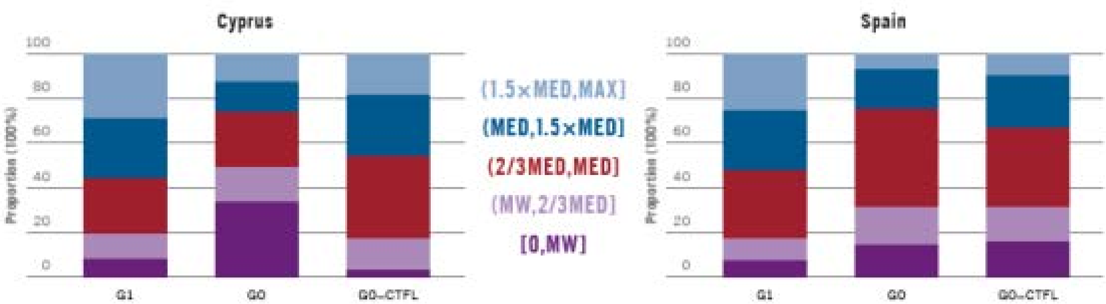
However, this picture changes significantly once the unexplained wage penalty is removed, with the migrant wage distribution becoming more similar to the national wage distribution. This is consistent with figure 37(a), which shows the unexplained component contributing more to the wage gap at the bottom of the wage distribution. By contrast, the corresponding changes in Spain are smaller because most of the wage gap between migrants and nationals is explained by a difference in observable factors.

Figure 40 Eliminating the unexplained migrant wage penalty: Mean wage gap before and after adjustment in selected economies, latest year



Source: ILO estimates. Data accessible at: www.ilo.org/gwr-figures

Figure 41 Wage distribution and counterfactual wage distribution, Cyprus and Spain, latest year



G1: Wage distribution for nationals, G0: Wage distribution for migrants, G0-CTFL: Wage distribution for migrants once the unexplained component is eliminated and the gap is fully described by the explained component.
Source: ILO estimates.

Society at a Glance 2014 - OECD Social Indicators - The crisis and its aftermath

Executive summary

More than five years on from the financial crisis, high rates of joblessness and income losses are worsening social conditions in many OECD countries. The capacity of governments to meet these challenges is constrained by fiscal consolidation. However, cuts in social spending risk adding to the hardship of the most vulnerable groups and could create problems for the future. OECD countries can effectively meet these challenges only with policies that are well designed and backed by adequate resources. Having been spared the worst impacts of the crisis, major emerging economies face different challenges. However, the experience of OECD countries is relevant for emerging economies as they continue to build and "crisis-proof" their social protection systems.

The financial crisis has fuelled a social crisis

The financial upheaval of 2007-08 created not just an economic and fiscal crisis but also a social crisis. Countries that experienced the deepest and longest downturns are seeing profound knock-on effects on people's job prospects, incomes and living arrangements. Some 48 million people in OECD countries are looking for a job -15 million more than in September 2007- and millions more are in financial distress. The numbers living in households without any income from work have doubled in Greece, Ireland and Spain. Low-income groups have been hit hardest as have young people and families with children.

Social consequences could linger for years

With households under pressure and budgets for social support under scrutiny, more and more people report dissatisfaction with their lives, and trust in governments has tumbled. There are also signs that the crisis will cast long shadows on people's future well-being. Indeed, some of the social consequences of the crisis, in areas like family formation, fertility and health, will be felt only in the long term. Fertility rates have dropped further since the start of the crisis, deepening the demographic and fiscal challenges of ageing. Families have also cut back on essential spending, including on food, compromising their current and future well-being. It is still too early to quantify the longer-term effects on people's health, but unemployment and economic difficulties are known to contribute to a range of health problems, including mental illness.

Invest today to avoid rising costs tomorrow

Short-term savings may translate into much higher costs in the future, and governments should make funding of investment-type programmes a priority. Today's cuts in health spending need to avoid triggering rising health care needs tomorrow. Especially hard-hit countries should ensure access to quality services for children and prevent labour market exclusion of school leavers.

Vulnerable groups need support now

To be effective, however, social investments need to be embedded in adequate support for the poorest. Maintaining and strengthening support for the most vulnerable groups must remain a crucial part of any strategy for an economic and social recovery. Governments need to time and design any fiscal consolidation measures accordingly, as the distributional impact of such measures can vary greatly: for example, the poor may suffer more from spending cuts than from tax increases.

Room for cuts in unemployment spending is limited

Weak job markets provide little room for cuts in spending on unemployment benefits, social assistance and active labour market programmes. Where savings can be made, they should be achieved in line with the pace of recovery. Targeted safety-net benefits, in particular, are a priority in countries where such support does not exist, is difficult to access, or where the long-term unemployed are exhausting their unemployment support. Across-the-board cuts in social transfers, such as housing and child/family benefits, should be avoided, as these transfers frequently provide vital support to poor working families and lone parents. Targeting can deliver savings while protecting the vulnerable More effective targeting can generate substantial savings while protecting vulnerable groups. Health care reforms, in particular, should prioritise protecting the most vulnerable. However, fine-tuning of targeting is necessary, in order to avoid creating perverse incentives that deter people from finding work. For instance, unemployed people who are about to start a job may suffer losses or may gain very little as they switch from benefits to earning a salary.

Support families' efforts to cope with adversity

There is a strong case for designing government support in ways that harness and complement -rather than replace- households' own capacities to cope with adversity. In this light, it is especially important to provide effective employment support, even if this means higher spending on active social policies in the short term. Labour market activation and in-work support should be maintained at reasonable levels. Where there are large numbers of households without work, policy efforts need to focus on ensuring they benefit quickly once labour market conditions improve. For instance, to be as effective as possible, work-related support and incentives should not be restricted to individual job seekers but should be made available to non-working partners as well.

Governments need to plan for the next crisis

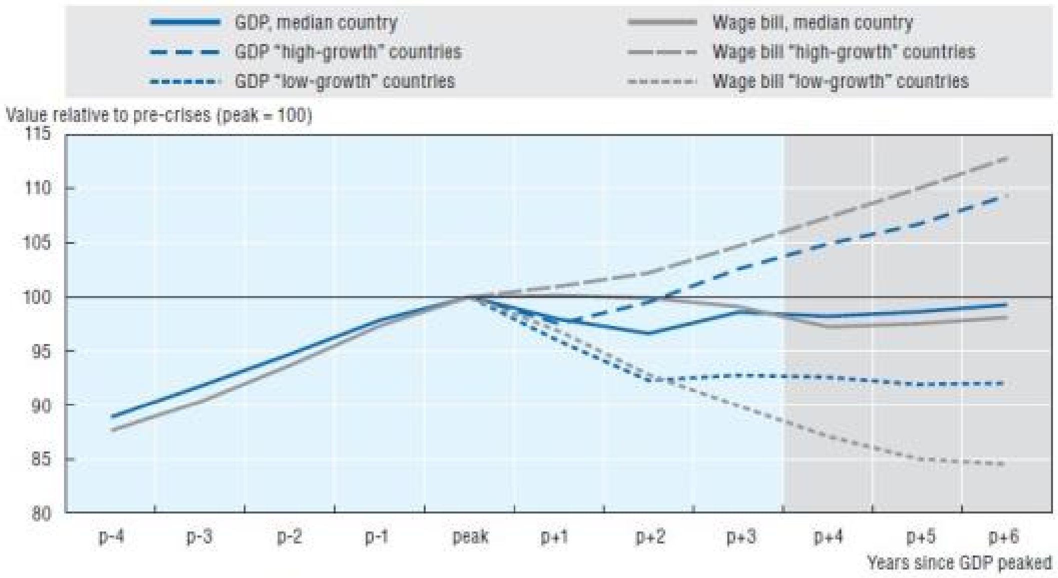
To "crisis-proof" social policies and to maintain effective support throughout the economic cycle, governments must look beyond the recent downturn. First, they need to find ways to build up savings during upswings to ensure they can meet rising costs during downturns. On the spending side, they should link support more to labour market conditions - for example, by credibly reducing benefit spending during the recovery, and by shifting resources from benefits to active labour market policies. On the revenue side, they should work to broaden tax bases, reduce their reliance on labour taxes and adjust tax systems to account for rising income inequality. Second, governments need to continue the structural reforms of social protection systems begun before the crisis. Indeed, the crisis has accelerated the need for these. In the area of pensions, for example, some future retirees risk greater income insecurity as a result of long periods of joblessness during working age. In health care, structural measures that strip out unnecessary services and score efficiency gains are preferable to untargeted cuts that limit health care access for the most vulnerable…

The financial crisis in 2007-08 saw a fast, far-reaching deterioration in economic output for the OECD area as a whole and GDP fell steeply from its pre-recession peaks. But while in some countries, the Great Recession was followed by a moderate but continuous recovery, others avoided outright recession. A number of hard-hit countries, notably in Europe, faced a second recession in 2011-12 and output only began to stabilise in late 2013 (Figure 1.1). More than five years after the Great Recession started, economic output in the OECD is still not back to pre-crisis levels.

Of all the economic losses, however, the income drops suffered by workers have turned out to be the most difficult to reverse. In most countries, the recovery has not yet translated into significant improvements in labour market conditions. Employment and wages have continued to fall until recently (Figure 1.1)…

Figure 1.1. **Economic output has begun a recovery everywhere, but employment and wages have not**

GDP and total wage bill in real terms, business cycle peak=100



Note: All data are annual and all changes are in real terms. To focus on the effects of the Great Recession, the graph shows OECD countries that saw a drop in annual GDP at least once between 2007 and 2009. Australia, Korea and Poland are therefore excluded. Israel, Mexico, Turkey are also excluded as data on employee compensation are not available. "Peak" refers to the year with the highest GDP prior to the recession (either 2007 or 2008). The shaded area refers to the periods for which data are projected rather than recorded. "Low-growth" ("high-growth") countries are those where GDP growth between peak and p+4 is below (above) the country average minus (plus) 0.5 standard deviations.
"Low-growth" countries: Estonia, Greece, Hungary, Iceland, Ireland, Italy, Slovenia, Spain.
"High-growth" countries: Austria, Canada, Chile, Germany, New Zealand, Norway, the Slovak Republic, Sweden, Switzerland.
Source: OECD (2013), *OECD Economic Outlook 2013*, No. 93, *www.oecd.org/economy/outlook/economicoutlook.htm* and *http://dx.doi.org/10.1787/data-00655-en*.

StatLink http://dx.doi.org/10.1787/888932965877

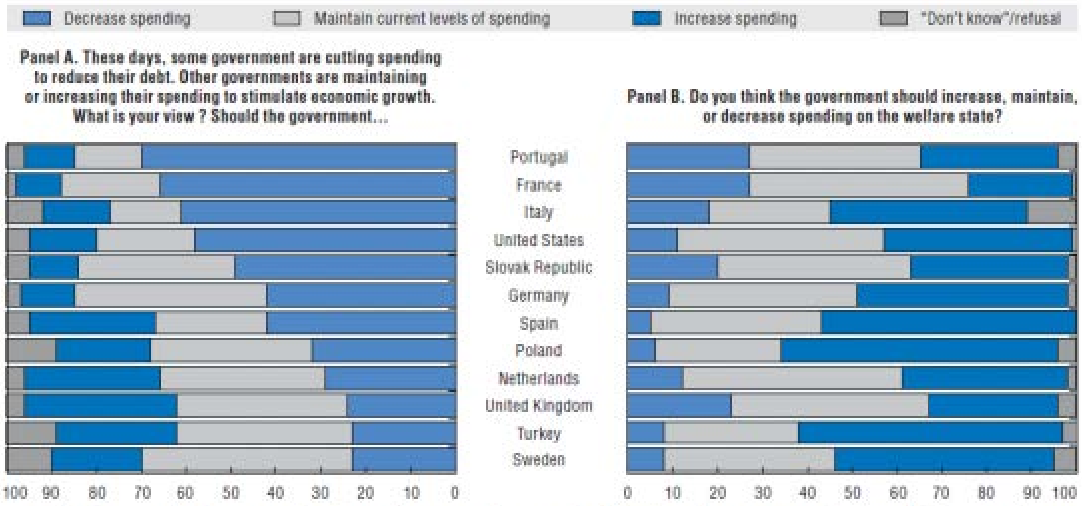
The Great Recession thus continues to cast a particularly long shadow on workers and their families. To policy makers, the negative trends it has generated point to continuing economic hardship, a high risk of growing poverty, and a persistently strong demand for effective support.

The demand for social support has persisted despite a public awareness that something needs to be done about often-unprecedented debt levels and structural fiscal deficits. Figure 1.2 for instance, illustrates the findings from a 2013 survey which shows how, in some countries, attitudes have shifted markedly against government debt and in favour of spending cuts.

Most respondents in France, Italy, Portugal, and the United States supported lowering government expenditure, while in other countries -like the Netherlands, Poland, Sweden, Turkey, and the United Kingdom- people appear much less convinced that spending cuts should be a priority…

Figure 1.2. **Most people want to protect social spending, even where support for reducing fiscal gaps is strong**

Percentages of respondents saying that spending should be increased, maintained, or reduced, 2013



Note: The data are taken from Transatlantic Trends, an annual survey of public opinion by German Marshall Fund of the United States, *Compagnia di San Paolo*, Barrow Cadbury Trust, *Fundação Luso-Americana*, BBVA Foundation, Communitas Foundation, and Swedish Ministry for Foreign Affairs. Polling for the 2013 results took place in June and July by phone interview. In each country, the sample consists of approximately 1 000 randomly chosen men and women of 18 years of age and older. The 95% confidence interval attributable to sampling and other random effects is no more than plus or minus 3 percentage points.

Source: GMF (2013), *Transatlantic Trends*, German Marshall Fund of the United States.

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Since 2007, non-employment rates have increased much more markedly among young people, men, and low-skilled workers than among women and older workers (Figure 1.3).

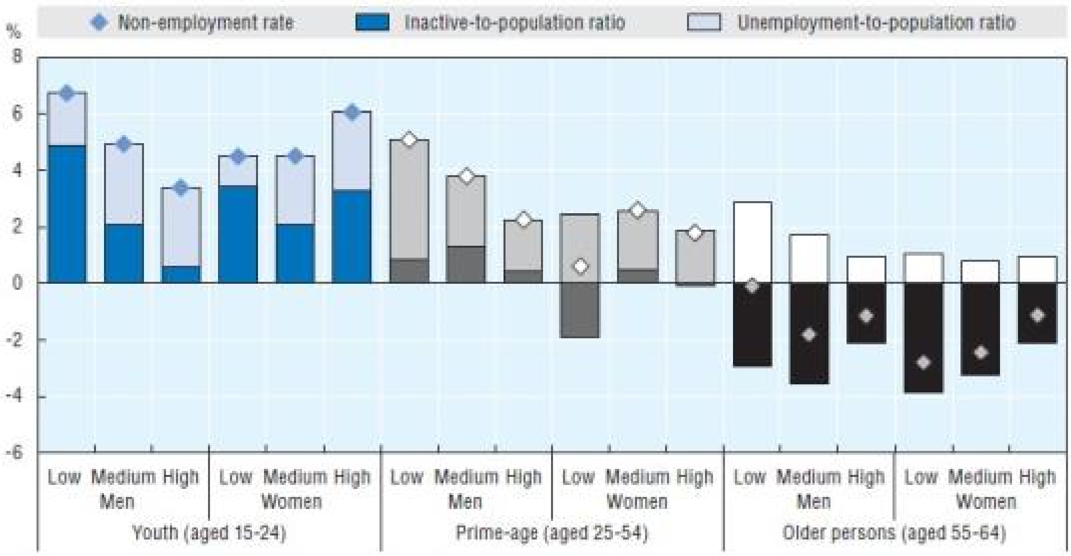
The surge in non-employment, especially among youth and men, reflects a combination of increasing numbers of unemployed (those looking for jobs) and so-called labour-market inactive (including discouraged jobseekers who are no longer available for work or not actively looking).

Most affected by rising unemployment are low-skilled prime-age workers, while the doubling of the number of long-term unemployed in the OECD area to 17 million -one in every three jobless people - by the second quarter of 2013 is particularly worrying. Growing numbers of people without recent work experience, depreciating skills, and employers' reluctance to hire them, swell the ranks of discouraged job seekers, i.e. those who want to work but no longer actively look for a job. Lengthening jobless spells make turning a hesitant recovery into a job-rich economic upswing much more difficult, and can lead to rising structural unemployment…

The collapse in young people's employment opportunities is of particular concern because it leads to "scarring" - a term commonly used to describe how early working life difficulties can jeopardise long-term career paths and future earnings prospects. The share of youth not in employment, education or training (the so-called "NEETs") has gone up significantly in the OECD area since the onset of the crisis. By late 2012, it stood at 20% or more in Greece, Italy, Mexico, Spain and Turkey. The sharpest increases were recorded in countries hardest hit by the crisis (Estonia, Greece, Ireland, Portugal, and Spain) and in Italy, Luxembourg, and Slovenia. In the OECD area as a whole, the number of unemployed youth increased by some two million, with young men accounting for the bulk of the rise…

Figure 1.3. Employment perspectives of youth and low-skilled deteriorated sharply during the crisis

Change in the shares of people without work, by age group, sex and education level
Weighted OECD average, Q4 2007-Q4 2012, in percentage points



Note: "Low", "medium" and "high" refer to less than upper secondary, upper secondary, and tertiary education. OECD average refers to Austria, Belgium, Canada, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.
Source: OECD (2013), *OECD Employment Outlook*, *www.oecd.org/employment/outlook*. See also Chapter 4 "Employment" and Chapter 4 "Unemployment".

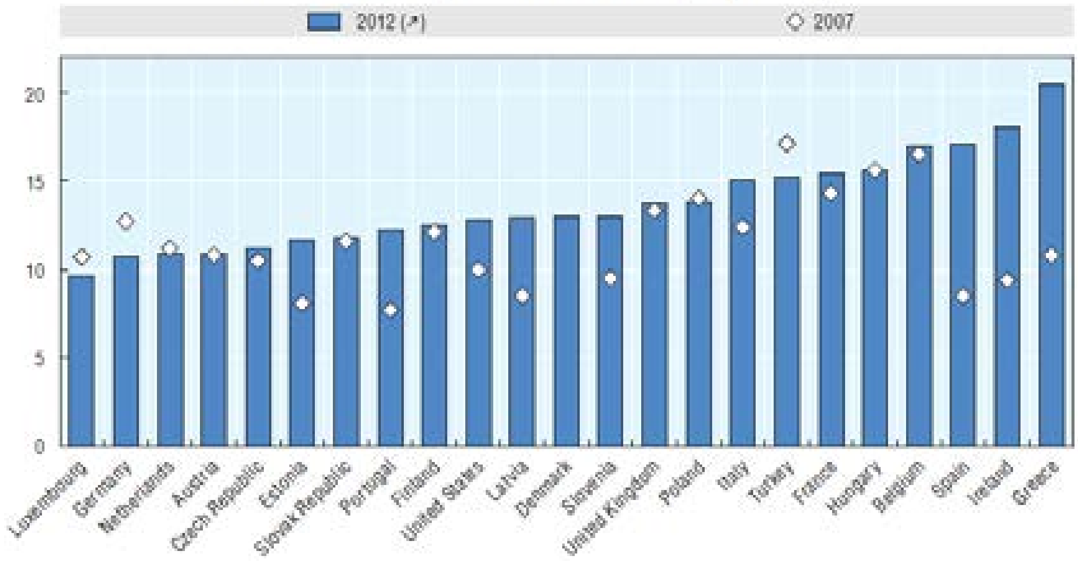
StatLink http://dx.doi.org/10.1787/888932965915

The most commonly used statistics of labour-market difficulties refer to individuals rather than households. They therefore do not show how these individual labour-market problems translate into predicaments at the family level. Since 2007 the proportion of people living in households with no income from work has gone up in most countries, approximately doubling in Greece, Ireland and Spain and increasing by 20% or more in Estonia, Italy, Latvia, Portugal, Slovenia, and the United States (Figure 1.5). In debates on fiscal consolidation and other policy reforms, such households deserve special attention as they are particularly vulnerable and highly dependent on government support. With more than one in eight working-age individuals in most countries now living in workless households, the success of redistribution measures and active social policies is gauged to a large extent on whether they can improve economic security for families without any income from work…

The social impact of the crisis is reflected in the growing numbers of people who struggle to meet their basic needs. According to data from the Gallup World Poll, one in four respondents in the OECD area reported income difficulties in 2012, with the proportion climbing to three out of four in Hungary and Greece and one in two in the United States. The incidence of reported trouble in making ends meet has been on the rise since 2007 in 26 countries, including some where social safety nets have played an important role in cushioning the impact of the crisis (e.g. the Nordic countries, France, and Germany)…

Figure 1.5. **Very large increases in the number of workless households are a major test for social policies**

Shares of adults living in workless households, in percentages



Note: Households are defined as "workless" if all household members are either unemployed or labour-market inactive. "Adults" refers to individuals aged 15-64. Data for the United States are for 2013, not 2012.

Source: OECD estimates based on the European Union Labour Force Survey and the United States Current Population Survey.

StatLink http://dx.doi.org/10.1787/888932965953

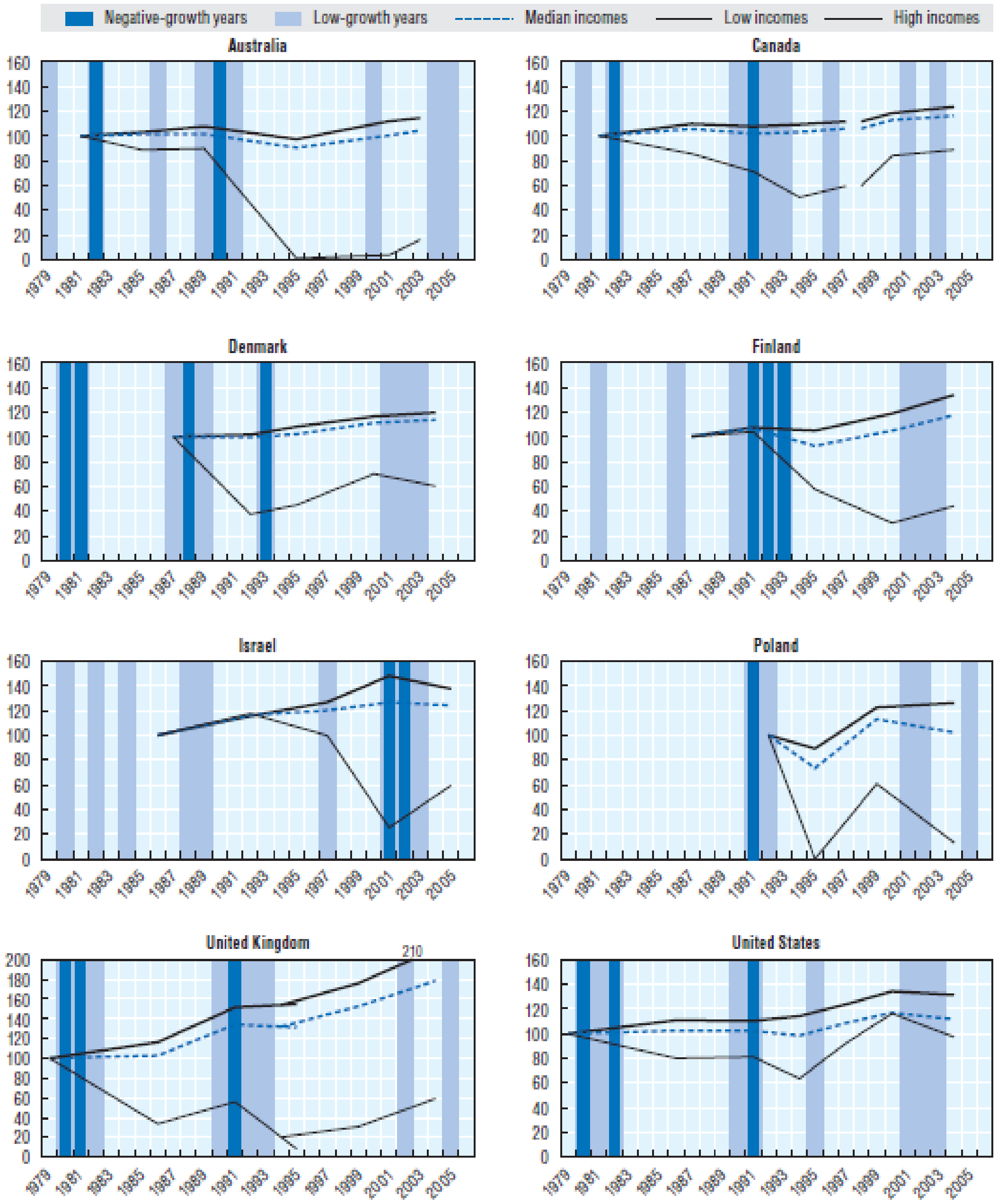
In a majority of OECD countries, young adults and families with children face considerably higher risks of poverty today than in 2007. The share of 18-25 year-olds in households where incomes are less than half the national median income has climbed in the vast majority of OECD countries between 2007 and 2010. Rises have been particularly steep in Estonia, Spain, and Turkey (5 percentage points), Ireland and the United Kingdom (4 points), and Greece and Italy (3 points). Lower-income older people did relatively better, as public pension benefits generally changed little and relative income poverty among the elderly fell in most countries. These changes follow a longer-term trend of falling poverty rates among the elderly. Averaged across OECD countries, the proportion of poor people is now, for the first time, lower among the elderly than among young adults and children.

What do these recent trends mean for longer-term inequality trends? Information from earlier downturns provides pointers as to the distributional mechanics which tend to be at work well into the recovery phase. Figure 1.6 offers just such a historical perspective on the income trends among low-, middle- and high-income households across earlier economic cycles. These trends are for market incomes that is, before adding social transfers or subtracting taxes. By focusing on market income, Figure 1.6 indicates the space that redistribution policies have to bridge if they are to stem widening gaps between household incomes after taxes and government transfers…

Figure 1.6. **Recessions widen income gaps, and recoveries often fail to close them**

Household market incomes for working-age households at different points in the income distribution

In constant prices. Earliest available data point = 100



Note: Initial income gaps between "low" and "high" incomes differ from country to country. Comparisons of the gaps should therefore be made over time, not across countries. Start of series varies due to data availability. Separate series in Canada and the United Kingdom indicate a break due to changing underlying data sources.

Households headed by a working-age individual aged between 15 and 64. "Low" and "high" incomes refer to the 10th (15th in the United Kingdom) and 90th percentiles of the distribution of household market incomes. "Low-growth years" are the bottom third years in terms of real growth between 1979 and 2005 in each country.

Household incomes are market incomes (government transfers are not added and taxes are not subtracted) and account for differences in household size (they are divided by the square root of the household size).

Source: Immervoll, H. and L. Richardson (2011), "Redistribution Policy and Inequality Reduction in OECD Countries: What Has Changed in Two Decades?", *OECD Social, Employment and Migration Working Paper*, No. 122, OECD Publishing, Paris, *www.oecd.org/els/workingpapers*; *OECD Economic Outlook: Statistics and Projections* for annual growth data, *http://dx.doi.org/10.1787/data-00655-en*.

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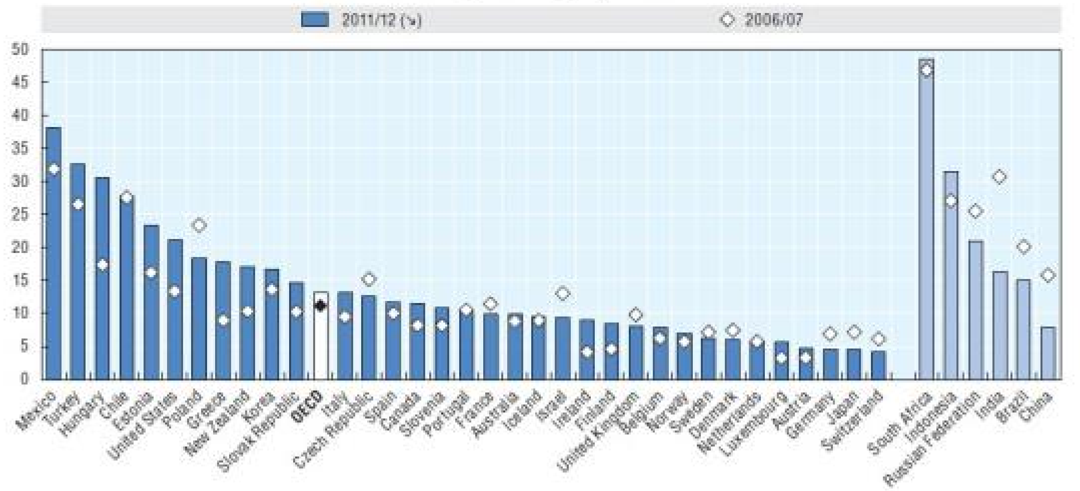
While there are no internationally comparable statistics on food insecurity that are as detailed as those of the United States, some unofficial estimates indicate that growing numbers of families and children suffer from hunger or food insecurity in economically distressed countries. Some 10% of students in Greece fall into that category according to

Alderman (2013). The Gallup World Poll includes a question on whether respondents feel that they have "enough money to afford food". Responses confirm that rising numbers of families in OECD countries may have less money to spend on food and a healthy diet. By contrast, while large shares of people in the large emerging economies feel that they cannot afford adequate nutrition, their numbers have mostly declined since 2007 (Figure 1.7).

Figure 1.7. **Growing numbers of people feel they cannot afford food**

Percentage of survey respondents



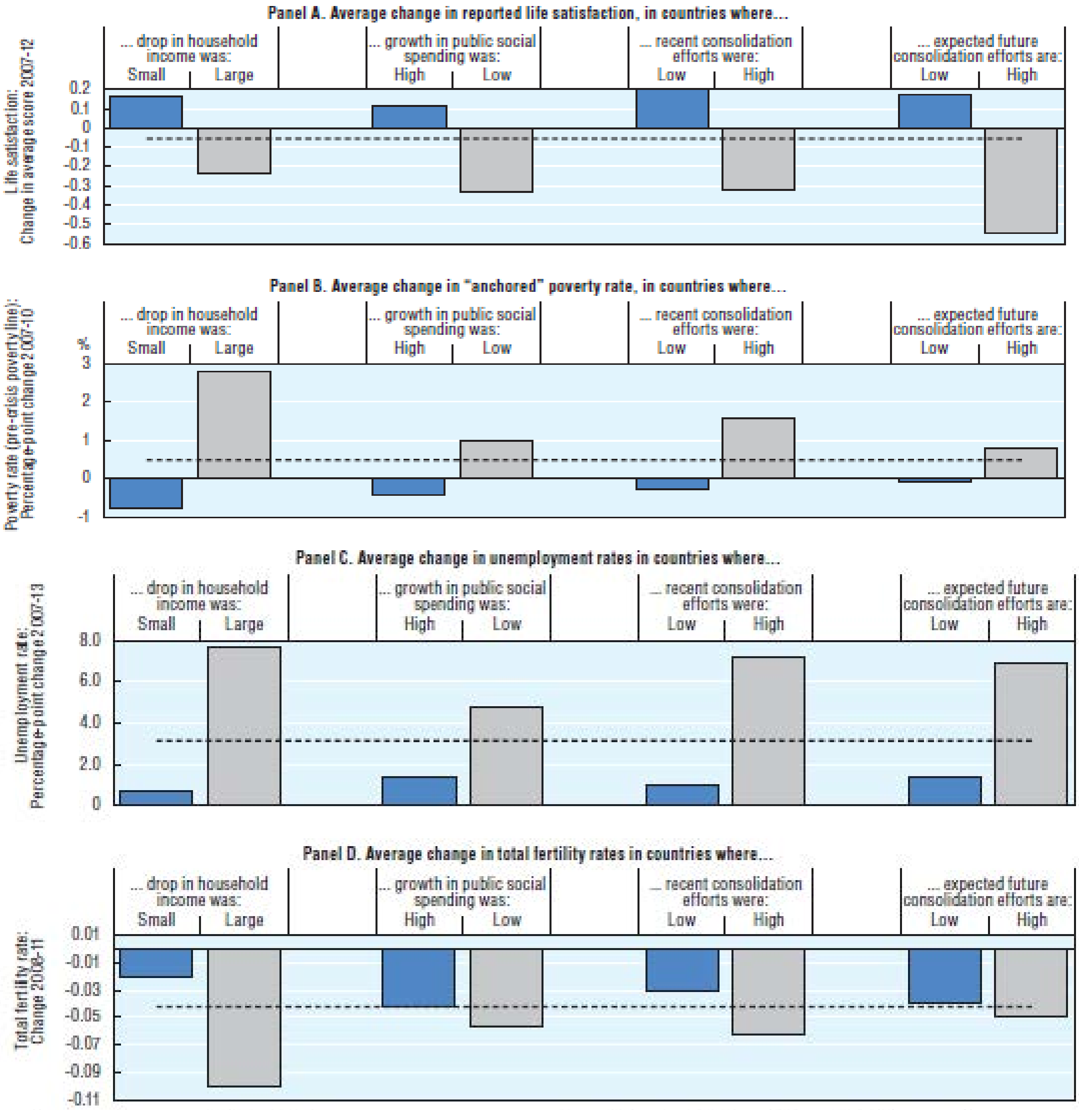
Note: Share of "yes" responses to the question "Have there been times in the past 12 months when you did not have enough money to buy food that you or your family needed?".
Results are averaged over a two-year period to minimise the impact of year-on-year fluctuations.
2008 data for Iceland, Luxembourg and China instead of 2006-07; 2009 data for Switzerland (instead of 2011/12).
For measurement details and limitations of the Gallup World Poll, see Chapter 7.
Source: Gallup World Poll, *www.gallup.com/strategicconsulting/en-us/worldpoll.aspx*.

StatLink http://dx.doi.org/10.1787/888932965991

In summary, the evidence considered in this first section of the chapter suggests that the financial upheaval of 2007-08 led not only to an economic and fiscal crisis in many countries, but to social crises, too. Figure 1.8 presents selected outcome measures for which a "crisis link" is already clearly visible. Life satisfaction has declined much more steeply in countries where household incomes have fallen most (Figure 1.8, Panel A). The same is true for fertility rates (Panel D). Crisis-related effects on other outcomes, including health, take longer to materialise…

The precise patterns differ from one indicator to another and the associations shown in Figure 1.8 are not prove of a causal relationships (for instance a third factor, such as unemployment, is plausibly causing the drops in both household incomes and life satisfaction). But whatever the mechanism behind them, the patterns underline that social outcomes have tended to deteriorate more in countries where households were particularly exposed to economic hardship during the downturn…

Figure 1.8. **Crisis exposure and policy shape key social outcomes**



Reading note: The average fall in fertility rates was 0.02 across countries with a "small" drop in household incomes, but 0.10 across countries with a "large" drop in household income.

Note: Country groups were constructed by comparing the change in the relevant indicator to the OECD average, as described in Annex 1.A1, resulting in the following groupings:

- **Household income.** Small decline (or growth): Austria, Canada, Chile, the Czech Republic, Denmark, Finland, Germany, Israel, Poland, the Slovak Republic, Sweden. Large decline: Estonia, Greece, Hungary, Iceland, Ireland, Mexico, New Zealand, Spain.
- **Public social spending.** High growth: Australia, Chile, Estonia, Israel, Korea, New Zealand, Poland, the Slovak Republic, the United States. Low growth: Germany, Greece, Hungary, Iceland, Italy, Portugal.
- **Recent consolidation effort.** Low: Denmark, Estonia, Finland, Germany, Korea, Norway, Sweden, Switzerland. High: Australia, France, Greece, Iceland, Ireland, Italy, Poland, Portugal, Slovenia, Spain, the United States.
- **Expected future consolidation effort.** Low: Australia, Austria, Denmark, Estonia, Germany, Korea, Luxembourg, New Zealand, the Slovak Republic, Slovenia, Switzerland. High: Greece, Japan, Portugal, the United Kingdom, the United States.

Source: See Annex 1.A and Chapter 7 "Life satisfaction", Chapter 5 "Poverty", Chapter 4 "Unemployment" and Chapter 3 "Fertility".

StatLink http://dx.doi.org/10.1787/888932966010

Figure 1.10. **Social spending increased least in countries most affected by the crisis**

Percentage changes in real public social spending and real GDP, 2007/08 to 2012/13

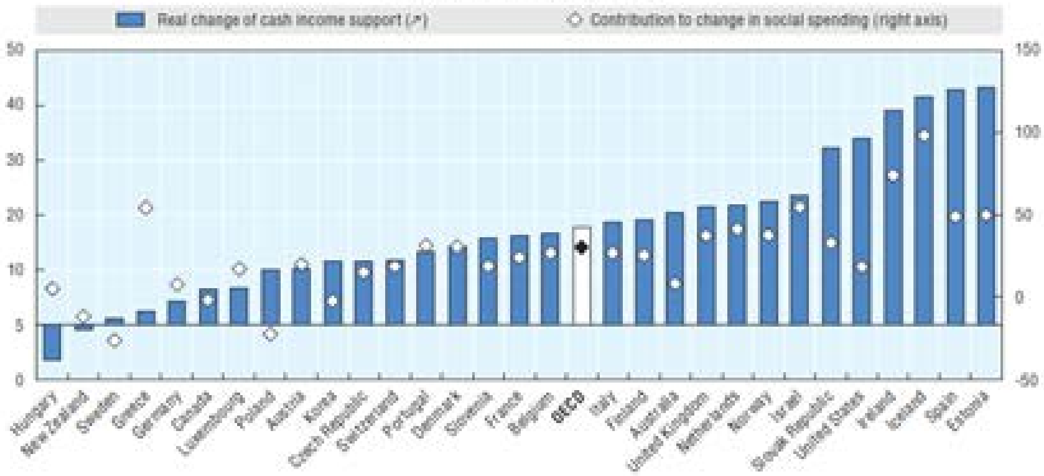
Note: See notes to Figure 1.9. Estimates for 2007-08 and 2012-13 are averaged over two-year periods to allow for the different years in which the crisis began across countries and to limit the effect of year-on-year fluctuations.

Source: OECD (2013), *OECD Social Expenditure Database (SOCX)*, preliminary data, *www.oecd.org/social/expenditure.htm*.

StatLink http://dx.doi.org/10.1787/888932966048

Figure 1.11. **Spending on working-age cash transfers rose steeply**

Changes in spending on working-age benefits and their share in changes of total public social spending
In percentages, 2007/08-2012/13



Notes: See notes to Figure 1.9.

"Working-age" cash transfers include the following spending categories: incapacity benefits (disability and sickness), family cash benefits, unemployment and so-called "other social policy areas" (which includes minimum-income benefits).

The contribution of changes in "working-age" transfers to changes in total social spending is calculated in relation to spending as a percentage of GDP. Chile, Japan, Mexico and Turkey are not included as breakdowns by spending category are not available.

Estimates for 2007-08 and 20012-13 are averaged over two-year periods to allow for the different years in which the crisis began across countries and to reduce the effect of annual fluctuations.

Source: OECD (2013), *OECD Social Expenditure Database (SOCX)*, preliminary data, *www.oecd.org/social/expenditure.htm*.

StatLink http://dx.doi.org/10.1787/888932966067

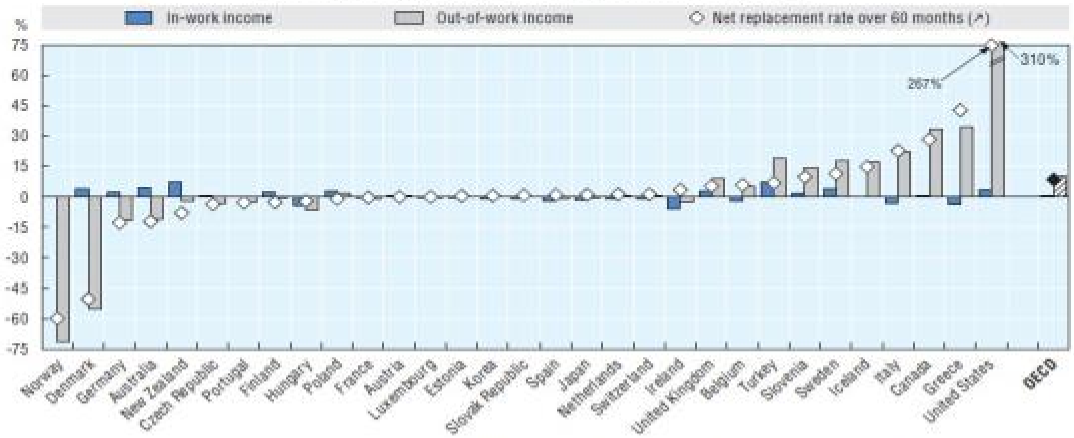
Strikingly, the biggest increases in expenditure between 2007/08 and 2012-13 came in countries with relatively strong GDP growth and greater spending power and not in those where deep downturns produced the greatest need for support (Figure 1.10). Some countries with significant GDP drops did, however, respond to deep or long-lasting downturns with substantial hikes in social spending (e.g. Estonia, Finland, Ireland, and Spain). There were others, though, like Italy and Portugal, where increases were only slight over the whole period. Real public social spending was substantially lower than before the crisis in Greece and Hungary, where it was down 17% and 11% respectively. The cuts made by the two countries illustrate the difficulties of maintaining a counter-cyclical policy stance in a severe downturn.

Benefits typically paid to working-age people and their families make up only one-fifth of total public social spending. Yet they account for close to one-third of increases in expenditure since the onset of the crisis. Over the previous two decades, almost all OECD countries reduced transfers to working-age individuals and children - from 27% in 1985 to 21% in 2005 (Immervoll and Richardson, 2011). The Great Recession brought this downward trend to an abrupt end, as unemployment benefits, general social assistance, disability benefits, and cash family benefits increased (see Figure 1.11). On average across the OECD, spending on these “working-age transfers” has risen by some 17% in real terms…

Spending increases were driven more by rising numbers of beneficiaries than by higher entitlements per recipient. Although support for the unemployed tended to become less generous in the years prior to the crisis (Immervoll and Richardson, 2013), there was very little change OECD-wide in the overall generosity of jobless benefits between 2007 and 2011. Figure 1.12 shows the net replacement rate (NRR) -the ratio of income received when not in work to that received in work- for a single individual over a long spell of unemployment. NRR changed by less than 5% over a five-year period in around half of all OECD countries and by less than 10% in some others…

Figure 1.12. **Unemployment benefit amounts changed little, but durations were extended substantially in some countries**

Percentage change in long-term net replacement rates, 2007-11



Note: The net replacement rate is calculated for a single individual with a "low-paid" job prior to becoming unemployed (67% of the average wage). It is a synthetic indicator that averages out-of-work incomes over a hypothetical five-year unemployment spell. By showing the replacement rate averaged over a long unemployment spell, the indicator captures changes in both benefit levels and duration. Calculated incomes in work and out of work take into account income taxes, own social contributions, in-work benefits, unemployment insurance and assistance. Means-tested minimum-income and housing benefits are not included. For the generosity of these benefits, see Chapter 5 "Living on benefits".

In Ireland, both in-work income and out-of-work benefits fell. The fall in in-work income was stronger, so increasing the NRR.

The only countries which showed relatively large NRR changes since 2010 were Germany (reduced generosity due to the termination of a transition payment for those moving from insurance to assistance benefits) and Greece (higher NRR due to a combination of increased nominal benefit value and wage deflation).

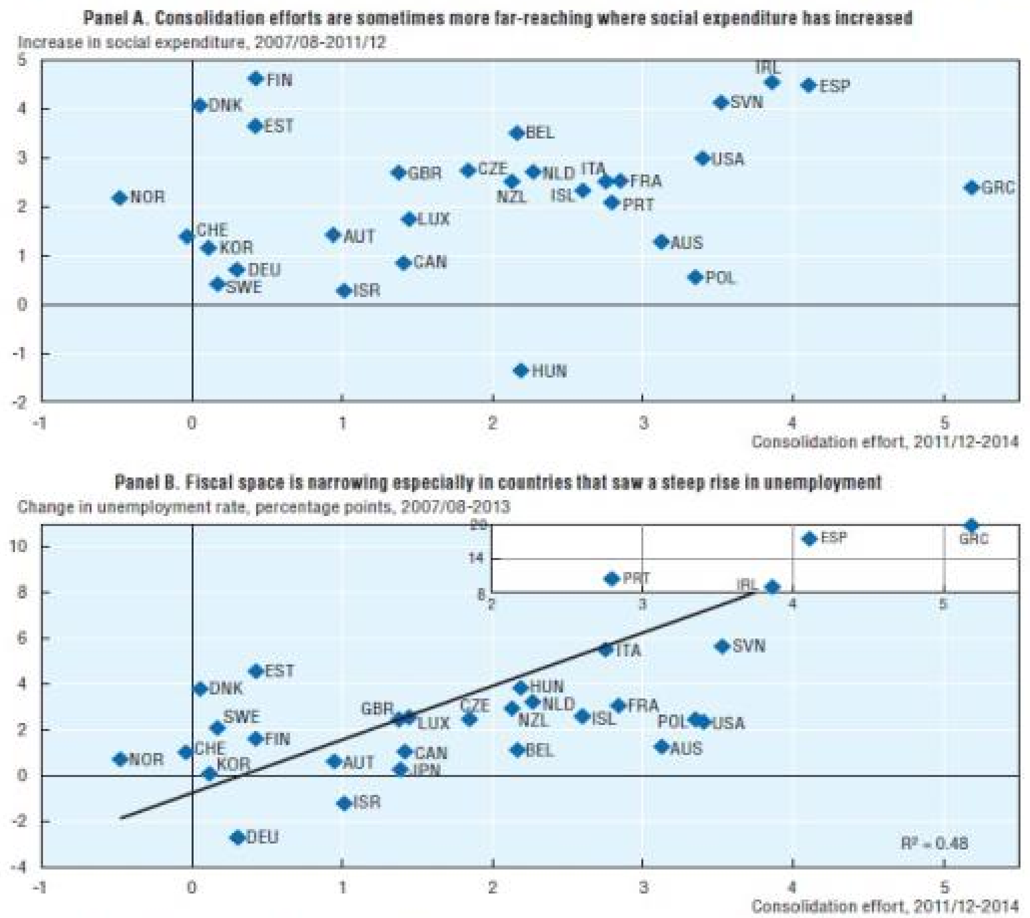
Source: OECD Tax-Benefit Models, *www.oecd.org/els/social/workincentives*.

StatLink http://dx.doi.org/10.1787/888932966086

Fiscal space has been shrinking in most OECD countries, putting more pressure on social spending as governments reduce budget deficits. In 2009 and 2010, the net lending positions of OECD governments slid from their 2007 heights. OECD projections for 2013 and 2014 do not foresee them returning to balance in the near future - with the exception of countries which ran surpluses prior to the crisis, such as the Nordic countries, Australia, and Germany. Structural deficits which existed before 2008 have widened since and will not disappear without consolidation efforts and a return to growth. Planned consolidation is often more far-reaching precisely in countries that where social expenditures have increased as a share of GDP (Figure 1.14, Panel A).

Scrutiny of projected consolidation efforts suggests that pressures to address budget shortfalls are greatest in countries that have experienced the steepest rises in unemployment (Figure 1.14, Panel B). Such is the outlook for a number of Eurozone countries, although a similar picture also emerges for other OECD countries, albeit to a lesser extent. When unemployment rises fast, governments' fiscal problems are heightened both by increasing expenditures and by contracting revenues. The pattern documented in Panel B of Figure 1.14 is therefore not surprising. But it underlines concerns about the ability of governments to effectively address rising social needs and about the timing and substance of consolidation efforts on the tax and the spending sides. In many countries, consolidation pressures will persist well beyond the next two years, with significant pressures for further consolidation over the next 10 to 15 years (OECD, 2013k; IMF, 2012b)…

Figure 1.14. Rising social spending and social needs, but decreasing fiscal space



Note: See notes to Figure 1.9. Averages for 2007/08 and 2011/12 are used as the timing of the downturn and the beginning of any fiscal consolidation efforts varied across countries.
"Consolidation effort": change in underlying primary balance, percentage points of GDP.
"Increase in social expenditure": change in social expenditure, percentage points of GDP.
Source: OECD (2013), *OECD Economic Outlook: Statistics and Projections*, No. 93, May, *www.oecd.org/economy/outlook/economicoutlook.htm* and *http://dx.doi.org/10.1787/data-00655-en*; OECD (2013), *OECD Social Expenditure Database* (SOCX), *www.oecd.org/social/expenditure.htm*.

StatLink http://dx.doi.org/10.1787/888932966124

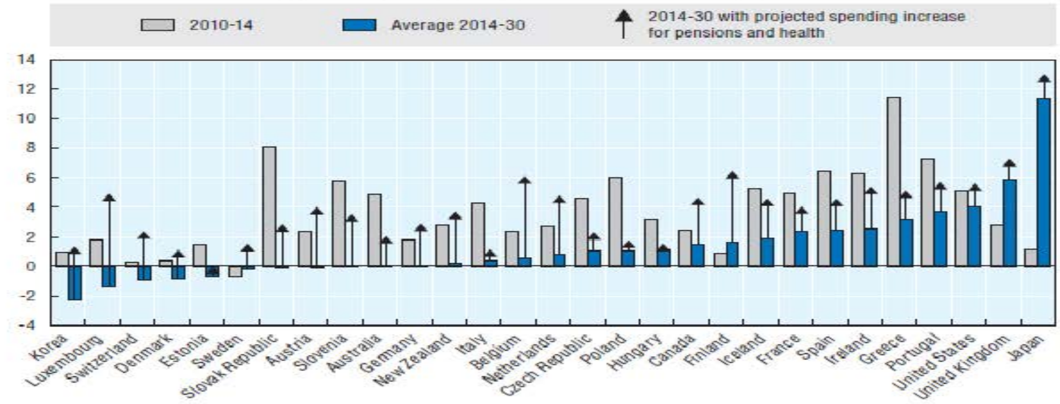
Figure 1.15 shows one possible measure of expected future consolidation pressures. The United States and a number of countries in Europe have already implemented or announced policies that are expected to reduce budget shortfalls very significantly relative to their 2010 levels (light grey bars). Most, however, will need to reduce deficits further and maintain this tighter fiscal stance through to 2030 if they are to put government debt on the downward path to a 60% of GDP target (dark blue bars).

Importantly, however, these projections do not account for the expected increases in government spending on health and pensions due to ageing and other factors. If estimates of these additional outlays are factored into projected expenditure, the prospect of achieving the putative 60% target becomes significantly more remote: as the arrows in Figure 1.15 illustrate, significant fiscal pressures will remain in the medium term, even in countries that would otherwise have a more positive fiscal outlook. The inference is that pro-cyclical consolidation efforts during recessions or low-growth periods are no substitute for longer-term, structural measures that put government finances on a sustainable footing…

Figure 1.15. Fiscal pressures will persist well into the next decade

Short-term consolidation efforts (2010-14) and medium-term consolidation scenarios (2014-30)

Change in the primary budget balance, in percentage of GDP



Note: Over the 2014-30 projection period countries with *gross* government debt ratios in excess of 60% of GDP are assumed to gradually reduce debt to this level, whereas other countries stabilise debt ratios at their current levels. Consolidation requirements from 2014 to achieve these objectives are measured as the difference between the underlying primary balance in 2014 and its average over the period to 2030 (or until the debt ratio stabilises). Due to very high initial debt levels, and despite a very large average fiscal consolidation requirement of 11 percentage points relative to the 2014 balance, the scenario for Japan only broadly stabilises gross debt between 2014 and 2030 at a level of over 200% of GDP.

Source: OECD (2013), *OECD Economic Outlook*, No. 93, *http://dx.doi.org/10.1787/data-00655-en*.

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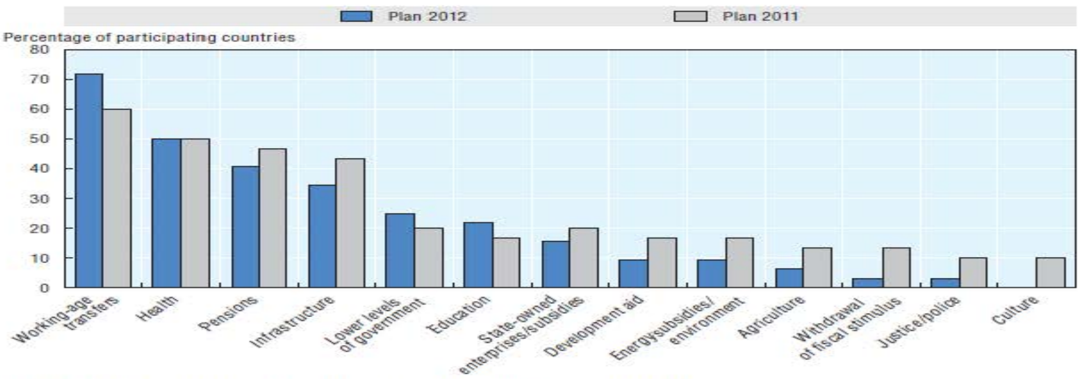
Figure 1.16. Social transfers are more often part of consolidation plans than other areas of public spending

Major programme measures in fiscal consolidation plans, by area of public spending



Reading note: 70% of countries have planned to cut welfare spending in 2012.

Note: "Working-age transfers" include unemployment benefits, social assistance, housing benefits, disability benefits and family benefits. "Pensions" denotes old-age pensions only.

Source: OECD (2012), *Restoring Public Finances, 2012 Update*, OECD Publishing, Paris, *http://dx.doi.org/10.1787/9789264179455-en*.

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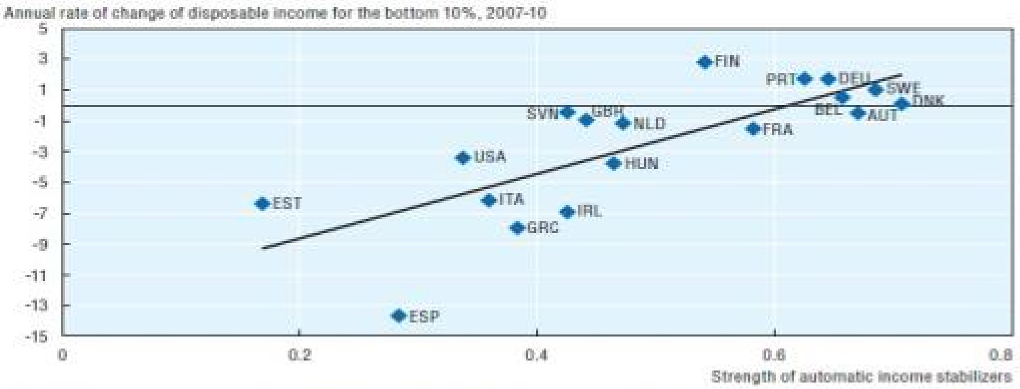
Of all areas of public spending areas, social transfers have been the focus of by far the greatest number of consolidation measures since 2011. Country responses to OECD policy questionnaires reveal that the category most frequently selected for savings was "working-age transfers" (unemployment, social assistance, disability and family benefits), followed by health care and old-age pensions (Figure 1.16). In addition, many consolidation plans include unspecified savings - in other words, no details are given on savings that take the form of general spending cuts across departments. Although such unspecified measures may involve sizeable cutbacks (e.g. EUR 3 billion between 2011 and 2014 in Ireland) and affect social policy areas, they are not included in the breakdown in Figure 1.16…

Countries with strongly redistributive taxes and transfers contained income losses in the early phases of the crisis as they were better equipped to provide automatic income stabilisation. As shown in Figure 1.17, the poorest 10% of households lost considerably more income in countries where automatic income stabilisers were weak. In these countries, tax reductions and higher benefits provide less income cushioning for those becoming unemployed or losing earnings. In some hard-hit countries with particularly large drops in disposable incomes of the poorest it is likely that automatic stabilisers were not operating at their full capacity (e.g. in Greece or Spain). Fiscal pressures may have led to cuts in income support through discretionary measures. Likewise, some of the groups with particularly high unemployment risks in these countries (e.g. young people or those losing their jobs after working on a non-standard employment contract) were not entitled to full income support and therefore did not benefit from any automatic stabilisers that provided support for other, less affected groups…

Figure 1.17. Stronger automatic stabilisers were crucial in limiting income losses among the poorest



Note: The "Strength of automatic income stabilisers" is a coefficient that shows how changes in market income translate into changes in disposable income. The higher the coefficient, the stronger the stabilisation effect – *e.g.* a coefficient of 0.4 denotes that 40% of the earnings shock due to higher unemployment is absorbed by the tax benefit system. The income changes are simulated based on EUROMOD (EU countries) and TAXSIM (United States) for an increase in unemployment of 5 percentage points.

Source: Chapter 3 "Household income" for income changes in the bottom 10% of the income distribution; Dolls, M., C. Fuest and A. Peichl (2012), "Automatic Stabilizers and Economic Crisis: US vs. Europe", *Journal of Public Economics*, Vol. 96, No. 3-4, pp. 279-294 ,for automatic stabilisers (using simulations based on tax and transfer systems that were in place before the crisis).

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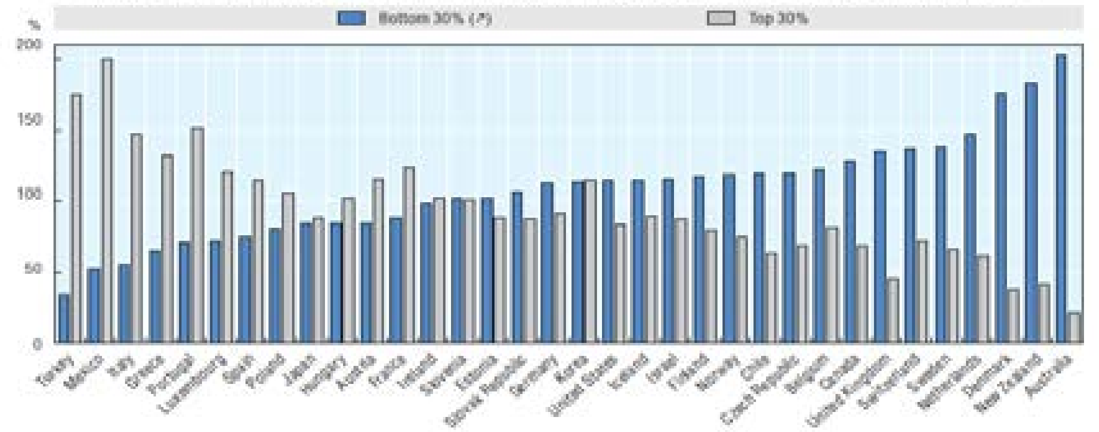
Pre-crisis trends in redistribution policies and income disparities can either moderate or reinforce the effects of fiscal consolidation (Immervoll et al., 2011; Jenkins et al., 2012). Where the redistributive capacity of tax and benefit policies had already weakened before the crisis (OECD, 2011), further consolidation measures may put income adequacy at risk. Similarly, in countries where most transfers are already mainly received by low-income groups, cuts in transfer spending are much more likely to widen income inequalities. Figure 1.18 shows that transfers received by lower-income groups (the "poorest 30%") were close to double the average benefit payment in Australia, New Zealand and Denmark, and about 1.5 times the average in the United Kingdom, Switzerland, Sweden and the Netherlands. In these countries, reducing benefit spending without hurting low-income groups is more difficult than in countries providing significant income support across the income spectrum…

Figure 1.18. When social transfers are highly targeted, spending cuts are more likely to hurt the poor

Average total cash transfers received by low- and high-income groups, percentage of average transfers in 2010



Reading note: In Portugal, the average total transfer payment received by low-income families (in the bottom 30% of the income distribution) is 71% of the average payment across all families, and less than half of the average benefit payment received by high-income families, who receive 52% more than the average family.
Note: Transfers include all public social benefits. The reference year is 2009 for Hungary, Japan, New Zealand, Switzerland and Turkey. "Bottom 30%" and "top 30%" refer to average public transfers received by decile groups 1 to 3 and 8 to 10, respectively. Decile groups are determined in relation to household disposable income after accounting for taxes and transfers. All incomes and transfer amounts are adjusted for household size (see *www.oecd.org/social/inequality.htm*).
Source: OECD *Income Distribution Database*, *www.oecd.org/social/inequality.htm*.

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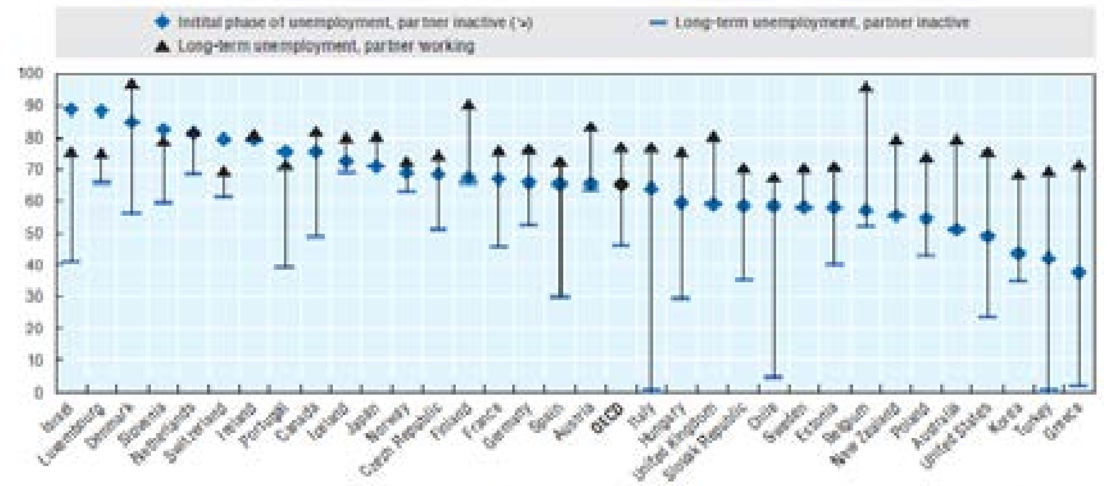
Figure 1.20. A working partner makes family incomes more resilient to income losses

Net incomes at different sages of unemployment, with and without a working partner, percentage of in-work income, 2011



Note: Incomes are shown for a married couple with one unemployed spouse (previously earning 100% of the country's average wage) and the other spouse either labour-market inactive or working and earning 67% of the average wage. Percentages relate to the family's net income before the primary earner became unemployed. Net incomes include unemployment benefits, as well as any minimum-income or family-related benefits that are available. Results are averages over two family situations: a married couple with and without children.
Source: OECD Tax-Benefit Models, www.oecd.org/els/social/workincentives.

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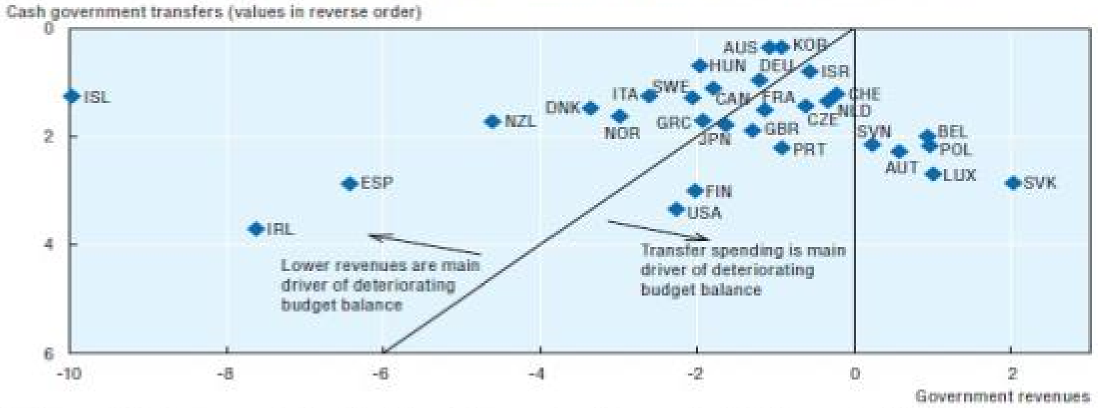
In most OECD countries, families with one long-term unemployed member are much better off when his or her partner finds employment, even if it is relatively low paid (Figure 1.20). However, Figure 1.20 also shows that some tax-benefit systems do little to accommodate added workers…

The fiscal crisis is not just a spending crisis. Recessions cause slumps in a range of revenue sources and a possibility of extended periods of sluggish revenue growth. During some phases of the Great Recession, reduced government revenues in many countries have consequently had greater impacts on budget balances than inflated benefit expenditures. For instance, if 2010 revenues in Spain had been the same as in 2007 in real terms, this would have reduced the budget deficit by more than 6 percentage points (Figure 1.21). Returning to 2007 benefit expenditure levels would have narrowed the deficit as well, but by much less (3 percentage points)…

Figure 1.21. **Budget deficits after the initial downturn: role played by changes in transfers and revenues**

Changes in benefit expenditure and revenues as percentages of 2010 GDP, 2007-10



Reading note: If 2010 revenues in Spain had been the same as in 2007 in real terms as in 2007, the country's budget deficit would have been more than 6 percentage points smaller. Returning to 2007 benefit expenditure levels would have reduced the deficit by under 3 percentage points.

Note: Changes in both transfers and revenues are measured in real terms (in 2010 currency). The vertical y axis is inverted (a positive number indicates an increase in social benefit expenditure and a worsening budget balance). Government transfers: all cash social benefits paid by government. Government revenues: total tax and non-tax receipts of the general government sector (central and sub-central) plus social security contributions.

Source: OECD (2011), "Economic Crisis and Beyond: Social Policies for a Recovery", Background document for OECD Ministerial Meeting on Social Policy, 2-3 May, OECD, Paris.

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General Context Indicators

Household income

In 2010 half of the people in Mexico had incomes of less than USD 4 500. Half of the people in Luxembourg had incomes about eight times higher (Figure 3.1, Panel A). Countries with low household income included countries in Southern Europe, Turkey and much of Eastern Europe, as well as two Latin American countries - Chile and Mexico. Those with higher household incomes included Norway and Switzerland. In most OECD countries incomes from work and capital (i.e. market income) fell considerably between 2007 and 2010 (Figure 3.1, Panel B). Higher unemployment and lower real wages brought down household market income, particularly in Estonia, Greece, Iceland, Ireland, Mexico, New Zealand and Spain (5% or more per year). By contrast, market income increased significantly in Chile and Poland as well as to a lower extent in Austria, Germany and the Slovak Republic. On average, between 2007 and 2010, real household disposable income declined by much less than the market income (-0.5%), thanks to the effect of public cash transfers and personal income taxes. At the same time, incomes from work and capital fell by 2% per year.

3.1. Household income of OECD countries varies between USD 4 500 and USD 36 400

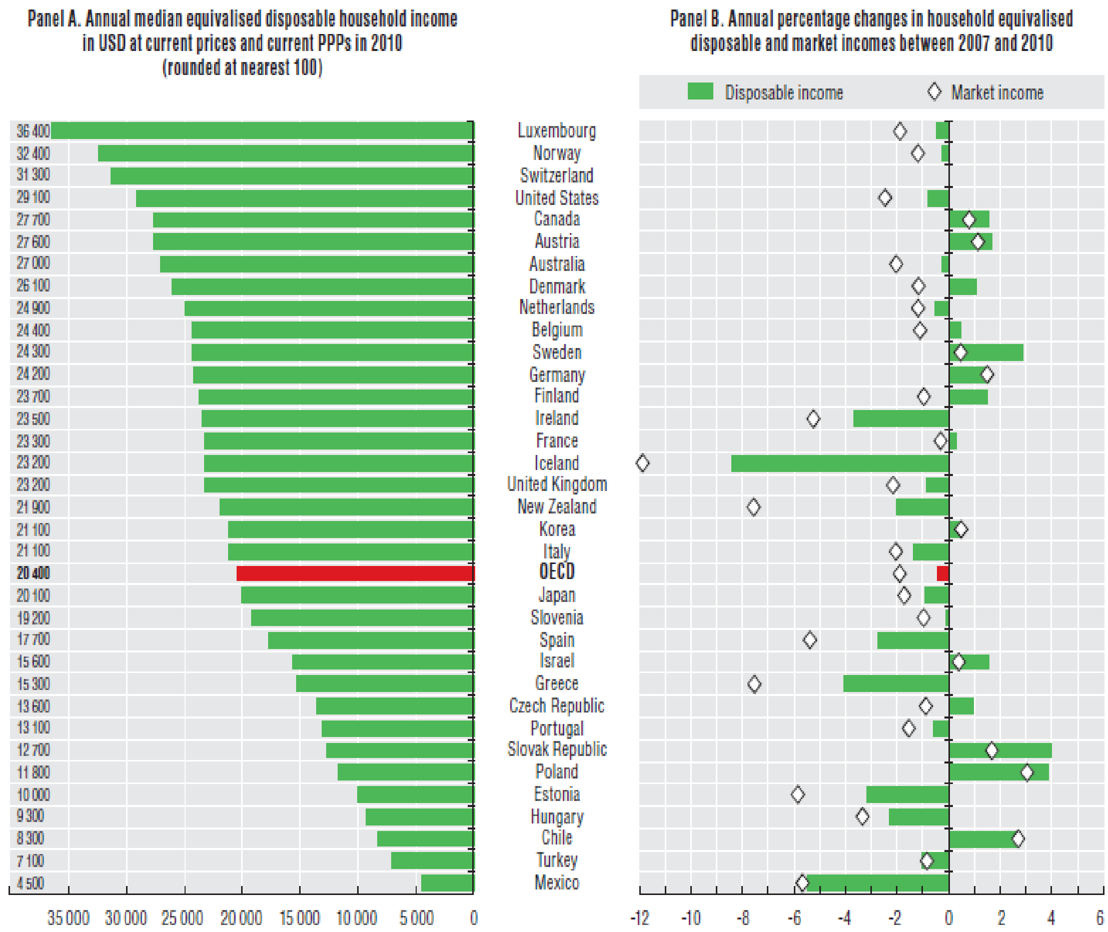
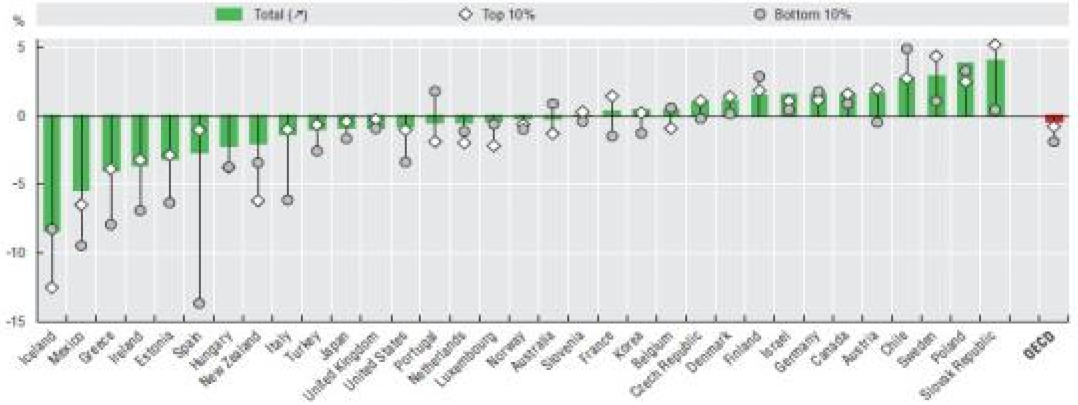


Figure 3.2 focuses on the top and bottom 10% of the population. While on average across OECD countries real average household disposable income and the average income of the top 10% remained almost stable, the income of the bottom 10% fell by 2% per year over the period 2007 to 2010. Out of the 33 countries where data are available, the top 10% has done better than the poorest 10% in 21 countries. This pattern was particularly strong in some of the countries where household income decreased the most. In Italy and Spain, while the income of the top 10% remained broadly stable, the average income of the poorest 10% in 2010 was much lower than in 2007. Incomes of poorer households also fell by more than 5% annually in Estonia, Greece, Iceland, Ireland and Mexico. Among these countries, Iceland was the only one where the decrease in average annual income at the top (-13%) exceeded that of the bottom (-8%)…

3.2. Poorer households tended to lose more or gain less between 2007 and 2010

Annual percentage changes in disposable income between 2007 and 2010, by income group



Source: OECD Income Distribution Database (www.oecd.org/social/income-distribution-database.htm), accessed on 10 September 2013.

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Fertility rate

The total fertility rate indicates the number of children an average woman would have if she were to experience the exact age-specific fertility throughout her life. Allowing for some mortality during infancy and childhood, the population is replaced at a total fertility rate of a little over two… (Figure 3.3, 3.4)

Migration rate

The migrant population represents a growing share of the total population. The share of foreign-born within the population increased in all OECD countries between 2001-11, with the exception of Estonia, Israel and Poland… (Figure 3.5, 3.6, 3.7).

Family rate

The number of adults in a household illustrates additional information about household composition and how people live together, while indicators on marriage and divorce reflect on “adult partnership” status… (Figure 3.8, 3.9, 3.10)

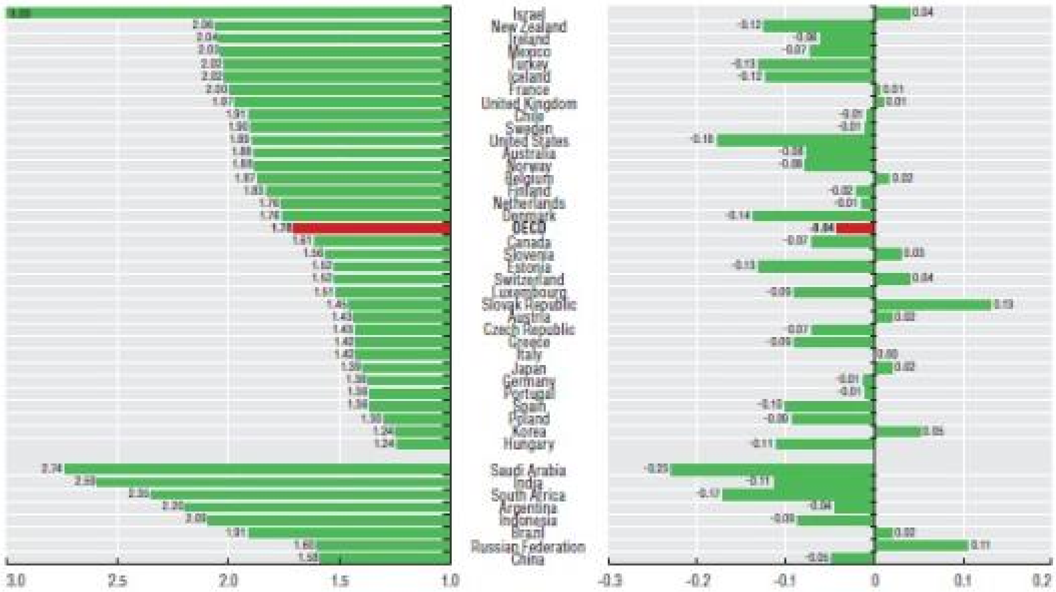
Old age support rate

The old age support rate is the ratio of the population who are economically active to older people who are more likely to be economically inactive. It thus provides an indicator of the number of active people who, potentially, are economically supporting inactive people. It also gives a broad indication of the age structure of the population. Changes in the old age support rate depend on past and present mortality, fertility rates and, to a much lesser degree, on net migration… (Figure 3.11, 3.12)

3.3. Fertility rates across the OECD are typically below replacement level with a moderate decline since the crisis

Panel A. Total fertility rate in 2011 (↘)
Number of children per woman

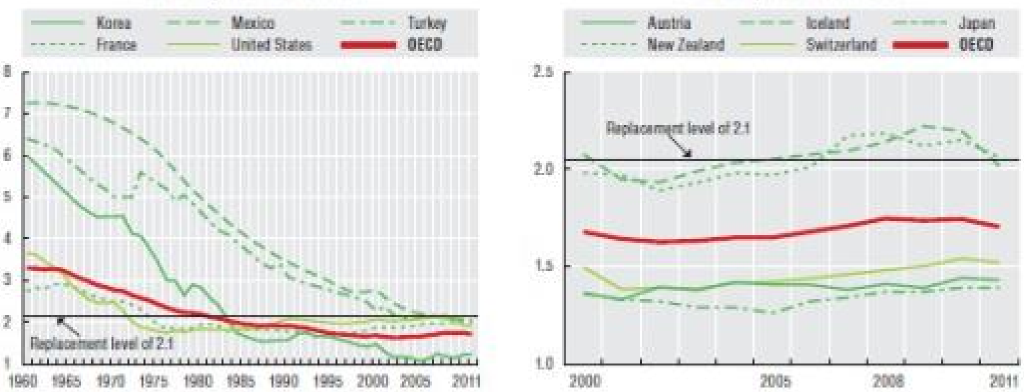
Panel B. Difference in TFR (number of children per woman) between 2008 and 2011



3.4. Decline in fertility over the last 50 years, and moderate recovery between 2000 and 2008

Panel A. Long-term trends: Total fertility rate from 1960 to 2011

Panel B. Short-term trends: Total fertility rate from 2000 to 2011



Source: National statistical offices and World Development Indicators (http://data.worldbank.org) for non-OECD G20 countries.

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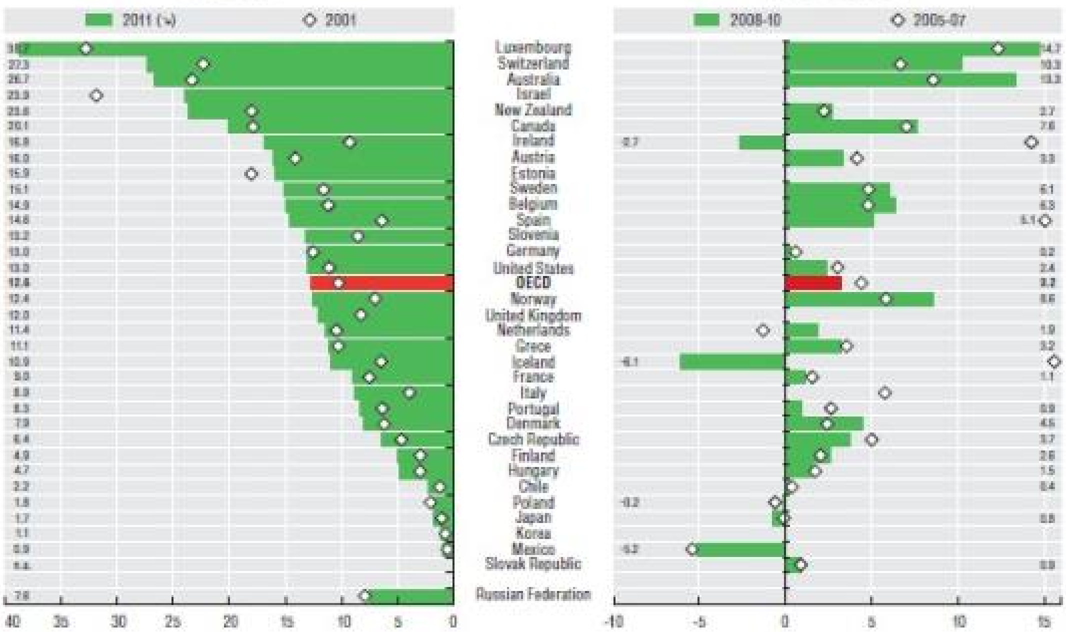
3.5. Net migration rates declined slightly after the crisis

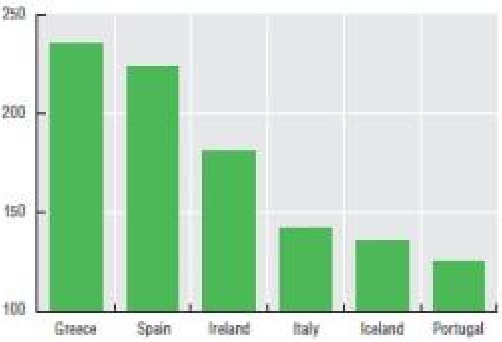
Panel A. Foreign-born population, percentages of the total population, 2001 and 2011

Panel B. Average annual net migration rates, per thousand population, 2005-07 and 2008-10



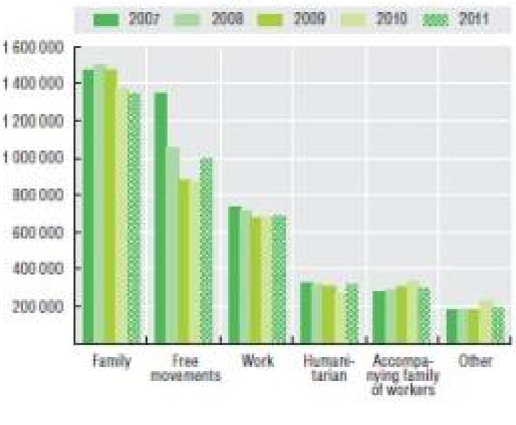
3.6. The OECD countries most affected by the economic crisis experienced the largest relative increase in outflow of nationals

Outflows of nationals from selected OECD countries to other OECD destination countries, 2011
Index 100 in 2007



3.7. The economic crisis has also affected the composition of the inflows of foreigners

Permanent immigration in OECD countries by category of entry or change of status, standardised statistics, 2007-11



Source: International Migration Outlook 2013 (www.oecd.org/migration).

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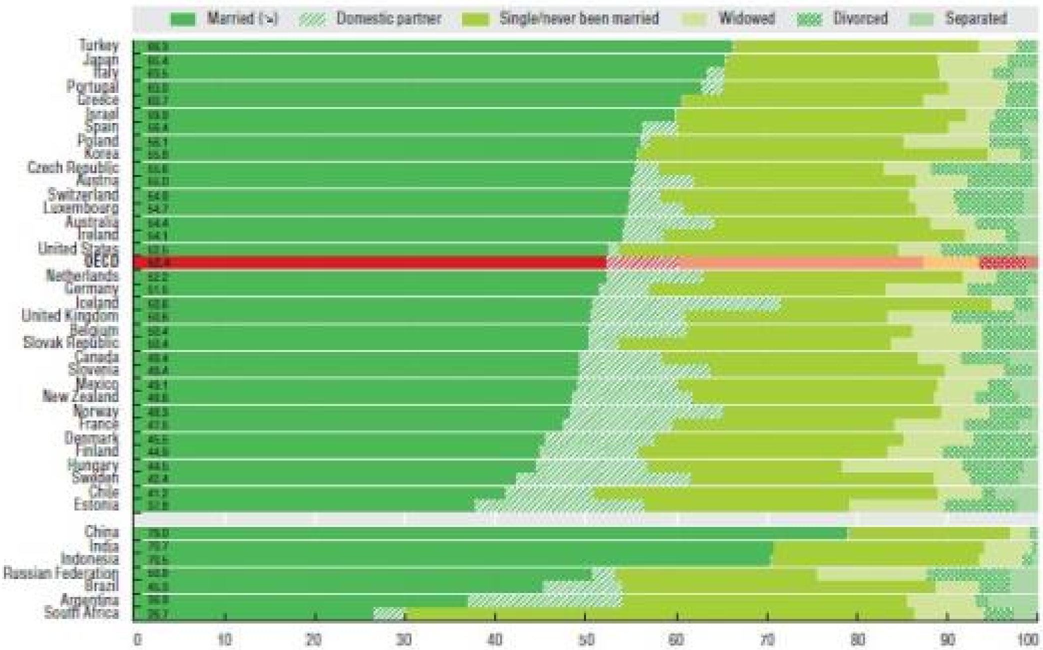
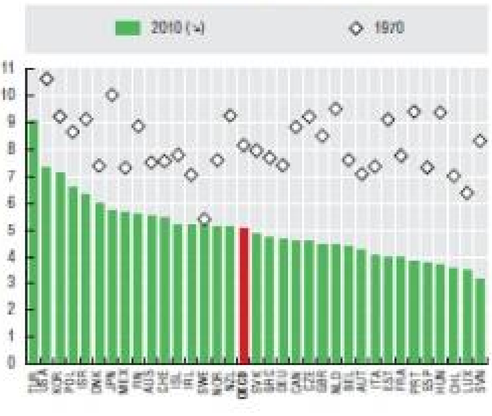
3.8. Large differences in households composition

Proportion of respondents aged 15 and over by relationship status, 2012, percentages sorted by married



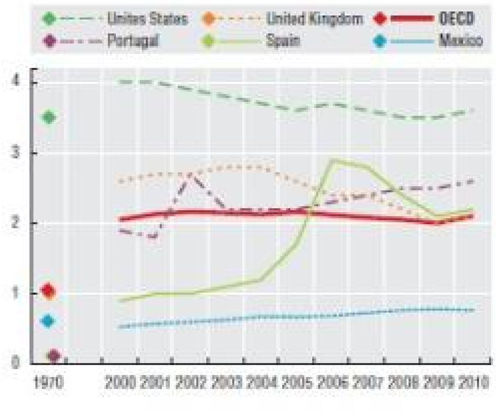
3.9. Marriage rates have decreased in the last four decades

Number of marriages formed each year as a ratio to 1 000 people (crude marriage rate) in 1970 and 2010



3.10. Divorces slightly picked up during the crisis in some countries

Number of divorces per 1 000 population (crude divorce rate), selected countries, 1970 and 2000-10



Source: Gallup World Poll (*www.gallup.com*), OECD Family Database as in September 2013 (*www.oecd.org/social/family/database*), UN Demographic Yearbook 2011.

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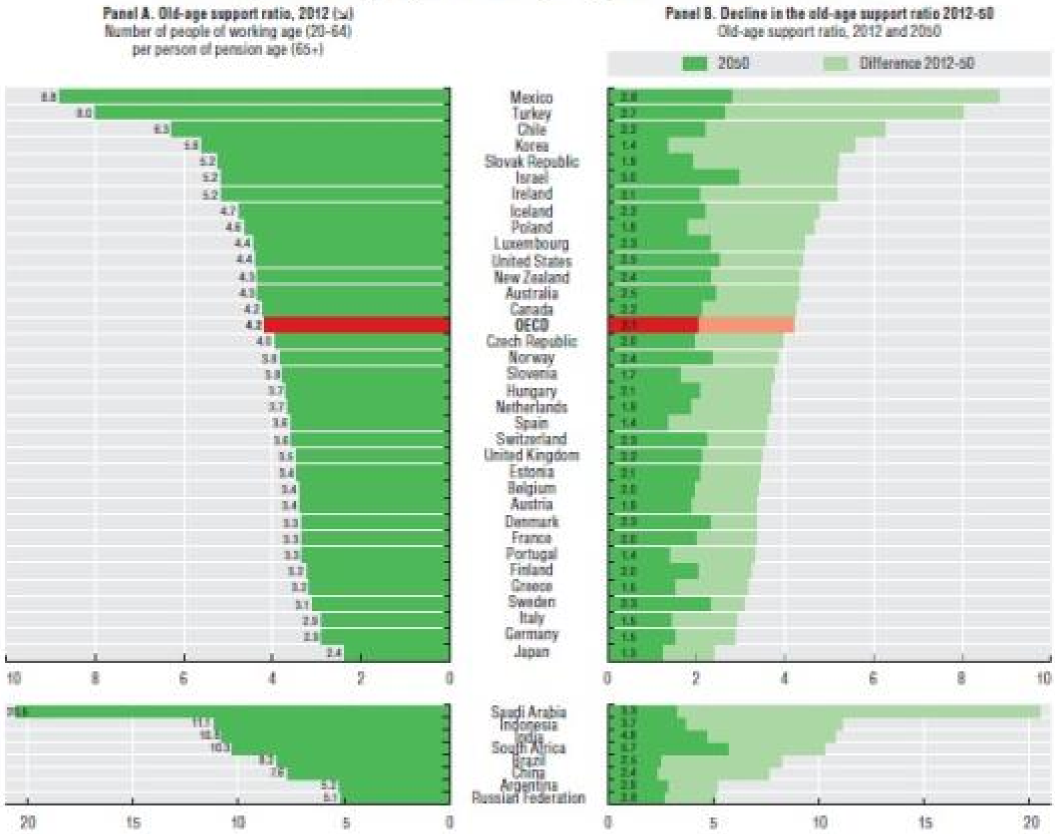
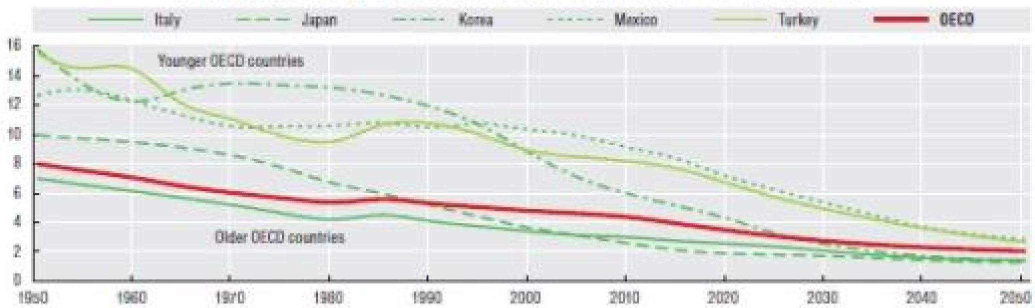
3.11. Population are ageing and the old age support ratio will halve in the OECD



3.12. Convergence in the old age support ratio across the OECD

Number of people of working age (20-64) per person of pension age (65+) in selected countries, 1950-2050



Source: OECD (2013) and United Nations (2012).

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Self-sufficiency indicators

Employment

Access to paid work is crucial for people's ability to support themselves. On average, two out of three working age adults in the OECD area are employed (Figure 4.1, Panel A). In Iceland and Switzerland about eight out of ten are employed, compared to about one out of two in Greece and Turkey. Gender differences in employment rates are small in the Nordic countries, but such differences tend to be largest in Chile, Korea, Mexico and Turkey.

The economic crisis has had a large impact on the employment rates in many countries (Figure 4.1, Panel B). On average, the employment rate declined by 1 percentage point in the OECD area from mid-2007 to mid-2013, but the variation across countries is large. While the rates dropped by 10 or more percentage points in Greece and Spain; Chile, Israel and Turkey experienced an increase of 5 or more percentage points over the same period.

Women have improved their relative position in the labour market compared to men (Figure 4.1, Panel B). Only in Estonia, Korea and Poland, was the change in the employment rate the same for both sexes. In spite of this relatively more favourable development for women, the long-term increasing trend in female employment rates came to a halt in OECD countries after the onset of the crisis.

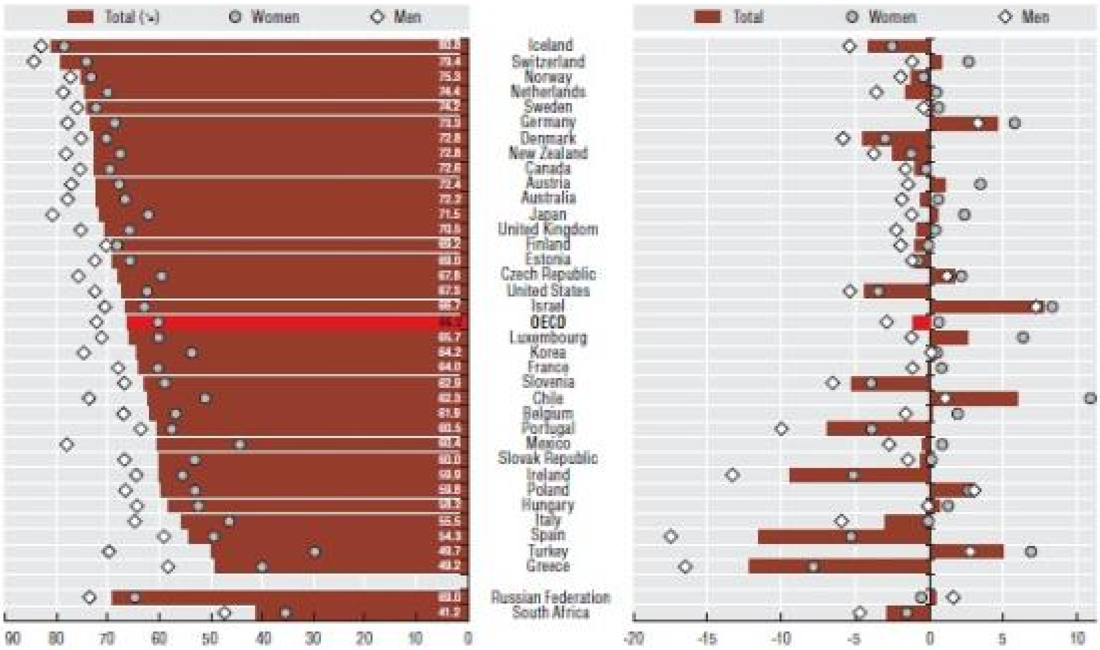
While employment has dropped, part-time work has increased in many countries. Even if these people avoid unemployment, the consequence for many of them is under-employment and reduced incomes. Involuntary part-time as a share of total employment has increased substantially in Ireland, Italy and Spain following the onset of the crisis (Figure 4.2). The increase has been strongest for women, where involuntary part-time reached about 14% of total employment in Italy and Spain in 2012. But also in Australia and Ireland, about 10% of women worked involuntarily in part-time jobs. For men, the share of involuntary part-time was about 5% in Ireland and Spain in 2012.

Immigrants' employment thus seems to be more sensitive to economic conditions than that of the natives. On average, the change in employment rates for the foreign-born between 2007 and 2012 was approximately the same as for the native-born (Figure 4.3).This, however, hides large differences across countries. In those countries which experienced the sharpest drop in employment rates of the native-born (Greece, Ireland and Spain), foreign-born fared even worse than the natives. In contrast, in countries with increasing employment rates, such as Germany, there was a larger increase in the employment rates of the foreign-born than among the natives…

4.1. The economic crisis has had a large impact on the employment rates in many countries

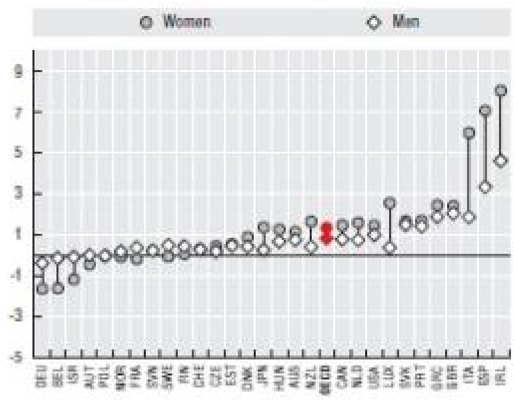
Panel A. Employment rate, aged 15-64, total and by gender, Q2 2013 (%)

Panel B. Percentage point change in employment rate between 2007 and Q2 2013



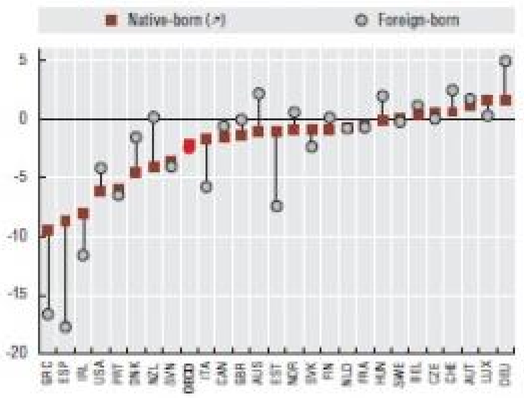
4.2. Involuntary part-time work increased during the crisis

Percentage point change in the share of involuntary part-timers in total employment between 2007 and 2012



4.3. Immigrants' employment seems to be more sensitive to economic conditions than that of the natives in some countries

Percentage point change in the employment rates of the native-born and foreign-born population between 2007 and 2012, 15-64



Source: OECD calculations based on quarterly national labour force surveys, the OECD *Short-Term Labour Market Statistics* and the OECD *Labour Force Statistics Databases* (cut-off date: 8 October 2013), OECD *Employment Outlook 2013* (*www.oecd.org/els/emp/oecdemploymentoutlook.htm*) and *International Migration Outlook 2013* (*www.oecd.org/els/mig/imo2013.htm*).

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Unemployment

Record high unemployment rates in a number of countries have put stress on the benefit systems (see “Recipients of out-of-work benefits” indicator). Unemployment, and particularly long-term unemployment, may also harm career chances in the future, reduce life satisfaction and increase social costs. Establishment in the labour market for youth has become more difficult, while older unemployed often have problems re-entering the workforce.

During the second quarter of 2013, the highest unemployment rates in the OECD were in Greece and Spain - eight times higher than the lowest unemployment rate, in Korea (Figure 4.4, Panel A). The average unemployment rate of 9.1% in the OECD covers a wide diversity. Austria, Japan, Korea, Norway and Switzerland had an unemployment rate below 5%. As many as ten countries had an unemployment rate above 10%.

The economic crisis has had a strong, but varied impact on unemployment rates (Figure 4.4, Panel B). The average OECD unemployment rate increased by 3 percentage points between mid-2007 and mid-2013. Greece and Spain were hit particularly hard, seeing an increase of above 18 percentage points. Increases of more than 5 percentage points were also observed in Ireland, Italy, Portugal and Slovenia. Countries which succeeded in reducing their unemployment rates included Chile, Germany, Israel, Korea and Turkey.

In most countries, male unemployment has been more affected by the crisis than female unemployment. The gender difference is particularly strong in countries such as Ireland, Portugal and Spain, where the contraction of the construction industry is a major factor driving the increased unemployment. High representation of women in the public sector can also be one explanation why women have fared better than men during the crisis in many countries. However, women in Estonia, Luxembourg and Turkey had a stronger increase in the unemployment rates than men.

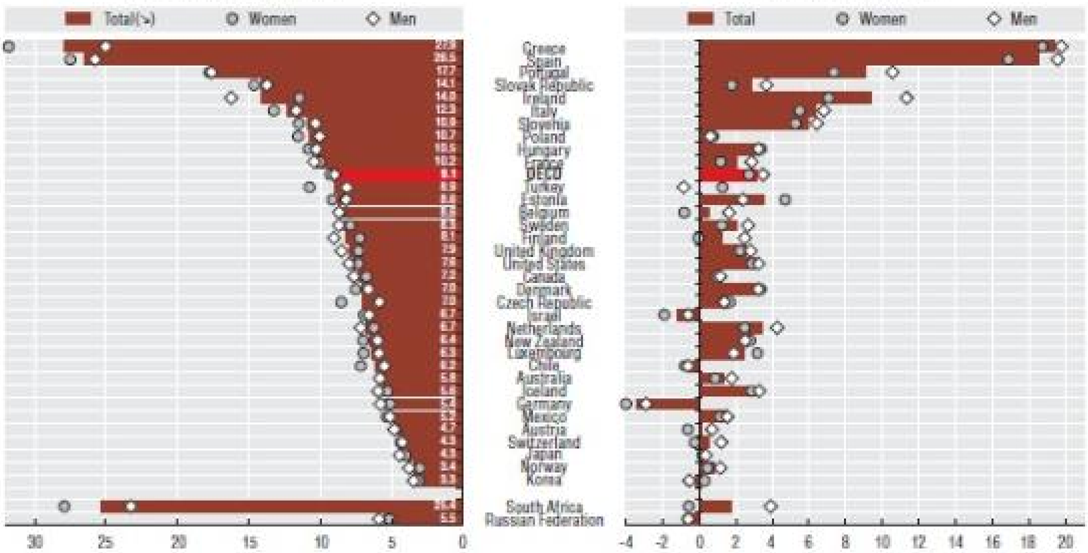
Long-term unemployment has increased in many countries. The share of people unemployed for one year or more as a percentage of the total unemployment has increased the most in Ireland, Spain and the United States (Figure 4.5), and by as much as 30 percentage points in Ireland. Mid-2013, six out of ten unemployed were out of work for one year or more in Greece, Ireland and the Slovak Republic. The share of long-term unemployed decreased by 10 percentage points or more in Germany and Poland. In spite of the positive achievements, long-term unemployment still accounts for more than 40% of total unemployment in Germany and Poland.

Youth have been hit particularly hard by the deteriorated labour market situation (see also the “NEETs’” indicator). The unemployment rate for young people aged 15-24 increased by 20 percentage points or more from mid-2007 to mid-2013 in Greece, Portugal and Spain (Figure 4.6). At the OECD level, the rate increased by 7 percentage points during the same period. Mid-2013, more than 50% of the age group was out of work in Greece and Spain. At the other end of the scale, youth unemployment rates dropped in Austria, Chile, Germany, Israel and Turkey. Germany, Japan and Switzerland had mid-2013 the lowest unemployment rate for this age group, at about 7%...

4.4. Unemployment has increased more for men than for women

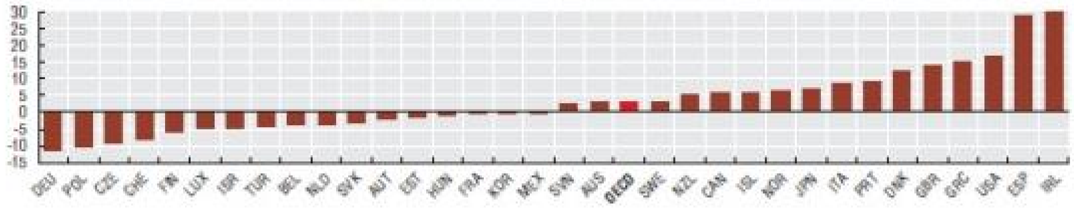
Panel A. Unemployment in percentage of labour force, aged 15-64, total and by gender, Q2 2013 (%)

Panel B. Percentage point change in unemployment rate between 2007 and Q2 2013



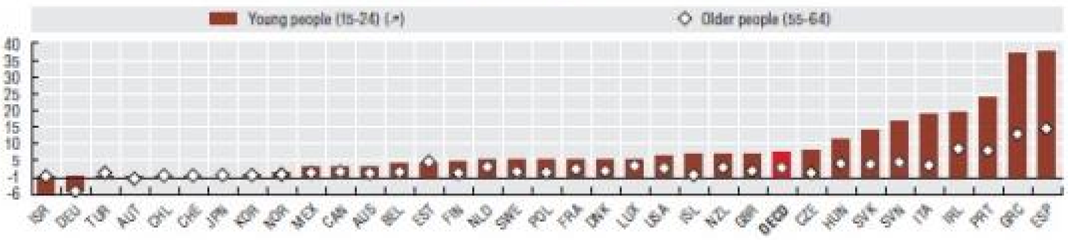
4.5. Higher incidence of long-term unemployment since the begining of the crisis

Percentage point change in the share of people unemployed for one year or more as a percentage of total unemployment between 2007 and Q2 2013



4.6. Unemployment hit youth hardest in most countries

Percentage point change in unemployment rates between 2007 and Q2 2013



Source: OECD calculations based on quarterly national labour force surveys, the OECD *Short-Term Labour Market Statistics* and the OECD *Labour Force Statistics Databases* (cut-off date: 8 October 2013).

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Youth neither in employment, education nor training (NEETs)

Participation in employment, education or training is important for youth to become established in the labour market and achieve self-sufficiency. Record high unemployment rates in a number of countries have hit youth especially hard. In addition, inactivity rates of youth are substantial in many countries, meaning that they are neither employed, nor registered as unemployed, in education or in training.

More than 20% of all youth aged 15/16-24 were unemployed or inactive, and neither in education nor in training (NEET) in Greece, Italy, Mexico and Turkey in the fourth quarter of 2012 (Figure 4.7, Panel A). The lowest rates were observed in Denmark, Iceland, the Netherlands and Switzerland, with rates of 6% or lower. The average NEET rate in the OECD area was about 13%.

The NEET rate has increased in most OECD countries since the onset of the economic crisis (Figure 4.7, Panel B).

From the fourth quarter of 2007 to the fourth quarter of 2012, the increase was strongest in Greece, Luxembourg, Ireland, Italy and Spain. On the other hand, there were also some countries where the NEET rates dropped. The decrease was particularly strong in the Czech Republic and Turkey. The higher NEET rates in many counties can mainly be explained by increased unemployment. At the average OECD level, the inactivity rate declined by 1 percentage point, and in most countries the rate declined or increased moderately.

On average across OECD countries, the NEET rates for the broader 15-29 age group are higher for people with low education levels than for those with high education (Figure 4.8). The gap is highest in Belgium, Mexico and the United Kingdom.

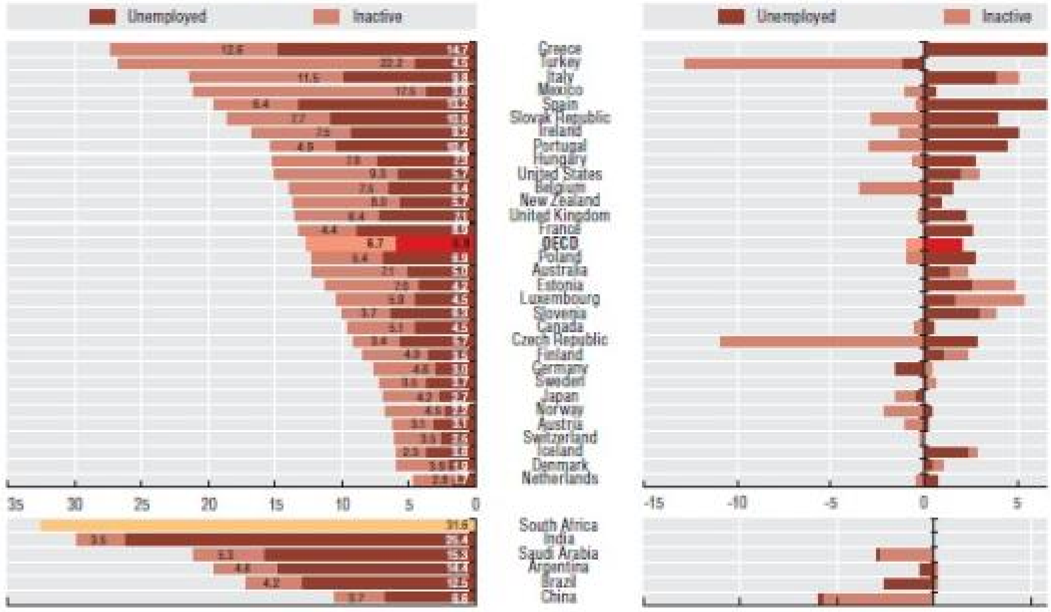
The share of 15-24 year-olds who are unemployed or inactive and neither in education nor in training is higher for foreign-born than for natives (Figure 4.9). Exceptions are Hungary, Ireland and the United Kingdom. The impact of the crises on the NEET rates is relatively similar for foreign-born and natives in most countries. In the Czech Republic, Finland, Greece, Luxembourg, Norway and Slovenia, were the relative change in the rates for foreign-born larger than for natives.

The NEET rates in emerging economies are generally high (Figure 4.7, Panel A). In India, Saudi Arabia and South Africa, more than 20% of the population aged 15/16-24 were unemployed or inactive and neither in education nor in training in the fourth quarter of 2012…

4.7. More young people are unemployed or inactive and not in education nor in training (NEET)

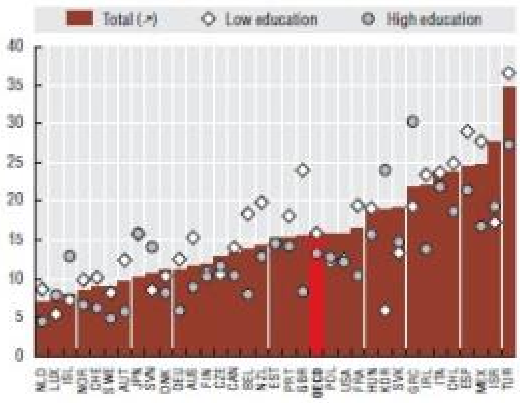
Panel A. NEET rates, 15/16-24 year-olds, Q4 2012 (%)

Panel B. Percentage point change between Q4 2007 and Q4 2012



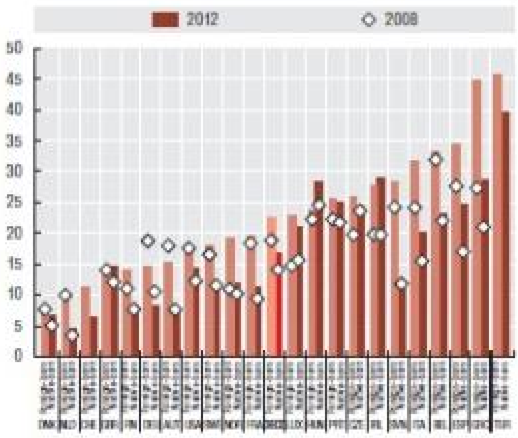
4.8. Young people with low education are more likely to be NEET

Percentage of 15-29 year-olds not in education and not employed by completed level of education, 2011



4.9. Immigrant youth are more likely to be NEET

NEET rates by place of birth in selected OECD countries, 2008 and 2012



Source: OECD estimates based on national labour force surveys; *OECD Short-Term Labour Market Statistics; OECD Employment Outlook 2013* (*www.oecd.org/els/emp/oecdemploymentoutlook.htm*); *Education at a Glance 2013* (*www.oecd.org/edu/eag.htm*); *International Migration Outlook 2013* (*www.oecd.org/els/mig/imo2013.htm*); for European countries: Labour force surveys (Eurostat), Q1-Q3 2008, Q1-Q3 2011, Q1-Q3 2012; United States: Monthly Current Population Surveys, 2007, 2011 and 2012.

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Expected years in retirement

The duration of expected years in retirement illustrates the length of the expected remaining life expectancy from the time of average labour market exit. The indicator demonstrates how pension systems interact with labour market exit as well as the financial pressures on the pension system in the context of an ageing population. Men typically can expect to spend fewer years in retirement than women (Figure 4.10). The most recent calculations of expected years in retirement exceeded 25 years for women in Austria, Belgium, France, Italy and Luxembourg (Figure 4.10, Panel A). The period exceeded 20 years for men in Austria, Belgium, Finland, France, Greece, Italy, Luxembourg and Spain (Figure 4.10, Panel B). The number of expected years in retirement was notably low for women -under 20 years- in Chile, Iceland, Korea, Mexico, Portugal and Turkey, and for men -less than 15 years- in Estonia, Korea, Mexico and Portugal.

On average women can expect to spend almost 4.5 years longer in retirement than men (Figure 4.10). In most Eastern European countries this gap was at least six years, and also in Japan the gender gap is more than six years.

Longer periods in retirement exposes women to old age poverty, resulting from the link of many pension schemes to earnings and the gender pay gap observed in all OECD countries. In addition, price indexation of pension payment in many countries means that the oldest old, predominantly women, become relatively poorer during retirement.

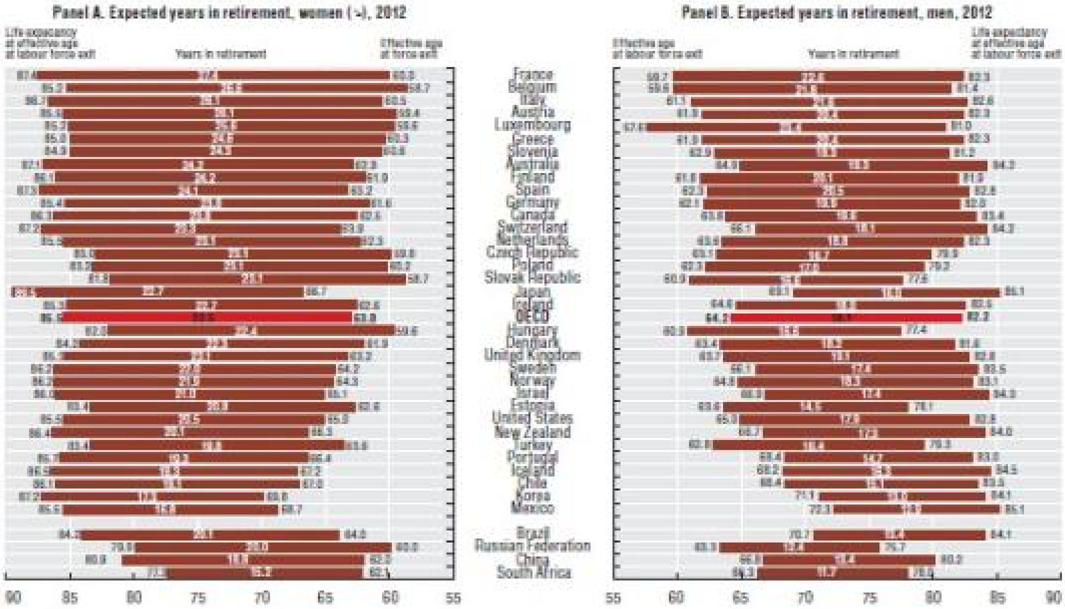
The duration of expected years in retirement for women in emerging countries varies from 20 years in Brazil and the Russian Federation to 15 years in South Africa (Figure 4.10, Panel A). The variation is less for men, who can expect 12 to13 years in retirement (Figure 4.10, Panel B). While the effective exit age in Brazil was more than six years lower for women than for men, the difference in the Russian Federation was close to three years.

The average duration of expected years in retirement across OECD countries has increased over time. In 1970 men in the OECD countries spent on average 11 years in retirement and by 2012 this average increased to 18 years (Figure 4.11, Panel B). The duration of the expected period in retirement was longer for women; increasing from 15 years on average in 1970 to 22.5 years in 2012 (Figure 4.11, Panel A).

The increase in average duration of years in retirement from 1970 to 2012 is due both to a drop in the effective exit age from the labour force and to increased longevity.

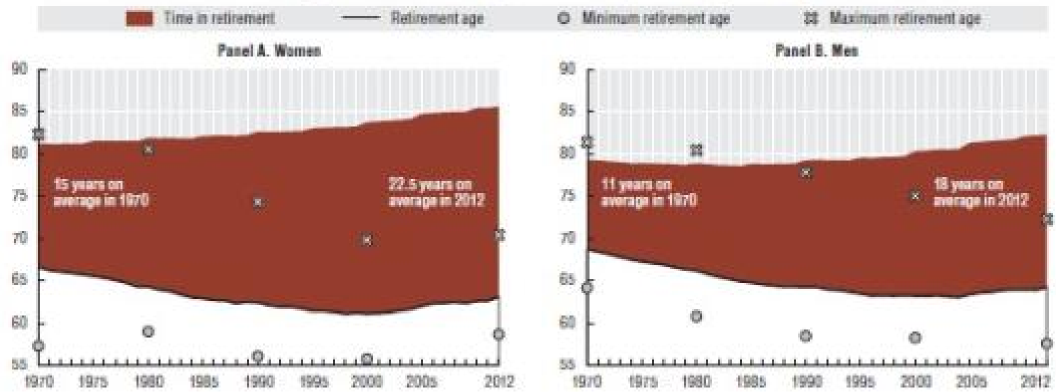
Effective age of labour force exit decreased gradually from 1970 to the late 1990s for both men and women. After some relatively stable years, the average effective exit age started to increase slowly from 2004. Life expectancy at the effective exit age from the labour force increased substantially during this period, particularly for women, and over the last two decades for men as well. Over the past few years, this increase has been fairly equal to that of the effective exit age from the labour market, and potential years in retirement have stabilized...

4.10. Women live almost five more years in retirement than men on average



4.11. Women (and men) spend 7.5 (and 8) more years in retirement in 2012 than in 1970 on average across OECD countries

Trend in age at labour market exit and years in retirement, 1970 to 2012, OECD average



Source: *Pensions at a Glance 2013* (*www.oecd.org/pensions/pensionsataglance.htm*): life expectancy estimates are from UN World Population Prospects, the 2012 Revision.

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Education spending

On average, OECD countries spent USD 9 300 per child per year from primary through tertiary education in 2010 (Figure 4.12, Panel A). Spending was highest in the United States with just over USD 15 000 per child, followed closely by Switzerland. On the opposite end, spending was USD 5 000 or less in Chile and Mexico. Spending was also relatively low (around USD 6 000) in several Eastern European countries.

The crisis has halted the long-term trend of increasing spending in education. While public spending as a percentage of GDP for all levels of education increased by 8% between 2008 and 2009 on average across OECD countries, it fell by 1.5% between 2009 and 2010 (Figure 4.12, Panel B).

Public expenditures on educational institutions as a percentage of GDP decreased in two-thirds of those OECD countries for which data are available, most likely as a consequence of fiscal consolidation policies. Drops of more than 4% were seen in Estonia, Hungary, Iceland, Italy, Sweden, Switzerland and the United States.

On average across the OECD countries, less investment was put into early education as compared to later years, with spending per child amounting to USD 6 800 at the preprimary level, USD 8 000 at the primary level, USD 9 000 at the secondary level and USD 13 500 at the tertiary level (Figure 4.13). These averages mask a broad range of expenditure per student by educational institutions across the OECD countries, varying by a factor of 9 at the pre-primary level, 11 at the primary level, 7 at the secondary level and 4 at the tertiary level.

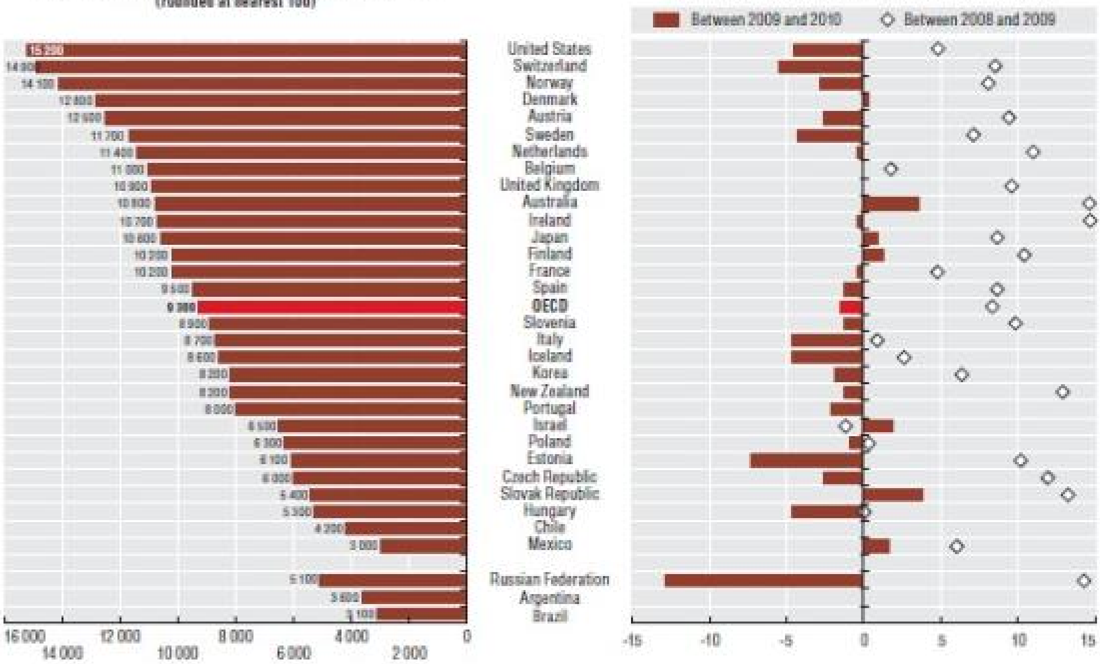
In 2010, public funding accounted for 84% of all funds for educational institutions, on average across the OECD countries (Figure 4.14). It varied from around 60% in Chile and Korea to over 95% in Finland and Sweden. The share of public funding decreased from 2000 to 2010. The decline was remarkable for tertiary institutions, from 76% in 2000 to 68% in 2010. This trend is mainly influenced by non-European countries, where tuition fees are generally higher and enterprises participate more actively in providing grants to finance tertiary education.

Argentina, Brazil and Russian Federation (emerging economies for which data are available) all had education spending comparable to the low-spending OECD countries (Figure 4.12, Panel A)…

4.12. Variation in per student education spending and decline in public spending in percentage of GDP between 2009 and 2010

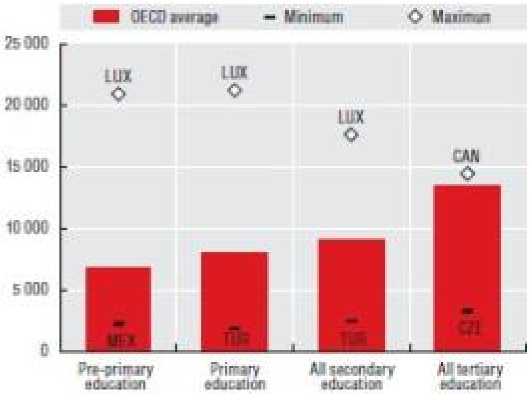
Panel A. Annual expenditure per student from primary through tertiary education, in USD at current prices and current PPPs in 2010 (rounded at nearest 100)

Panel B. Percentage change in public expenditure on educational institutions in percentage of GDP, for all levels of education



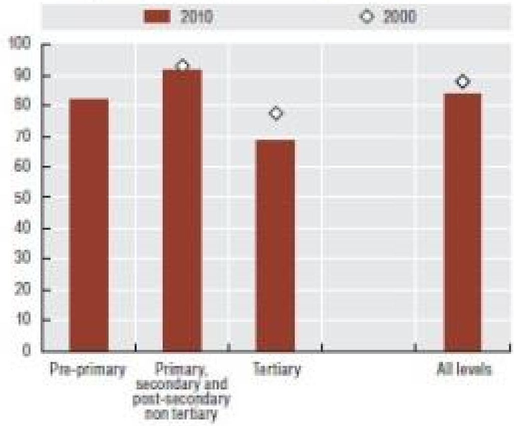
4.13. Spending per child increases with the level of education

Annual expenditure per student for all services, by level of education, in USD at current prices and current PPPs in 2010



4.14. The share of education public funding has fallen, particularly for tertiary institutions

Share of public expenditure on educational institutions, by level of education, OECD average, 2010 and 2000



Source: OECD (2013), *Education at a Glance 2013* (www.oecd.org/edu/eag.htm).

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Equity indicators

Income inequality

Income inequality is an indicator of how material resources are distributed across society. Some people consider that high levels of income inequality are morally undesirable. Others regard income inequality as harmful for instrumental reasons - seeing it as causing conflict, limiting co-operation or creating psychological and physical health stresses (Wilkinson and Pickett, 2009). Often the policy concern is focused more on the direction of change of inequality, rather than its level.

Income inequality varied considerably across the OECD countries in 2010 (Figure 5.1, Panel A). The Gini coefficient ranges from 0.24 in Iceland to approximately twice that value in Chile and Mexico. The Nordic and central European countries have the lowest inequality in disposable income while inequality is high in Chile, Israel, Mexico, Turkey and the United States. Alternative indicators of income inequality suggest similar rankings. The gap between the average income of the richest and the poorest 10% of the population was almost 10 to 1 on average across OECD countries in 2010, ranging from 5 to 1 in Denmark, Iceland and Slovenia to almost six times larger (29 to 1) in Mexico.

Keeping measurement-related differences in mind, emerging countries have higher levels of income inequality than OECD countries, particularly in Brazil and South Africa. Comparable data from the early 1990s suggest that inequality increased in Asia, decreased in Latin America and remained very high in South Africa.

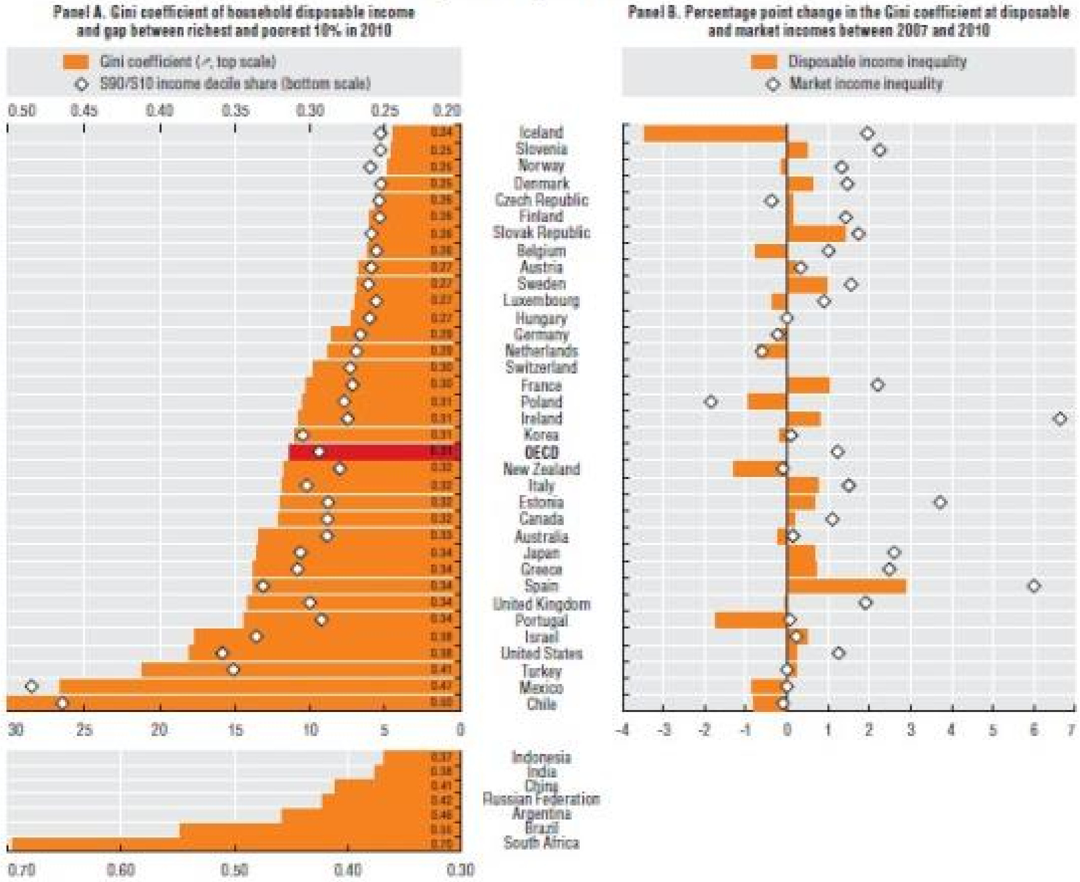
The distribution of income from work and capital (market income, pre-taxes and transfers) widened considerably during the first phase of the crisis. Between 2007 and 2010, market income inequality rose by 1 percentage point or more in 18 OECD countries (markers in Figure 5.1, Panel B). The increase was particularly large in Estonia, Greece, Ireland, Japan and Spain, but also in France and Slovenia. On the other hand, market income inequality fell in Poland and, to a smaller extent, in the Netherlands.

The distribution of income that households "take home" (disposable income, post-taxes and transfers) remained unchanged on average, due to the effect of cash public transfers and personal taxes. Between 2007 and 2010, the Gini coefficient for disposable income remained broadly stable in most OECD countries (bars in Figure 5.1, Panel B).

It fell the most in Iceland, New Zealand, Poland and Portugal, and increased the most in France, the Slovak Republic, Spain and Sweden. Overall, the welfare state prevented inequality from going from bad to worse during the first phase of the crisis.

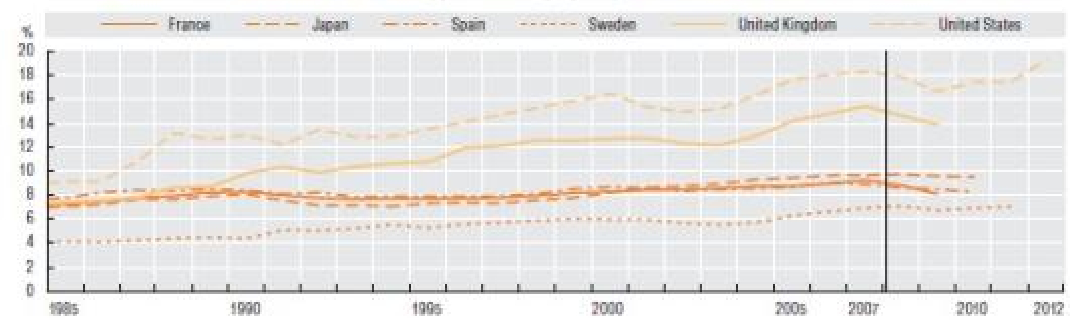
Income inequality increased especially at the top of the distribution: the share of pre-tax income of the top 1% earners more than doubled their share from 1985 to 2010 in the United Kingdom and the United States (Figure 5.2). In Spain and Sweden, the data show a clear upward trend albeit less marked than in English-speaking countries. The upward tendency is also less marked in France, Japan and most continental European countries. Overall, the economic 2007/08 crisis has brought about a fall in top income shares in many countries, but this fall appears to be of a temporary nature…

5.1. Large differences in levels of income inequality and market income inequality rose considerably during the first years of the crisis



5.2. Top 1% income share differs widely over time and across OECD countries

Share of pre-tax income going to top 1% earners



Source: OECD Income Distribution Database (www.oecd.org/social/inequality.htm), except top 1% income shares from World Top Incomes Database.

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Poverty

Poverty rates measure the share of people at the bottom end of the income distribution. Often a society's equity concerns are greater for the relatively disadvantaged. Thus poverty measures generally receive more attention than income inequality measures, with greater concerns for certain groups like older people and children, since they have no or limited options for working their way out of poverty.

The average OECD relative poverty rate in 2010 was 11% for the OECD (Figure 5.3, Panel A). Poverty rates were highest at above 20% in Israel and Mexico, while poverty in the Czech Republic and Denmark affected only about one in 20 people. Anglophone and Mediterranean countries and Chile, Japan and Korea have relatively high poverty rates.

The initial phase of the crisis had a limited impact on relative income poverty (i.e. the share of people living with less than half the median income in their country annually).

Between 2007 and 2010, poverty increased by more than 1 percentage point only in Italy, the Slovak Republic, Spain and Turkey (bars in Figure 5.3, Panel B). Over the same period, it fell in Chile, Estonia, Portugal and the United Kingdom, while changes were below 1 percentage point in the other OECD countries.

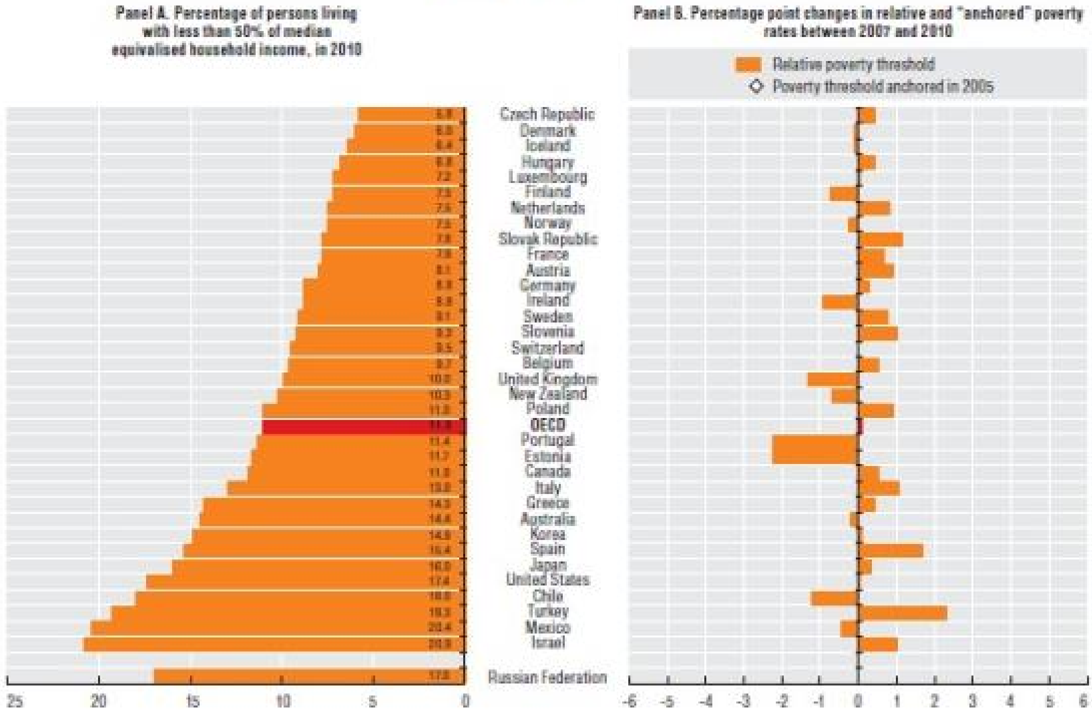
By using an indicator which measures poverty against a benchmark "anchored" to half the median real incomes observed in 2005 (i.e. keeping constant the value of the 2005 poverty line), recent increases in income poverty are much higher than suggested by "relative" income poverty. This is particularly the case in Estonia, Greece, Iceland, Ireland, Italy, Mexico and Spain ("diamond" symbols in Figure 5.3, Panel B). While relative poverty did not increase much or even fell in these countries, "anchored" poverty increased by 2 percentage points or more between 2007 and 2010, reflecting disposable income losses of poorer households in those countries. Only in Belgium, Germany, Israel and Poland did "anchored" poverty fall at the same time as relative poverty stagnated or increased.

Households with children and youth were hit particularly hard during the crisis. Between 2007 and 2010, average relative income poverty in OECD countries rose from 12.8 to 13.4% among children (0-18) and from 12.2 to 13.8% among youth (18-25). Meanwhile, relative income poverty fell from 15.1 to 12.5% among the elderly. This pattern confirms the trends described in previous OECD studies, with youth and children replacing the elderly as the group at greater risk of income poverty across the OECD countries.

Since 2007, child poverty increased considerably in 16 OECD countries, with increases exceeding 2 percentage points in Belgium, Hungary, Italy Slovenia, Spain and Turkey (Figure 5.4). On the other hand, child poverty fell by more than 2 percentage points in Portugal and the United Kingdom. At the same time, youth poverty increased considerably in 19 OECD countries.

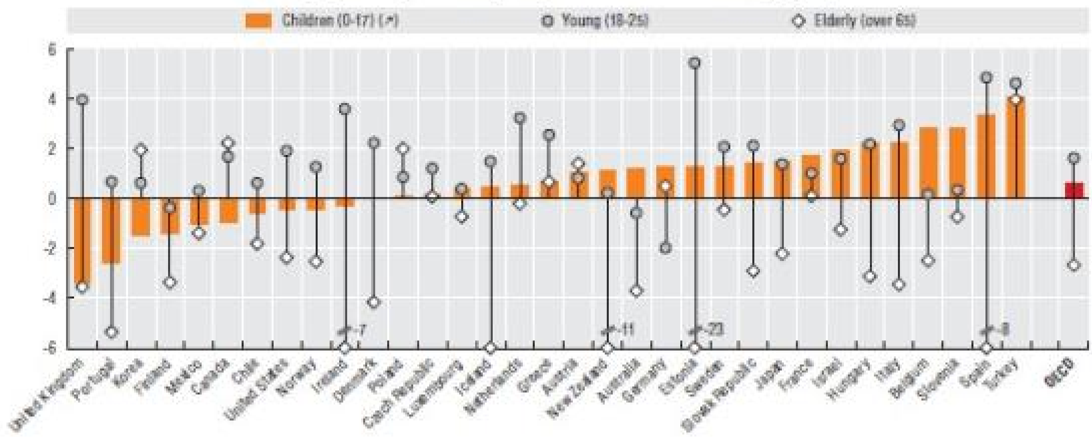
In contrast to other age groups, the elderly have been relatively immune to rises in relative income poverty during the crisis. In the three years prior to 2010, poverty among the elderly fell in 20 out of 32 countries, and increased by 2 percentage points or more only in Canada, Korea, Poland and Turkey. This partly reflects the fact that old age pensions were less affected by the recession. In many countries (at least until 2010), pensions were largely exempted from the cuts implemented as part of fiscal consolidation…

5.3. Large differences in levels of relative poverty and the evolution of poverty differs if the threshold is "anchored" at the time of the crisis



5.4. Poverty rose among children and youth and fell among the elderly

Percentage point changes in relative poverty rates between 2007 and 2010 by age group



Source: OECD Income Distribution Database (www.oecd.org/social/income-distribution-database.htm).

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Living on benefits

Most OECD countries operate transfer programmes that aim at preventing extreme hardship and employ a low income criterion as the central entitlement condition. These guaranteed minimum-income benefits (GMI) provide financial support for low-income families and aim to ensure an acceptable standard of living. As such, they play a crucial role as last-resort safety nets, especially during prolonged economic downturns when long-term unemployment rises and increasing numbers of people exhaust their entitlements for unemployment benefits.

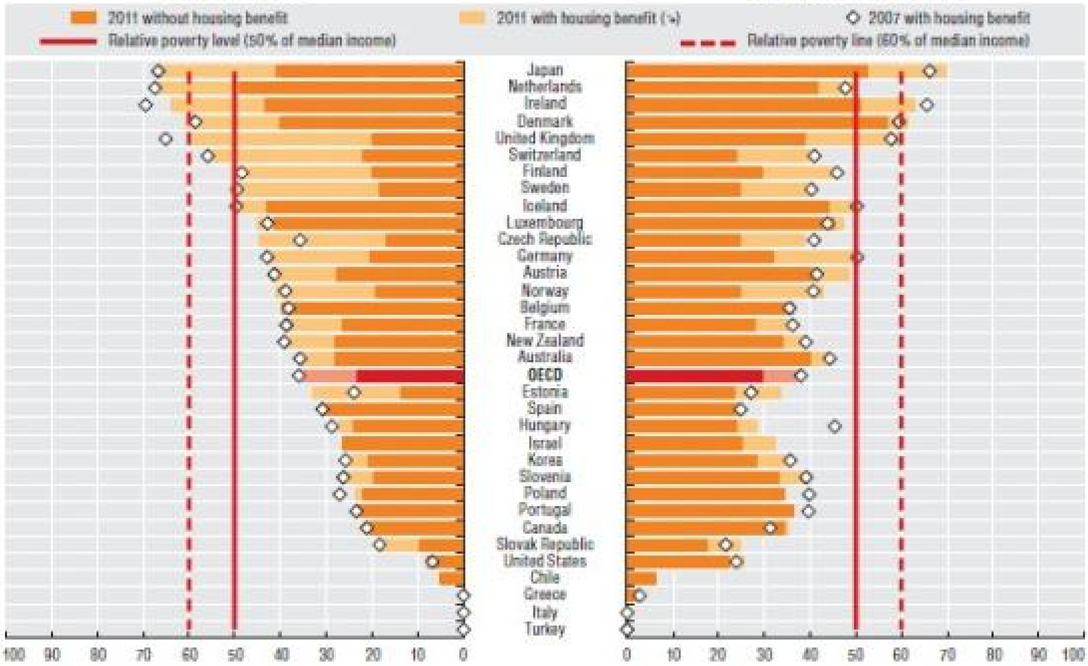
In a large majority of OECD countries, incomes for the long-term unemployed are much lower than for the recently unemployed (Figure 5.6). Making GMI benefits more accessible is key to maintaining a degree of income security for the long-term unemployed. In addition, rising numbers of people who have neither a job nor an unemployment benefit means that the generosity of GMI benefits is likely to receive more public attention.

Benefits of last resort are sometimes significantly lower than commonly used poverty thresholds (Figure 5.5). Poverty avoidance or alleviation is primary objectives of GMI programmes. When comparing benefit generosity across countries, a useful starting point is to look at benefit levels relative to commonly used poverty thresholds. The gap between benefit levels and poverty thresholds is very large in some countries. In a few countries there is no generally applicable GMI benefit (Greece, Italy and Turkey). For GMI recipients living in rented accommodation, housing-related cash benefits can provide significant further income assistance, bringing overall family incomes close to or somewhat above the poverty line (Denmark, Ireland, Japan and the United Kingdom). However, family incomes in these cases depend strongly on the type of housing, the rent paid and also on the family situation. In all countries, income from sources other than public transfers is needed to avoid substantial poverty risks.

On average across OECD countries, GMI benefit levels have changed little since the onset of the economic and financial crisis. The real value of these benefits was largely the same in 2011 as in 2007. Most countries, including those with significant fiscal consolidation programmes, have so far not reduced benefit levels for the poorest. However, at the same time, countries that were especially hard-hit by the crisis and where GMI were non-existent or very low, have not taken major measures to strengthen benefit adequacy (Greece, Italy, Portugal, Spain and the United States)…

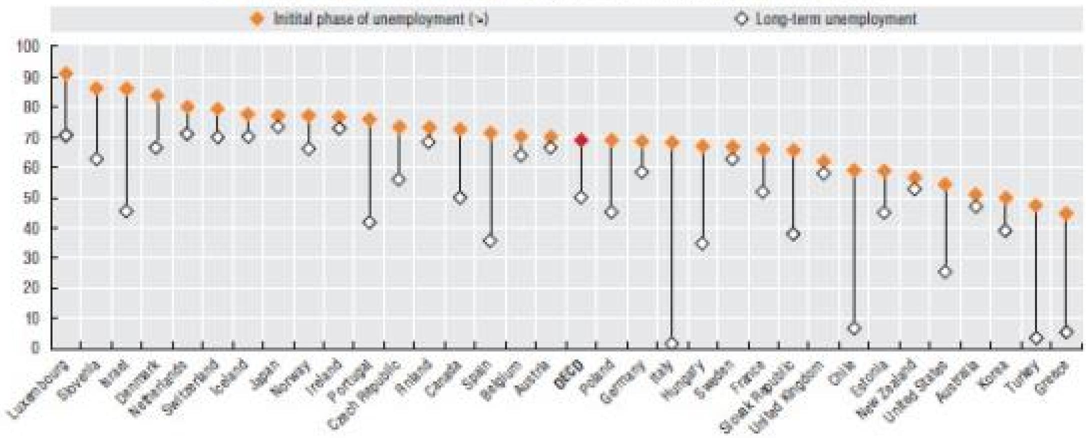
5.5. Minimum-income benefits alone cannot typically prevent income poverty

Net income level provided by cash minimum-income benefit, including housing assistance or not, in percentage of median household income



5.6. In most countries, benefit incomes decline significantly for people with long unemployment spells

Overall net replacement rates: Net income while out of work in percentage of net income in work, 2011



Source: OECD Tax-Benefit Models (*www.oecd.org/els/social/workincentives*).

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Social spending

In 2012-13, public social spending averaged an estimated 21.9% of GDP across the 34 OECD countries (Figure 5.7, Panel A). In general, public spending is high in continental and northern European countries, while it is below the OECD average in most countries in Eastern Europe and outside Europe. Belgium, Denmark, Finland and France spent more than 30% of GDP on social expenditures. By contrast, Korea and Mexico spent less than 10% of GDP. Social spending in the emerging economies in the late 2000s was lower than the OECD average, ranging from around 2% in Indonesia to about 15-16% in Brazil and the Russian Federation (Figure 5.7, Panel A).

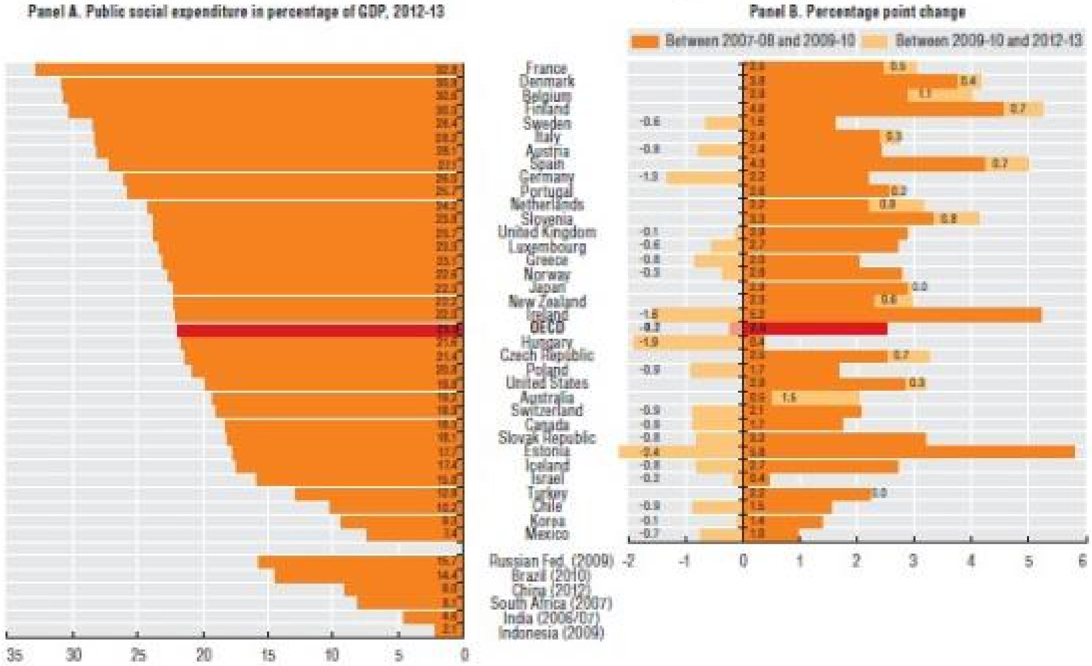
Public social spending in per cent of GDP increased in all OECD countries with the exception of Hungary from 2007-08 to 2012-13 (Figure 5.7, Panel B). The growth fully took place during the period 2007-08, as a response to increased unemployment and other consequences of the economic crisis. In this initial phase, Estonia and Ireland had the strongest increase in expenditure shares. From 2009-10 to 2012-13, fiscal consolidation reduced public social spending. Nearly two-thirds of the OECD countries reduced social spending in this period. The real drop in public social spending in some countries is larger than indicated by change in the shares of GDP, since the level of GDP also fell. Indeed in some countries, the rise of the ratio of public social spending in GDP is explained largely by the fact that GDP declined.

On average in the OECD, pensions, health services and income support to the working-age population and other social services each amount to roughly one-third of the total expenditures. In a majority of OECD countries, pensions are the largest expenditure area (Figure 5.8). In Anglophone countries and most other countries outside of Europe, health dominates public social expenditure. In a few countries, such as Denmark, Ireland and Norway, the largest share is devoted to income support of the working age population.

Accounting for the impact of taxation and private social benefits (Figure 5.8) leads to a convergence of spending-to-GDP ratios across countries. Net total social spending is 22-28% of GDP in many countries. It is even higher for the United States at 29% of GDP, where the amount of private social spending and tax incentives is much larger than in other countries.

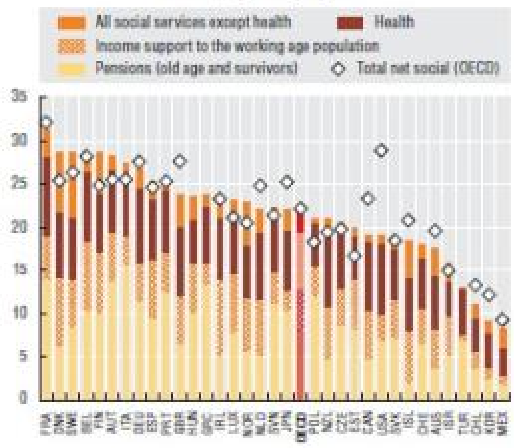
In Europe, people seem to be most satisfied with the health care provisions and less satisfied with the pension provisions, unemployment benefits and the way inequality and poverty are addressed (Figure 5.9). Satisfaction with health care provisions is highest in Belgium, Luxembourg and the Netherlands and lowest in Greece and Poland. Satisfaction with pension provisions is highest in Austria, Luxembourg and the Netherlands and lowest in Greece and Poland. Satisfaction with how inequality and poverty are addressed is in general quite low…

5.7. Social expenditure increased during the crisis



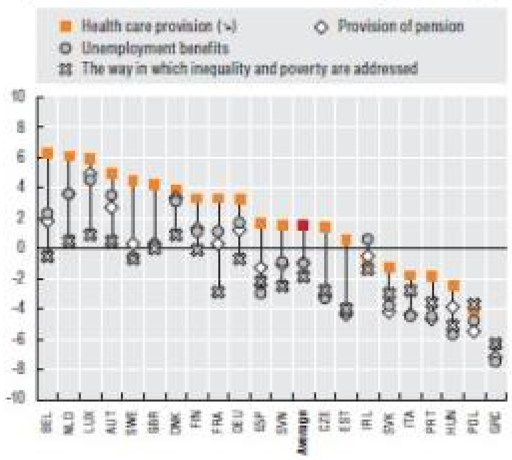
5.8. Most spending goes to pensions and health

Public social spending by broad policy area and total net social spending, in 2009, in percentage of GDP



5.9. Satisfaction with welfare state performance varies across European countries

Eurobarometer index on satisfaction for selected areas, 2012 (a neutral index is an index score close to 0 on a scale from -10 to 10)



Source: OECD Social Expenditures Database (SOCX); OECD Employment Outlook 2013; Instituto de Pesquisa Econômica Aplicada (IPEA), Brazil; Asian Development Bank (ADB-SPI); World Health Organization (WHO); European Commission (2012) (http://ec.europa.eu/public_opinion/index_en.htm).

StatLink http://dx.doi.org/10.1787/888932966523

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.

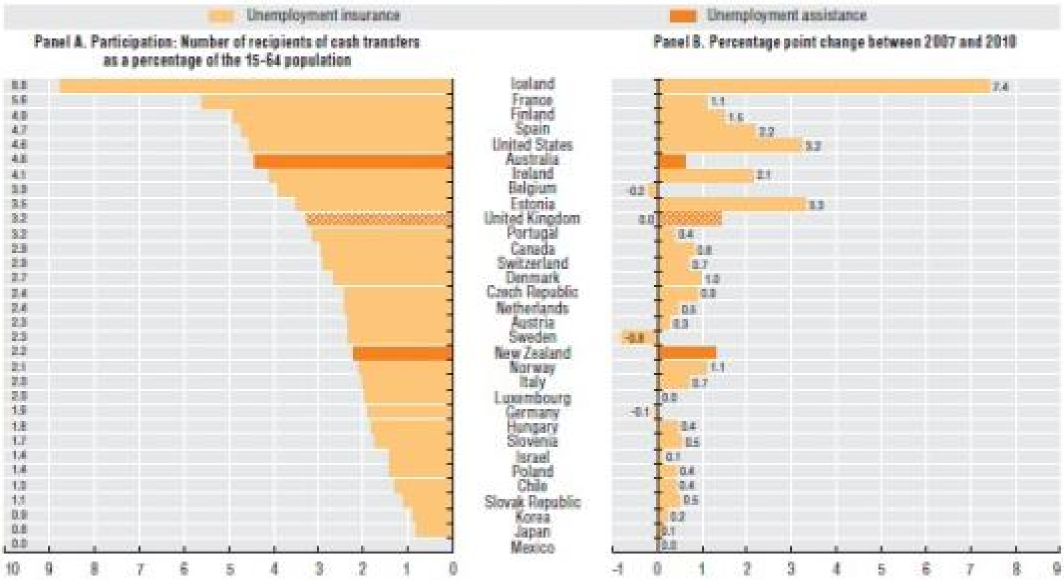
The large variation in the numbers in part reflects labour market conditions and partly the design of social benefit systems. Low participation in unemployment insurance programmes reduces coverage among the unemployed. An example is Chile, where unemployment insurance is organised as an individual saving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

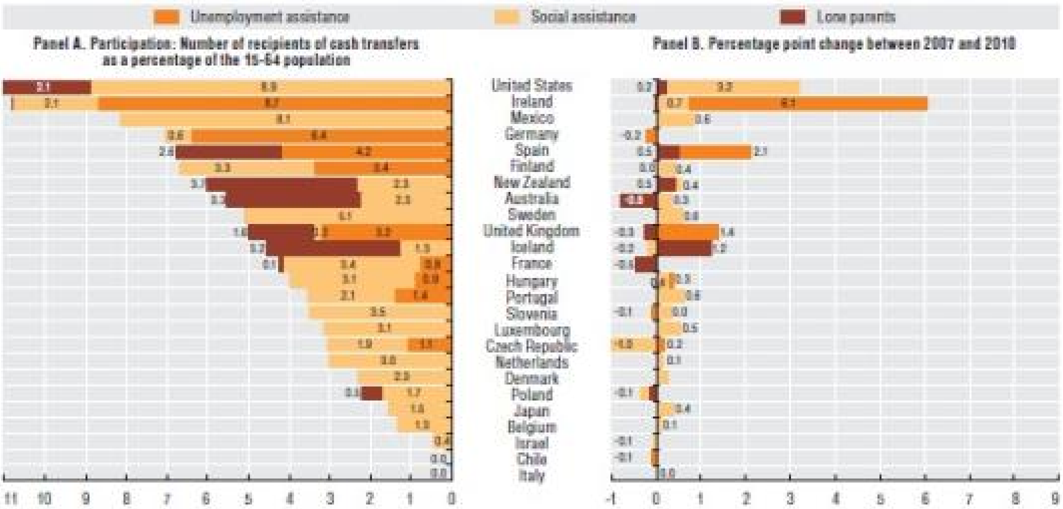
Receipt of secondary out-of-work benefits generally increased by much less between 2007 and 2010 (Figure 5.11, Panel B). Rising long-term unemployment and increasing joblessness among people without access to insurance benefits led, however, to a substantial rise in Ireland and Spain (unemployment assistance), 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, and 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…

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

Paper - La era de la desigualdad (¿consecuencia directa del "imperialismo monetario"?) - Parte III

- Informes de organismos internacionales - Primer trimestre del año 2014 (Selección de párrafos, tablas y cuadros, vinculados con la desigualdad de ingresos)

Anexo:
Historias del presente (las caras del dolor)

Informe Save the Children - 2.826.549 razones - La protección de la infancia frente a la pobreza: un derecho, una obligación y una inversión - 30 de enero de 2014

1. **Introducción**

La situación de pobreza en la que se encuentran más de dos millones y medio de niños y niñas en España es una situación sobre la que alertan casi a diario las organizaciones sociales y los medios de comunicación.

En los últimos años, la coyuntura económica de crisis ha expuesto a muchas familias a una disminución de sus ingresos, algo que ha disparado todos los indicadores de pobreza y exclusión social a niveles alarmantes. Particularmente grave es el hecho de que más de un 30% de la población menor de 18 años se encuentre en riesgo de pobreza o exclusión social, lo que convierte a los niños y las niñas en el grupo de edad más vulnerable frente a la pobreza actualmente.

En este informe, Save the Children analiza cómo esta situación de pobreza o exclusión social que cuantifican los datos estadísticos se materializa en la vida cotidiana de los niños y las niñas. Señala el modo en que la situación de pobreza se erige en un serio obstáculo, en ocasiones insalvable, para el disfrute y ejercicio de derechos esenciales reconocidos en la Convención sobre los Derechos del Niño. Plantea, en definitiva, observar la situación de pobreza infantil en España desde una perspectiva de derechos de infancia.

Para ello resulta fundamental entender lo que nos dicen los datos y estadísticas oficiales, así como las diferentes organizaciones sociales que intervienen ante la pobreza y exclusión social sobre la situación de pobreza infantil. Pero, sobre todo, atender a cómo nos describen su situación las familias, los niños y las niñas, así como los profesionales que trabajan con ellos.

La pobreza infantil no es simplemente un índice alarmante de insuficiencia o falta de recursos económicos. Es el contexto en el que Lucas, Eva, Javier, María, Ana, Andrea, Hugo, Lara, Carlos, Cristina, Miguel y Manolo viven su infancia, crecen y se preparan para su vida adulta.

Lucas, Eva, Javier, María, Ana, Andrea, Hugo, Lara, Carlos, Cristina, Miguel y Manolo son ciudadanos del presente y actores clave del futuro de este país, cuya sociedad debe tomar conciencia a todos los niveles (gubernamental, legislativo, judicial, empresarial, asociativo e individual) de la gravedad de que vean limitada la realización de sus derechos.

La sociedad en su conjunto debe ser consciente de la necesidad de adoptar medidas efectivas para paliar la actual situación garantizando el respeto, promoción y protección de los derechos reconocidos a todos los niños y las niñas en la Convención sobre los Derechos del Niño.

El Estado -los poderes y administraciones públicas- tiene la obligación de actuar como garantes de la plena realización de estos derechos de los que son titulares los niños y las niñas, una obligación adquirida a nivel internacional, definida en los tratados de Derechos Humanos. Sin embargo, su actuación ante la actual coyuntura económica antepone a esta obligación el cumplimiento con las exigencias de las instituciones financieras nacionales e internacionales. Las políticas "de austeridad" están agravando considerablemente la situación al restringir, aún más, la ya limitada capacidad del modelo de protección social para dar una respuesta adecuada a las necesidades de niños, niñas y familias en una situación económica desfavorable. Además, en este mismo sentido se están llevando a cabo una serie de reformas estructurales de las políticas y servicios sociales que resultan preocupantes porque anteponen la eficiencia económica del modelo a la mayor garantía posible de los derechos de la población en general, y de los niños y las niñas en particular.

Abordar la situación en la que viven actualmente Lucas, Eva, Javier, María, Ana, Andrea, Hugo, Lara, Carlos, Cristina, Miguel y Manolo, entre los más de dos millones y medio de niños y niñas que se encuentran en riesgo de pobreza y exclusión social en España, requiere la adopción de medidas urgentes que garanticen el disfrute de todos los derechos reconocidos en la Convención sobre los Derechos del Niño.

(Nombres ficticios para proteger la identidad de los niños, las niñas y sus familias)

"¿De verdad las cosas funcionan así? ¿Yo calculo mal al tomar una decisión, entonces todo cambia y empieza a torcerse… y son mis hijos de 11 y 4 años quienes pagan por ello?"

Carmen, madre de Lucas y Eva

"Mamá, cuando tengas trabajo, si te queda dinero, si puedes, me gustaría que me compraras…"

María, 7 años

"Lo ideal sería que mi madre encontrase trabajo, y que mejorara, estuviese más feliz… que no se matase tanto en buscarse la vida"

Ana, 16 años

"Toma mamá, estos 30 euros del premio son para que pagues la factura del agua"

Lara, 11 años

"La crisis, claro que afecta a las personas, y a mí, y a todos, hay mucha gente que no trabaja y que no tienen qué comer ni ropa para vestirse"

Cristina, 12 años

“Dado que la mayoría de los que viven en la pobreza son niños, y que la pobreza en la infancia es una causa básica de pobreza en la vida adulta, los derechos de los niños deben tener prioridad. […] A fin de erradicar la pobreza, los Estados deben adoptar medidas inmediatas para combatir la pobreza en la infancia”

Magdalena Sepúlveda Carmona, Relatora Especial sobre Pobreza Extrema y Derechos Humanos

“(No) proteger a los niños de la pobreza es uno de los errores más costosos que puede cometer una sociedad. Son los propios niños quienes asumen el mayor de todos los costos, pero también sus países deben pagar un muy alto precio por su error: menor nivel de competencias y productividad, menor nivel de logros en materia de salud y educación, mayor probabilidad de desempleo y dependencia de la seguridad social, mayor costo de los sistemas de protección judicial y social, y pérdida de cohesión social. Por tanto, salvo en un enfoque de muy corto plazo, los argumentos económicos sustentan la protección de los niños contra la pobreza”.

Centro de Investigaciones Innocenti. UNICEF.

“El Comité de Derechos del Niño recomendó expresamente a España “que redoble sus esfuerzos por prestar la asistencia adecuada a los padres y tutores legales en el ejercicio de sus responsabilidades relacionadas con la crianza, en particular a los de familias en situaciones de crisis debido a la pobreza, la falta de vivienda adecuada o la separación. También le recomienda que vele por que se satisfagan las necesidades de todos los niños y que adopte todas las medidas necesarias para asegurar que ningún grupo de niños viva por debajo del umbral de la pobreza. El Comité recomienda igualmente al Estado parte que refuerce el sistema de prestaciones familiares y por hijo para apoyar a los padres y los niños en general y que preste apoyo adicional a las familias monoparentales, las que tienen muchos hijos y aquellas cuyos padres están desempleados”

En el caso de España la tasa de riesgo de pobreza o exclusión social de menores de 18 años se situaba en 2012 en el 33.8%, lo que en números absolutos supone **2.826.549 niños y niñas viviendo en riesgo de pobreza y exclusión social.**

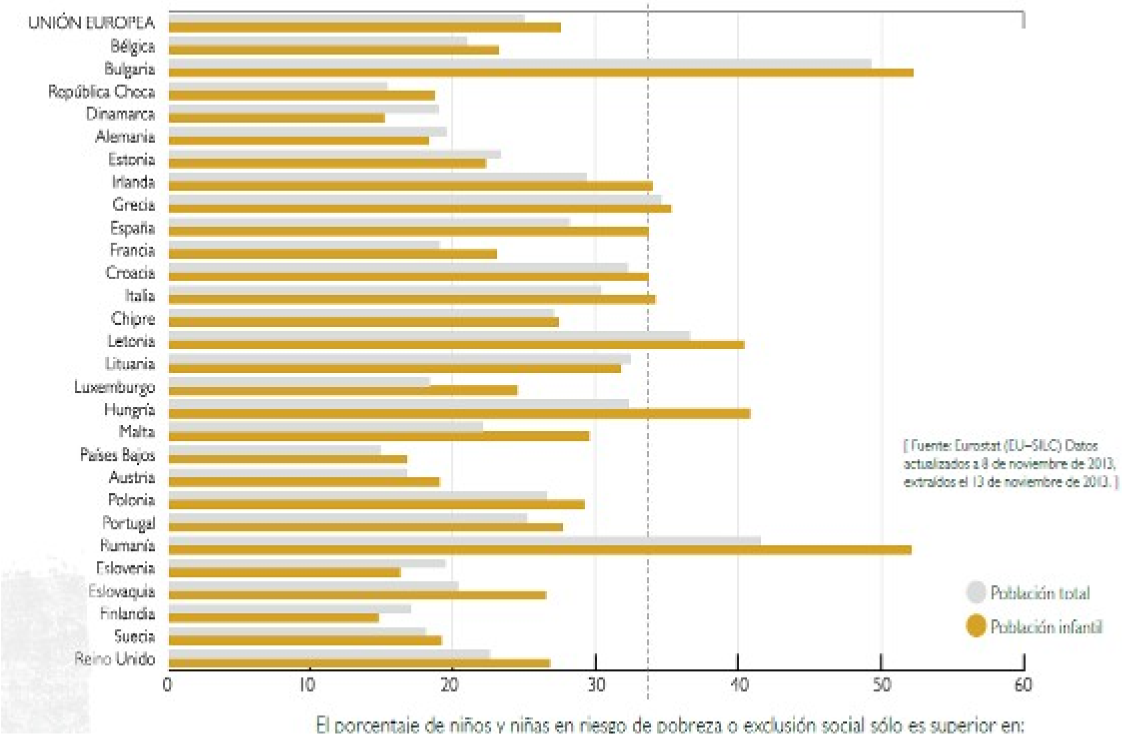
El porcentaje de niños y niñas en riesgo de pobreza o exclusión social sólo es superior en: Bulgaria 52.3%, Rumanía 52.2%, Hungría 40.9%, Letonia 40.5%, Grecia 35.4%, Italia 34.3%, Irlanda 44 37.6%. El octavo mayor de los 28 países miembro de la Unión Europea.

Es importante recordar de nuevo que en Eurostat las cifras de riesgo de pobreza y exclusión social identifican a los menores de 18 años como grupo de edad, mientras el Instituto Nacional de Estadística ofrece datos sobre menores de 16 años. En este sentido, los datos correspondientes a 2011 de menores de 16 años en riesgo de pobreza o exclusión social es del 29.9%.

De acuerdo con el Padrón continuo del Instituto Nacional de Estadística, el número de niños y niñas en España a 1 de enero de 2012 era de 8.362.305.

GRAFICO 2

Población total y población infantil en riesgo de pobreza o exclusión social en la Unión Europea en 2012



2 Datos

En España hay 8.362.305 niños y niñas.*

El 29.9%, es decir, 2.500.329 niños y niñas viven en hogares con ingresos bajo el umbral de pobreza relativa, y el 33.8%, es decir, 2.826.549 niños y niñas viven en riesgo de pobreza o exclusión social.

Entre las familias monoparentales, el 45.6% de los niños y las niñas viven en riesgo de pobreza o exclusión social.

Entre las familias cuyos padres no alcanzaron la educación secundaria, el 57.6% de los niños y las niñas viven en riesgo de pobreza o exclusión social.

Entre las familias en las que al menos uno de los progenitores es de origen extranjero, el 49.2% de los niños y las niñas viven en riesgo de pobreza relativa.

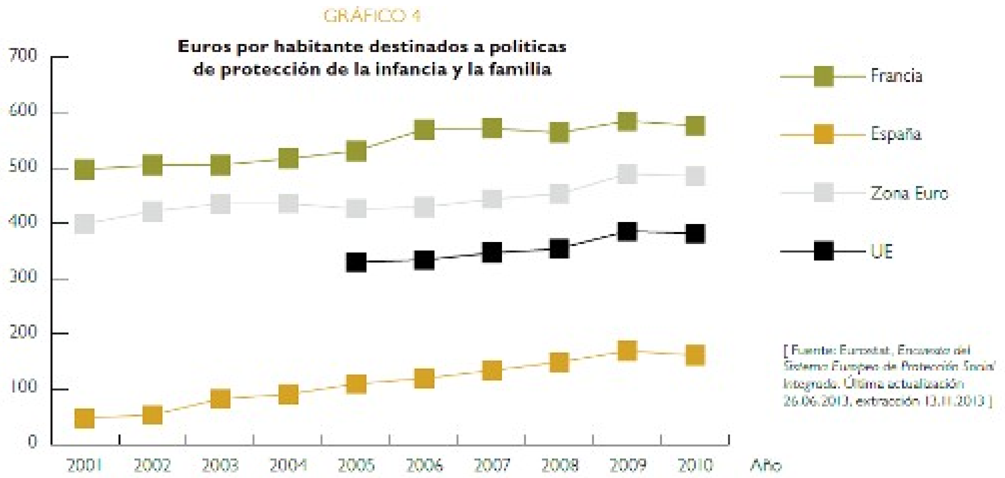
(*) Datos a 1 de enero de 2012 según el padrón continuo del Instituto Nacional de Estadística. El resto de datos que aparecen en esta sección han sido obtenidos de Eurostat, Encuesta sobre Ingresos y Condiciones de Vida. (Datos actualizados el 8 de noviembre de 2013, extraídos el 13 de noviembre de 2013)

La siguiente tabla refleja la tasa de niños y niñas bajo el umbral de pobreza relativa en la Unión Europea, la Zona Euro, España y Francia antes y después de las prestaciones o transferencias sociales:

Área/País	Tasa de niños y niñas bajo el umbral de pobreza relativa (%)						Diferencia		
	antes de las transferencias sociales			después de las transferencias sociales			2010 – 2011 – 2012		
	2010	2011	2012	2010	2011	2012			
UE	37.1	37	35.2	20.5	20.5	21.4	16.6	16.5	13.8
Zona €	36.4	36.1	33.8	19.8	19.7	20.6	16.6	16.4	13.2
España	38.8	39	38.6	29.2	29.5	29.9	9.6	9.5	8.7
Francia	37.8	37.2	35.3	17.9	18.8	19	19.9	18.4	16.3

[Fuente: Eurostat, Encuesta de condiciones de vida. Última actualización 30.10.2013, extracción 4.11.2013]

Esta diferencia en la efectividad de las transferencias sociales para la reducción de la pobreza puede explicarse a partir del siguiente gráfico:



3 **Recomendaciones**

El Gobierno Central en colaboración con los Gobiernos Autonómicos deben poner en marcha de manera coordinada y con urgencia una serie de medidas destinadas a:

1. Promover un mejor conocimiento de la situación de pobreza infantil en España
2. Acordar un marco común para garantizar plenamente la realización de los derechos de los niños y las niñas en todo el territorio nacional
3. Aumentar la transparencia de la información relativa a los recursos públicos destinados por cada administración
4. Elaborar y aprobar un Plan Nacional de Acción para la Inclusión Social 2013-2016
5. Elaborar y aprobar un Plan de Apoyo a las Familias que tomando como referencia las medidas de la recomendación de la Comisión Europea “Invertir en la Infancia: romper el ciclo de las desventajas”
6. Aprobar una Ley marco de Servicios Sociales que garantice la realización y prestación de los servicios recogidos en el Catálogo de Referencia de Servicios Sociales

7. Reforzar el sistema de prestaciones de la Seguridad Social destinadas a la protección de las familias
8. Reforzar la protección a los deudores hipotecarios, reestructuración de deuda y alquiler social
9. Medidas urgentes para garantizar la sostenibilidad del Sistema Nacional de Salud y mejorar la calidad y seguridad de sus prestaciones
10. Medidas urgentes de racionalización del gasto público en el ámbito educativo
11. Establecer una salvedad que garantice que la concesión de las becas escolares
12. Garantizar la plena disponibilidad y acceso a todos los materiales y actividades educativas necesarias
13. Garantizar el derecho de todos los niños y todas las niñas a crecer en su entorno familiar sin que los motivos económicos puedan motivar la separación del núcleo familiar.

Oxfam Media Briefing - A Tale of Two Britains - 17 de marzo de 2014

The gap between rich and poor is growing- income and wealth are concentrated at the top while those at the bottom face increasingly hard times

Inequality is a growing problem in the UK. Whilst austerity measures in Britain continue to hit the poorest families hardest, a wealthy elite have seen their incomes spiral upwards, exacerbating income inequality which has grown under successive governments over the last quarter of a century.

Since the mid-1990s the incomes of the top 0.1 percent have grown almost 4 times faster than the incomes of the bottom 90 percent of the population. In real terms, that means the richest 0.1 percent have seen their income grow by more than £ 461 a week, the equivalent of over £ 24,000 a year. That's enough to buy a small yacht or a sports car. By contrast the bottom 90 per cent have experienced a real terms increase of only £ 147 a year -insufficient to insure a family car. That equates to £ 2.82 a week- the average cost of a large cappuccino.

Today, the five richest families in the UK are wealthier than the bottom 20 per cent of the entire population. That's just five households with more money than 12.6 million people -almost the same as the number of people living below the poverty line in the UK. The extreme levels of wealth inequality occurring in Britain today threaten to exclude the poorest, whose standards of living are being squeezed as they are hit by increasing costs for basics like food and energy bills and cuts to services and support when they are most needed.

Starting with this week's Budget, the Government needs to re-balance the books by raising revenues from those who can afford it -by clamping down on companies and individuals who avoid paying their fair share of tax and starting to explore greater taxation of extreme wealth- rather than relying on cuts to services that disproportionately impact on the poorest in society, some 13 million people who are currently classed as living below the poverty line.

Britain in the 21st Century is a deeply divided nation. Whilst a handful of people at the top have never had it so good, millions of families are struggling to make ends meet. Growing numbers of Britons are turning to charity-run food-banks, yet at the same time the highest earners in the UK have had the biggest tax cuts of any country in the world. And whilst low-paid workers are seeing their wages stagnate, the super-rich are seeing their pay and bonuses spiral up.

Oxfam's new figures show just how stark the divide between Britain's richest and the rest is.

- The most affluent family in the UK (Gerald Cavendish Grosvenor and family), have more wealth than the poorest 10 percent of the population, 6.3 million people (£ 7.9 and £ 7 billion respectively).

- The richest 5 families in Britain are wealthier than the bottom 20 percent of the population in the UK (with a wealth of £ 28.2 billion and £ 28.1 billion respectively).

- Incomes for the bottom 90 percent increased by 27 percent between 1993 and 2011. Incomes for the richest 0.1 percent increased by 101 percent over the same time period. In other words, the incomes of the top 0.1 percent have grown almost 4 times faster than for the bottom 90 percent of the population.

- Once you factor in increases in the cost of living over the last ten years, then the real squeeze for the majority of Britons becomes apparent as does the divide between those at the top and the rest. Since 2003 the majority of the British public (95 percent) have seen a 12 percent real terms drop in their disposable income (after housing costs), whilst the richest 5 percent of the population have seen their disposable income increase.

Oxfam's analysis: numbers and methodology

Oxfam used the latest list of billionaires from Forbes released on March 4, 2014 to calculate the accumulated wealth of the richest families in Britain and data from Credit Suisse Global Wealth Databook to calculate the wealth of the bottom 10 and 20 percent of the population.

To calculate changes in income since 1993 (the earliest year with comparable data on income), Oxfam used the Top Income Database. For the changes in income for 95 percent of the population after housing costs, Oxfam used data from the Family Resources Survey 2002-2003 to 2011-2012 (data for which the survey has comparable methodology) as reported by the Institute For Fiscal Studies' "Living Standards, Poverty and Inequality in the UK: 2013".

The richest and the rest - a global perspective

Economic inequality is far from being a UK only problem - a similar picture of a rapidly increasing gap between rich and poor can be seen in most countries across the globe. The entire wealth of the world is divided in two: almost half going to the richest 1 percent; the other half to the remaining 99 percent. *Working For the Few*, an Oxfam report published ahead of this year's World Economic Forum in Davos, revealed that the richest 85 people on the planet own the same amount between them as half the world's population -that's 3.5 billion people.

This widening inequality is creating a vicious circle where wealth and power are increasingly concentrated in the hands of a few, leaving the rest behind. Our report showed that increasing inequality is allowing the wealthy to capture government policymaking. This means the rules are constantly rewritten in favour of the rich, for example through policies such as like lower taxes for high earners.

Seven out of 10 people in the world live in countries where economic inequality has increased in the last 30 years.

Inequality has shot up the global agenda recently, with leaders and influential figures from President Obama to the Pope making the issue a key priority for 2014.

Taxing times

Tax evasion, by companies and individuals, costs the UK economy billions of pounds every year. The "tax gap"- the total amount of missing tax money the Treasury is owed - is estimated to be around £ 35 billion a year.

Of that tax gap, Oxfam estimates that at least £ 5.2 billion a year is being evaded by wealthy individuals who use tax havens. That's the equivalent of £ 200 a year for every single household in the UK.

The Government has made a good start on cracking down on tax evasion, including at the 2013 G8, but needs to continue to increase transparency and accountability -for instance with effective legislation on Beneficial Ownership- and ensure that HMRC are well resourced for the task.

Surviving on a shoestring

One in five people in the UK are living in poverty - cuts to social security and public services are combining with falling incomes and rising costs for basics like food and fuel bills to create a deeply damaging situation in which millions are struggling to get by. Although unemployment numbers are falling, the number of people in insecure jobs is on the rise and many are on wages that don't pay enough to make ends meet. For the first time, more working households are living in poverty in the UK than non-working ones. In 2012 just over half of the 13 million people in poverty were from working families.

Austerity policies are massively increasing poverty and inequality in the UK - damage that could take two decades or more to reverse. Our research suggests 800,000 children and an extra 1.9 million adults in the UK could be pushed into poverty by 2020. The unprecedented rise of over 500,000 Britons needing emergency aid from food banks is just one example among many of what poverty looks like in the UK. There is significant public concern about the lack of say ordinary people have in the changes that affect their lives. According to a recent Oxfam poll, more than two thirds of the British population thinks the rich have too much influence over where the country is headed.

Case Study: "The bills are going up but the money isn't"

Anna, 35, lives in Devon, with her partner Mike and their children. Mike works full time at an electronics company, whilst Anna is a stay at home mum.

"They've been laying off people at Mike's work at the minute, so he's constantly terrified that he's going to lose his job. He brings home between £ 1000 and £1100 a month. It's alright, but not great when you consider that our rent is £ 800 per month, it doesn't go very far at all. We get help with tax credits but it's getting harder and harder to pay the bills every month and not charge things on the credit cards. The bills are going up and the money isn't.

"Personally, I feel so strongly about how there is so much inequality in our society and it's getting worse. There are all these people looking down their noses at the 'undeserving poor' and it really makes me cross. We're being kept poor. We're being kept in a position where we aren't able to improve our lives.

"I mean who's the real scrounger? Someone who might get seventy pound per week because they haven't got a job, or someone who gets a ridiculous amount of money in bonuses after they bankrupted the country? I'd like to be able to earn a wage myself… there is no way for us to get out of this position until somebody does something about the cost of housing and other stuff. The people who can afford to pay for it are getting away scot free."

Why does Oxfam care about inequality?

Extreme economic inequality is damaging because of the negative impact it has on poverty reduction and overall prosperity. It multiplies social problems and compounds other inequalities such as those between men and women. In many cases extreme economic inequality causes unequal political representation: those with the most money are able to rig the rules, and influence government policy in their favour, often at the expense of everyone else.

For many workers across the globe, doing a day's work doesn't necessarily mean they earn enough to live on, and companies are making profits whilst workers' wages and conditions are not enough to live decent lives.

Whilst the opportunity to prosper is an important incentive that helps drive the economy and implies some level of inequality, even the International Monetary Fund's recent study finds that extreme income inequality undermines both the pace and sustainability of economic growth. The IMF also made the case that redistribution efforts -including progressive taxation and spending on health and education- are pro-growth.

In developed and developing countries alike we are increasingly living in a world where the lowest tax rates, the best health and education and the opportunity to influence are being given not just to the rich but also to their children.

For decades, Oxfam has worked to increase access to high-quality health care and education. Despite great progress, millions of families in the poorest countries are not able to send their children to school or pay for healthcare should anyone fall sick. Governments don't have the money to pay for these basic essential services - not because the money isn't there, but because the richest and most powerful aren't paying their fair share.

While many rich people use a portion of their wealth to support individual good causes, this should not be used as an excuse for governments failing to tackle the problem of growing inequality.

Oxfam's call to action

All parties need to focus on reducing inequality and consider how they will:

Tackle unfair tax rules to combat inequality and ensure those who can afford it are paying their fair share: Clamp down on tax dodgers by improving transparency and accountability standards in global and UK tax rules and increasing government capacity to tackle tax evasion.

Look at ways of raising revenue through progressive taxation and balancing the books on the shoulders of those who can afford it: In particular, the Government should implement a financial transactions tax to ensure the financial sector contributes its fair share, and focus on the greater taxation of wealth, by exploring things like a land value tax.

Ensure that the strategy to reduce the deficit does not hitting the poorest hardest: Use the revenue from more progressive taxation to prevent long-term damage caused by cuts to social security and public services. Support women and parents to be part of the country's return to growth through the provision of universal affordable childcare.

Ensure that work really pays for the poorest: Outline a long-term strategy for raising the minimum wage to a living wage, using tools such as government procurement to promote a living wage. Ensure that increasing the tax allowance really works for the poorest by also increasing the earnings disregard by £ 200 per year.

Audit policy to ensure it is being designed to improve equality: We would like to see party manifestos include an analysis of the impact of their pledges on economic inequality in the UK.

As a first step, we are calling on the Government to continue taking tough action to tackle tax dodging as part of this week's Budget.

"La pobreza es muy dura porque te roba tus sueños y tus esperanzas"… "La pobreza no tiene pasaporte y nadie está a salvo"… Ante una situación de urgencia, pedimos medidas de urgencia: "**Esta situación no puede esperar a que mejore la economía**. **Lo que perdamos ahora con niños, no se puede recuperar más tarde",** sostiene la **ONG Save the Children.**

Paper - Los hijos del umbral de la pobreza (la niñez indigente en los países ricos) (Parte I)

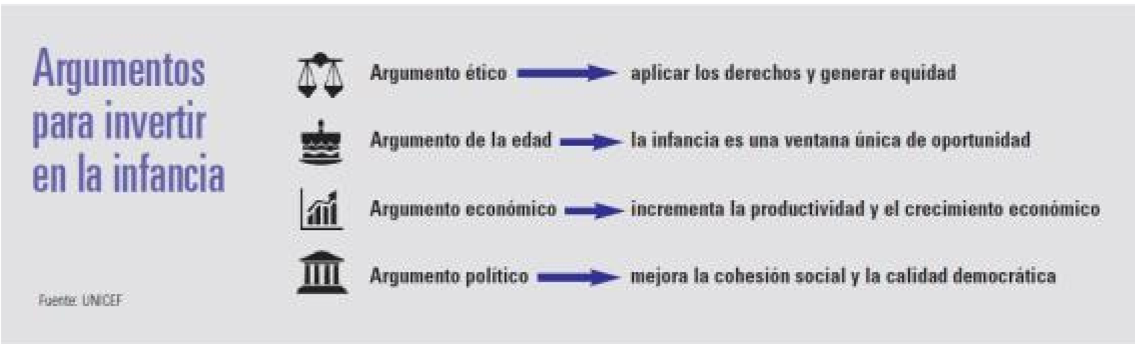
El valor social de los niños (en pecado original y con dinosaurios carnívoros) (Fuente: La infancia en España - UNICEF 2014)

Invertir en infancia es justo, es rentable, beneficia a todos, y es un elemento fundamental en el cumplimiento de los derechos de los niños y en la transformación de las sociedades.

Desde la aprobación de la Convención sobre los Derechos del Niño, el Comité de los Derechos del Niño, UNICEF y otras muchas organizaciones han venido defendiendo a escala mundial la importancia de la inversión en la infancia. La propia Convención en su artículo 4 compromete a los Estados a aplicar los derechos económicos, sociales y culturales de los niños “hasta el máximo de los recursos de que dispongan”, en el artículo 6 a garantizar su supervivencia y desarrollo, y en el artículo 27 a ayudar a los padres cuando sea necesario para garantizar un desarrollo y un nivel de vida adecuado de la infancia.

En línea con la CDN, la percepción del gasto social, de salud y educativo en los niños y niñas como una carga en los presupuestos públicos y para los ingresos privados debe ser revisada. Si hay un grupo social y generacional en el que la inversión en las personas tiene todavía más sentido es el de los niños y niñas.

Los argumentos son muchos, pero se pueden resumir en cuatro: éticos, relacionados con la edad, económicos y políticos (ver cuadro); pero uno de ellos en particular es específico de los niños, y es el que tiene que ver con los efectos irreversibles que incluso las privaciones temporales que experimentan los niños pequeños pueden tener en sus capacidades futuras y, a su vez, en las perspectivas de futuro de una nación. Las intervenciones y decisiones políticas que se tomen hoy determinarán si millones de niños y jóvenes son capaces de alcanzar todo su potencial o si se dejan atrás para enfrentar un futuro de empeoramiento de la desigualdad y la marginación. Muchas personas estarían de acuerdo en que no puede haber argumento más convincente que este.



La Comisión Europea, en febrero de 2013 aprobó la Recomendación Invertir en la infancia: romper el ciclo de las desventajas[6]. Esta Recomendación supone un marco europeo para el desarrollo de políticas nacionales de lucha contra la pobreza infantil y promoción del bienestar de los niños, en un momento en que las cifras de pobreza y exclusión infantil están creciendo en la mayoría de los países europeos, muchas veces por encima de las del resto de la población.

La propia Comisión reconoce en este texto que “evitar que se transmitan las desventajas entre generaciones es una inversión crucial para el futuro de Europa” o que para luchar contra la pobreza infantil es necesario “mantener una inversión en los niños y las familias que permita la continuidad de las políticas y la planificación a largo plazo”. La Recomendación establece tres pilares estratégicos para el desarrollo de políticas:

- El acceso de las familias y los niños a recursos adecuados: apoyando el acceso al trabajo a los padres y madres, y garantizando un nivel de vida adecuado a los niños mediante ayudas económicas, desgravación de impuestos y ayudas a la vivienda.

- El acceso a servicios de calidad: promoviendo la atención desde la primera infancia, garantizando la igualdad de oportunidades en el sistema educativo, el acceso en condiciones de igualdad a los sistemas de salud, a una vivienda y un entorno adecuado, y mejorando los sistemas de protección de la infancia.

- El derecho de los niños y niñas a participar: mediante el apoyo de su participación en la vida cultural, deportiva y el derecho al juego; y estableciendo mecanismos de participación en las decisiones que afectan a sus vidas.

Aunque tienen formalmente reconocidos y protegidos sus derechos, los niños y niñas no votan, y tienen poca capacidad individual y colectiva de influencia en las elecciones políticas. No suelen tener amigos influyentes, ni instrumentos ni capacidad económica para hacer valer sus necesidades y derechos, ni para llevar a los tribunales sus casos. No participan de las grandes discusiones sobre el diseño del estado del bienestar y muchas veces no se valora el impacto que las decisiones políticas y económicas tienen sobre ellos. Junto a ello, el tiempo en la política no juega a su favor. Los resultados de posibles inversiones y cambios políticos de calado en la infancia muchas veces no tienen efectos visibles a corto plazo y el coste electoral de no realizarlos es muchas veces pequeño.

Sin embargo los niños son (y serán) actores clave en la evolución y la sostenibilidad de cualquier sociedad. El análisis del estado del bienestar desde una perspectiva generacional en el que se incluya a los niños y niñas como actores fundamentales plantea nuevos desafíos y adopta un cariz especial en las sociedades desarrolladas de nuestro entorno económico, cultural y político.

“El futuro debe escribirse y posibilitarse desde el respeto a los compromisos y los principios de solidaridad entre generaciones y en el seno de cada generación”… Y sin embargo, no es descabellado afirmar que en términos generales, las inversiones en los niños son todavía una responsabilidad predominante de los padres y madres, mientras que los beneficios de esas inversiones se comparten entre todos. ¿Es esto justo? ¿Es sostenible? ¿Cuál debe ser el papel de los niños y las niñas en el estado del bienestar?

Reflexionar no sólo sobre la evidente importancia de cada niño como sujeto de derechos, sino también sobre su papel como grupo generacional es una tarea urgente y necesaria para dar solidez y sostenibilidad a cada país. Si no lo hacemos, si no somos una sociedad esperanzada con su infancia y que apuesta por ella, los escenarios de futuro pueden volverse muy adversos y no sólo no estaríamos hablando de una salida de la crisis, sino de un agravamiento del impacto de ésta en años venideros.

En 2004, el sociólogo Gøsta Esping-Andersen, en un artículo titulado El estado del bienestar en el siglo XXI planteaba algunos escenarios de futuro para la sociedad española (pero que fácilmente se pueden extender a la mayoría de los países avanzados) en su adaptación a las nuevas realidades económicas y sociales. En dos de esos tres escenarios (los menos deseables) los niños y las niñas tienen mucho que ver.

En el escenario que el autor llama “un país sin hijos”, hace referencia a un previsible rápido descenso de la natalidad y de la población en las próximas décadas y el consiguiente envejecimiento de la sociedad.

El otro escenario “de las dos naciones” nos aboca a una sociedad dual en la que gran parte de la población se queda al margen del bienestar, con más pobreza y más exclusión; en un proceso en el que, además, el riesgo social se va desplazando cada vez a edades más tempranas, a las familias jóvenes con hijos.

Diez años después y tras seis de crisis económica y social podemos decir que en España (y en la mayoría de los países avanzados) estamos más cerca de ambos escenarios.

Repensar el valor social de la infancia

En el eje de los cambios necesarios en las políticas está la tarea urgente e importante de repensar quién y en qué medida asume los costes de los niños y niñas, y si somos capaces de ver ese coste como una inversión, no sólo de las familias (que ya lo hacen) sino de las administraciones públicas y de toda la sociedad. Redefinir cuál es el papel de los actores privados y públicos en el cuidado y desarrollo de los niños y cuál es el valor social que como país atribuimos a la infancia, es un tema de enorme calado.

En la pobreza infantil está el germen de una sociedad más pobre y más desigual

La no discriminación y la igualdad de oportunidades son fundamentos esenciales de los derechos humanos y de los derechos del niño. La protección de los niños y niñas y el acceso a unos recursos y unos servicios básicos para todos se asume como un imperativo moral y legal. Sin embargo, la creciente desigualdad social y el incremento de la pobreza infantil en los países ricos son fenómenos que se han venido gestando desde hace décadas y que durante la crisis están mostrando su rostro más cruel.

La desigualdad, sus causas, sus costos individuales, económicos y sociales y sus posibles remedios son especialmente ahora objeto de un amplio debate. Por un lado se defiende que un mayor nivel de igualdad mejoraría el bienestar de todos, otros defienden que ciertos niveles de desigualdad se justifican en los diferentes méritos y esfuerzo de las personas y que son un acicate para el progreso de las sociedades.

Pero no sería razonable aplicar a la infancia la premisa de las diferencias de méritos, ya que la gran mayoría de sus condiciones de vida escapan a su control. La infancia debe ser, más que ningún otro periodo en la vida, una época de igualdad de oportunidades que no debe depender sólo de los ingresos o las capacidades de los padres. Crecer en la pobreza, crecer sin las mismas oportunidades de acceso a la salud, o a una educación de calidad que otros niños implica un riesgo mucho mayor de tener unos resultados inferiores en los estudios, peor salud, menores ingresos, y de trasladar esas desventajas a la siguiente generación. Y, por tanto, tener muchas más posibilidades de ver vulnerados tus derechos. Y esa responsabilidad no se la podemos atribuir a los niños.

La educación, elemento para la inclusión

La educación es uno de los derechos de los niños y niñas que más capacidad tiene para romper el círculo de la pobreza y la exclusión social. El acceso en condiciones de igualdad a una educación de calidad es un elemento clave en el desarrollo y la inclusión de la infancia. Condiciones de igualdad de oportunidades que no sólo tienen que ver con el requisito legal de no discriminación, sino con una labor activa de eliminar los obstáculos y apoyar a aquellos niños y niñas que por su condición económica, social, familiar o por tener alguna discapacidad o cualquier otra desventaja tienen más problemas para acceder, mantenerse o tener éxito en el sistema educativo.

La importancia de la etapa educativa de 0 a 3 años, especialmente entre los niños con un entorno social o familiar más complicado (que son precisamente los que tienen más problemas para acceder a este tipo de servicios), está cada vez más fuera de duda. Pero incluso en el ámbito de la educación formal, obligatoria y gratuita, la constatación de que estamos dejando atrás a demasiados niños se repite.

La desigualdad de oportunidades, el abandono y el fracaso escolar no tienen una repercusión sólo en la pobreza y en su transmisión generacional, sino también en los ingresos y los recursos económicos del Estado. La OCDE en su informe sobre el Panorama de la Educación 2013 afirma que “las ganancias esperadas de la inversión en educación superan ampliamente la inversión realizada en todos los países de la OCDE” y que un mayor nivel educativo reduce drásticamente el riesgo de desempleo y aumenta la empleabilidad y los ingresos relativos. También asegura que el retorno en términos económicos, tanto público como privado, crece sustancialmente a medida que crece el nivel educativo. Por ejemplo, en la OCDE el retorno en forma de ingresos públicos se triplica en el caso de una persona que ha alcanzado los estudios superiores respecto a una que ha completado la educación secundaria. Las oportunidades perdidas por cada fracaso o abandono escolar tienen un coste personal, económico y social enorme y, pese a los avances, siguen siendo una asignatura pendiente en muchos países ricos.

“Dadnos a nosotros, vuestros niños, un buen presente. Nosotros, por nuestra parte, os daremos un buen futuro”. (Toukir Ahmed, 16 años nacido en Bangladesh - Sesión especial de la ONU en favor de la infancia, Nueva York, mayo de 2002)

“Pedimos a nuestros políticos que de verdad nos escuchen y que nuestras opiniones e ideas sean tomadas en cuenta, tanto en las cosas pequeñas como en las importantes; que no sólo seamos una imagen sino una realidad”... (Manifiesto infantil de Málaga, 2012)

Informe **Child Poverty and Material Deprivation in the European Union during the Great Recession** - UNICEF Innocenti - 2014

Abstract

The 2008 financial crisis triggered the first contraction of the world economy in the post-war era. This paper investigates the effect of the economic crisis on child poverty and material deprivation across the EU-28 plus Iceland, Norway and Switzerland. First,

it examines if children were affected by the crisis to a greater extent than the population as a whole. Second, it analyses inequities among households with children and the degree to which those in workless households, migrant households, lone parent families and large families were at a greater risk of poverty and deprivation. Finally, it studies the extent to which social safety nets may have softened the negative impact of the economic crisis.

The paper observes a negative relationship between the absolute change in economic output and the change in material circumstances of children: absolute increases in both child poverty and deprivation between 2008 and 2012 were larger in countries experiencing greater falls in GDP per capita. The relationship was stronger for child poverty, indicating that household income is more responsive to macroeconomic shocks. The effect of adverse economic circumstances was not distributed equally among households with children: in countries most affected by the crisis, notably Greece and Iceland, child poverty and deprivation rates rose substantially faster among children in workless households, lone parent families and migrant families than among the population of children as a whole. Controlling for the socio-demographic structure of the child population, both the child poverty rates and the severe deprivation rates were significantly lower in countries with more generous safety nets. However, once total social spending and working-age unemployment were accounted for, the effects of the minimum income protection indicator were no longer statistically significant. Social spending was associated with lower risks of child poverty at the start of the crisis only, when many European countries implemented fiscal stimulus packages, while unemployment had large effects on both poverty and deprivation throughout the entire period 2008-2012. This suggests that social safety nets and social spending did not shield children from the effects of labour market turbulence during the Great Recession…

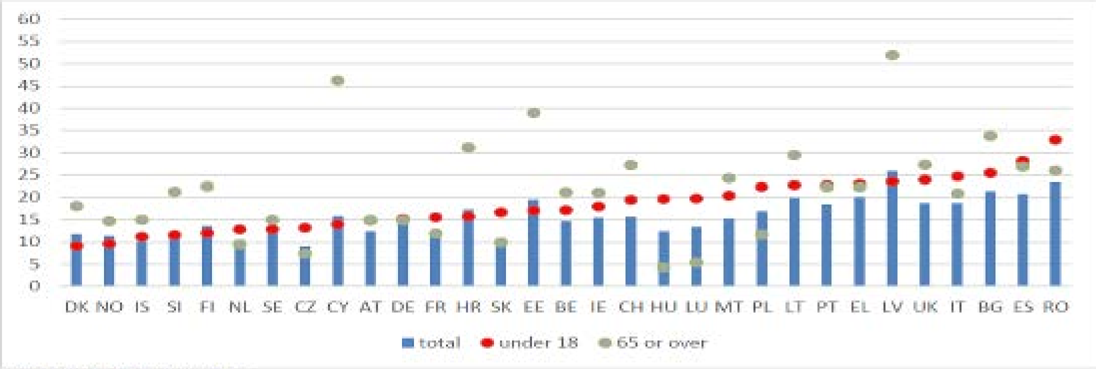
Results

Changes in child poverty between 2008 and 2012

There was a lot of variation in child poverty levels before the start of the Great Recession. In 2008, the share of children living in households with equivalent income below 60% of the national median ranged from around one in ten (9-13%) in the Nordic countries, the Netherlands and Slovenia to between a quarter and one-third (25-33%) in Bulgaria, Spain and Romania. In 11 out of 31 countries in this analysis, at least one in five children were at risk of poverty in 2008.

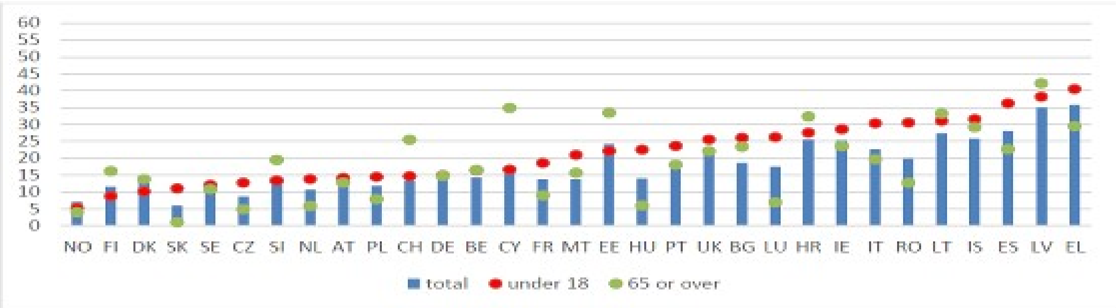
Moreover, children were often more likely to be poor than the population as a whole (Figure 1a). In 20 out of 31 countries, child poverty rates exceeded the total poverty rates by 2ppt or more. In contrast, total poverty rates exceeded the child poverty rates by at least 2ppt in four countries only, i.e. Cyprus, Denmark, Estonia, and Latvia. However, in the two Baltic countries and Cyprus, population poverty appeared to have been driven by inordinately high pensioner poverty rates.

Figure 1a At-risk-of-poverty rate of children (0-17), the elderly (65 or over) and of the total population in 2008 (%)



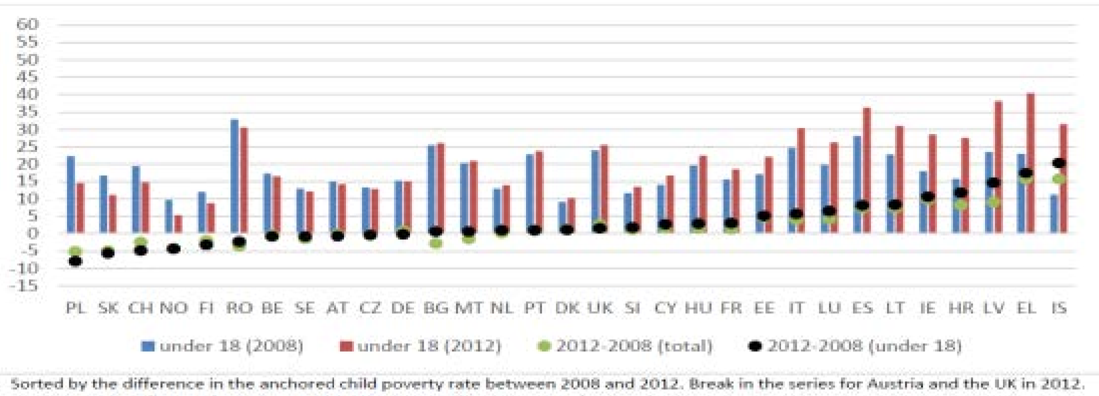
Sorted by the child poverty rate.
Source: Eurostat (last update 16.06.2014). Estimates for Croatia are based on the Household Budget Survey, reported by Eurostat.

Figure 1b At-risk-of-poverty rate, anchored in 2008, of children (0-17), the elderly (65 or over) and of the total population in 2012 (%)



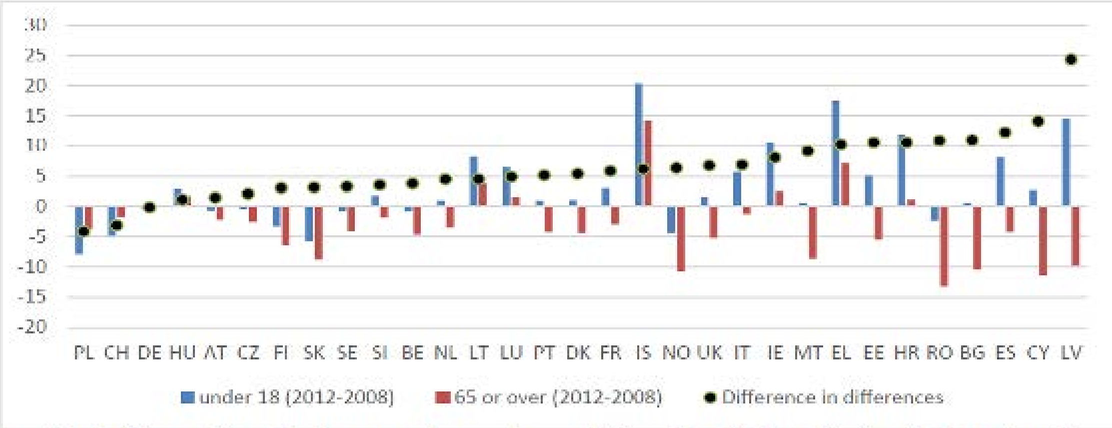
Sorted by the anchored child poverty rate. Break in the series for Austria and the UK.
Source: Eurostat (last update 16.06.2014); EU-SILC 2012 for Croatia.[12]

Figure 1c Absolute difference in the at-risk-of-poverty rate, anchored in 2008, between 2008 and 2012 (%)



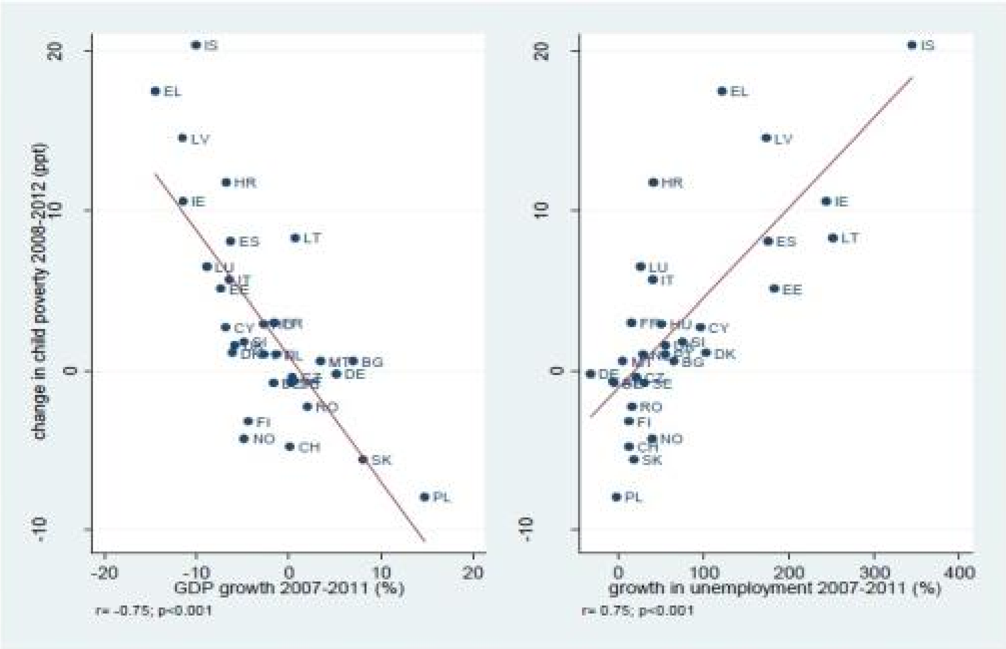
Sorted by the difference in the anchored child poverty rate between 2008 and 2012. Break in the series for Austria and the UK in 2012.
Source: Eurostat (last update 16.06.2014); HBS 2008 and EU-SILC 2012 for Croatia.

Figure 1d Absolute difference in the 2008-2012 change in the at-risk-of-poverty rate (anchored in 2008) between children and the elderly (%)



Sorted by the difference in the anchored poverty rate increase between children and the elderly. Break in the series for Austria and the UK in 2012.
Source: Eurostat (last update 16.06.2014). HBS 2008 and EU-SILC 2012 for Croatia.

Figure 2 Absolute differences in the at-risk-of-poverty rate, anchored in 2008, between 2008 and 2012 and GDP growth over the same period



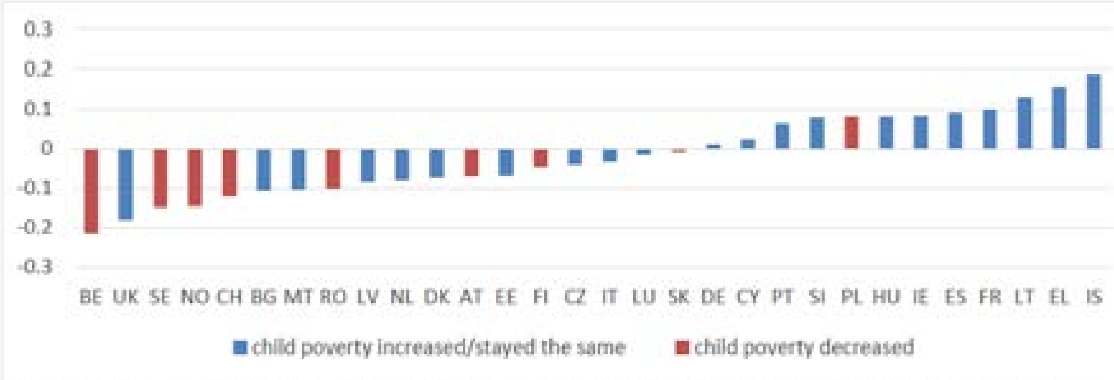
Source: child poverty rates from Eurostat (last update 16.06.2014); GDP per capita (constant prices) from the World Economic Outlook database (April 2014); Working age (25-64) unemployment rate from OECD.Stat (extracted on 24.04.2014). GDP growth (constant prices) for 2008-2012 for the UK.

Table 1 Raw and partial correlations with the change in child poverty (2008-2012)

	Raw correlation	Partial correlation
GDP growth 2007-2011	-0.75***	-0.61***
Unemployment rate growth 2007-2011	0.75***	0.62***

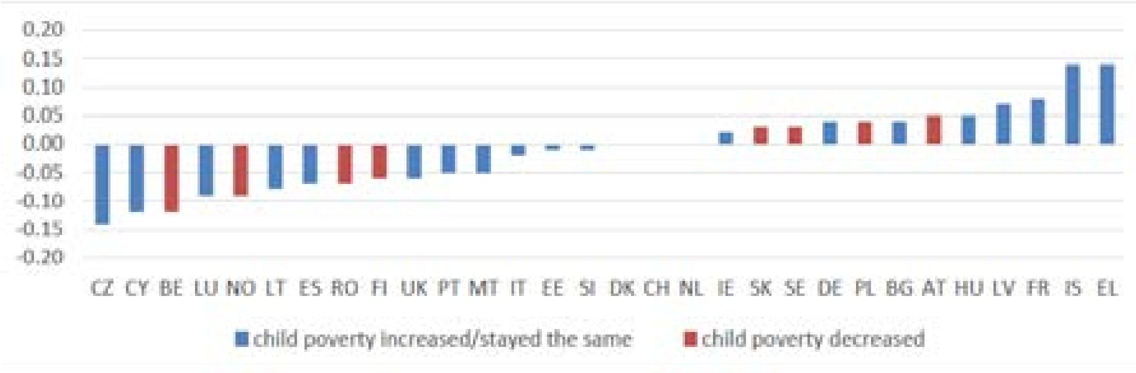
Note: ***p<0.001; **p<0.01. N=31.

Figure 3 Absolute difference in anchored poverty change (2008-2012) between children in workless households and other children



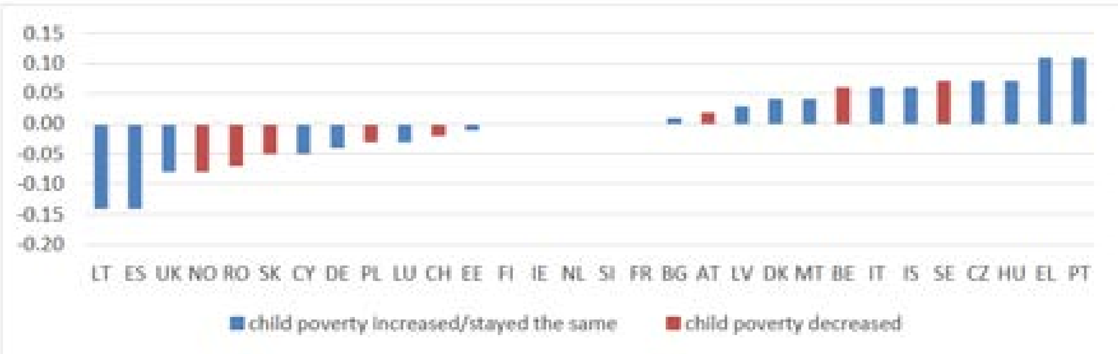
Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for Austria and the UK in 2012.
Base: children under 18.

Figure 4 Absolute difference in anchored poverty change (2008-2012) between children in lone parent households and other children



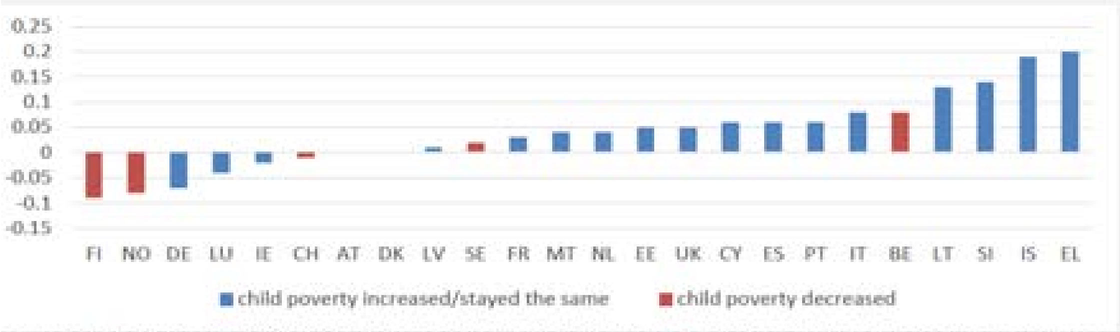
Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for Austria and the UK in 2012.
Base: children under 18.

Figure 5 Absolute difference in anchored poverty change (2008-2012) between children in large families and other children



Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for Austria and the UK in 2012.
Base: children under 18.

Figure 6 Absolute difference in anchored poverty change (2008-2012) between children in migrant households and other children



Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for Austria and the UK in 2012.
Note: countries are excluded if the share of children living in migrant households is under 5% of the sample or if the weighted case numbers are under 100 in either 2008 or 2012.
Base: children under 18.

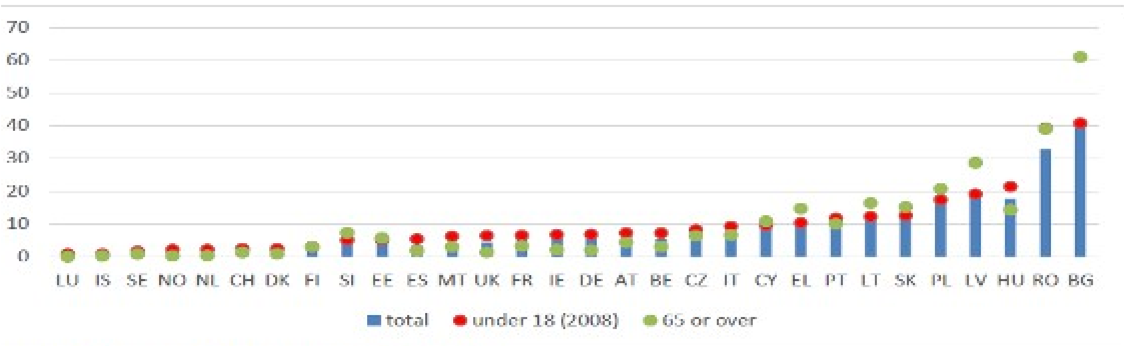
Table 2 Multilevel logistic regression of child poverty (2008-2012)

	2008	2009	2010	2011	2012
Low work intensity household	1.98***	2.08***	2.03***	1.96***	1.83***
Lone parent household	0.43***	0.43***	0.41***	0.32***	0.31***
Large family	0.86***	0.88***	0.86***	0.75***	0.72***
Migrant household	0.60***	0.57***	0.57***	0.68***	0.65***
Owner-occupier household	-0.52***	-0.50***	-0.54***	-0.64***	-0.67***
At least one adult works in the public sector	-0.72***	-0.81***	-0.71***	-0.72***	-0.73***
Age of youngest child (ref: under one)					
1-5	-0.02	-0.06	0.03	-0.03	-0.09**
6-11	-0.04	-0.03	0.04	-0.002	-0.11**
12-17	0.07*	0.07	0.19***	0.13***	0.09*
Highest level of education in the household (ref: lower secondary or below)					
Upper secondary/further	-0.86***	-0.79***	-0.75***	-0.80***	-0.79***
Higher	-1.81***	-1.78***	-1.71***	-1.85***	-1.77***
MIP as % GDP per capita	-0.01	-0.01	-0.01	-0.01	-0.01
Total social spending, % GDP	-0.06***	-0.03*	-0.03	-0.04	-0.03
Unemployment rate (%)	0.08*	0.12***	0.10***	0.09***	0.09**
Intercept	0.27	-0.40	-0.54	0.05	0.03
Standard deviation (intercept)	0.36	0.34	0.36	0.43	0.51
ICC	0.04	0.03	0.04	0.05	0.07
BIC	76,613	72,311	73,318	71,454	72,649
N (children)	106,751	104,849	104,364	100,470	102,683
N (countries)	27	27	27	27	27

Sources: micro data from the EU-SILC UDB version 01.03.2014; MIP indicator from SaMip 2.6; working age (25-64) unemployment rate from OECD.Stat (extracted on 23.04.2014); total expenditure on social protection benefits from Eurostat (10.04.2014). Country level variables at their (t-1) levels. Stepwise inclusion of country-level predictors in Models 1 and 2 reported in Table A5 in the Annex.
***p<0.001, **p<0.01, *p<0.05. Estimated with 15 integration points.

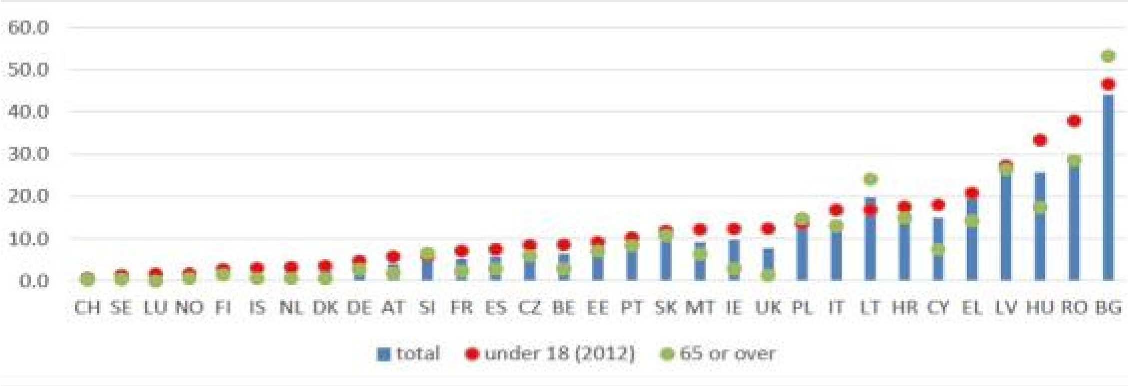
28 Exp(10*0.03)=1.35.

Figure 7a Severe deprivation rate for children (0-17), the elderly (65 or over) and of the total population in 2008 (%)



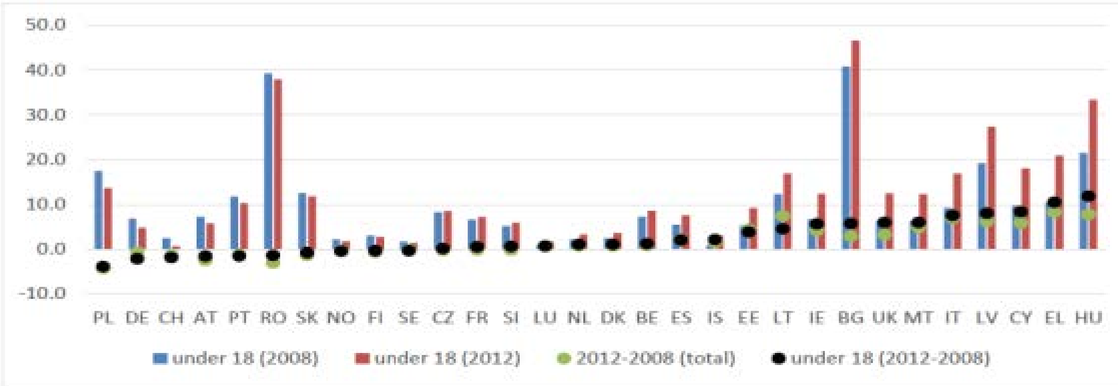
Sorted by the severe child deprivation rate. No data for Croatia.
Source: Eurostat (last update 04.06.2014).

Figure 7b Severe deprivation rate for children (0-17), the elderly (65 or over) and of the total population in 2012 (%)



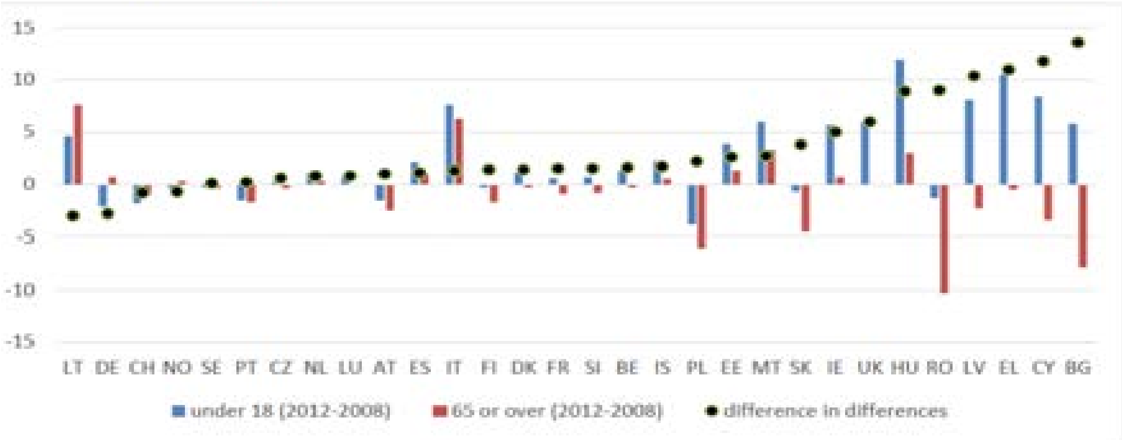
Sorted by the severe child deprivation rate. Break in the series for the UK.
Source: Eurostat (last update 04.06.2014).

Figure 7c Absolute differences in the severe material deprivation rate (0-17) between 2008 and 2012 (%)



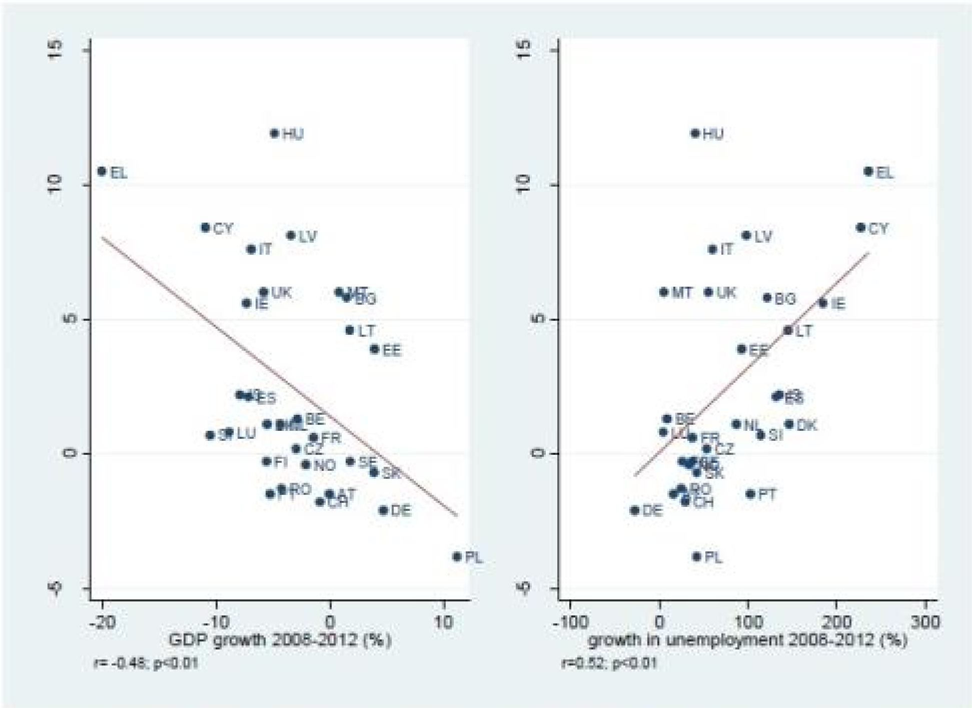
Sorted by the absolute difference in the severe child deprivation rate between 2008 and 2012. Break in the series for the UK in 2012. No data for Croatia in 2008.
Source: Eurostat (last update 04.06.2014).

Figure 7d Difference in the 2008-2012 change in the severe material deprivation rate between children and the elderly (%)



Sorted by the difference in the severe material deprivation rate increase between children and the elderly. Break in the series for the UK in 2012. No data for Croatia in 2008.
Source: Eurostat (last update 04.06.2014).

Figure 8 Absolute differences in the severe deprivation rate, anchored in 2008, between 2008 and 2012 and GDP growth over the same period



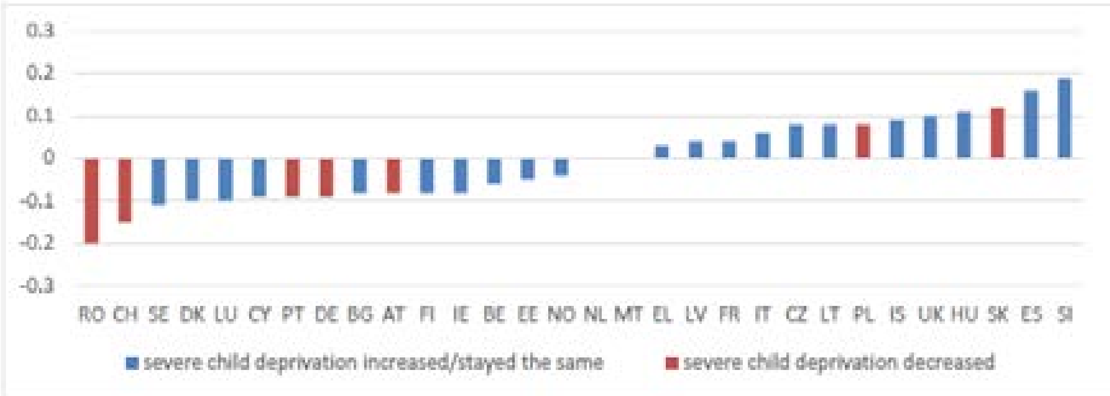
Source: child deprivation rates from Eurostat (last update 04.06.2014); GDP per capita (constant prices) from the World Economic Outlook database (April 2014); working age (25-64) unemployment rate from OECD.Stat (extracted on 24.04.2014). No data for Croatia in 2008.

Table 3 Raw and partial correlations with the change in child deprivation (2008-2012)

	Raw correlation	Partial correlation
GDP growth 2008-2012	-0.48**	-0.27
Unemployment rate growth 2008-2012	0.52**	0.34

Note: ***p<0.001; **p<0.01; *p<0.05. N=30 (no data for Croatia in 2008).

Figure 9 Absolute difference in severe material deprivation change (2008-2012) between children in low work intensity households and other children

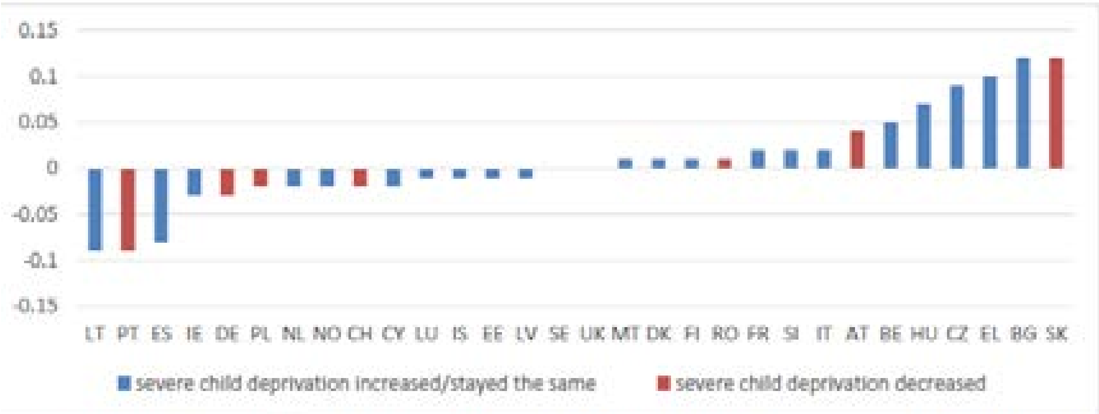


Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for the UK in 2012. No data for Croatia in 2008.
Base: children under 18.

Figure 10 Absolute difference in severe material deprivation change (2008-2012) between children in lone parent households and other children

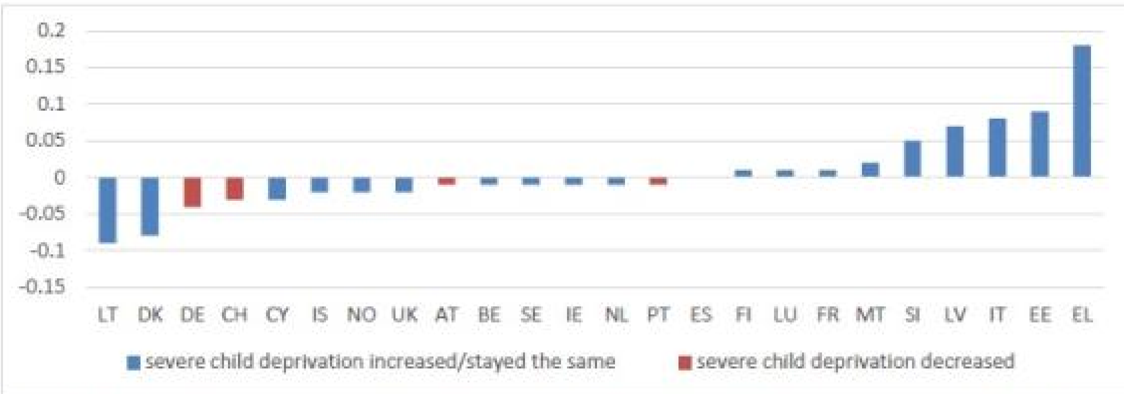
Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for the UK in 2012. No data for Croatia in 2008.
Base: children under 18.

Figure 11 Absolute difference in severe material deprivation change (2008-2012) between children in large families and other children



Source: EU-SILC UDB (version 01/03/2014). Data for 2011 is used for Belgium and Ireland. Break in the series for the UK in 2012. No data for Croatia in 2008.
Base: children under 18.

Figure 12 Absolute difference in severe material deprivation change (2008-2012) between children in migrant households and other children



Source: EU-SILC UDB (version 01/08/2013). Data for 2011 is used for Belgium and Ireland. Break in the series for the UK in 2012. No data for Croatia in 2008.
Note: countries are excluded if the share of children living in migrant households is under 5% of the sample or if the weighted case numbers are under 100 in either 2008 or 2012.
Base: children under 18.

Table 5 Multilevel logistic regression of severe child deprivation (2008-2012)

	2008	2009	2010	2011	2012
Low work intensity household	1.16***	1.15***	1.09***	1.19***	1.20***
Lone parent household	0.95***	0.92***	0.79***	0.75***	0.70***
Large family	0.69***	0.64***	0.56***	0.54***	0.54***
Migrant household	0.66***	0.67***	0.56***	0.67***	0.53***
Owner-occupier household	-0.81***	-0.93***	-0.99***	-0.92***	-0.93***
At least one adult works in the public sector	-0.36***	-0.46***	-0.46***	-0.34***	-0.29***
Age of youngest child (ref: under one)					
1-5	0.09*	-0.04	0.20***	0.12**	0.07
6-11	0.04	-0.10*	0.12*	0.05	0.07
12-17	0.20***	0.03	0.22***	0.18**	0.16**
Highest level of education in the household (ref: lower secondary or below)					
Upper secondary/further	-0.86***	-0.88***	-0.83***	-0.85***	-0.75***
Higher	-2.02***	-2.01***	-1.95***	-2.08***	-1.91***
MIP as % GDP per capita	-0.01	-0.03	-0.02	-0.02	-0.02
Total social spending, % GDP	-0.12***	-0.13**	-0.16***	-0.14**	-0.13**
Unemployment rate (%)	0.28***	0.20*	0.12*	0.10*	0.11*
Intercept	-0.27	1.33	1.99	1.50	1.33
Standard deviation (intercept)	0.73	0.88	0.98	0.99	0.95
ICC	0.14	0.19	0.23	0.23	0.22
BIC	45,372	43,859	45,182	43,816	47,352
N (children)	106,751	104,849	104,364	100,470	102,683
N (countries)	27	27	27	27	27

Sources: micro data from the EU-SILC UDB version 01.03.2014; MIP indicator from SaMip 2.6; working age (25-64) unemployment rate from OECD.Stat (extracted on 23.04.2014); total expenditure on social protection benefits from Eurostat (10.04.2014). Country level variables at their (t-1) levels. Stepwise inclusion of country-level predictors in Models 1 and 2 reported in Table A7 in the Annex. ***p<0.001, **p<0.01, *p<0.05. Estimated with 15 integration points.

Conclusion

The 2008 financial crisis triggered the first contraction of the world economy in the post-war era. This paper investigates the effect of the economic crisis on child poverty and severe material deprivation across the enlarged EU, Iceland, Norway and Switzerland. Evidence from previous recessions in industrialized countries suggests that children tend to suffer disproportionately. However, given the two- to three-year lag with which household income data become available, it is only recently that statistics on the circumstances of children have started to emerge. Although this study focuses on the material well-being of children, more data are needed to investigate the impact on other aspects of child well-being, such as health and safety, education, and behaviours and risks, as well as subjective well-being. Some of these effects may not manifest until long after the Great Recession.

This paper defines income poverty as anchored at a point in time to allow for comparison in living standards since before the crisis. Changes in the anchored child poverty rate during the Great Recession have not been analysed extensively to date. The study finds that absolute increases in both child poverty and deprivation between 2008 and 2011 tended to be larger in countries experiencing slower growth and greater increases in unemployment in this period. The relationship was stronger for child poverty, indicating that household income is more responsive to macroeconomic shocks. Increases in child poverty in excess of 10ppt were observed in Iceland, Greece and Latvia. Absolute increases in severe child deprivation of more than 10ppt were recorded in Greece and Hungary.

There is evidence that children suffered disproportionately during the Great Recession. Child poverty and severe deprivation rose faster for children than the population as a whole in many countries, notably the ones most affected by the crisis. Moreover, in most of the EU countries child poverty and deprivation increased faster or fell slower for children than for the elderly population (65 or over), although in some of these countries the absolute levels of poverty and deprivation remained higher among the elderly. This may be due to the fact that old-age pensions tend to be stable, albeit ungenerous, sources of income, while children tend to live in households where working age adults are vulnerable to the vagaries of the labour market.

Meanwhile, the effects of adverse economic circumstances were not distributed equally among children: those in the types of households that have consistently been identified as the most vulnerable to poverty before the Great Recession were often affected by the crisis to a greater extent than other children. Child poverty and deprivation rates often rose faster or decreased more slowly among children in workless households, lone parent families and migrant families than among the rest of the child population. This pattern was particularly strong in the countries suffering the greatest increases in child poverty or severe child deprivation over this period, suggesting that the most economically vulnerable children were hit excessively by the crisis.

Using a multi-level framework that accounts for both household level and country level characteristics, the analysis finds evidence for minimum income protection schemes cushioning the blow of the crisis: children were significantly less likely to be poor in countries with more generous safety nets in 2008-2012. However, once total social spending and working-age unemployment were accounted for, the effect of the minimum income protection indicator was no longer statistically significant. Consistent with previous research on the pre-crisis relationship between poverty and social spending (see Caminada et al 2012), expenditure on social protection as a share of the GDP had a sizeable negative effect on the risk of a child being poor in 2008 (and a smaller one in 2009), but the effect was no longer significant in 2010-2012, when many countries implemented austerity reforms. In contrast, unemployment had large effects on the risks of child poverty both before and during the crisis. These results suggest that the generosity of minimum income protection schemes and the level of social spending, while having non-negligible effects on the risks of child poverty, were insufficient to offer adequate protection at the time of labour market turbulence.

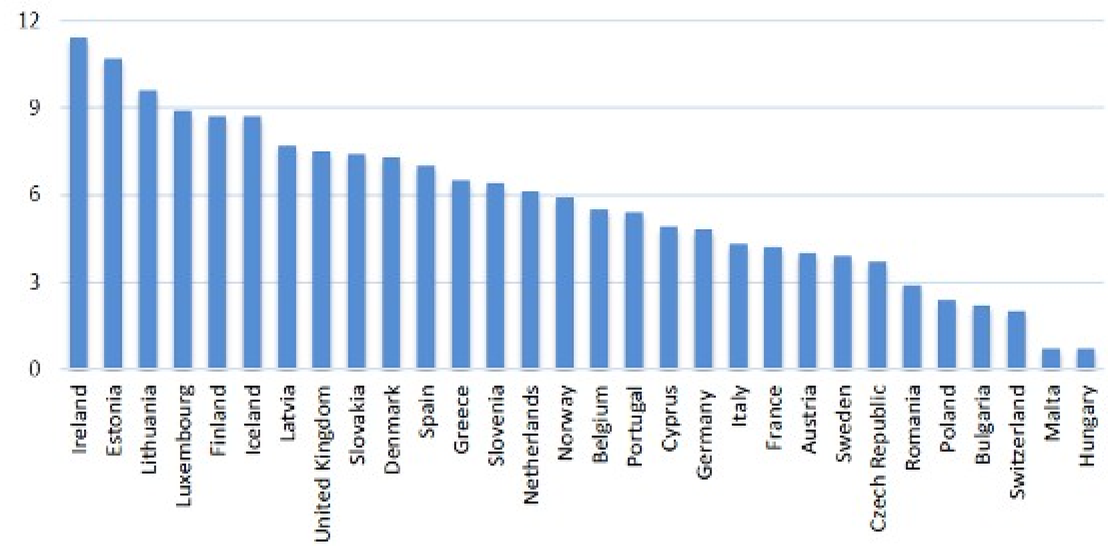
Similar findings emerge for child deprivation. The effects of social safety nets were only significant while total social spending and unemployment were not accounted for. Throughout the period 2008-2012, both social spending and the unemployment rate had large significant effects on the risks of severe child deprivation. Expenditure on social protection had larger and more precisely estimated effects on child deprivation than child poverty. This is not surprising, as it has been well documented that deprivation rates (based on the EU-wide deprivation threshold of four out of nine items) are higher in newer accession states, which tend to spend a smaller share of the GDP on social protection benefits.

Informe **The Consequences of the Recent Economic Crisis and Government Reactions for Children** - UNICEF Innocenti - 2014

Abstract

During the late 2000s, European countries were affected by an economic crisis considered the most severe since the Second World War. Although the nature of the shock and its evolution were different across countries, the reactions of governments were quite similar. Indeed, governments implemented stimulus fiscal packages in the early stages of the crisis; nonetheless, the worsening of economic conditions plus the pressures coming from financial markets pushed them into a process of fiscal consolidation. This paper shows that these different policy reactions provoked important consequences for people's living standards. If the increase in social transfers and the reduction of the tax burden partially compensated the drop in private income over the period 2008-2010, the implementation of the austerity packages amplified the negative consequences of the economic recessions. Moreover, the policies implemented by governments during the austerity period deepened inequality. In some countries -such as Estonia, Greece and Spain- the burden of the adjustment fell on the bottom of the distribution producing a deterioration of living conditions for the most vulnerable. Lastly, government interventions worsened the conditions of the poorest children in countries such as France and Hungary.

Figure 1 Change in public expenditure between 2007 and 2009

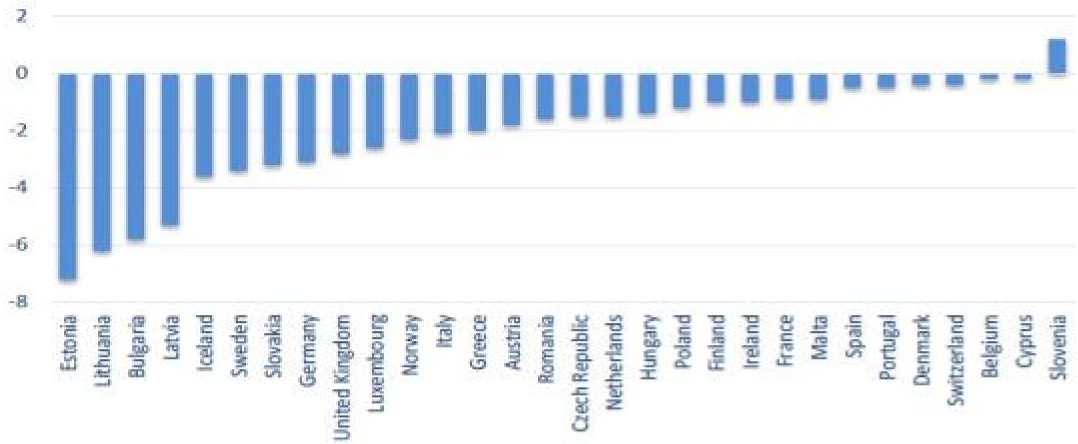


Source: EUROSTAT

Figure 2. Credit default swap premiums for government bonds with 5-year maturity

Source: Aizenman et al, 2013.
Notes: Euro countries are excluded from the OECD averages;
Greece, Ireland, Italy, Portugal and Spain are excluded from the Euro averages.

Figure 3. Change in public expenditure between 2009 and 2011



Source: EUROSTAT

Figure 4. Percentage of countries that considered the following expenditures less of a priority with respect to other expenditures

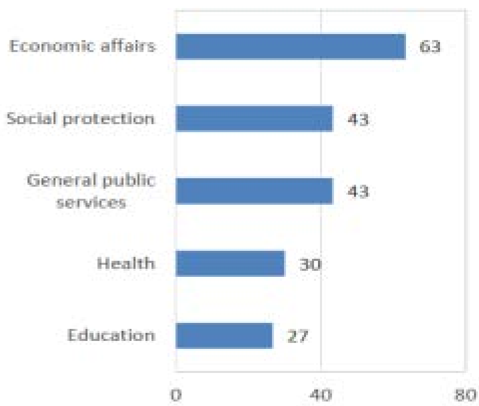
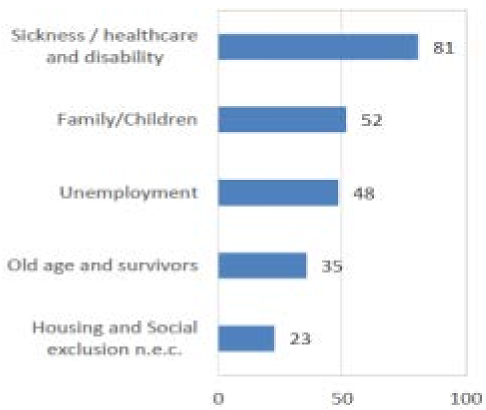


Figure 5. Percentage of countries that considere the following expenditures less of a priority with respect to other social expenditures



Source: EUROSTAT

Table 2. Selected austerity measures with implications for children implemented by European countries

COUNTRY	POLICY MEASURE
Austria	Reduction of family benefits
Czech Republic	Social allowance abolished/parental allowances reduced Birth grants more restrictive and less generous
Denmark	An overall reduction in the rates for child benefits of 5%
Estonia	Parents are no longer eligible for family allowance while receiving paid parental leave
Finland	Concerning child benefits, suppression of inflation adjustments (2013-15)
France	Reduction of family benefits
Greece	Benefits for large families (3 or more children) abolished
Hungary	Temporary freeze on universal family allowance
Ireland	Child benefit: restricted age range and lower benefit
Portugal	Reversals of education allowance extension Income ceiling lowered; More frequent assessments to reduce overpayments.
Slovenia	Reduction of the parental benefit for child care and nursing, selective reduction of child benefits, means-tested subsidies to pupils and students
Spain	Birth grant abolished
United Kingdom	Child benefit: Income ceiling for benefit receipt introduced Tax credits: Work requirement for couples with children increased Tax credits: Disregards for income changes made stricter Birth grant: "Health during pregnancy" grant abolished Child Care: Child-care elements of tax credits cut to 70% of cost

Source: OECD (2012, 2014)

Table 3. Changes in income composition for households with children in European countries over the period 2008-2012

	increased social transfers	***reduced social transfers***
increased taxes	Cyprus, Estonia , Germany, Greece, Ireland, Iceland, Italy, Latvia, Luxemburg, Malta, the Netherlands, Norway, Portugal, Switzerland	France and Romania
reduced taxes	Austria, Belgium, Bulgaria, Denmark, Finland, Lithuania, Slovakia, Slovenia, Spain, Sweden, the United Kingdom	the Czech Republic, Hungary, Poland

Source: Author's calculations based on EU SILC data.
Notes: For Belgium and Ireland data refer to the period 2008–2011.

Figure 7. Gini index level in 2008 and 2012

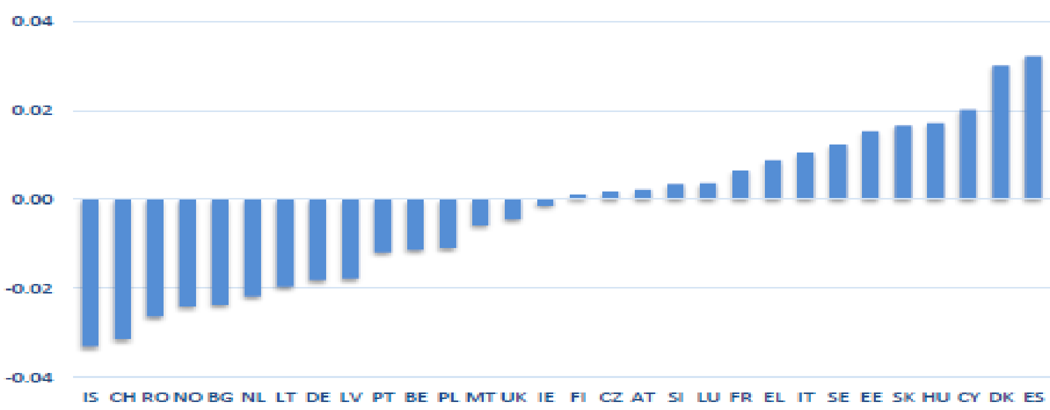


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Figure 9. Child poverty in 30 European countries, 2008 and 2012

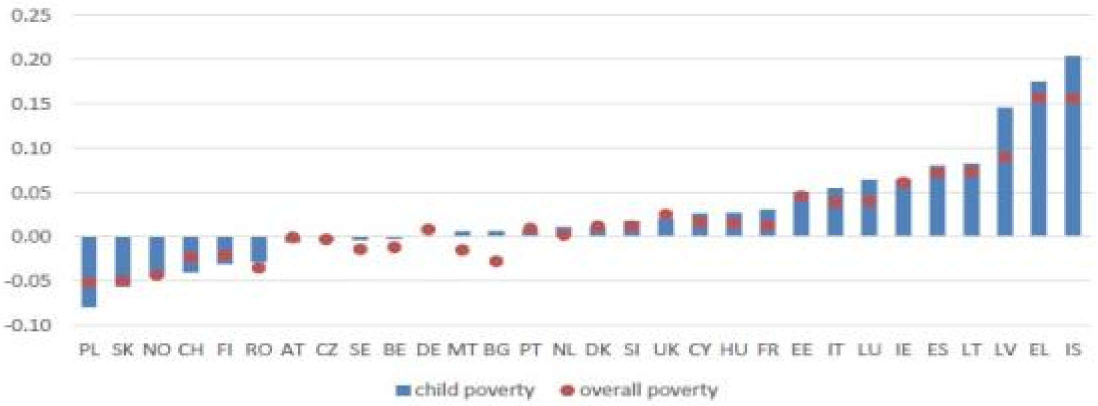

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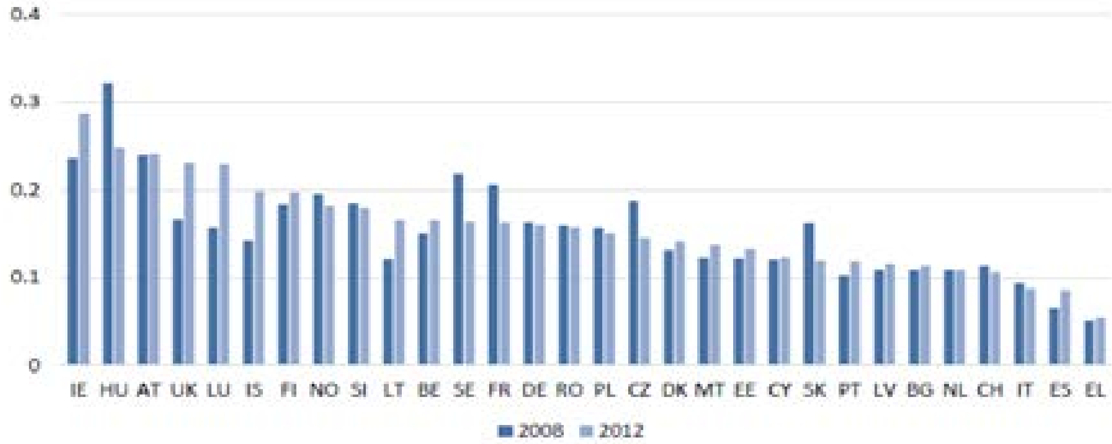
Figure 10. Child poverty before and after government interventions in 2008 and 2012



Source: Author's calculations based on EU SILC data.
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Figure 11. Changes in child poverty reductions after government interventions, over the period 2008–2012

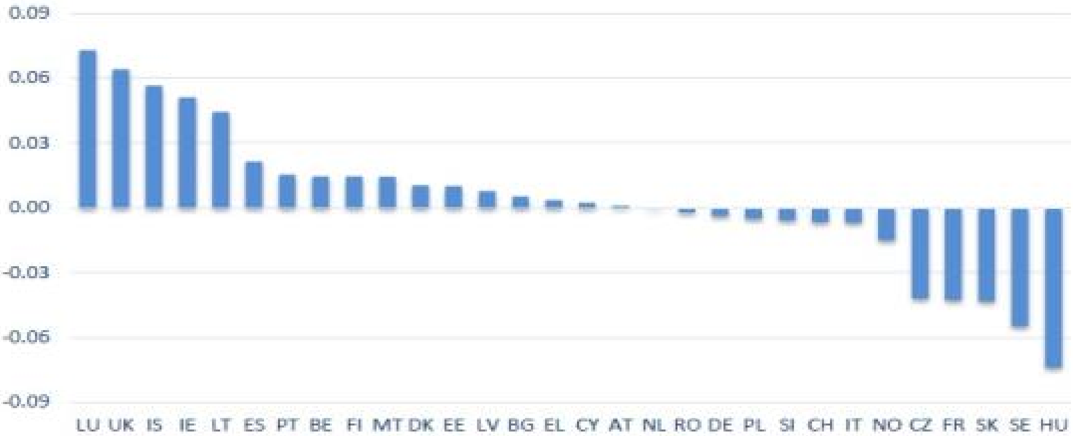

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Table 6. Changes in child poverty reductions in terms of gap after government interventions, over the period 2008–2010 and 2010–2012

	2008-2010	2010-2012
AT	-0.58	0.68
BE	-0.12	1.58
BG	0.55	-0.01
CH	0.67	-1.34
CY	1.29	-1.05
CZ	-5.06	0.86
DE	-0.51	0.14
DK	0.70	0.35
EE	4.38	-3.36
EL	1.70	-1.34
ES	3.20	-1.05
FI	0.38	1.07
FR	-1.07	-3.19
HU	-1.69	-5.69
IE	6.13	-1.03
IS	7.80	-2.16
IT	0.47	-1.15
LT	9.14	-4.70
LU	7.56	-0.27
LV	3.20	-2.42
MT	0.19	1.27
NL	0.91	-0.97
NO	-2.15	0.66
PL	-1.42	0.91
PT	2.70	-1.16
RO	-0.44	0.22
SE	-3.99	-1.48
SI	0.58	-1.17
SK	-3.26	-1.06
UK	4.59	1.83
average	1.20	-0.83
No. of countries where DiD decreased	11	19

Source: Author's calculations based on EU SILC data.
Notes: For Belgium and Ireland data refer to the period 2008–2011. Blue indicates a worsening of the ability of governments to reduce child poverty.

Conclusion

The recent macroeconomic shock affected European countries in different ways. Nonetheless, their governments reacted similarly. While in the early stages (2008-2010), they implemented stimulus fiscal packages, the worsening of economic conditions plus the pressures coming from financial markets pushed governments into a process of fiscal consolidation.

These reactions provoked important consequences on people's living standards. If the increase in social transfers and the reduction of the tax burden partially compensated the drop in private income over the period 2008-2010, the implementation of the austerity packages amplified the negative consequences of the economic recessions.

In addition, the switch from a stimulus to consolidation policy stance generated important redistributive consequences. While in the first period inequality kept stable, the policies implemented by governments during the austerity period widened inequality. In some countries, such as Estonia, Greece and Spain, the burden of the adjustment fell on the bottom of the distribution producing a deterioration of living conditions for the most vulnerable groups. Furthermore, government interventions worsened the conditions of the poorest children in countries such as France and Hungary.

Nonetheless, our analysis is limited by the fact that no data are yet available after 2012 - i.e. 2011 income year. However, it is evident that the more recent policies implemented by European countries continue to worsen living conditions for their population, following the same line of the first austerity measures. Indeed, many governments continue to consolidate their fiscal position through further rationalization in their social protection system.

Although the need to adjust is undeniable for some European economies, the way in which they operate is sometimes less justifiable. Irrational cuts in social as well as education and health spending are detrimental not only for the present but especially for the future generations. Moreover, past experiences show that the fiscal consolidation could become an illusion when austerity is pushed to extremes with negative economic consequences in the long run (Jolly et al., 2012). All in all, a return to "a more people-sensitive approach to adjustment" (Cornia et al, 1987: 3) is necessary in order to ensure that policies implemented to cope with the negative consequences of the crisis safeguard people's living conditions and especially those of children.

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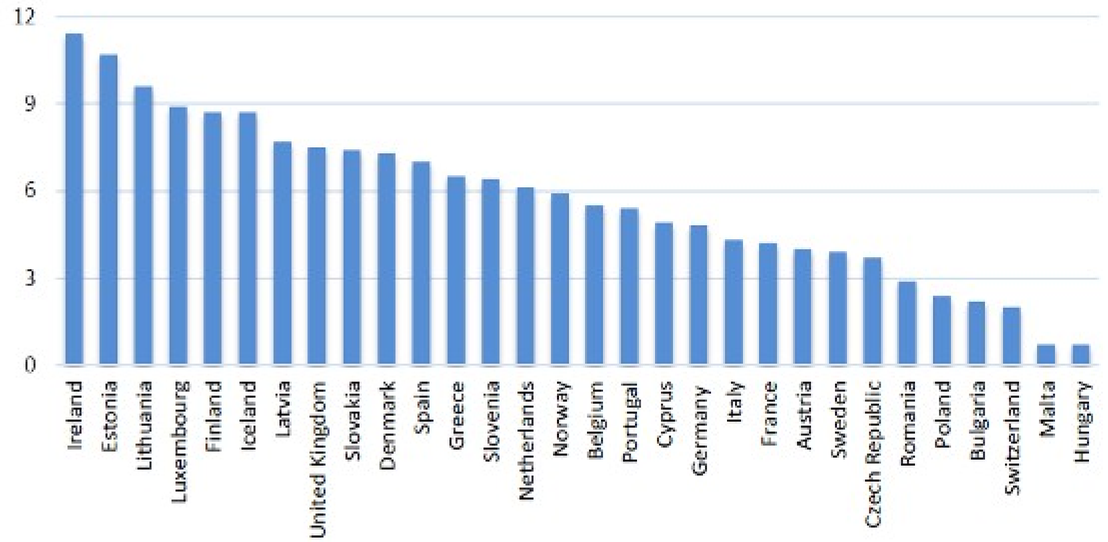

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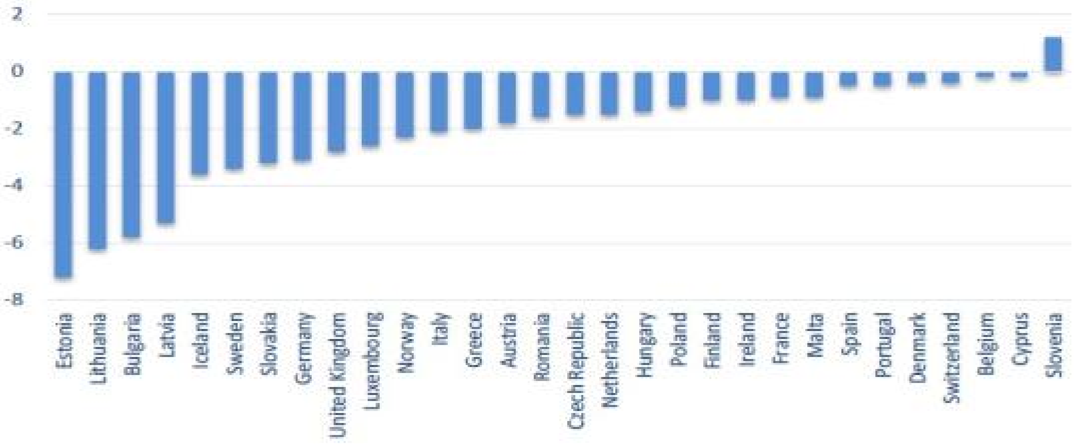

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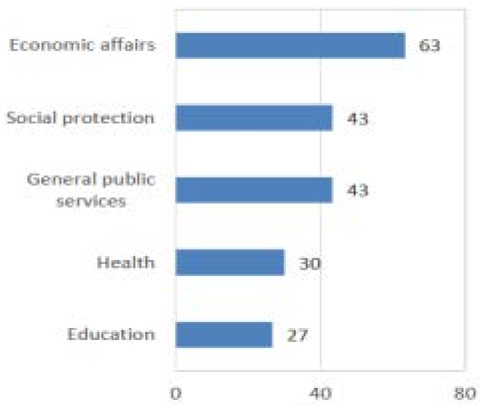

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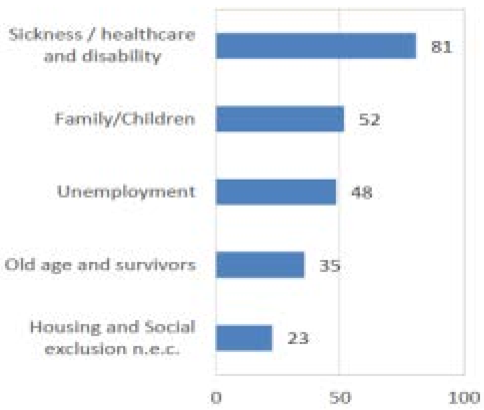

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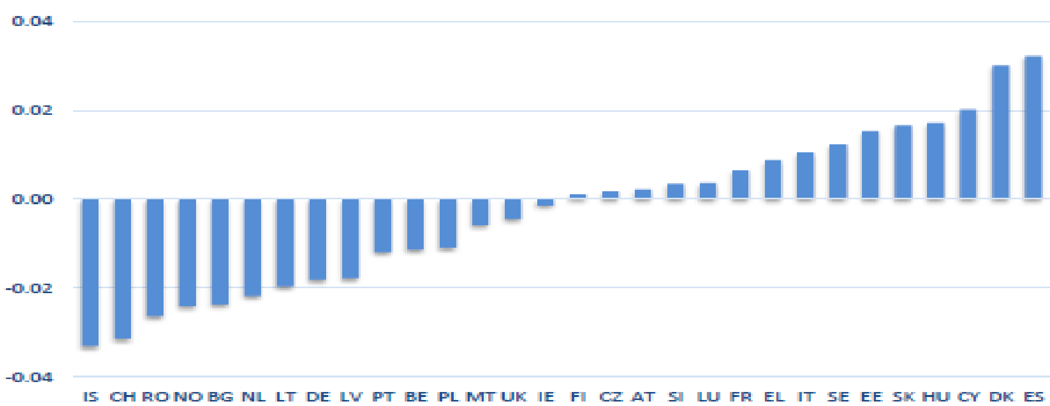

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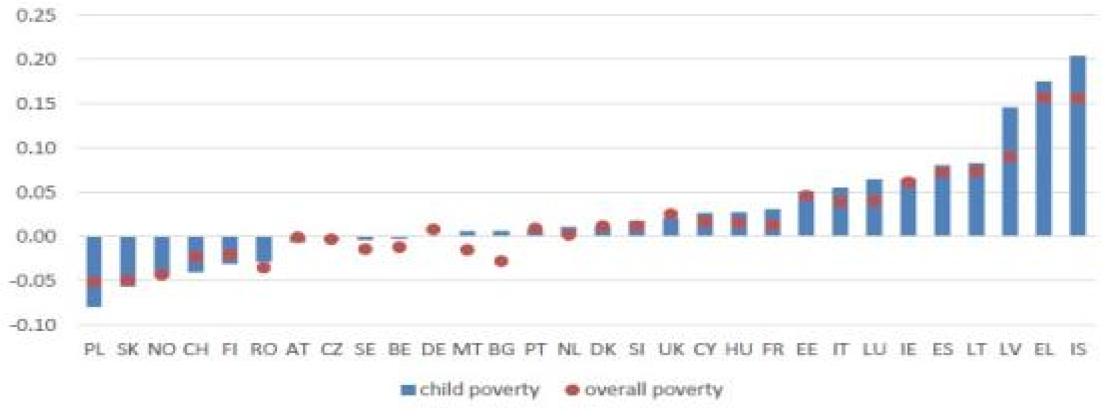

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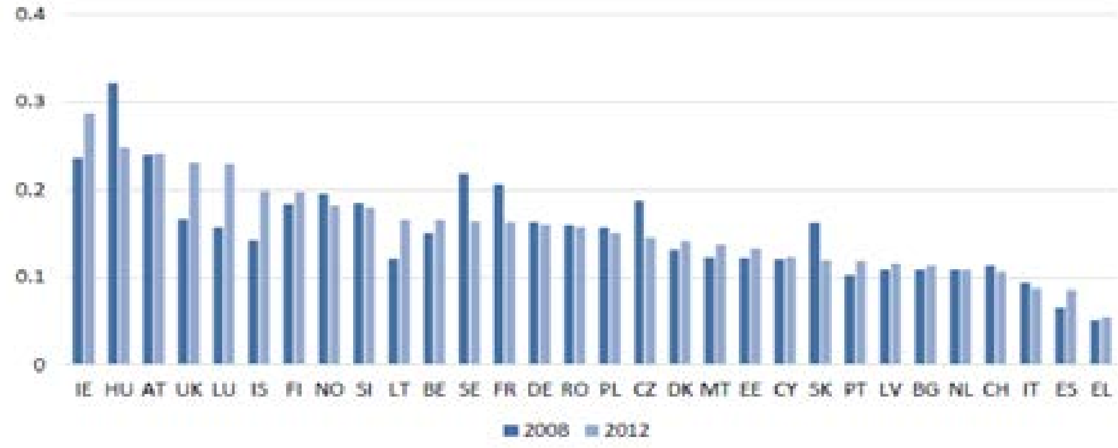

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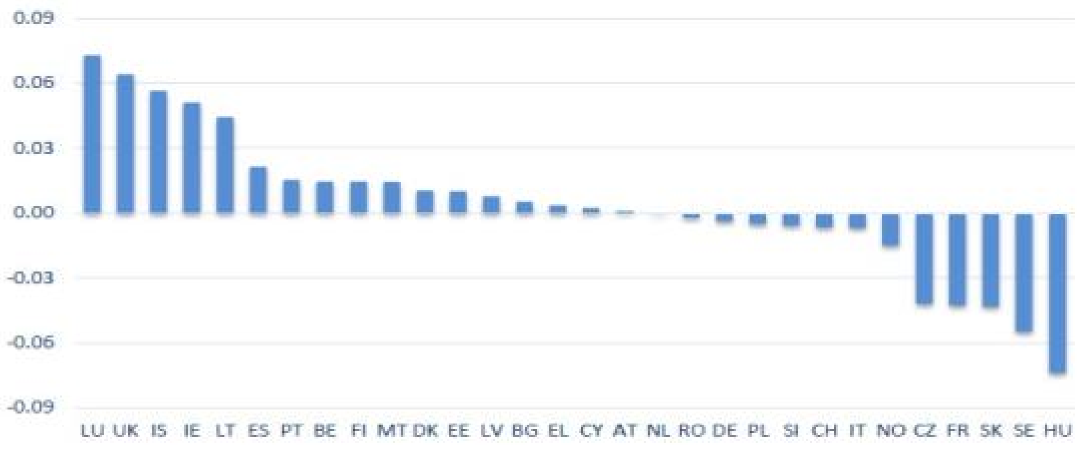

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FR	-1.07	-3.19
HU	-1.69	-5.69
IE	6.13	-1.03
IS	7.80	-2.16
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MT	0.19	1.27
NL	0.91	-0.97
NO	-2.15	0.66
PL	-1.42	0.91
PT	2.70	-1.16
RO	-0.44	0.22
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These reactions provoked important consequences on people's living standards. If the increase in social transfers and the reduction of the tax burden partially compensated the drop in private income over the period 2008-2010, the implementation of the austerity packages amplified the negative consequences of the economic recessions.

In addition, the switch from a stimulus to consolidation policy stance generated important redistributive consequences. While in the first period inequality kept stable, the policies implemented by governments during the austerity period widened inequality. In some countries, such as Estonia, Greece and Spain, the burden of the adjustment fell on the bottom of the distribution producing a deterioration of living conditions for the most vulnerable groups. Furthermore, government interventions worsened the conditions of the poorest children in countries such as France and Hungary.

Nonetheless, our analysis is limited by the fact that no data are yet available after 2012 - i.e. 2011 income year. However, it is evident that the more recent policies implemented by European countries continue to worsen living conditions for their population, following the same line of the first austerity measures. Indeed, many governments continue to consolidate their fiscal position through further rationalization in their social protection system.

Although the need to adjust is undeniable for some European economies, the way in which they operate is sometimes less justifiable. Irrational cuts in social as well as education and health spending are detrimental not only for the present but especially for the future generations. Moreover, past experiences show that the fiscal consolidation could become an illusion when austerity is pushed to extremes with negative economic consequences in the long run (Jolly et al., 2012). All in all, a return to "a more people-sensitive approach to adjustment" (Cornia et al, 1987: 3) is necessary in order to ensure that policies implemented to cope with the negative consequences of the crisis safeguard people's living conditions and especially those of children.

(Enero 2015) Distintas formas de contar la misma pobreza (mientras las víctimas continúan pagando las pérdidas de los victimarios)

El poder 1.800 millones - Los adolescentes, los jóvenes y la transformación del futuro - ONU - Estado de la población mundial 2014

Prólogo

Nuestro mundo alberga a 1.800 millones de jóvenes de entre 10 y 24 años, un grupo que crece con mayor rapidez en las naciones más pobres. En esta generación hay 600 millones de niñas adolescentes con necesidades, aspiraciones y retos concretos para el futuro.

Nunca antes había habido tantos jóvenes. Es poco probable que vuelva a existir semejante potencial de progreso económico y social. El modo en que abordemos las necesidades y aspiraciones de los jóvenes determinará nuestro futuro común.

La educación es fundamental. Los jóvenes deben adquirir destrezas y conocimientos pertinentes en la economía actual que les permitan convertirse en innovadores, pensadores y solucionadores de problemas.

También son esenciales las inversiones en salud, incluida la salud sexual y reproductiva. Cuando los jóvenes pueden llevar a cabo una transición saludable de la adolescencia a la edad adulta, sus expectativas de futuro se amplían. Sin embargo, actualmente más de dos millones de jóvenes de entre 10 y 19 años viven con el VIH; alrededor de una de cada siete nuevas infecciones se produce en la adolescencia.

Las inversiones estratégicas pueden propiciar que los jóvenes reclamen sus derechos -a la educación, la salud, el desarrollo y una vida libre de violencia y Discriminación-. Sin embargo, hoy, en los países en desarrollo, una de cada tres niñas contrae matrimonio antes de cumplir los 18, lo cual pone en peligro su salud, su educación y sus perspectivas de futuro.

Hasta la mitad de las agresiones sexuales tienen como víctimas a niñas menores de 16 años. Es necesario fortalecer el estado de derecho y las instituciones de seguridad para proteger los derechos de todos, entre ellos los de los jóvenes. Para llevar a cabo estos cambios habrá que contar con la gente joven y darle voz -una participación significativa- en la gobernanza y la formulación de políticas.

Con políticas e inversiones adecuadas, los países pueden obtener un “dividendo demográfico”, que es posible gracias al descenso de las tasas de mortalidad y fecundidad. El incremento de la población y la disminución del número de personas dependientes otorgan a un país la oportunidad única de generar crecimiento económico y estabilidad.

Para obtener este dividendo se precisan inversiones dirigidas a desarrollar la capacidad institucional, mejorar el capital humano, adoptar modelos económicos que favorezcan las perspectivas de empleo, y promover un gobierno inclusivo y los derechos humanos. El apoyo internacional puede desatar el potencial de la próxima generación de innovadores, emprendedores, agentes del cambio y líderes.

Hace 20 años, 179 gobiernos aprobaron en la Conferencia Internacional sobre la Población y el Desarrollo un innovador Programa de Acción que reconocía el importante papel de los jóvenes en el desarrollo. Hoy tenemos la oportunidad de definir un marco de desarrollo sostenible para después de 2015, basado en la experiencia, que empodere a los jóvenes e incluya indicadores y metas específicas sobre educación, desarrollo de capacidades y empleo, salud (en especial salud sexual y reproductiva), participación juvenil y liderazgo.

Los jóvenes deben ser protagonistas de la visión de un desarrollo sostenible después de 2015 con miras a crear el futuro que queremos.

Juventud: grandes cifras, grandes desafíos, grandes posibilidades

Los jóvenes cuentan. Cuentan porque tienen derechos humanos inherentes que deben ser respetados. Cuentan porque nunca antes hubo 1.800 millones de jóvenes vivos y porque ellos definirán y dirigirán nuestro futuro en todo el planeta. No obstante, en un mundo en el que prevalecen las preocupaciones de los adultos, a menudo no se les tiene en cuenta. Es una tendencia que debe corregirse sin dilación, ya que pone en riesgo tanto a los jóvenes como al conjunto de economías y sociedades.

Aproximadamente nueve de cada diez personas de entre 10 y 24 años viven en países menos desarrollados.

En estos momentos hay más jóvenes de entre 10 y 24 años que nunca antes en la historia de la humanidad. En algunas regiones del mundo, no solo aumenta el número total de jóvenes, sino también su proporción sobre el total de la población. En determinados países, más de uno de cada tres habitantes es joven.

En 17 países en desarrollo la mitad de la población es menor de 18 años.

Las tasas de homicidios suelen ser mayores donde las proporciones de jóvenes son más altas.

Cada día, 39.000 niñas se convierten en niñas casadas -lo que equivale a unos 140 millones en un decenio-.

Las tasas de fecundidad de las adolescentes son mayores en aquellos casos en que las proporciones de jóvenes son más altas.

La desigualdad basada en el género sigue muy de cerca a la proporción de las poblaciones de jóvenes.

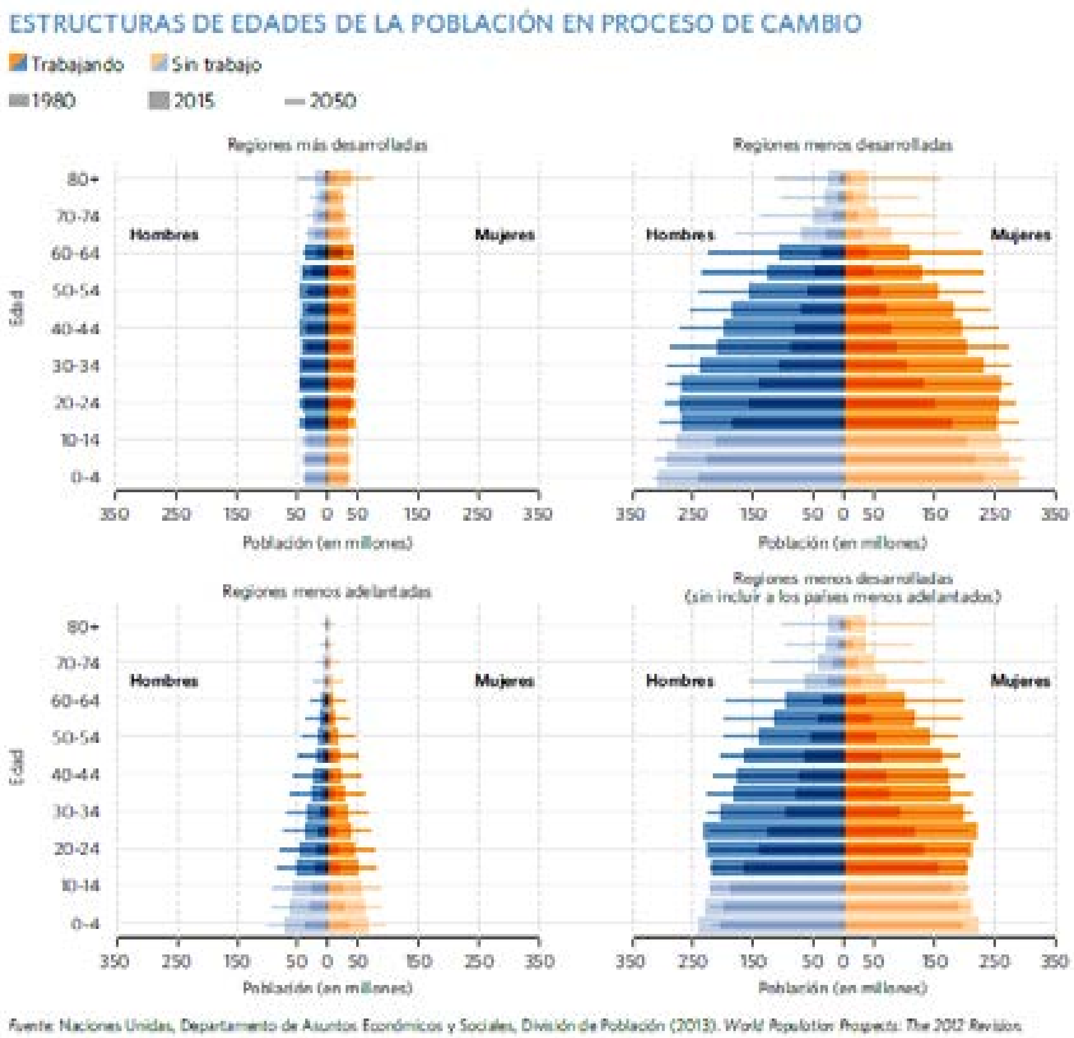
Las brechas de género en la enseñanza secundaria suelen ser mayores -en ambos sentidos, pero en general a favor de los varones- cuando las proporciones de jóvenes son más altas.

El gasto en salud es menor en los países con las mayores proporciones de jóvenes…

Los jóvenes, el capital humano y el dividendo demográfico

Invertir en la escolarización y la salud de los jóvenes no solo mejora su bienestar inmediato, sino también su empleabilidad, su productividad y sus ingresos (UNFPA et al., 2013). Esto es así independientemente de si trabajan en la agricultura, en iniciativas no agrícolas o en el sector formal.

Los servicios preventivos de salud pública son fundamentales sobre todo para los jóvenes. La importancia de los servicios de salud materno infantil está sobradamente reconocida, pero es necesario prestar mucha más atención a reducir la exposición a las enfermedades parasitarias e infecciosas, que atrofian el crecimiento físico de los niños, además de su desarrollo cognitivo, lo cual tiene consecuencias a largo plazo en el nivel de estudios y los posteriores ingresos (Alderman et al., 2006)…



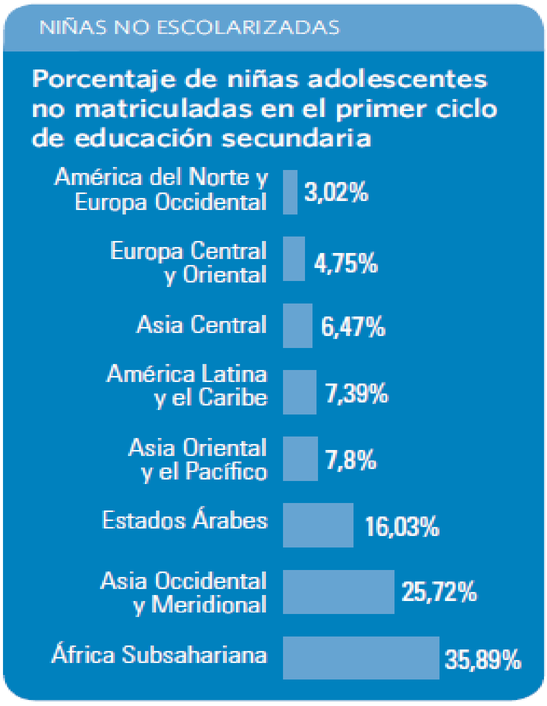
Maximizar el dividendo

La inversión en adolescentes y jóvenes, la realización de la salud sexual y reproductiva y los derechos reproductivos, y la promoción de la igualdad entre los géneros son importantes, aunque por sí solos insuficientes para obtener un dividendo demográfico.
Las políticas económicas también desempeñan un papel importante. Según el Banco Mundial (2013), "el entorno político debe ser propicio para el crecimiento. Esto requiere prestar atención a la estabilidad macroeconómica, a un entorno empresarial propicio, a la acumulación del capital humano y al estado de derecho". Conseguir este entorno político óptimo puede parecer una tarea abrumadora para muchos países en desarrollo. Incluso algunos países desarrollados y de ingresos medianos no se encuentran en posición de cumplir con todos estos estándares simultáneamente…

Las inversiones en capital humano, una oportunidad para generar un dividendo demográfico

Todos los países, sea cual sea su estado de desarrollo, tienen la responsabilidad de respetar los derechos de los jóvenes y ayudarles a sentar las bases de su vida.

Esta tarea implica equiparlos con una educación pertinente de calidad y ofrecerles una atención de salud integral que cubra todos los aspectos de la salud sexual y reproductiva. Los jóvenes necesitan oportunidades para ganarse la vida y participar en las decisiones que les afectan. Puesto que siguen existiendo disparidades en todas las sociedades, debe hacerse un esfuerzo especial para llegar a los grupos marginados de diversos frentes…



El futuro del desarrollo sostenible con los jóvenes como objetivo central

Un joven que tenga 10 años en 2015 será un adulto de 25 en 2030, año para el que se persigue alcanzar los nuevos objetivos mundiales de desarrollo sostenible. Los gobiernos que hoy apunten alto harán que el futuro de los jóvenes sea más prometedor, que en él se hagan valer los derechos, se cumplan las promesas y se desarrolle todo su potencial.

Los jóvenes son fundamentales para la próxima generación de objetivos de desarrollo sostenible, pero sobre todo para los destinados a:

-Acabar con la pobreza en todas sus formas y en todas partes

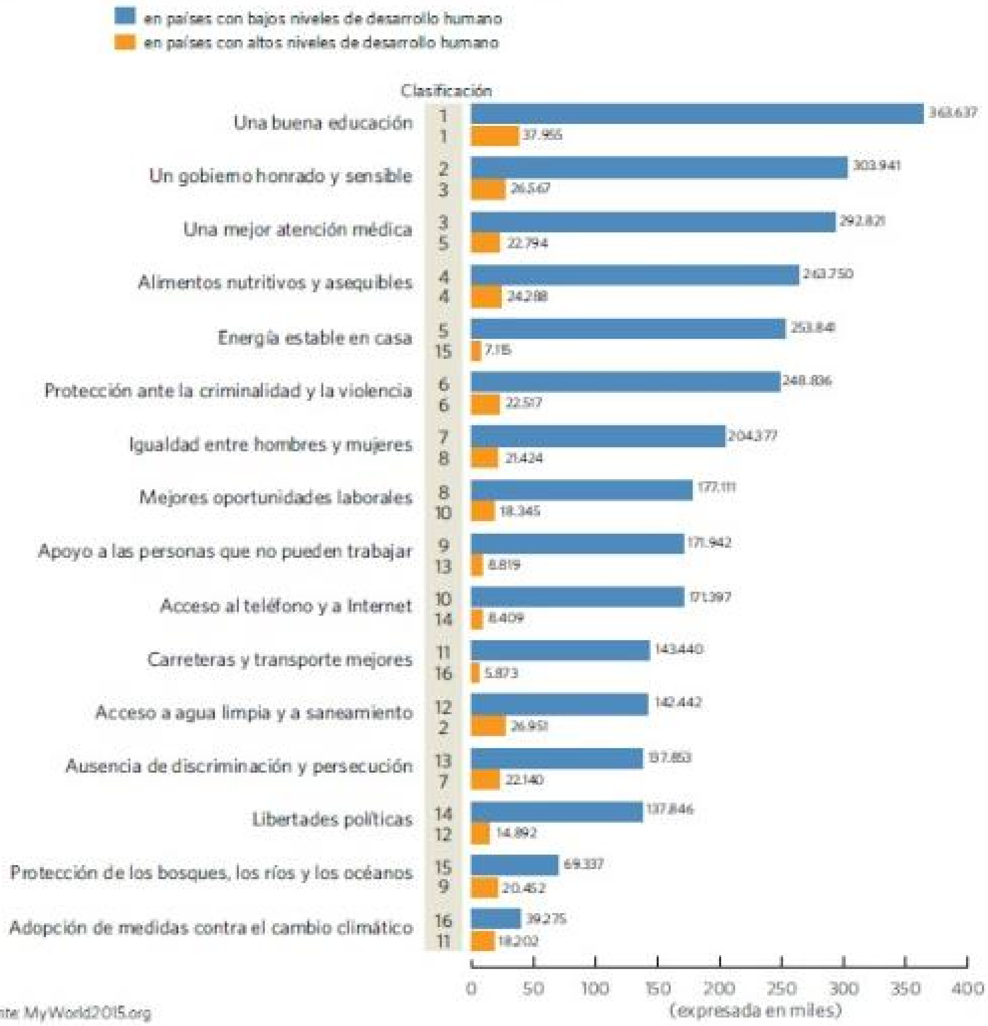
-Conseguir una enseñanza primaria y secundaria inclusiva, equitativa y de calidad

-Garantizar una vida saludable y promover el bienestar para todos

-Alcanzar el crecimiento económico inclusivo y sostenible, el empleo pleno y productivo y el trabajo decente para todos

¿QUÉ DICEN LOS JÓVENES SOBRE CUÁLES DEBERÍAN SER LAS PRIORIDADES EN LA AGENDA PARA EL DESARROLLO SOSTENIBLE DESPUÉS DE 2015?

Las Naciones Unidas y organizaciones asociadas patrocinaron una encuesta mundial, My World, a través de la que unos 597.000 jóvenes de edades comprendidas entre los 10 y los 24 años clasificaron sus prioridades para el mundo para después de 2015, año en el que está previsto que se alcancen los Objetivos de Desarrollo del Milenio. De todos los votos, aproximadamente 65.000 los emitieron jóvenes de países con un índice de desarrollo humano muy alto, mientras que unos 532.000 los emitieron jóvenes de países con un índice de desarrollo humano bajo. El índice de desarrollo humano es una medición sintética del logro medio en aspectos claves del desarrollo humano: una vida larga y saludable, tener conocimientos y disfrutar de un nivel de vida digno.



Fuente: MyWorld2015.org

La transformación del futuro y los argumentos a favor de los jóvenes

Los jóvenes están mejor preparados para desarrollar todo su potencial cuando están sanos y bien formados, y cuando tienen la oportunidad de prosperar y cumplir sus aspiraciones. Si cuentan con el apoyo adecuado para desarrollar su potencial, definido mediante decisiones basadas en su participación, pueden ser una enorme fuente de productividad, innovación y dinamismo creativo que acelere el desarrollo.

Por ejemplo, los jóvenes con empleos impulsan el florecimiento de las economías. Tener voz en las decisiones que les afectan puede contribuir a que se tomen decisiones que reflejen su realidad y a reducir la probabilidad de que recurran a vías alternativas para expresarse, como los desórdenes públicos, por ejemplo. El pleno acceso a los medios de salud sexual y reproductiva implica que puedan tomar decisiones fundamentadas sobre sus vidas y las de sus familias, y contribuir a una sociedad en conjunto más sana.

Las perspectivas nacionales se ven limitadas si no se invierte en los jóvenes, en algunos casos de forma drástica. Muchos de los países más pobres cuentan con las cifras de jóvenes más elevadas y algunas de las mayores barreras al desarrollo. Se encuentran bloqueados en un círculo vicioso por el que un gran número de jóvenes compiten ferozmente por unos recursos escasos, sobre todo por el empleo. Cuando no cuentan con educación ni atención médica, pueden contraer matrimonio siendo aún niños y convertirse en padres antes de estar preparados, socavando así su transición hacia una edad adulta feliz y estable. La discriminación por motivos de género hace que todos estos problemas sean especialmente graves para las mujeres jóvenes -e incluso constituyan una amenaza para su vida-.

Este círculo no es inquebrantable, pero continuará funcionando así hasta que los planes, las políticas y otros instrumentos de desarrollo tengan en cuenta a los jóvenes desde la conceptualización hasta la aplicación. Estos deberían reconocer que el desarrollo no es neutro en función de la edad y que la demografía importa. Sin embargo, en muchas sociedades se asume que los jóvenes se enfrentan a los mismos problemas que los adultos de mayor edad -o se les considera ciudadanos secundarios, subordinados a las prioridades de los adultos, ya que su turno llegará más adelante.

La consecuencia es que con frecuencia se pasa por alto a los jóvenes o se les da menos de lo debido, aun cuando carecen del poder económico o político para defender sus reivindicaciones. Los jóvenes son los primeros en sentir las consecuencias, pero estas se extienden al conjunto de las sociedades, sobre todo aquellas compuestas mayoritariamente por jóvenes.

Sin embargo, esta tendencia ha podido revertirse con éxito en algunos esperanzadores casos recientes. Pese a que las complicaciones derivadas del embarazo y el parto constituyen la segunda causa principal de muerte de mujeres jóvenes de edades comprendidas entre los 15 y los 19 años, el número de muertes se ha reducido de forma considerable desde el año 2000, en que los ministros de salud, alentados por los Objetivos de Desarrollo del Milenio, aumentaron las medidas para reducir esta tasa mediante intervenciones básicas y probadas. Esta tasa se redujo un 37% en África, por ejemplo, pese a que el continente sigue teniendo el mayor número de países pobres en los que abundan los jóvenes. En este caso las prioridades correctas contaron con el respaldo de las políticas y las inversiones adecuadas.

Según las hipótesis consideradas más probables, el número de jóvenes tocará techo en los próximos años o las próximas décadas. Invertir hoy para que se cumplan sus derechos y se cubran sus necesidades tiene el valor añadido de garantizar el avance, ya que desarrollarán capacidades y encontrarán oportunidades que contribuirán a mejorar sus vidas y podrán transmitirse a las generaciones futuras. Invertir hoy también contribuye a la resiliencia que probablemente necesitarán a consecuencia de la aceleración del cambio climático y sus importantes consecuencias potenciales tanto para el medio ambiente como para el bienestar humano…

Seguimiento de los objetivos de la CIPD: Indicadores seleccionados

Datos mundiales y regionales	Salud materna y neonatal: Tasa de mortalidad materna, por cada 100.000 nacidos vivos, 2013	Salud materna y neonatal: Partos atendidos por personal de salud calificado, %, 2006-2013	Salud materna y neonatal: Tasa de natalidad en la adolescencia, por cada 1.000 mujeres de 15 a 19 años, 1999-2012	Salud sexual y reproductiva: Tasa de prevalencia del uso de anticonceptivos, mujeres de 15 a 49 años, cualquier método, 2014	Salud sexual y reproductiva: Tasa de prevalencia del uso de anticonceptivos, mujeres de 15 a 49 años, métodos modernos, 2014	Salud sexual y reproductiva: Proporción de demanda satisfecha, mujeres de 15 a 49 años, 2014	Educación: Matriculación escolar primaria (neta), % niños en edad escolar, 1999-2013		Educación: Índice de equidad de género, enseñanza primaria, 1999-2013	Educación: Matriculación escolar secundaria (neta), % niños en edad escolar, 2000-2013		Educación: Índice de equidad de género, enseñanza secundaria, 2000-2013
							Varones	Mujeres		Varones	Mujeres	
África Occidental y Central	590	47	128	17	12	41	76	68	0,89	36	29	0,81
África Oriental y Meridional	410	48	112	37	31	60	87	84	0,96	34	31	0,91
América Latina y el Caribe	85	92	76 d	73	67	87	93	94	1,00	71	75	1,07
Asia y el Pacífico	140	74	34 c	68	63	87	95	95	1,00	67	63	0,94
Estados Árabes	170	75	55	53	44	76	88	83	0,94	66	60	0,92
Europa Oriental y Asia Central	27	96	30	65	47	85	95	94	0,99	86	85	0,98
Regiones más desarrolladas	16	–	21	70	61	88	96	97	1,00	–	–	0,99 *
Regiones menos desarrolladas	230	68	54	63	57	84	91	90	0,98	–	–	0,96 *
Países menos adelantados	440	–	113	39	32	63	84	79	0,94	–	–	0,87 *
Total mundial	210	69	50	64	57	84	92	90	0,98	–	–	0,97 *

Indicadores demográficos

Datos mundiales y regionales	Población: Población total, en millones, 2014	Población: Población de 10 a 24 años, en porcentaje, 2014	Población: Población de 10 a 24 años, en millones, 2014	Población: Tasa media de crecimiento anual de la población, en porcentaje, 2010-2015	Esperanza de vida: Esperanza de vida al nacer, 2010-2015		Fecundidad: Tasa de fecundidad total, mujeres, 2010-2015
					Varones	Mujeres	
África Occidental y Central	388	32	123	2,7	53	55	5,6
África Oriental y Meridional	523	32	170	2,6	56	59	4,8
América Latina y el Caribe	618 b	27 b	165 b	1,1	71	78	2,2
Asia y el Pacífico	3.823 a	25 a	957 a	1,0	69	72	2,2
Estados Árabes	327	29	95	2,0	67	71	3,3
Europa Oriental y Asia Central	263	22	59	0,5	66	75	2,0
Regiones más desarrolladas	1.256	17	217	0,3	74	81	1,7
Regiones menos desarrolladas	5.988	26	1.580	1,3	67	70	2,6
Países menos adelantados	919	32	294	2,3	59	62	4,2
Total mundial	7.244	25	1.797	1,1	68	72	2,5

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