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Feature

A Database on ILO's 'Cost of Social Security'

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Mathias Maucher

A Database on ILO's 'Cost of Social Security'

The following is designed to explain the concept of a joint ILO/EURODATA project. The common intention is to build up a data infrastructure for comparative welfare state research based on ILO's international inquiry 'The Cost of Social Security (COSS)'. This survey, started in 1949 and still continued, reports on financial transactions—i.e. categories of receipts and expenditure—of social security institutions (schemes, funds, agencies, programmes). Our main aim consists in producing a CD-ROM comprising both a commented edition of the original questionnaires and a machine-readable version of basic tables already published. It should cover most of the Western and Central European countries.

Serving as a starting point for sketching out the project's purpose and context, the first section draws on several aspects of social security financing that raise attention and controversies in various contexts. In a second step the article sketches out the design of COSS and tries to illustrate briefly its potential for cross-country research on social security institutions. One paragraph characterizes briefly other comparative databases or information systems on social protection in Europe compared to COSS. In the third section, the idea of the project is developed by describing concepts and contents of the database still under construction. It comprises an overview of already realized and some projected components. The article concludes with an outlook on work planned by the ILO and EURODATA.

1 Challenges Linked to the Financing of Social Security

Debates and controversies related to the already long and widely discussed 'crisis of the welfare state' rather frequently deal with or at least touch upon the topic of financing welfare state provisions. In this context, aspects such as volume of financial transactions (either globally dedicated to social protection or reserved to individual programmes) or mode of funding of social security schemes and policies can be identified as common points of dispute in all relevant areas. Four major perspectives and challenges of social security financing are pointed out in the following paragraphs and should facilitate a better comprehension of context coordinates of ILO/EURODATA's CD-ROM project on COSS as well as options of analyses based on it. Taking into account these different aspects, social security financing clearly constitutes one main thread linking the political, societal and economic debates on welfare state reform and redesign.

Cost Containment Policies and Redefinitions of the Role of the State

As a consequence of continuously increasing quota of government spending related to social protection and indebtedness of public budgets, in all European countries several strategies from a whole set of austerity policies have

...continued on page 2

been on the political agenda, negotiated in the competent arenas and implemented mainly from the mid-1980s onwards. They generally aim at safeguarding the (future) ability to act on all levels of government. Following concepts recommending as the main guideline a restricted state responsibility and a limited role of (central) government regarding societal welfare, retrenchment policies have implemented rules reducing—at least in the medium and long term—the share of state or parafiscal agencies in (co-) financing or administrating social security. The most prominent example for this strategy is undoubtedly the United Kingdom in the 1980s.

When discussing welfare state reform and arguing about the appropriate public-private mix of welfare provision, scholars in the fields of social policy and third sector research as well as expert committees have put on their agenda the role of

the state or other semi-public agencies in social security financing, too. Those who are in favour of less state intervention propose two often complementary strategies for the sustained reduction of the government's involvement in social security financing and offer: 1) legislating reduced obligations of direct benefit or service provision or subsidization by (central) government agencies (e.g. in the case of the unemployment assistance in Germany, 1996) or 2) enacting market mechanisms that enable competition amongst providers who are able to meet fixed quality standards subject to public control, e.g. implemented for benefits in kind in the German long-term care insurance (*Pflegeversicherung*), enacted in 1994.

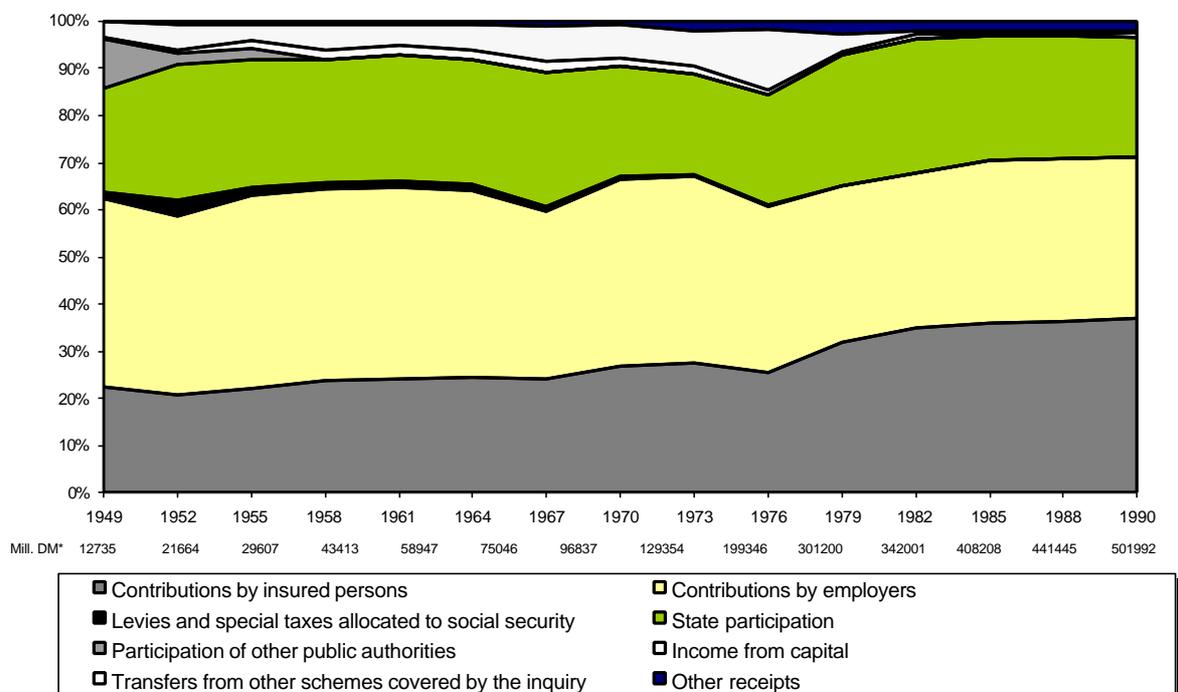
Adapting Systems and Benefits to Changing Context Parameters

Reconsidering institutions of the welfare state in the light of changed family structures, ageing popula-

tions or new patterns of paid and unpaid work, social security financing moves to the centre of attention for consultancy boards, planning agencies or scientists tackling challenges of equity, distributional justice and system efficiency on a macro-level. Let's only name three of them: 1) What could be—in a given period—the appropriate level of total influx and outflow of money and assets dedicated to social security in general? 2) Based on which group- and risk-specific estimations of incidence should this amount be broken down into subsystems or distributed amongst specific programmes of social protection? 3) On which criteria can transfers between schemes, funds or agencies—implying (sometimes 'hidden') redistribution amongst groups—be justified as a permanent source of receipts?

'Re-engineering' the design of schemes and funds or evaluating the

Graph 1: Germany (Only Former FRG): Percent Distribution of Social Protection Receipts by Type, 1949-1990



Source: 1949–1990: Questionnaires and documentation for inquiries I–XV submitted to ILO by *Bundesministerium für Arbeit und Sozialordnung*. * Total receipts in million DM at current prices.

Table 1: Categories of the Basic Questionnaire as Regards Type of Receipts and Expenditure

1) receipts								
1a	1b	2	3	4	5	6	7	sum 1a-7
contributions		levies and special taxes allocated to social security	state participation	participation of other public authorities	income from capital	transfers from other schemes covered by inquiry	other receipts	total receipts
from insured persons	from employers							
2) expenditure								3) balance
1a	1b	1c	sum 1a-1c	2	3	4	sum 1-4	difference I-II
benefits				administrative expenditure	transfers to other schemes covered by inquiry	other expenditure	total expenditure	
medical care	benefits in kind other than medical care	cash benefits	total					

programme effectiveness sets the focus on four major possibilities for social security schemes or measures: 1) legal enforcement of membership in scheme or access to fund (compulsory vs. voluntary); 2) modalities of financing schemes or funds dedicated to social security (pay-as-you-go vs. capitalization systems); 3) eligibility conditions delimiting the scope of specific schemes, mainly via rules of adherence or the existence of contribution ceilings; 4) entitlement conditions restricting the eligibility for monetary transfers, social services, benefits in kind or fiscal advantages. Changing these parameters will produce direct consequences for volume and types of social protection financing.

Exonerating Costs of Labour

Possible effects of given levels of protection and existing institutional designs or configurations may be treated as isolated factors. To a far greater extent, however, are impacts on other fields explored, e.g. when interrelations of social protection costs with labour market dynamics and employment volume outcome are discussed. This holds especially for countries that have implemented employment-based social insurance institutions as major pillars in their welfare system, where levies on wages and salaries represent the

central source of funding. According to a strand of reasoning generally accepted, the common pattern of growing contributions and taxes burdened on the production factor labour will, in the long run, both increasingly threaten the ability to successfully compete on international markets and favour investments in less labour-intensive production processes.

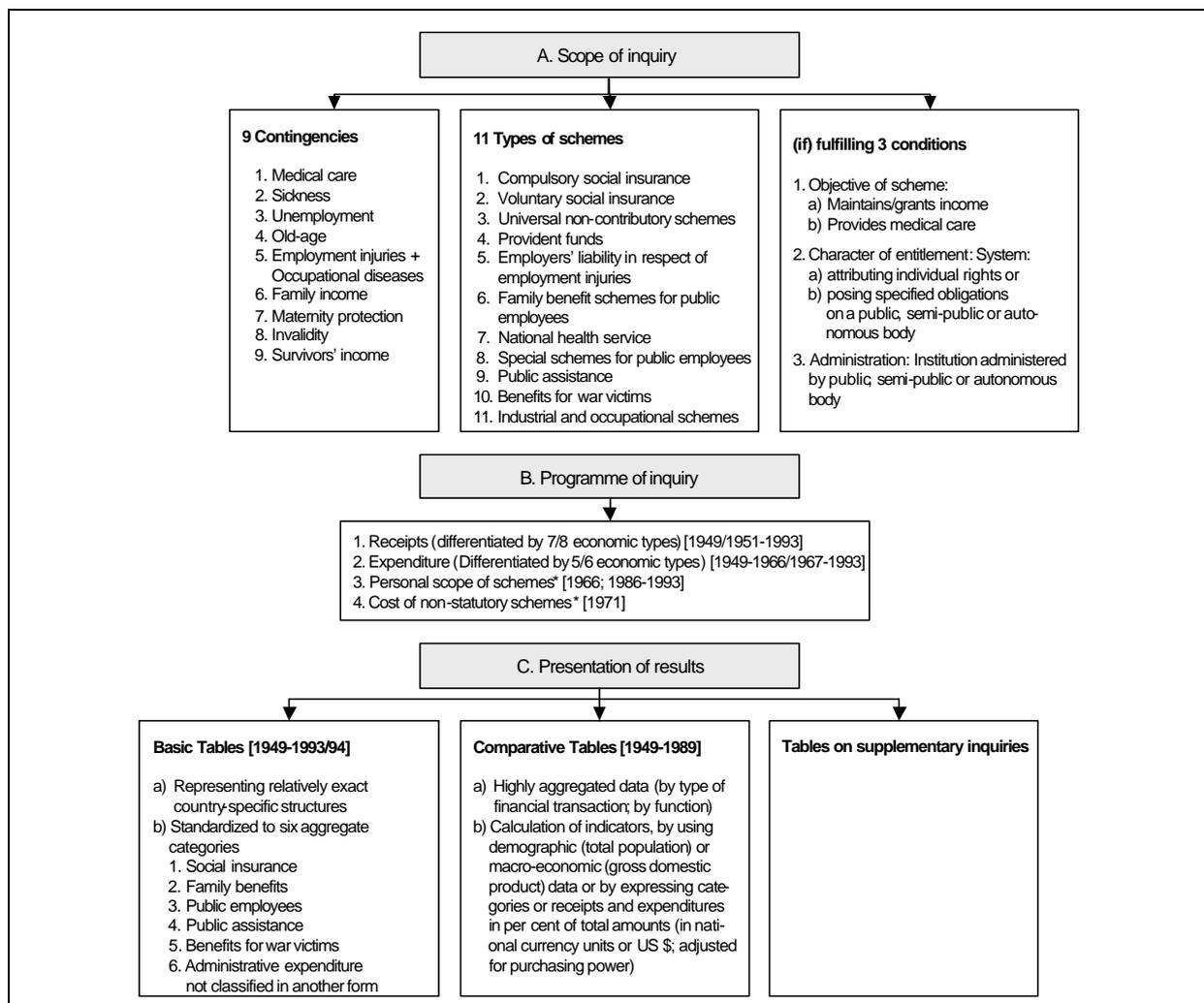
Not surprisingly, measures aimed at slowing down increases of statutory contributions or even causing their cutback are discussed by the parties to the wage/salary agreement and society. Diminishing the financial burden on labour costs has been—in the last ten to fifteen years—one crucial topic and aim in most of the European countries. This is even more true for countries standing out due to augmented funding by social contributions in a long-term perspective, as it is the case with Germany. *Graph 1* clearly reflects this. It is based on values taken from the original documentation, i.e. the questionnaire submitted to the ILO by the German Ministry of Labour and Social Affairs (*Bundesministerium für Arbeit und Sozialordnung*). Within the last two decades, the focus has been set differently in the different European countries, depending on the prevailing economic

paradigma, the balance of power and opportunities for change: 1) As a rule, the accent has been on measures reducing employers' costs. As a by-product, legislative amendments increasing the take-home pay of persons in the labour force came into force, too. 2) Instead of extending the contribution basis by enlarging the personal scope of a scheme or fund, an alternative strategy could consist in a shift to a different calculation basis by (partially) replacing employers' social contributions by value added payments to social security. To our knowledge, this concept, implying a reorientation towards a tax-transfer system—turning away from the concepts of equivalence, reciprocity and social insurance—has, however, to date not been applied with blanket coverage in major social insurance schemes of EU member countries. 3) Finally, the aspect of appropriate shares for apportioning the financial burden ear-marked for social welfare cannot be separated from the question of (implicit) physical or psychological ceilings for individuals and enterprises.

To some extent the tendency of increased funding of the German social protection schemes, funds, agencies and programmes by means of social contributions can, how-

Graph 2: Embedding COSS in an Institution-oriented Approach of Welfare State Analysis

Political, economic and societal changes ← → Development of welfare state institutions



Number of inquiry

I II III IV V VI VII VIII IX X XI XII XIII XIV XV XVI XVII XVIII XIX XX XXI?

Year data on receipts and expenditure are published for in Basic Tables report on

1949 1951 1954 1957 1960 1963 1966 1971 1974 1977 1980 1983 1986 1989 1990 1991 1992 1993 1996 1999 200?

ever, be attributed to inconsistencies with regard to the reported apportionment of forms of receipts. It might differ from the factual repartition of funds. This problem, however, cannot or only partially be assessed by falling back on information provided by COSS. It rather necessitates in-depth knowledge about the financial constitution and management of social security budgets. This becomes evident if one focuses on two categories and the development of their relative share over time: 1) From 1958 onwards, 'participation of other public

authorities'—in the case of Germany this refers to the states (*Länder*), districts (*Kreise*) and municipalities (*Gemeinden*)—has been merged with the category 'state participation' for the purpose of COSS. Public welfare agencies on the regional and local level, however, have always co-financed social protection expenditure, especially in the field of social assistance benefits. 2) 'Transfers from other schemes covered by the inquiry' as depicted in *Graph 1* seem to have lost any significance from 1982 onwards. Divergences with regard

to this type of receipts can nevertheless stem from an inconsistent treatment or definition over time. The above-mentioned transfers might be given as unbalanced accounts, i.e. double counts are possible, or stated as balanced accounts, i.e. already cleared up for 'intra-system' transfers, i.e. transactions between schemes classified under the same heading. This, e.g., is the case with transfers (mutually) involving the different German pension funds, i.e. the pension insurance for workers (*Arbeiterrentenversicherung*), salaries (*Angestell-*

tenrentenversicherung), mining personnel (*Bundesknappschaft*), and persons working in agriculture (*Alterssicherung der Landwirte*).

Improving Efficiency and Effectiveness, i.e. Welfare Outcomes

Studies screening policy effects (i.e. positive or negative incentives of social protection expenditure or targeting of programmes) and the outcome of eligibility or entitlement conditions and benefit regulations on the level of individuals and households, i.e. the programme effectiveness, are often underpinned by aspects of financing, too. Evaluations of the extent to which the restructuring of a given tax/benefit/service system can guarantee a sufficient disposable household income, minimise unemployment, invalidity or long-term care or avoid social exclusion traps, can hardly be carried out without taking into consideration the distributional implications for the groups or agencies financing them.

2 ILO Inquiry into the Cost of Social Security (COSS)

This section deals with the concept and scope of ILO's inquiry 'The Cost of Social Security'. It briefly assesses how a machine-readable version of COSS—including both original documentation and basic tables—could improve the databasis for comparative research on social protection (financing), especially when concentrating on institutions of the welfare state. The paragraph concludes with an overview of publications based on COSS and already realized forms of data dissemination.

Concept

Since 1949 the 'International Inquiry into the Cost of Social Security' has been carried out by the ILO in the form of a questionnaire-based survey. Responses are normally given and/or coordinated by the national ministries in charge of social security and/or the national statistical offices. According to the inquiry's concept—following a

combined functional and institutional approach—all social protection schemes and welfare provisions meeting the definitions given in *Graph 2* should, in principle, be included. The purpose is therefore to obtain aggregate data on the financial transactions of national social security programmes for nine risks covered by eleven types of schemes if three conditions are met. The contingencies covered correspond to those defined under the different parts of the ILO Social Security (Minimum Standards) Convention, No. 102, voted in 1952. Explicitly excluded are the four social policy functions active labour market policies, housing, creation of wealth and education, partly covered by other cross-country data and information sources. Nevertheless, a certain deficit is the fact that neither from the published explanations nor the original documentation submitted to the ILO can one normally conclude to which extent it had been possible to realize this ambitious concept for a given country and inquiry or year. However, having screened the available material as well as the already published basic tables for several European countries there can be no doubt that COSS will present a very valuable source for cross-country analysis on financial transactions of the major systems, programmes, agencies and functions of social protection over the last five decades. It can be a key source for comparative research on institutional stability or innovations including this perspective of social security funding.

Starting with Inquiry XIII (1984–1986), the concept has been extended to incorporate—as a regular component—data on the personal scope of social security schemes. The questionnaires for the ongoing inquiry 1994–1996 for the first time apply an adapted methodology close to the ESSPROS system in order to test its worldwide applicability (cf. ILO 1997a).

The categories for types of receipts and expenditure of the basic questionnaire are presented in *Table 1*.

Except for two amendments, they have formed the basis of all inquiries since 1949: 1) In a revised version, applied since 1951, the categories 'transfers from/to other schemes covered by the inquiry' have been included; 2) Starting with the eighth inquiry, i.e. in 1967, the expenditure category 'benefits in kind' has been subdivided into 'medical care' and 'other benefits in kind'. This stability (principally) facilitates comparative analyses over a long span of time. As an illustration of this relative stability, *Graph 3* documents the long-term development of social protection expenditure distributed by type for France, referring to data in the basic tables.

However, the breakdown of forms of receipts and expenditure proposed by COSS generates several problems linked to the exact attribution or classification of financial flows. Two examples should illustrate this problem: 1) As a rule, entries in the category 'contributions from insured persons' have to be based on estimations if different rates (by wage level, branch of insurance or occupational status, if a scheme for wage and salary earners covers the self-employed or unemployed, too) are applied in respect of different categories of insured persons or if voluntary insurance is possible (because the insured person then has to bear the entire contribution). 2) State participation should include all payments made to finance social security from the government sector, i.e. subsidies, social contributions—in its role as employer—in special schemes for public employees, administrative expenses. In countries with a federal constitution, 'state participation' embraces the amounts spent by the federal government, whereas—according to COSS' logic—receipts from constituent states, provincial governments and municipalities should be entered under the heading 'participation by other public authorities'. In practice, disentangling contributions made by the government sector may nevertheless not be an easy task or is simply not

(totally) applied when filling out the questionnaires, as the German example already demonstrated.

Finally, some conceptual deficits and limitations should be mentioned. A comprehensive analysis of the financial, institutional and organizational features of welfare state development has to remain incomplete if tax reliefs, occupational social protection arrangements or privately contracted social welfare are not taken into account. Whereas the first and last aspect are disregarded completely by COSS, the second pillar of social security is integrated only if social advantages are codified for the gainfully employed in special sectors/branches or certain categories of the labour force. Understandably, efforts to cover enterprise-based schemes have never been undertaken, a sector for which estimations in national surveys are difficult to obtain. Systematic cross-classifications of schemes and risks for all types of receipts and expenditure are generally not possible. Finally, due to its focus on welfare state institutions,

COSS is not an appropriate basis for analyses on the mechanisms of income redistribution and their outcome on the level of households or individuals.

Published Results

The results of Inquiries I to XIV, launched between 1949 and 1993, are available in printed form only. This holds both for the basic and comparative tables and the data obtained from questionnaires for the supplementary inquiries. Whereas the basic tables give a detailed account of the financial operations of those social protection schemes covered by the inquiry in each country for (as a rule) every third year, the comparative tables are dressed up with highly aggregated data and central indicators for each consecutive year ranging from 1949 to 1989.

The national datasets representing the results of Inquiries XV to XVIII (covering the years 1990 to 1993) are—to a varying extent for the different countries—available via the internet (<http://www.ilo.org/>

public/english/110secso/css/). The same holds for the data on financial transactions by type 1960–1989 published in the comparative tables (<http://lissy.ceps.lu/compwsp.htm>).

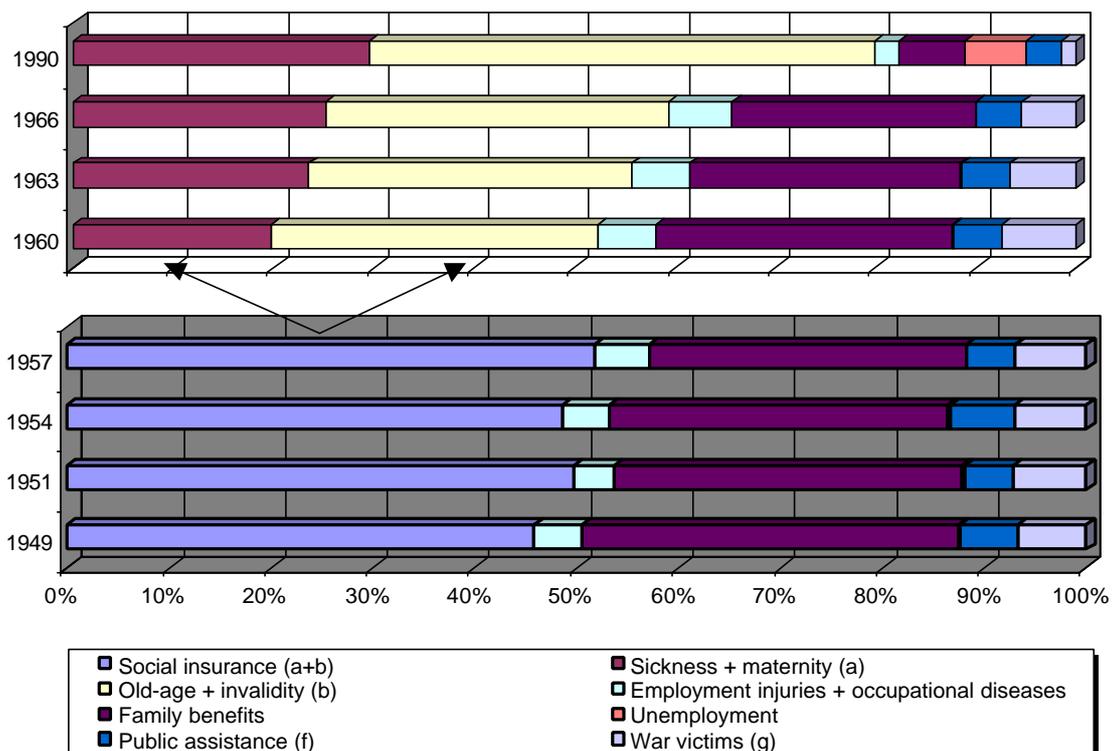
These data have been made machine-readable within the project 'The Welfare State in Comparative Perspective: Determinants, Program Characteristics, and Outcomes', directed by Evelyne Huber, Charles Ragin, and John Stephens, and commonly funded by the Institute for Policy Research at Northwestern University/Chicago, the Department of Political Science at the University of North Carolina and the Luxembourg Income Study (LIS), located at the CEPS, Differdange.

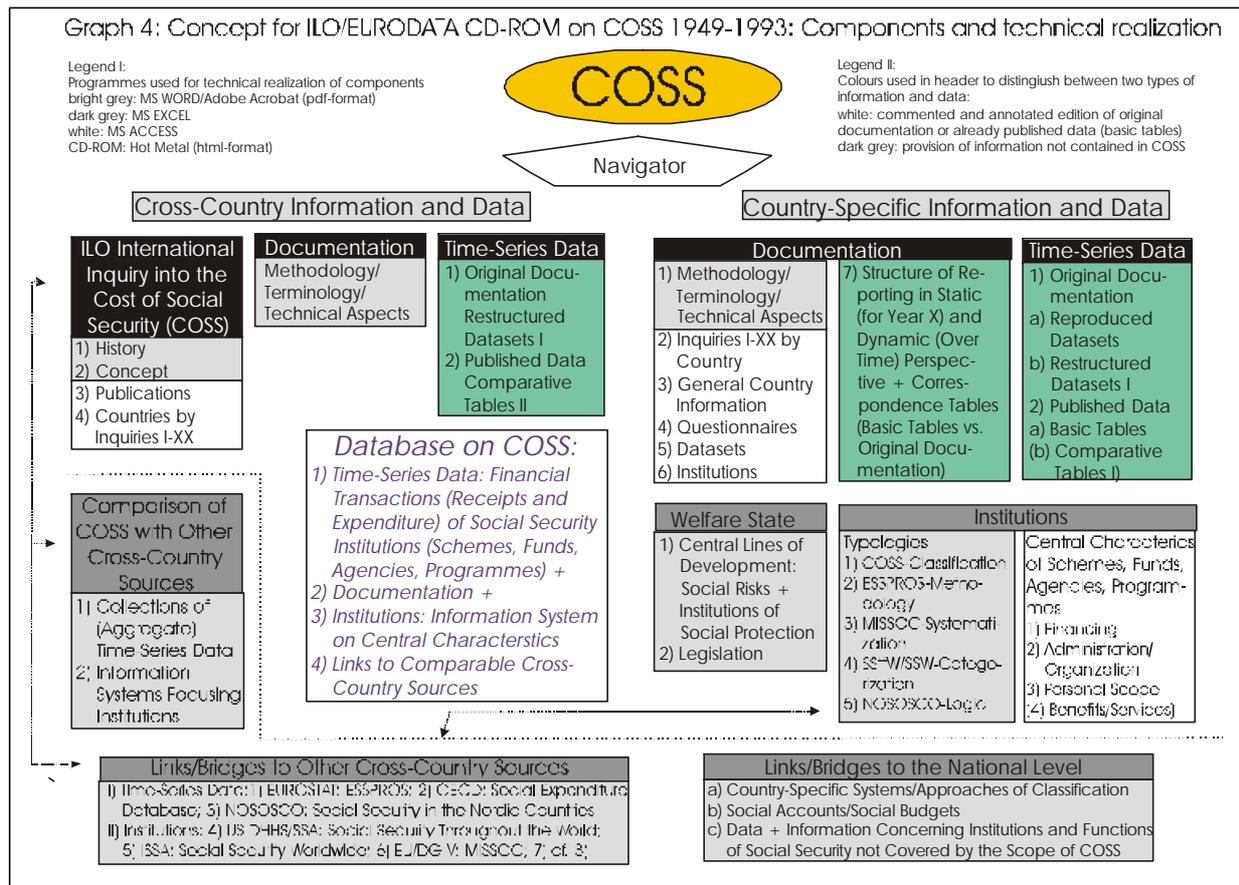
Financial and Structural Innovations Covered by COSS

Since the 1950s it has been possible to witness some considerable developments in the fields of both social security financing and administration.

As regards procedures mobilising and allocating financial flows, one could mention progressive refine-

Graph 3: Percent Distribution of Social Protection Expenditure by Risk, France 1949-1966 and 1990





ments of financing techniques, such as a widening of the contribution base or an introduction of new methods of levying taxes or contributions funding social security. Modifications in the structure of sources of financing result from these innovations, irregularly adjusted contribution or tax rates and reorganizational processes in social security administration. Since it is not an infobase on laws and other regulations on social security financing and administration, it goes without saying that COSS does not directly report on the first two points, but indirectly reproduces shifts in all three factors via the reported system structure.

In the last five decades, several forms of restructuring social protection administration took place, too. 1) One consisted in enlarging or even generalizing the personal scope of schemes. This tendency towards universalization can be observed, e.g., for many child benefit/family allowances schemes, well demonstrated by the Finnish (*Lapsilisä*) or

Norwegian (*Barnetrygd*) child benefit. Introduced in 1948 or 1946 respectively, they both replaced or extended rudimentary benefits for specific categories of families. The Finnish child allowance provided benefits from the first child onwards from the beginning, whereas in Norway this monetary transfer has only been paid to families with one child since 1970; before that time, only single parents with one child had been entitled to benefits. 2) The coverage of contingencies formerly not provided by welfare state institutions or provided in another form has been a second tendency. The establishment of new or independent schemes for long-term care or parenting policies falls under this category. A good example is the introduction of a compulsory long-term care insurance (*Pflegeversicherung*) in 1994 or the enactment of a federal child raising allowance (*Bundeserziehungsgeld*) in 1986 in Germany. 3) Thirdly, special funds or compensation mechanisms have been established, which financially relieve groups with structural disad-

vantages or special needs to a certain extent. Referring to the concept of 'national solidarity', this technique—implying a (partial) 'collectivization' of costs—is commonly applied with regard to old-age and sickness funds or insurances for farmers, miners, repatriates or poor elderly. Here the French social protection system is an exemplary case if one thinks of *Budget Annexe des Prestations Familiales / Sociales Agricoles* (established in 1949), *Fonds Spécial d'Allocation de Vieillesse* (1955), *Fonds National de Solidarité* (1956) or *Fonds d'Allocation Vieillesse aux Rapatriés* (1964). 4) Incorporating systems of social protection formerly exclusively administered by employers' and employees' organizations into structures open to state control (e.g. for the risk unemployment) has been another option. In Sweden, e.g., the unemployment insurance organized by trade unions and their benefit societies from 1974 onwards has been supplemented with a state-administered unemployment assistance scheme for

those not enrolled in a benefit fund or members of benefit societies not entitled to compensation benefits (Olsson, 1986: 22). The insurance societies themselves 'operate in close connection with the trade unions and under the supervision of the National Labour Market Board (*Arbetsmarknadsstyrelsen*)'. A related form is the enforcement of legislation framing social security schemes set up by employers' associations and trade unions. The introduction of a contractual unemployment insurance scheme (*Assurance chômage*) for France in 1958 or of trade union funds (*Caixas Sindicais*) in the corporatist social welfare system of Portugal before 1962/1974 are good examples of this. 5) Finally, altered administrative responsibilities implying changes in the welfare mix may also stem from contracts with private insurance companies (as in the case of schemes allowing to opt out the general pension scheme in Great Britain) or from the growing importance of enterprise-based arrangements offering a supplementary compensation.

Institutional Stability and Change Reflected by COSS

The data collected in the framework of ILO's International Inquiry 'The Cost of Social Security' reflect in an appropriate manner important shifts in social protection financing as well as an emerging or declining relative importance of certain risks related to societal change and legislative amendments. Using data from the basic tables, *Graph 3* shows the long-term tendencies toward increased relative shares for old age, sickness and unemployment as well as the decreasing importance of benefits improving the income situation for families in France. These developments result from the interrelated influence of demographic shifts, extended or restricted personal scope of different schemes and altered access conditions (e.g. the duration of insurance prior to claim of benefit; income thresholds excluding an entitlement) and bene-

fit regulations, such as generosity or indexation of benefits.

Even if to a somewhat lesser extent, this data collection may also serve as a starting point for tracing back innovations in social security organization and administration. A rather complete comprehension can, however, only be achieved by referring to other comparative or national sources of information. Within the database project we try on the one hand to provide at least some basic information on central institutional characteristics, including administration, by using comparative typologies, cf. *Graph 4*. Additionally, we intend to document mergers or splits of institutions and their establishment or dissolution via coloured markings.

Focusing on Institutions in (Comparative) Social Policy Analysis

A pattern of social policy research fitting well with COSS is, obviously, the institutional approach. It concentrates on institutional and organizational features of welfare states, stressing variations in structures in a comparative perspective. Assuming a long-term perspective it aims at explaining them by linking earlier national or intra-scheme divergences with general developments on a macro-level. Hereby one can account for country-specific lines of development and path dependencies. In the context of an institution-oriented analysis of the welfare state, global and institution-specific volume and mode of social protection financing and consumption are central issues at stake. First, with regard to their interrelation with context influences from different sectors (demography, economics, labour market, political system, regulative framework). Second, regarding their redistributive effects, cutting across income groups and shifting burdens horizontally amongst groups in a comparable financial situation (e.g. from single persons to families) or intertemporally between generations (e.g. in pension insurances having recourse to pay-as-you-go mechanisms as a

mode of capital accumulation). This second aspect touches upon the question of how welfare state institutions structure group-specific and individual life chances with regard to two important dimensions: central mechanisms of scheme design and benefit regulations. A data infrastructure based on COSS, comprising aggregate information on financial transactions of social security schemes and funds, therefore promises to be a valuable instrument of cross-country analysis on welfare state institutions compared to the time-series datasets already available.

COSS and other Cross-country Sources for Comparative Welfare State Research

'The Cost of Social Security' is one in a number of other comparative collections of time-series or information systems on social protection institutions or benefits in Europe listed in *Table 2*. These data- or infobases—mainly collected or produced by supranational or intergovernmental organizations or their subdepartments—may share to a varying extent a body of common or similar approaches and contents. However, clear differences exist with regard to concept, variables, geographical scope, and technical realization. In-depth juxtapositions of two or three different concepts respectively are given, e.g., in ILO 1997a, US DHHS: SSA/ISSA 1997 or OECD 1996.

A better understanding of the financial transactions and the institutional structure of social protection schemes, agencies and funds requires an exploitation of qualitative cross-country and national sources, too. *Table 2* lists five cross-country information systems describing main features of system organization and funding. Except for the ESSPROS methodology they all incorporate central institutional regulations, i.e. eligibility criteria applied by a given scheme, entitlement conditions for specific programmes and benefit regulations for individual measures. Apart from

Table 2: Central Databases and Information Systems on Social Protection in Europe

Producer	Database	Period covered/ Periodicity of publication	Form of publication/ Accessibility of data and information
ILO	The Cost of Social Security	1949–1993/triannually	series [1a] + [1b]; for 1990–1993/ inquiries XV–XVIII exclusively via WWW: http://www.ilo.org/public/english/110use/cso/css/
OECD	Social Expenditure Database (for 27 of 29 OECD member countries)	1980–1995/annually	monography, covering 1980–1993 [2]; CD-ROM
Huber/Ragin/Stephens/CEPS: LIS	Comparative Welfare States Data Set	1960–1994/no periodical publication	no printed form; WWW: http://lissy.ceps.lu/compwspw.htm
EUROSTAT	Social Accounts/Digest of Statistics on Social Protection in Europe	1962–1996/annually	series [3]; CD-ROM (integral version)
NC: NOSOSCO	Social Security/Protection in the Nordic Countries: Scope, Expenditure and Financing (DK, FIN, IS, N, S)	1948–1996/biannually	series [4]; diskette, since edition 1995 (containing only extracts of data in publication); WWW, one table per country on financing of social expenditure 1997 http://www.nom-nos.dk/nososco.htm

Producer	Infobase	Period covered/ Periodicity of publication	Form of publication/ Accessibility of data and information
US DHHS: SSA	Social Security Programs Throughout the World	1937–1998/yearly	series [5]; WWW for 1997: http://www.ssa.gov/statistics/ssptw97.html
ISSA	Social Security Worldwide	1995–1998/updated twice a year	no printed form; CD-ROM; WWW-access only on registration liable to costs: http://www.issa.int/ssw/
CEPS: LIS	LIS Institutional Database	start in 1984; years covered differ by country/no periodical publication	no printed form; WWW: http://lissy.ceps.lu/database.htm
EUROSTAT	Publications based on European System of Integrated Social Protection Statistics (ESSPROS)	manual first published in 1981, a revised version being in use since 1996/no periodical publication	Monography [6]; WWW: [http://europa.eu.int/en/comm/eurostat/seven/part2/23bd1.htm]
EU: DG V	Mutual Information System on Social Protection in the Member States of the European Union* (MISSOC)	1958–1998/annually	series [7]; via WWW for 1998: http://europa.eu.int/comm/dq05/soc-prot/missoc98/

Abbreviations:

CEPS: LIS: Centre d'Etudes de Populations, de Pauvreté et de Politiques Socio-Economiques (Differdange); Luxembourg Income Study; EU: DG V: European Union: Directorate-General V [Employment, Industrial Relations and Social Affairs] (Brussels); EUROSTAT: Statistical Office of the European Communities (Luxembourg); ILO: International Labour Office (Geneva); ISSA: International Social Security Association (Geneva); NC: NOSOSCO: Nordic Council: Nordic Social-Statistical Committee (Copenhagen); OECD: Organisation for Economic Co-operation and Development (Paris); US DHHS: SSA: US Department of Health and Human Services: Social Security Administration (Washington, DC)

* The Council of Europe in his publication *Comparative Tables of Social Security Schemes in Council of Europe Member States Not Members of the European Union* (1982–1996/biannually) applies the concept of MISSOC (overviews on nine risks and chapters on organization and financing) to report on social protection schemes of European countries not being EU members.

NOSOSCO, no infobase, however, includes tax benefits, a deficit impeding a more comprehensive analysis of social policy institutions and outcomes if one knows about the prominent role of fiscal advantages in many welfare states. Several classifications applied by these information systems will find their way into the categories in order to describe the institutions covered by COSS, cf. *Graph 4*.

3 COSS on CD-ROM

Design and Scope of the Database

Referring to *Graph 4* we will describe design and functionality of the ILO/EURODATA database under construction.

The project's central aim consists in producing a comprehensive machine-readable edition of sources connected to COSS for the period 1949 to 1993. For this purpose both the original documentation submitted by the national ministries in charge

of social protection and time-series data already published in form of basic tables will be processed and documented. We intend to include all EU member countries plus Norway, Switzerland, Czechoslovakia (including the succession states Czech and Slovak Republic), Hungary and Poland.

All parts arranged above the broken line in *Graph 4* make up the core of the database on COSS. First priority is given to reproducing the time-series data contained in the original

documentation and the basic tables, framed by a comprehensive documentation apparatus. We aim at making machine-readable all data and information covered by the components listed in the three rectangles on the top right-hand corner of the diagram. Additionally, parts of the documentation on comparative datasets as well as some background information on COSS—listed in the three boxes in the upper left part of the overview—have already been set up. In a second phase efforts will be made to give a detailed characterization of important institutions figuring in original documentation and basic tables. The components to be worked on during this phase are graphically represented by the three rectangles below. In a third step we would then be able to reach beyond COSS by working on comparisons with other cross-country sources or by supplementing—for a limited number of countries—ILO's inquiry design for COSS with classification systems for national social budgets/accounts.

Data and Documentation

Commented and partly restructured datasets (1.) as well as the documentation on data, inquiries, questionnaires and institutions (2.) make up for the core part of the database on COSS 1949–1993. All of them normally report on a specific year. Additionally, efforts are made to grasp major lines of development, underlining COSS' character of a repeated cross-sectional inquiry by documenting shifts in the institutional structure of a country's social protection system (3.). This holds for 'real' changes as well as for those going back to redefinitions of the aggregate categories by either the national agencies submitting the questionnaires or the ILO itself, an aspect partly covered by the correspondence tables (4.). Additionally, the database contains overviews of the history and concept of COSS as well as of the publications issued on the basis of this international inquiry.

1. Machine-readable datasets will be made available in two forms: First, by reproducing, documenting and annotating the data and explanations contained in the original documentation and the basic tables—this will be our major task; second, by restructuring them—at a later stage in the work process—, especially with regard to the order in which the social protection schemes are presented. These reorganized datasets should on the one hand enable to better link country-specific data over time. On the other hand they could improve their comparability when cross-country typologies are applied.

2. A documentation apparatus has been designed to improve the understanding of data and institutions. It consists of the components 'General Country Information', 'Questionnaires', 'Datasets', and 'Institutions'. Additionally, background information on the inquiry and technical aspects (cf. part 'Methodology, Terminology, Technical Aspects') is provided.

3. Reporting on institutional stability and change over time: A non-appropriate format prevents us from providing a detailed documentation of the institutional diversity in a given year or to retrace change and stability of social security schemes, funds, agencies or programmes in this article. Combining elements of a universal and a fragmented welfare system, nevertheless continuously progressing towards the first pattern since World War II, e.g. The Netherlands could, however, serve as an interesting example in this context. With a high consistency over time, the original documentation reports on about 30 different schemes, many of which functioning for decades. This, nonetheless, does not preclude the fact that major legal amendments, modifying the system structure, are clearly reflected in the (reported) institutional structure. Two good examples are 1) the general disability benefits act (*Algemene Arbeidsongeschiktheidswet*), coming into effect in 1976 and resulting in the establishment of a

new universal scheme; 2) the general family allowances act (*Algemene Kinderbijslagswet*), laying the foundation for converging five different child benefit provisions into one scheme in 1980.

4. Correspondence tables serve the aim of juxtaposing the institutional structure given in the basic tables or in the original documentation respectively. Their purpose consists of sketching out differences with regard to the degree of detail to which the different schemes, funds, agencies or programmes are documented. Where possible, they should also facilitate a tracing back of the rules applied by the ILO when either publishing the institutional structures unchanged or when restructuring the original tables by attributing institutions to newly aggregated systems. Reflecting a snapshot of Portugal in 1966, *Table 3* gives an example of correspondence or divergence of institutional structures. It compares those published in the basic tables on the one hand with those reported on in the original questionnaires on the other hand.

Describing Institutions

Users of cross-country databases and information systems on social protection share the knowledge that it can be hard to retrace back data or qualitative information in national sources. This difficulty can partly be attributed to the application of typologies and procedures of standardization developed predominantly for comparative analyses. Given the basic tension between optimal comparability and the need for case-oriented studies, they tend to cut across country specifics. Aggregation mechanisms that are not made completely explicit are another common obstacle when one needs to refer back to national institutions. Finally, a last challenge is the terminology, with concepts or classifications having a different meaning in different national contexts. A cross-national characterization of social protection institutions using comparative categories with-

Table 3: Correspondence Table for Portugal 1966: Institutional Structure of Social Security Institutions as Reported in Basic Table and Original Documentation

Basic Table	Original Documentation	Translation
Social insurance	Segurança social	<i>Social security</i>
1. Sickness, invalidity, old age and death		
a) Compulsory	Seguro social obrigatório ²	<i>Compulsory social security</i>
	Doença	<i>Sickness</i>
	Reforma e invalidez	<i>Old-age and invalidity</i>
	Morte	<i>Death</i>
	Sobrevivência	<i>Survivors</i>
b) Voluntary	Seguro social facultativo ³	<i>Voluntary social security</i>
	Doença	<i>Sickness</i>
	Reforma e invalidez	<i>Old-age and invalidity</i>
	Morte	<i>Death</i>
	Sobrevivência	<i>Survivors</i>
2. Employment injuries	Pensions + Indemnités pour incapacités temporaires	<i>Pensions and compensation for temporary invalidity</i>
3. Family allowances	Regime de prestações familiares	<i>Scheme for family benefits</i>
Public employees¹	Funcionários civis e militares	<i>Civil servants and military personnel</i>
4. Pensions	Reforma e invalidez	<i>Old-age and invalidity</i>
	Morte	<i>Death</i>
	Sobrevivência	<i>Survivors</i>
5. Family allowances	Abono de família e prestações complementares ⁴	<i>Family allowance and complementary benefits</i>
6. Employment injuries	Pensions + Indemnités pour incapacités temporaires	<i>Pensions and compensation for temporary invalidity</i>
7. Public health services	Serviços públicos de saúde ⁵	<i>Public health services</i>
8. Public assistance	Assistência pública	<i>Public assistance</i>

Footnotes:

¹ Not including figures on sickness, for which no data are available. ² Inclui Caixas Sindicais, de Reforma e Empresa, Mistas, Federadas, Casas do Povo e Casas dos Pescadores (Includes trade union funds on branch or enterprise level, funds launched by the state or private initiative, federations, funds/'houses' for agricultural employees and small farmers, funds/'houses' for fishermen). ³ Inclui as Associações de Socorros Mútuos e Outras Instituições de Previdência [Cofre do Ministério das Finanças e Caixa Ministério de Educação] (Includes mutual benefit societies and other social welfare institutions [Cashier of Ministry of Finance and Fund of Ministry of Education]). ⁴ Não abrange os funcionários dos Serviços com autonomia administrativa e financeira (Does not include civil servants/public employees of services with administrative and financial autonomy). ⁵ Sans dépenses pour hôpitaux, pour cette enquête inclus dans la catégorie 'Services publics de santé' (Without expenses for hospitals, for the purpose of this inquiry included in category 'Public health services').

Sources: Basic Table: ILO, *The Cost of Social Security, Seventh International Inquiry, 1964–1966*. Geneva: ILO, 1972; Original Documentation: taken from questionnaire and supplementary material delivered to ILO by Ministério das Corporações e Previdência Social/Instituto Nacional do Trabalho e Previdência/Direção-Geral da Previdência e Habitações Económicas and Instituto Nacional da Estatística.

out disregarding country specifics therefore seems to be a strategy for enhancing the comprehensibility of data.

All the problems mentioned turn up when reproducing and documenting COSS, too. One task will therefore be to collect and combine—to a realizable extent—information not contained in COSS, but relevant for a better understanding of financial transactions of major systems and country-specific institutional structures or configurations. This 'information system' could then contribute to making data on social protection more context-embedded.

Graph 2 only sketches out the context of COSS. The major institutions reported on, however, are also influenced by long-term macro-devel-

opments and reshaped by social, labour and family law. This regulatory framework institutionalizes (provisional) agreements along lines of conflict in society, politics and on the labour market at a given point of time. The description of social policy institutions intends to frame the time-series in a comparative perspective, allowing, however, for an integration of country-specifics, too. It could consist of a triangle comprising the aspects financing, organization/administration and personal scope of institutions. Given the 'historical' orientation of the database project, we will always be confronted with the challenge of handling institutional instabilities adequately due to establishments, dissolutions, mergers and splits of

schemes, funds, agencies or programmes. A 'solution' for this challenge has still to be worked out.

At the moment we are only able to dress up a draft concept for the purpose of characterizing these schemes, funds, agencies or programmes of social protection covered by COSS. The following headwords therefore only propose some central features which have to be transformed into variables and variable categories for the purpose of establishing the infobase on social security institutions. a) Financing: 1) origin of resources; 2) apportionment of financing obligations (percentages; initial and final distribution); 3) mode of capital accumulation (pay-as-you-go-system; capitalization); 4) regulations con-

cerning social contributions, taxes allocated to social security or state subsidies (the basis funds are levied on; calculation mode; ceilings; exemptions; indexing); b) Administration: 1) contractual basis (law; agreement between employers/employees' associations and workers or employees/trade unions; individual decision); 2) legal status; 3) administrative structure and autonomy (existence of regional or local agencies; right to self-government; body with decision-making competences); 4) body with controlling power, monitoring the functional adequacy and legislative correctness of financial management; c) personal scope: 1) eligibility criteria for coverage (gainful employment or assimilated activity; residence; nationality); 2) modalities of adherence (legal obligation; insurance ceiling; co-insurance for family members; voluntary membership); 3) the way entitlement to benefits and services is established (realization of risk; neediness; special needs); 4) level of protection (basic; supplementary).

Data Handbook on Social Security

Building up a database on COSS 1949–1993 is linked to the project 'The Societies of Europe—European Society', aiming at producing a series of historical data handbooks. Topics covered in the eight volumes edited by Peter Flora, Franz Kraus and Franz Rothenbacher (Macmillan Publishers, 1999–2002) are demography, labour force, social security, trade unions/labour relations and elections. The two latter, both including a CD-ROM, are just being produced and should be published within the next months. The whole series is designed to enlarge the systematical empirical basis for studying long-term developments in European societies. All data handbooks focus on descriptions and analyses of their differences and similarities, whereas main cross-country divergences and convergences will be studied with regard to their internal dynamics.

The planned data handbook on social security 1950–1990 could contain selected national time series already included on the CD-ROM and additionally present comparative data and indicators over time. We intend to 'frame' this bulk of quantitative material with country chapters on the development of central welfare state institutions and overviews of core legislation in the fields of social policy covered by COSS.

Outlook on Work Planned by ILO

ILO plans to publish via the WWW all national datasets from 1990 or at least 1994 onwards, when the revised concept was implemented for the first time. The definitive form will, however, be subject to sectoral budget decisions. In any case, ILO and EURODATA share the idea of mutually coordinating their projects in order to improve access to and more extensively document COSS.

For most of the European countries a large majority of basic tables covering the period 1949–1989 has already been made machine-readable by EURODATA. Joining forces, the social security department intends to make them available online. This should be done countrywise from spring 2000 onwards, probably starting with France, Germany, The Netherlands and Portugal.

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Centre for Social Policy Research (CeS)— Zentrum für Sozialpolitik (ZeS), Bremen

The CeS, a research institute of the Bremen University, is committed to empirical research on the foundations of the welfare state: its historical development, how it affects political and social structures, the challenges to social policy at the end of the 20th century and the future of the German social state ('Sozialstaat') are major topics of research. Current projects deal—among other things—with the structure and development of social expenditure in Germany and other countries and the historical and international comparison of social policy in Germany with social policy of other economically developed countries. The institute is financed by the University and the State of Bremen. After initial support through Volkswagen Foundation seed grants, the CeS also obtained substantial grants from other sources, such as the German Research Council (DFG), the Hans Böckler Foundation, and the European Community.

A Pioneer in Interdisciplinary Social Policy Research

Founded in 1988, the CeS is the oldest interdisciplinary institute for social policy research in the Federal Republic of Germany. It is located in a former turn-of-the-century high school (Gymnasium) building, the 'Barkhof'.

Research Agenda

About forty researchers in the fields of economics, sociology, political science, social work/social administration, occupational health and social medicine, supported by assistants, secretaries, and infrastructure personnel, work in the five CeS divisions:

- Theory and Constitution of the Welfare State (Head: Prof. Dr. Manfred G. Schmidt)
- Institutions and History of the Welfare State (Head: Prof. Dr. Stephan Leibfried)
- Economics (Head: Prof. Dr. Winfried Schmähl)
- Health Policy, Occupational Health and Social Medicine (Head: Prof. Dr. Rainer Müller)
- Gender Policy in the Welfare State (Head: Prof. Dr. Karin Gottschall).

With its five divisions, the scope of CeS reaches far beyond the German borders: What are the implications of European integration for national welfare states and for German social policy? What are the differences between Germany's social policy and other countries social security systems? And what are the strengths and weaknesses of German social policy? How are social security systems developing in East Euro-

pean states after the fall of the Iron Curtain?

In addition, the role of the welfare state after World War II, the challenges stemming from the processes of globalization, and the debates on Germany's international competitiveness give rise to some basic questions: Is social security a factor that influences the economic position of a country? Does the welfare state enhance productivity? Under which conditions? Scientific research addresses conflicts between social security and other goals like economic competitiveness, be it at present or in the foreseeable future, and it also deals with the conditions necessary to minimize such goal conflicts.

The CeS faces these questions and problems, inquires into its causes and puts them up for discussion in science as well as in dialogue with political institutions, local bodies and enterprises. Cooperation with sociopolitical practice is a self-evident component of research work and projects.

Empirical research improves the basic understanding of social interrelations and extends our knowledge about the significance of social phenomena; it also contributes to theory development in the individual disciplines and to transdisciplinary communication about social policy problems. These strands of work determine studies at the CeS, in its application-oriented empirical research.

Cooperation

An integral part of cooperation takes place within Bremen University: with the strongly DFG-funded Special Research Unit 'Status Passages and Social Risks in the Life Course' (Sfb 186: Statuspassagen und Risikolagen im Lebensverlauf). Further working relationships exist—among others—with the Centre of European Law and Politics (*Zentrum für Europäische Rechtspolitik (ZERP)*), the Institute for Health and Medical Law (*Institut für Gesundheits- und Medizinrecht (igmr)*), the Cooperation Unit University - Chamber of

Labour (*Kooperationsbereich Universität - Arbeiterkammer (KUA)*) and the Hanse Science College (*Hanse Wissenschaftskolleg (HKW)*) in Delmenhorst.

An especially close relationship exists between the CeS division Health Policy, Occupational Health and Social Medicine and the Department of Health Sciences (*Wissenschaftliche Einheit Gesundheitswissenschaften*); cooperation also takes the form of a widely attended public lecture programme on health policy issues. Resulting from such cooperation in the Bremen region, an adult education programme in 'health sciences' for health insurance administrators was established.

By offering regular public lectures on the results of ongoing social policy research, often of current interest, the CeS also provides a regional discussion forum in general social policy.

Members of the CeS are active in various committees, organizations, and institutions important for the development of innovations in social policy.

A variety of contacts with the national and international community of social policy researchers are cultivated through joint projects and, among other things, short- or long-term visits from external researchers. Here, the CeS cooperates especially with the HWK.

Teaching

The CeS division heads and most research assistants offer a wide variety of courses and lectures on topics of social policy, which students in various university departments can profit from. CeS members also are examiners for diplomas, dissertations and habilitations.

The University Department of Economics of Sociology have established a special curriculum in 'social policy'. Beyond this, members of the CeS are actively engaged in targeted university-level adult education, for example in courses on health research offered to health insurance administrators.

Structure

About 50 persons are currently working at the CeS: about 40 researchers and about 15 persons representing the infrastructure. The CeS has an Executive Board consisting of the heads of all divisions and of two representatives of the Scientific Board. Current speaker of the Executive Board is Prof. Dr. Rainer Müller. His deputy is Prof. Dr. Stephan Leibfried. The Scientific Board comprises all permanent members of the institute. Moreover, the CeS is supported and evaluated by an Advisory Board whose members are distinguished in social policy research and social policy practice. The board was chaired until 1998 by Prof. Dr. Franz-Xaver Kaufmann (Bielefeld) and is now chaired by Prof. Dr. Klaus Dirk Henke (Berlin).

Gisela Hegemann-Mahltig is the manager of the CeS. She is responsible for the administration, the Sociopolitical Archive, the Computer Unit and a library of about 18,000 volumes. The Sociopolitical Archive comprises about 70,000 titles. Historical as well as present-day material is gathered within the context of—historical and international—comparative research. Biographical collections (estates of Ludwig von Manger-Koenig, Hugo Freund, Helmut A. Paul) are in the focus of interest.

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- No. 3/99: Schmidt, Manfred G., *Die Europäisierung der öffentlichen Ausgaben*.
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- No. 16/97: Kodré, Petra, *Gleichbehandlungspolitik zwischen europäischer und nationalstaatlicher Regelung: Verflechtungen im europäischen Mehrebenen-System*.

Working papers are available free of charge at the CeS office. A list of working papers—including some full text versions—is provided on the Internet site: http://www.zes.uni-bremen.de/D_arbeitspapiere.html.

Newsletter

The CeS publishes a newsletter biannually since 1996—the *ZeS report*.

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Günter Braun

The Swiss Social Security (Insurance) System

In discussions about a reform of the pension insurance in Germany designed to guarantee a safe future reference is often made to systems of neighbouring countries, above all to the Swiss ‘Three Pillar Concept’ for retirement pensions. The Swiss concept is interesting for a number of reasons, not least because it comprises, apart from basic state pensions (Pillar 1), compulsory occupational benefit pensions for employees granted by pension funds (Pillar 2) and, in addition, voluntary individual pensions to cover personal needs (Pillar 3). The following contribution focuses on the history of this social insurance scheme, its financing and old age pensions as well as on current problems. An overview of further elements and characteristics of the Swiss system will also be presented.

The Swiss social security system today comprises measures aimed at providing for the old age, cases of invalidity, sickness, accidents, unemployment, burden on families or death of the provider (*Figure 1*). In most cases the benefits are granted by social insurances; for many risks, however, private insurances have a complementary function. To provide for neediness that may occur nonetheless, additional structures had to be set up, particularly social assistance. In most cases the responsibility for these structures lies with the state or with charitable organizations. All social insurances are supervised by the Federal Social Insurance Office (BSV) except for the unemployment insurance (Office for Economy and Work) and the largest part of family allowances (cantons).

Socio-political Developments Before World War II

An effective social insurance system developed in Switzerland only after

World War II. With the exceptions of the Sickness and Accident Insurance Law (KUVG), all important social security laws still in effect were created after 1945. Up to that time a welfare system subsidized by the state prevailed. However, in the branches of social insurance—which were regulated by the state only at a late stage—public and private insurances had partly existed at the level of cantons and/or on a voluntary basis for decades.

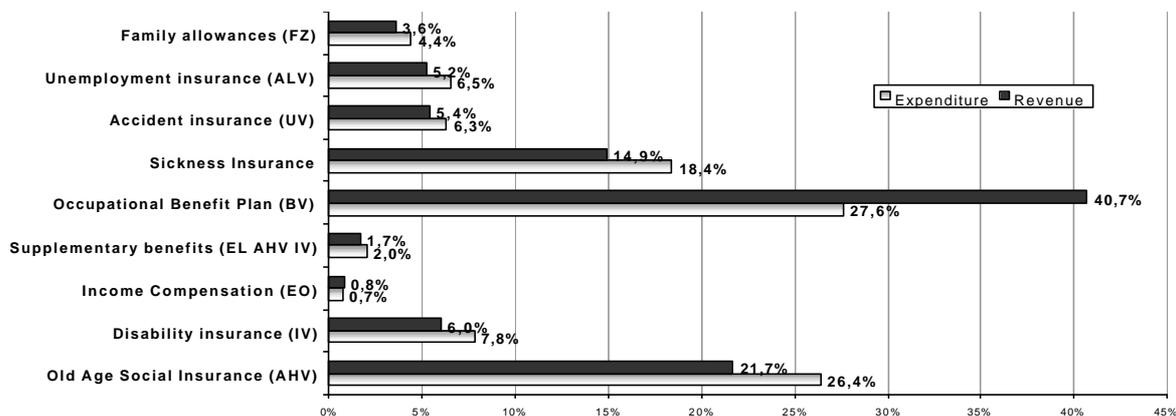
The fact that the establishment and extension of welfare measures were realized in relatively small steps in Switzerland and that the country, seen in an international context, was increasingly lagging behind regarding its social security legislation is, above all, a result of the direct and indirect impacts of the plebiscitary powers of the people. ‘The compulsory referendum strongly hampers the creation and development of social insurance and has partly given it a different direction than

that ‘programmed’ by the authorities’ (Maurer, 1981: 823).

A number of progressive initiatives and proposals—inspired by the German example—aimed at the construction of a comprehensive system of social security as early as the 19th century did not gain a majority among the predominantly conservative electorate. With Art. 34^{bis} of the Federal Constitution (BV), the state became responsible for and had the task to create a social insurance in 1890. Proponents came from radical-democratic circles around Ludwig Forrer. His ambitious sickness and accident insurance law, however, was rejected in a 1900 referendum. The ‘Lex Forrer’ would have laid down the establishment of a Swiss accident insurance institution or public and private health insurance resp., compulsory for most of the dependently employed; guaranteed medical care and income compensation, subsidies from the state and employers’ and employees’ contributions.

In a second attempt the compulsory accident insurance was introduced, the sickness insurance, however, reduced to a subsidy regulation. The KUVG of 1911, which had formed the basis of sickness insurance up to 1995, laid down that funds that were supervised by the federal state would receive federal contributions, provided that they guaranteed certain minimum benefits and offered—at different rates—equal conditions of admission to both sexes. It also enabled the cantons to

Figure 1: Social Insurance Sectors (Percent Distribution of Financing 1996)



introduce full or partial compulsory coverage. The voluntary sickness insurance took effect in 1914; the Swiss Accident Insurance Office (Suva) was established for and in charge of the accident insurance and started operating on the 1st of April 1918. The responsibility for the realization, establishment and planning of new social insurance branches was taken over by the Federal Social Insurance Office (BSV) in 1913.

The middle course between compulsory coverage and subsidization of existing private funds steered with the KUVG, coupled with the possibility of introducing full or partial compulsory coverage in the cantons, was to form the basis of the gradually developed Swiss social security law. This was accompanied by a growing legislative fragmentation, a large variety regarding insurance carriers and the financing of insurances, and—due to the coexistence of voluntary and compulsory insurances—regarding the insured as well.

A mixed system of social assistance and partially regulated subsidization of private funds developed in the field of **unemployment insurance** as well. Initially, the major funds in this area were administered by the social democratic trade unions. On the eve of World War II they had about 44,000 members in 14 funds; other occupational associations' funds had around 7,500 members, the public funds only 3,000. Ten years later (1923/24), 57 funds had 157,000 members, about 80 per cent of them were in trade union funds, and 14 per cent in public funds (Degen, 1998).

Since World War I, The Federal Government had paid subsidies to the unemployment funds of the cantons, communes, and labor unions and to joint employer-employee insurance. A federal law on contributions to the unemployment insurance (17th of October 1924) regulated the conditions a fund had to fulfil in order to be able to claim federal contributions. In general, the cantons remained responsible for shaping the unemployment insur-

ance, also concerning full or partial compulsory coverage.

When the deficits of voluntary unemployment insurance became evident during the crisis in the 30s, social assistance had to be expanded once more. The unemployed who could not claim benefits from funds had to be supported; partly, they were not insured at all, partly, the limit of 90 days, the maximum number of days determined by federal law for receiving benefits, had been reached. In 1936, 204 funds covered 552,000 employees (28 per cent).

Indeed, in mid-1942 the unemployment insurance was standardized based on the special authority of the Federal Council for the duration of the war, the system of subsidizing unemployment funds, however, was maintained by the Federal Council. Regulations concerning qualification for membership and entitlement to claims were set out; in addition, a compensation fund was established to be able to grant compensation payments to funds with a larger number of claims. At the same time the basic features of unemployment assistance (Nothilfe) were outlined.

The legislative procedure concerning pension insurance proved particularly difficult. Under the pressure of political unrest in 1919/1920, the Federal Council had presented a message 'concerning the introduction of legislative competence in the fields of invalidity, old age and survivors' insurances' and had submitted a proposal on how to procure the necessary federal means. As a consequence, the National Council obliged the government to introduce the old age and survivors' insurance (AVH) and empowered the government to establish the invalidity insurance afterwards (Art. 34^{quater} BV). The Swiss people approved the resulting draft law in the vote of the 6th of December 1925 with a strong majority of 410,988 yes votes and 217,483 no votes (Maurer, 1981: 793). The law on AHV presented four years was accepted by the Parliament, but was rejected in a referendum held on the 6th of December 1931, because it rather constituted

the basis for assistance to the poor than for effective social insurance.

After this failure the government focused on old age and survivors' assistance, for instance by means of federal contributions to the private foundation for old-age provision (47.5 million francs between 1929 and 1942) and to cantons; however, the federal government was not able to grant adequate financial support to the elderly, survivors and invalids. Compulsory old age insurances only existed in Glarus (1916), Appenzell, Aargau (1925) and Basel City (1932), voluntary insurances in Neuenburg (1898) and Waadt (1907).

Establishment and Expansion of Old Age Insurance

The fact that it was possible to establish within a relatively short time a compulsory old age insurance in Switzerland after World War II can be put down to two factors: on the one hand, the introduction of the Federal Law on the income compensation plan for persons liable for military service. The basic novelty consisted in financing the plan from contributions by employees, calculated in proportion to the salaries. Special compensation funds, created by the employer associations and the cantons, administered the plan. This system of financing and organization served later as the basis, not only for the income compensation plan, but for the old age and survivors' insurance (AHV), the disability insurance (IV), and the family allowance plan for agricultural employees and small farmers. On the other hand, the experience made during the war when it became evident that regulations based on solidarity were necessary, which made the implementation of compulsory old age insurance easier.

The federal law on AHV that became effective in 1948 was the result of a constitutional initiative and several cantonal initiatives in 1942. The Federal Council and the Parliament adopted to a large degree the AHV proposal presented in March 1945 by an expert committee that had been constituted in May 1944. Two months later the Federal

Council put forward its message and draft for an AHV law to the Parliament, which was finally approved by both chambers on the 20th of December 1946. The new referendum against it failed clearly.

Even though a constitutional basis for the invalidity insurance (IV) had also been established, its realization was slowed down as for a long time data on the extent of invalidity in Switzerland were not available; therefore there were doubts regarding its financing. The Invalidity Insurance Law (IVG) was approved as late as 1959 and took effect in 1960. Nonetheless, today AHV and IV can be regarded as parts of one single insurance, as they have been coordinated to a large extent and the persons insured and persons paying contributions are identical in both insurance branches.

Apart from some structural principles, not many of the original regulations contained in the AHV have been maintained. The law of 1948 had to undergo, apart from minor changes, ten revisions that led—affected by the economic upswing and relatively favourable demographic conditions—to a considerable expansion of the largest Swiss social insurance scheme. It was mostly extraparliamentary constitutional initiatives that forced the federal administration to act.

Up to the 9th AHV revision, which—for the first time—focused on long-term coordination instead of a reduction of benefits, most amendments were partly aimed at massive increases in pensions. The contributions, however, calculated as a percentage of gross earnings, remained stable at a relatively low level for a long time. The reforms decided in the late 60s and early 70s were particularly important. The 7th AHV revision alone, effective from 1969, affected approximately 80 AHV constitutional articles and decrees. It introduced the indexation and dynamization of pensions and, for the first time, brought an increase in contribution rates from 4 to 5.2 per cent. Since the AHV was often insufficient for guaranteeing an adequate minimum income, in 1966 the entitlement to supplement-

tary benefits (EL) for people with very small pensions had been established. The Swiss supplementary benefits were based on cantonal regulations concerning old age and invalidity benefits. There was, however, great diversity between the cantonal regulations, and often they could not guarantee the existence minimum, thus forcing the federal government to take action.

The 8th AHV revision constituted the decisive step from basic pensions to pensions guaranteeing the existence minimum. It was triggered off by demands for a people's pension that were widespread in the late 60s. The pressure coming from this initiative led to a new Art. 34^{quater} BV in 1972, formulating the three pillar concept for pensions. The Federal Law on Occupational Insurance (BVG) required for implementation took effect in 1985.

The Three Pillars of Old Age Pension

The first pillar, the Swiss social insurance (AHV, IV EL), is designed to guarantee an adequate minimum income for the insured. The second pillar, the occupational insurance, supplements the federal insurances. It is aimed at enabling the insured to maintain their accustomed standard of living, covering old age, invalidity, widows and orphans, and is compulsory for most employees. These two pillars guarantee at least 60 per cent of the last annual income. The third pillar serves as a means for individual provision, is voluntary, publicly subsidized, and is meant to supplement the two other pillars according to personal needs. Thus it does not qualify as a social insurance.

The **old age and survivors' insurance** is an insurance covering the total population, without exception, and foreign residents who are employed in Switzerland and—on a voluntary basis—Swiss citizens living abroad. It represents an outstanding solidarity of the nation, particularly with regard to the proportion between contributions and pensions. The AHV is financed through contributions of the insured as well as through public subsidies

on a pay-as-you-go basis. All persons insured have to pay contributions: the employees pay 8.4 per cent of their earnings, half of which is paid by the employer. The self-employed pay contributions at a rate of 7.8 per cent of their income. According to a 'descending contribution scale' this rate is lower for the self-employed with a small income, namely between 4.2 and 7.8 per cent, depending on the size of their incomes. The contribution must be paid on the full income, and no maximum level is set. But contributions paid on incomes higher than about 36,000 francs do not affect the amount of the pension.

The economically non-active or employable age pay contributions depending on their financial situation or a flat rate. Their annual contribution in 1996 ranged from CHF 324 to CHF 8,400. Since the 1st of January 1997 non-employed spouses of employed, insured persons do not have to pay contributions, neither do non-employed elderly people who are over 62/65 years old.

According to the federal constitution, the contribution paid by the state must cover a maximum of 50 per cent and a minimum of 17.5 per cent of expenditures. This share was reduced in 1993 within the framework of saving measures. Up to the end of 1995 the federal share accounted for 16.625 per cent of expenditures, in 1996 for 17 per cent. It was financed out of general revenue, tobacco levies and taxes on hard liquor. Since 1985, the share of cantons has made up 3 per cent of expenditures. In 1997, the insured paid 18,588.8 million francs (73.7 per cent of the revenue), the state contributed 4,386.4 million francs (17.4 per cent) the cantons 774.1 million francs (3.1 per cent), and income from capital interest amounted to 1,469.8 million francs (5.8 per cent).

Revenue is credited to a compensation fund; as a rule, its balance should not drop below the expenditure of one year. The administration of the fund and the management of the central register of the insured and the pensioners rests with the

Central Compensation Fund in Geneva, while more than 100 compensation funds administered by associations, the cantons and the state collect the contributions and award benefits.

The AHV revenue (Figure 2) was always—except for a period of five years in the 70s and after 1996—higher than the AHV expenditure. Thus, a financial reserve of over 24 billion francs could be accumulated in two stages. In the first 26 years after it started operating, the compensation fund increased strongly; in the beginning, this increase was even higher than the total expenditure. The fund, in the 60s many times higher than the annual expenditure, fell below the level of the annual expenditure in 1978. It was only in 1991—due to a record surplus of 2.3 billion francs—that it reached again the level of annual

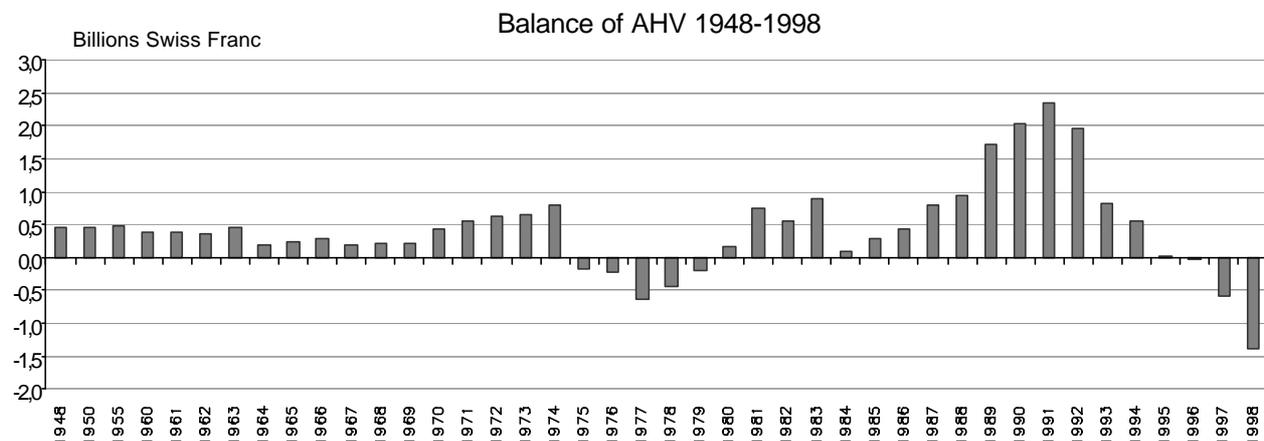
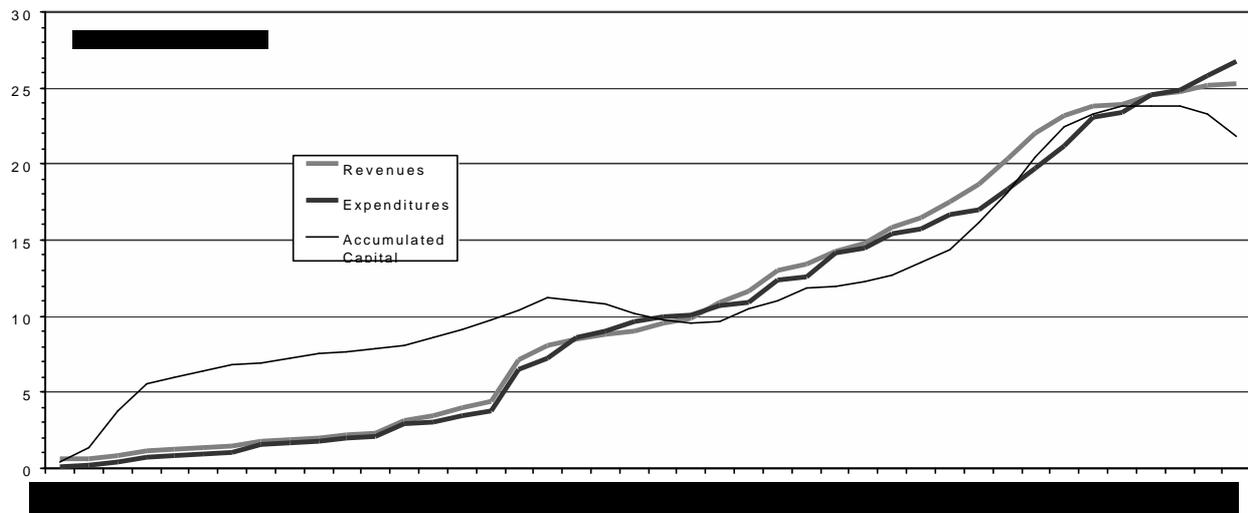
expenditure, a level required ‘as a rule’ by the AHV law. Since 1996 the AHV has been in a new deficit phase. In 1997 it had a deficit of 583 million francs, in 1998 it amounted to 1,394 million francs, and by the end of this year the AHV fund covered only 81.7 per cent of its expenditure. In such a situation the Federal Council can raise the VAT by a maximum of 1 per cent. This measure was taken by the Federal Council on the 1st of January 1999.

According to the insurance or equivalence principle, retirement pensions depend on the amount of contributions paid (which, in turn, depends on the average annual income) and on the period which the beneficiary has paid contributions for. The principle of solidarity, however, takes priority over and limits the principle of equivalence: the contributions of those with

higher incomes are higher than is required for financing their own pensions.

The basis for calculating pensions is the ordinary full pension. It consists of a basic amount to which a share of the pension-relevant annual income is added. This ascending pension scale is limited by a minimum and a maximum pension. At this time, the minimum pension amounts to 1,005 CHF a month, the maximum pension amounts to 2,010 CHF. If both spouses are entitled to pensions, they receive individual pensions instead of the former spouses’ old age pensions; it is, however, limited to 150 per cent of the maximum pension (3,015 CHF a month). The average of all AHV pensions (old age, supplementary and survivors’ pensions) paid in Switzerland was 1,842 CHF in the beginning of 1998.

Figure 2: Old Age Social Insurance Finances (AHV) 1948-1998



The retirement pensions are adjusted according to price and wage developments. As a rule, they are adjusted every two years according to a so-called mixed index (medium of consumer price index and wage index of the Federal Office for Economy and Labour (BWA)). If price increases within one year exceed 4 per cent, adjustments have to be made earlier.

The benefits and services provided by the **invalidity insurance (IV)** comprise integration measures, pensions and social assistance payments. Only those persons are entitled to IV pensions who have been seriously disabled for a certain minimum period of time and whose invalidity has a qualified degree of invalidity. IV pensions are granted only if the working capacity is reduced by a minimum of 40 per cent; in addition, the IV pensions are graded. As a rule, a reduced working capacity of 40–50 per cent entitles the insured to a quarter pension, a reduced working capacity of 50–60 per cent to a half pension, a re-

duced working capacity of over 60 per cent to a full pension. The calculation of a (full) IV pension corresponds with AHV regulations. In 1997, about 28 per cent of all disabled pensioners received supplementary benefits out of supplementary funds. The invalidity insurance urgently needs to be reformed. Annual deficits amount to 700 million francs at the moment, with a tendency to rise.

The financing systems primarily used in the second pillar (**occupational insurance**) are based on the origins of provisions in support of employees during early industrialization, when employers with a social consciousness provided for their employees financial means for the vicissitudes of life through different forms of provision measures. They financed these measures completely on their own on the basis of funding. With the extension of certain benefits and the introduction of regulations, the insured had to participate increasingly in financing these benefits.

Today, the benefits granted by occupational insurance, which is compulsory for the dependently employed, are mainly financed through employers' and employees' contributions as well as through income on interest. Employers have to pay half of all contributions, often they even pay more of their own accord. The average total monthly contribution rate is about 9–10 per cent of the income (*Table 1*).

Most insurance funds are organized according to private law provisions and predominantly apply the funding. The financing of public funds in the field of public administration or enterprises, however, is often based on a partial pay-as-you-go basis. Funds that participate within the framework of the compulsory coverage must be listed in the register for occupational funds.

Considering its revenue (including income on capital) and its basic capital, the occupational insurance is by far the most important social insurance branch in Switzerland (*Figure 1*). In the development

Table 1: Social Insurance Contribution Rates in 1999

Social insurance branch	Contributions in per cent of income			Contributions of unemployed persons in swiss franc per year		
	Contributions in support of the employees ¹⁾			Contributions of the self-employed	minimum amount	maximum amount
	Employee	Employer	Total			
AHV ²⁾	4.20%	4.20%	8.40%	4.2–7.8% ⁷⁾	324	8,400
IV ²⁾	0.70%	0.70%	1.40%	0.754–1.4% ⁷⁾	54	1,400
EO ²⁾	0.15%	0.15%	0.30%	0.162–0.3% ⁷⁾	12	300
ALV ³⁾	1.50%	1.50%	3.00%	–	–	–
BU ³⁾⁴⁾	–	0.04–17.19% ⁴⁾	0.04–17.19% ⁴⁾	8)	–	–
NBU ³⁾	0.994–1.999% ⁵⁾	–	0.994–1.999% ⁵⁾	8)	–	–
BV	7.0–18.0% ⁶⁾	8)	–	–
FZ ⁹⁾	–	0.1–5.5% ⁹⁾	0.1–5.5% ⁹⁾	9)	–	–

Source: Federal Social Insurance Office: *Schweizerische Sozialversicherungsstatistik 1999*.

AHV=Old Age Social Insurance, IV=Disability Insurance, EO= Loss of Earnings Insurance, ALV= Unemployment Insurance, BU= Occupational Accident Insurance, NBU=Non-Occupational Accident Insurance, BV= Company Pension Schemes (Occupational Benefit Plan), FZ= Family Allowances.

- 1) All indexed social security branches are compulsory for employees.
- 2) Employees who have reached pensionable age: exemption limit at an annual income of 16,800 francs.
- 3) Maximum insured income: 97,200 francs per year. Since the 1st of January 1996 employees with earnings between 9,200 francs and 243,000 francs have to pay a contribution of 1 per cent to the ALV (employers and employees pay half each).
- 4) Net premium according to the risk peculiar to the trade.
- 5) Persons who work less than 12 hours per week for one employer are not insured against non-occupational accidents on a compulsory basis. The unemployed pay a contribution of 3.09 per cent.
- 6) Contributions in per cent of the 'coordinated', i.e. insured wage (= earnings minus 23,880 francs); contributions fixed by insurance institutions; the average contribution rate is probably 9–10 per cent.
- 7) Contribution rate depends on size of earnings. The first rate refers to earnings up to 7,800 francs, the second rate to earnings of more than 47,800 francs (so-called 'descending contribution scale').
- 8) The self-employed can join the voluntary insurance.
- 9) The individual cantons have different regulations.

stage, BV revenue is constantly higher than BV expenditure due to the financing procedure. In the last few years, more than 20 billion francs new capital were accumulated every year.

In 1996, a total of 3,147,504 persons were insured in 11,513 occupational insurance institutions. Almost 650,000 qualified for pensions (353,000 for retirement pensions). The average benefits per beneficiary amounted to 19,368 francs per year (Swiss Social Insurance Statistics, 1999: 102).

The **individual old age provision** (3rd pillar) on a public basis is encouraged by means of tax deductions. The Swiss legislation takes two possibilities into account regarding this restricted (as opposed to the free) form of provision: an insurance policy with insurance companies and an old-age provision account in the form of a savings account at a bank. (The share of the third pillar in the total amount of life insurances amounted to approximately 91 per cent in 1996.) The size of tax deductions varies; it depends on whether the individual concerned has an occupational insurance (2nd pillar) or not. Persons without income cannot participate in the third pillar. The self-employed do not have access to the second pillar. For them the third pillar is the only possibility to supplement old age benefits.

Sickness Insurance

Numerous attempts to reform the KUVG of 1911 were repeatedly rejected in a referendum up to the 90s, except for one amendment in 1964: it revised the old law in some respects (standardization stipulated in federal law, legally fixed minimum benefits, right to a doctor, free movement of the population). In the early 1970s, a constitutional initiative of the Swiss Social Democratic Party (SPS) concerning 'a social sickness insurance' with compulsory coverage on a federal level as well as several reform models worked out by experts were debated. However, the initiative and the counterproposal were rejected in the 1974 vote. Another expert commit-

tee then prepared a partial revision. This draft law was finally presented in 1987, including, among other things, a maternity insurance; but it was also rejected in a referendum. Faced with the financial problems of the sickness insurance, in 1985 the sickness insurance funds, and in 1986 the SPS and trade unions, submitted further initiatives that were also rejected in 1992 and 1994 respectively. On the other hand, temporary measures to combat cost increases, taken by the authorities in 1993, were approved by the required majority.

With the Sickness Insurance Law (KVG) of the 18th of March 1994, which took effect in 1996, for the first time a fundamental reorganization was approved by a (narrow) majority of electors. This law regulates the compulsory basic insurance (supplementary insurances qualify as private insurances) and introduced the compulsory sickness insurance for the whole population of Switzerland. Regarding the financing of sickness funds, the following changes were introduced: the contributions of the insured are now standardized and can only vary by canton and regionally (previously: differences according to entry age, place of residence and gender). For children and young people a reduced rate is established. The insurance funds are no longer directly subsidized by the state, with the size of subsidies depending on the number of insured. Instead, these resources are used to reduce the contribution rates individually for persons with a small income, with the cantons being obliged to share the costs according to their financial situation.

An important aspect of the new KVG was the definition of the measures aimed at reducing costs in the health sector, measures that had been forced by the Federal Council since the beginning of the 90s. One of these measures worth mentioning was the definitive introduction of new insurance forms: insurances with a partial restriction to the free choice of doctors and hospitals (e.g. Health Maintenance Organizations—HMO), 'bonus insurance' (reduction of contribution rate if

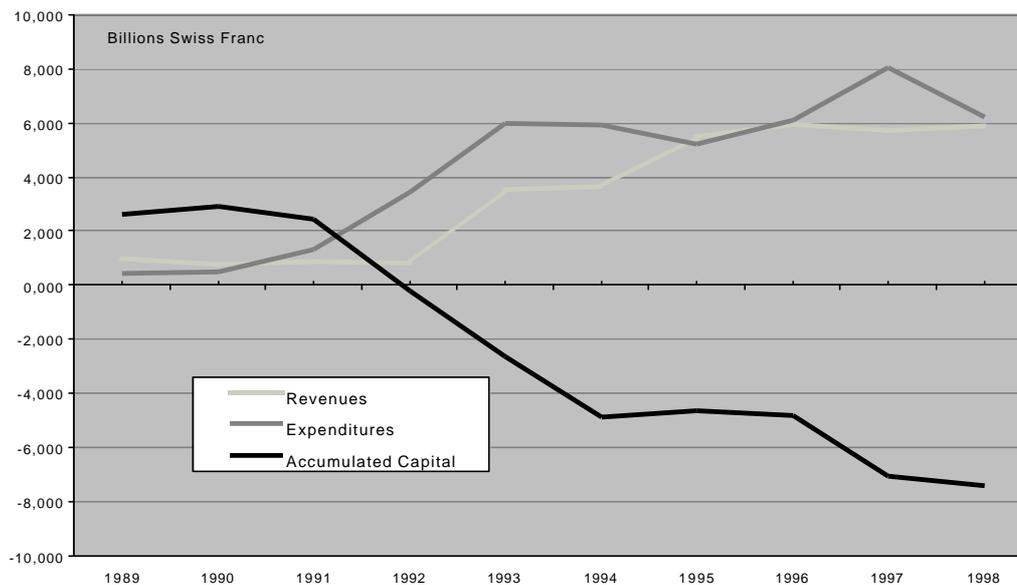
refunds are not claimed), and insurance based on an annual franchise that can be selected (changes the share of costs of the insured, reduction of rates compared to ordinary franchise). The sickness insurance is financed on a pay-as-you-go basis. The contributions paid by the insured and the employers accounted for 84.3 per cent of revenue in 1997, public subsidies for 12.6 per cent, interest on income for 2.9 per cent.

Unemployment Insurance (ALV)

Due to the economic upswing after World War II and continuous full employment, the unemployment insurance lost importance in Swiss social policy, and a large part of the gainfully employed population was no longer insured. In 1974 the voluntary unemployment insurance had no more than 545,000 members (18 per cent).

The recession of the 70s, however, revealed the deficits of voluntary unemployment insurance. Therefore Art. 34^{novies} BV was formulated in 1976, which provided for compulsory coverage for all employees and financing through contributions calculated in per cent of gross earnings. After the adoption of the law in the vote on the 13th of June 1976, the Federal Council established in a very short time a transitional regulation (decision of the 8th of October 1976). It was justified with the necessity to relieve the strain on public finances and with the time needed for creating the legal basis for compulsory coverage.

After the new Unemployment Insurance Law (AVIG) had taken effect on the 1st of January 1984, at low contribution rates reserve capital could be accumulated that amounted to six times the annual expenditure in 1989/90. In 1990 the contribution rate had been lowered from 0.6 to 0.4 per cent of gross earnings. Only two years later—the unemployment rate had increased steeply in the winter of 1991/92—this reserve capital was used up. Since then the unemployment insurance in Switzerland has considerable financial problems (*Figure 3*).

Figure 3: Finances of the Unemployment Insurance 1989-1998

In raising the total contribution rate twice, the Federal Council tried to counteract this development: starting with the 1st of January 1993, 2.0 instead of formerly 0.4 percent of gross earnings had to be paid, by the 1st of January 1995 the contribution rate was raised to 3.0 per cent, with the result that the balance was positive in 1995. However, by the end of 1995 the situation on the labour market had worsened again, a fact that led to more deficits from 1996 onwards. In 1997 the ALV closed with a minus of 2.3 billion Swiss francs; the debts that had to be paid off by the ALV compensation fund amounted to more than 7 billion francs. Until these debts will be paid off, the contribution rate will remain at 3.0 per cent of gross earnings. In addition, a contribution of 1 per cent must be paid on earnings between 97,000 and 243,000 francs since the beginning of 1996.

Faced with this precarious financial situation the number of claims had to be reduced. The revised ALS law, which had taken effect in two stages in the beginning of 1996 and 1997, provides for a five-day waiting period for employees with an insured income higher than 3,000 francs (plus 500 francs per child). Daily benefits are awarded for a maximum period of time which is now age-related. It ranges from 150 days for beneficiaries under 50 years to 400 days for those over 60.

In 1985, only 96,000 persons claimed benefits from the ALV; in 1984, however, the number of claims had risen to 315,000 and in 1997 to almost 354,000. The number of days benefits were awarded rose from 5.35 million days in 1985 to over 31 million days in 1994 and to almost 37 million days in 1997. 56 days in the mid-80s to 105 days in 1994 per beneficiary. The average number of days benefits were awarded increased from 56 days in the mid-80s to 105 days in 1994 per beneficiary (Swiss Social Security Statistics, 1999: 144).

Basically, the legislator tried to act according to the motto 'from wage compensation to active job creation'. New tighter measures regulated the conditions under which a new job could be expected to be accepted, participation in 'labour market measures' was promoted, and the cantons had to provide 25,000 jobs for the implementation of these measures. In addition, the cantons established regional job centers.

Current Problems

Faced with profound demographic, economic and societal changes, the Swiss social security system, too, is under increasing pressure to make adjustments, above all in the following areas: the ageing of the population and the impacts on care

for the elderly; a changing life style and its impacts on household structures and family forms; a changing labour market and its consequences for employment, the duration of employment and working conditions.

The 10th AHV revision therefore did not focus on an expansion, but on the adjustment of the AHV to societal changes. Important elements of this revision (its last part entered into force on the 1st of January 1997) were the shift from spouses' pensions to individual pensions according to the splitting system (pension claims independent of civil status), the awarding of educational bonus, the increase in widows' pensions, the possibility for men to receive early-retirement pensions, compulsory contributions payable by non-employed widows. In turn, the pensionable age of women was raised to 64 years (effective from 2005).

Apart from making the pensionable age flexible, the 11th AHV revision provides for a standardization of widow/ers' pensions, resulting in savings of 867 million francs; in addition, the adjustment of pensions to increases in the cost of living is carried out every three instead of every two years (savings of 150 million francs). These savings of about one billion francs are increased by 550 million francs annu-

ally due to the adjustment of contribution rates payable by the self-employed to the rates paid by the employed, to the abolishment of the descending contribution scale for the self-employed and the abolishment of the contribution exemption for employees who have reached pensionable age. Finally, the VAT for AHV/IV is to be increased by 1.5 per cent from 2003 onwards, from 2007 onwards by another per cent.

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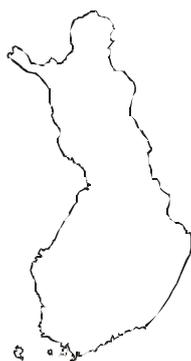
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Country Profile: *Finland*

by Hermann Schwenger

Introduction

Finland is best known in the political world for the EU presidency since June 1999, for European summits, and for President Martti Ahtisaari's negotiations with Serbia's President Milosevic during the NATO attack. On the other hand, most people generally associate Finland with Mika Häkkinen's second Formula 1 championship, with Jean Sibelius Karelia suite or even with a scenic landscape made up of about 188 thousand (!) lakes (and billions of flies) or with the sauna. This EU-newcomer—since January 1995—only became an independent nation-state in 1917 and experienced much later than the other Western European countries industrialization, urbanization and welfare state development. Today, after a severe depression at the beginning of the 1990s, Finland tops European or even global rankings in many fields (social security, education, economic competitiveness).

Country and People

Finland is situated in northern Europe between the 60th and 70th parallels. A quarter of its total area lies north of the Arctic Circle. Finland's border countries are : Norway (729 km), Sweden (586 km) and Russia (1,269 km), which is actually the eastern border of the EU. Its coastline (Baltic Sea, Gulf of Bothnia, and Gulf of Finland) is about 1,125 km. Nearly 10 per cent of the total area of 337,030 square km is water. 76 per cent of the land are forest and woodland, only 8 per cent is arable land. The terrain is mostly low, flat to rolling plains interspersed with lakes and low hills,

with the Haltiatunturi (1,328 m) as highest point. The climate is cold temperate; potentially subarctic, but comparatively mild because of the moderating influence of the North Atlantic Current, the Baltic Sea, and the great number of inland lakes. Natural resources are timber, copper, zinc, iron ore and silver.

Finland is the fifth largest EU Member State in terms of area and has the lowest population density with 15 inhabitants per square km. About 65 per cent of the nearly 5.2 million inhabitants live in towns or urban areas, the Helsinki—most

northern capital of the world—metropolitan area alone accounts for about one million people. Ethnically speaking, Finland is an extremely homogeneous nation. 6 per cent of the population speak Swedish (the second official language) and only 2,000 people has Sami (Lappish) as their mother tongue. 86 per cent are baptised as Lutherans, while nearly 1 per cent belong to the Finnish Orthodox Church. 12 per cent claim no religious affiliation. Finland has only 86,000 or 1.6 per cent—the lowest rate in the EU—foreign citizens with Russians being the largest group (about 20 per cent of the total) followed by inhabitants with Estonian, Swedish and Somali citizenship.

History

Finland has been inhabited for 10,000 years. When the first Swedish-speaking settlers arrived in the ninth century, the country was home to people (Finns in the South-West and Sami or Lapps in the North)

Table: Statistical comparisons

	Year	Finland	Uusimaa	Etelä-Suomi	Itä-Suomi	Väli-Suomi	Pohjois-Suomi	Aland	EU 15
Mean Population (,000s)	1998	5,153.5	1,353.8	1,817.4	694.1	704.5	558.0	25.5	374,956.1
Inhab. per km ²	1998	15	127	31	8	15	4	16	117
Rates per 1,000 inh.									
Live Births	1998	11.1	12.2	10.3	9.9	10.9	12.6	12.4	10.9
Deaths	1998	9.6	8.0	10.4	11.1	9.9	8.7	9.5	10.0
Rates per 1,000									
Population Change 1/98–12/98	1998	2.4	13.2	1.2	-8.0	-1.0	-2.8	7.8	2.0
Net Migration	1988	0.9	9.0	1.3	-6.8	-2.0	-6.7	4.9	1.2
Infant Mortality %	1997	3.9	3.1	4.4	3.7	4.1	4.4	7.0	5.2
Age Structure									
Under 15 (%)	1998	18.6	18.8	17.5	18.1	19.2	21.2	18.7	17.0
15–64 (%)	1998	66.8	69.7	66.3	65.3	64.7	66.0	65.0	67.0
>65 (%)	1998	14.6	11.5	16.2	16.6	16.1	12.8	16.3	16.0
GDP per Capita in PPS (EU=100)	1996	97	130	91	74	83	83	119	100
Sectoral Employment									
Agriculture %	1998	6.0 ^a	1.5 ^a	7.1 ^a	13.3 ^a	16.8 ^a	10.3 ^a	17.0 ^a	5.0
Industry %	1998	27.0 ^a	22.7 ^a	32.3 ^a	24.2 ^a	28.5 ^a	23.6 ^a	25.0 ^a	29.4
Services %	1998	67.0 ^a	75.8 ^a	60.5 ^a	62.5 ^a	54.7 ^a	66.1 ^a	58.0 ^a	65.6
Econ. Activity Rate									
Total %	1996	59.4	64.9	58.2	56.2	55.7	58.8	54.8	55.3
Female %	1996	54.6	60.3	52.8	52.2	50.8	54.3	49.4	45.3
Unemployment									
Total %	1998	11.4	7.6	11.7	14.9	11.9	16.7	1.4	10.0

Sources: Statistics Finland: *Statistical Yearbook of Finland 1998*; *Populations Structure 1998*; *Vital Statistics 1997*. EUROSTAT: *Regions 1997*; *New Cronos 1998*; *Statistik kurz gefaßt Thema 3, 12/1999*; own calculations. ^a 1996 figures.

speaking languages belonging to the distinctive Finno-Ugric linguistic group, unrelated to the more prevalent Indo-European family of languages.

The Swedish Reign

From the middle of the 12th century onward, the geographical area that is now Finland was disputed between catholic Sweden and orthodox Novgorod (Russia). The treaty of 1323 assigned only eastern Finland, i.e. Karelia, to Novgorod. The western and southern parts of Finland were tied to Sweden and the Western European cultural sphere.

The Swedish legal and social systems, above all personal freedom for the peasantry, were implanted in Finland. Since 1362, Finns take part in the election of the king of Sweden, and since the 16th century they send representatives to the Swedish Diet. The translation of the New Testament into Finnish in 1548 by the Bishop of Turku, Mikael Agricola brought the Reformation to Finland and created written Finnish. Until the beginning of the 18th century, Sweden extended its realm around the Baltic and pushed the Finnish border further east. The Finnish provinces were governed from the capital Stockholm and Swedes were often appointed to high offices in Finland, which strengthened the position of the Swedish language.

Finland as a Grand Duchy of Russia (1809–1917)

The rivalry between Sweden and tsarist Russia for Baltic dominance ended with a tsarist victory in the war of 1808–1809 and Sweden had to cede its Finnish provinces to Russia, where they became an autonomous Grand Duchy. The Grand Duke was the Russian Emperor, whose representative in Finland was the Governor General. Finland's highest governing body was the Senate, whose members were Finns. Matters pertaining to Finland were presented to the Emperor in St. Petersburg by the Finnish Minister Secretary of State. This meant that the administration of Finland was handled directly by

the Emperor. Russian Emperor Alexander I gave Finland extensive autonomy, thereby creating the Finnish state. The Lutheran Church retained its position in Finland, as did Swedish as the official language of the country. In 1812, Helsinki was made the capital of Finland, and the university, which had been founded in Turku in 1640, was moved to Helsinki in 1828.

The Finnish national movement increased during the Russian period. The Finnish national epic, the Kalevala, created by Elias Lönnrot, was published in 1835. The Language Decree issued in 1863 by Alexander II marked the beginning of the process through which Finnish became an official administrative language. But Swedish retained its dominant position until the beginning of the 20th century. From 1863 on the Finnish Diet met regularly and active legislative work in Finland began. The Conscription Act of 1878 gave Finland an army of its own. The Grand Duchy of Finland, part of the Russian Empire, but enjoying extensive privileges, was a state within a state, with its own Senate and its own Diet, its own local officials, legislation, army, money (the mark) and postage stamps. Russian nationalists always tried to obliterate the 'Finnish Separatism' and the Finns had to endure two waves of oppression (1899–1905 and 1909–1917). Nevertheless, in 1906 Finland got the most radical parliamentary reform in Europe, because Finland moved in one bound from a four estate diet to a unicameral parliament and universal suffrage. Finnish women were the first in Europe to gain the right to vote in parliamentary elections.

The Independent Republic

Favoured by the October Revolution in Russia and by the intervention of imperial Germany, the Finnish Parliament approved the declaration of independence on December 6, 1917. After a bloody civil war (more than 30,000 deaths) between the 'red' leftists and the 'white' rightists, which were supported by the United Kingdom and Germany, had ended on May 16, 1918, with the white

victory, Finland became a republic (June 21, 1919) and, and K.J. Ståhlberg (1865–1952) was elected the first president.

Cumbersome inner reconciliation helped the independent republic to develop briskly during the 1920s. Although Finland first pursued a foreign policy based on cooperation with Estonia, Latvia, Lithuania and Poland, the League of Nations was already the cornerstone of Finnish security policy in the 1920s. When the inability of the League of Nations to safeguard world peace became evident in the 1930s, Parliament approved a Scandinavian orientation in 1935. In August 1939, Germany and the Soviet Union signed a non aggression pact, which included a secret protocol relegating Finland to the Soviet sphere of interest. When Finland refused to allow the Soviet Union to build military bases on its territory, the latter revoked the non aggression pact of 1932 and attacked Finland on November 30, 1939. The Winter War ended in a peace treaty drawn up in Moscow on March 13, 1940, giving southeastern Finland to the Soviet Union.

With Germany's attack of the Soviet Union in the summer of 1941, Finland entered the war as a cobelligerent with Germany. The 'Continuation War' ended in armistice in September 1944. In addition to the losses of 1940, Finland also ceded Petsamo on the Arctic Ocean. The terms of the armistice were confirmed in the Paris Peace Treaty of 1947. A Treaty of Friendship, Cooperation and Mutual Assistance was signed between Finland and the Soviet Union in 1948. Until the end of soviet communism, Finland's active policy of neutrality gave it a strong international mediatory position between East and West. After the dissolution of the SU, Finland recognized Russia's position as the successor to the Soviet Union and a treaty on good relations between the neighbouring countries was drawn up in January 1992. After becoming a full member of EFTA (1986) and the Council of Europe (1989) Finland became, after a 57 per cent positive referendum, together with Sweden and Austria, a full member

of the EU in January 1995. Finland's EU presidency since June 1999 pursues a Northern Dimension policy to enhance cooperation with Russia.

The Political System

Finland is a sovereign republic. The head of state is the President of the Republic, who is elected by direct popular vote for a period of six years and may serve a maximum of two consecutive terms. The President's duties cover a large and varied political and administrative field. The President shares executive authority with the government, the Council of State. President Martti Ahtisaari was elected in 1994. The parliament (Eduskunta) has 200 members elected by universal suffrage every four years. After the elections of 1999 the Social Democratic Party had 51 parliamentary seats, the Centre Party 48, the National Coalition 46, the Left Wing Alliance 20, the Swedish People's Party 12, the Greens 11 and the Christian League 10. The Rural Party and the Reform Party had one each. Presently, there are 74 women parliamentarians.

The Council of State, the Finnish government, must enjoy the confidence of the parliament. In Finland, the Prime Minister has relatively modest formal powers. These will be increased by a constitutional amendment in 2000 by diminishing those of the president. The multi-party coalition government formed in 1999 is headed by Prime Minister Paavo Lipponen, the leader of the Social Democratic Party. In administrative manner, Finland has five provinces (Lääni), one semi-autonomous province (Åland), 19 regions (maakunta), 90 state local districts (kihlakuntia) and 452 municipalities (kuntia).

Economy

Finnish industrial activity dates back to the 16th and 17th centuries, but Finland did not begin to evolve into a modern industrial state until after 1860. This growth was spearheaded by the sawmill industry. The pulp and paper industry joined in at a later stage. The wealth generated by

the forest industry was reflected in society at large and propelled the development of other industries, notably textiles, metals and engineering. Development based on industrialization was reflected in a steep rise in gross domestic product (GDP), which continued unabated except during wars and other exceptional periods. Finland experienced 50 years of growth after the Second World War. War reparations to the Soviet Union in the form of industrial products contributed to transforming Finnish industry. A strong metal and engineering industry rose alongside the traditionally powerful forest industry. Shipyards were one of the prime success stories of this time. The forest industry looked westwards and was subject to cyclical ups and downs. Finland's trade with its eastern neighbour dampened the effect of worldwide fluctuations within the forest industry. Metal products, textiles and clothing were exchanged with the Soviet Union for oil. World market prices for oil affected the volume of Finnish exports. Declining oil prices during the 1980s were the first warning of the fragility of Finland's trade with its eastern neighbour.

The disintegration of the Soviet Union also caused the final collapse of the Finnish-Soviet trade. The resulting recession was more severe in Finland than elsewhere. Finland drifted into the recession that lasted through the first half of the 1990s by practising 'casino' economics. The deregulation of financial markets in 1986 led people to play the stock market and real estate prices skyrocketed. Interest rates rose. The government went heavily into debt and unemployment affected as much as one-fifth of the workforce. Waves of bankruptcy swept over industry; many small- and medium-sized enterprises went under. The banking system was saved only through extensive government support. The Nordic welfare state model was questioned. In Finland, the spiralling national debt was brought under control with a programme of budgetary austerity and Finland was in the end able to fulfill the EMU criteria with ease. The Government, together with the employer's and the

trade unions, has since received recognition for having steered the country through its worst economic crisis in recent history. Helpful, as in other nordic countries, was and is the highly developed system of economic and social consensus, i. e. social partnership, where the trade unions with an union density of over 80 per cent take a strong part. GDP grew by 4.8 per cent per year in 1995-1998 compared with 2.4 per cent for the EU. Exports made up 39.5 per cent of the GDP in 1998 (43 per cent metal and engineering products, 24 per cent paper and printing industry, 10 per cent chemicals, 8 per cent basic metal, 7 per cent wood and wood products). Information technology products (cellular phones!) accounted for 20 per cent of total exports. The EU area makes up 56 per cent of Finland's exports and 60 per cent of imports. Main trading partners are: Germany, Sweden, the United Kingdom, USA and Russia.

Despite the upward trend in the Finnish economy in the late 1990s, the country continues to have an unemployment rate of around 10 per cent. On the other hand, there is also a shortage of certain kinds of labour, particularly in sectors requiring specially skilled employees.

And, is it also worth mentioning that the ubiquitous neo-liberal faith-healers continually complain about the rigid labour law, the welfare costs, tax burdens and subsidies.

On the Road to the Information Society

Finnish industry grew its third supporting leg in the 1990s. High technology represents, along with the forest sector and metal and engineering, a major source of export revenues and competes for the top position in Finnish export statistics.

In the past couple of years, Finland's position as a communications superpower has been recognised worldwide. Finland leads the world in the number of cellular phone subscribers. Finnish mobile phone ownership edged above 60 per cent of the population in mid-February 1999, setting a new world record. In mid-February there were 3.1 million

cellular phones in use. Finnish women complain that there are more cellular phones than men!

Another fast-growing sector is the use of the Internet. In 1998, Finland had about half a million Internet connections, i.e. about 100 per 1,000 inhabitants. This figure, too, is the highest in the world. 42 per cent of the households have a PC and nearly 20 per cent of the Finns aged 15–74 use the Internet daily. The payment system is the most advanced in the world. Over 80 per cent of all transactions are paperless. Finland's rise to this position is not a coincidence, but the outcome of a consistent development effort. Nokia, often mistaken for a Japanese firm, can be considered a model for the new technology's rise to prominence. In a short period of time, the company went from paper all the way to mobile phones and telecommunications via televisions and computer terminals. From modest beginnings grew one of the world's leading telecommunications groups.

Finland is known world wide in telecommunication circles for its deregulation. In addition to the nation-wide networks there are some regional networks available in the most populated areas. International telephone services were deregulated at the beginning of 1995. The costs of using telephones are considerably lower than in many other countries. Finnish universities have a nationwide network infrastructure, which is the most progressive in Europe. Other organizations, too, such as the Social Insurance Institution, has linked its local offices through a rapid network. The new technology should offer a better future for the ordinary person in Finland. Research, training, innovative operations and corporate finance should contribute to the construction of a better Finland. In recent years all the European Union countries have followed Finland's example in the development of data communications infrastructure and the deregulation of the telecommunications sector. In these areas Finland has been, and will be, at the leading edge of development.

In April 1999, the Lausanne-based International Institute for Management Development, examining economic competitiveness in a broad sense, rates Finland in third place after the USA and Singapore. It was only in 1994 that Finland was still in 19th place.

Demography and Family

In the middle of the 16th century, Finland had 330,000 inhabitants and in the 17th century 400,000. At the end of the Middle Ages, there were six towns on the Finnish coast (Turku, Naanatali, Rauma, Porvoo, Käkissalmi and Viipuri). In the 1660s, the 21 towns in Finland had 25,000 inhabitants (about 7 per cent of the total population of the country).

Based on excellent demographic records since the 18th century, Finland's demographic transition shows two dominant figures. In contrast to the other West-European countries, Finland experienced a relatively late nuptiality transition in the second half of the 18th century, i. e. late marriage and a high proportion of women remaining unmarried, and the fertility transition happened in a predominantly rural environment. Population trends in Finland in the 18th and 19th centuries were characterized by powerful fluctuations. The birth rate was close to 40 per 1,000 inhabitants and the death rate about 25 per 1,000. The development of agriculture and the expansion of urban trades accelerated population growth, while wars between Sweden and Russia, and disease and famine reduced the rate. It has been said that the last natural disaster to befall a European people took place in Finland at the end of the 1860s. The death rate rose temporarily to almost 80 per 1,000. The experience gained in the famine years led to structural change in the economy. Agriculture was made more efficient and it began to concentrate on livestock. The expansion of foreign markets and basic structural developments created a foundation for the modern forest industry. Public health also improved. Population growth in Finland increased, and it has been said that

Finland had the highest rate in all of Western Europe at the time. In the 1870s and 1880s, Finland's population increased by more than 15 per cent per decade. The population exceeded 2 million in 1880. Migration from the countryside to the towns increased. Before industrialization (in the 1860s), Finland had 33 towns with a total of 110,000 inhabitants (6.3 per cent of the population), but after industrialization began, the number of towns rose, numbering 38 by 1880, with a total of 174,000 inhabitants (8.5 per cent of the population). Industrialized society could not, however, absorb all the landless people who could no longer find work in the rural areas, and Finns therefore emigrated continuously in great numbers. From 1860 to 1996 nearly 1.3 million Finns emigrated. About 575,000 to Sweden and about 410,000 to the United States and Canada. When Finland became independent in 1917, the population was 3 million. The birth rate was 25 per 1,000 and the death rate about 15 per 1,000. The age-structure was characterized by a large proportion of children; 35 per cent of the population were under 14 years of age, 60 per cent were of working age (15–64) and 5 per cent were elderly people. The population was, however, reduced by the Civil War in 1918 and by the general decline in living standards that followed. As Finland developed into a modern state, birth rates and death rates showed declining trends until the 1960s, when they stabilized at a low level. About 12–14 children are born annually per 1,000 inhabitants, while the death rate is about 9–10 per 1,000. Thus, the natural population increase in Finland has been very low in the last few decades, about 3 per 1,000. As in other western industrialized countries, the 'baby boom' which followed the Second World War is an exception. It took place in the late 1940s and early 1950s, and the difference between birth rates and death rates during these years was around 10–15 per 1,000. More than 80,000 Finns died in the Second World War. Finland had to cede part of Karelia, the Petsamo corridor and some other areas to Russia.

areas to Russia. Furthermore, Finland lost more than 10 per cent of its industrial production facilities and had to accommodate more than 400,000 Karelians from the ceded areas in the remaining parts of Finland. In 1950 the population exceeded four million. Finland was still clearly an agrarian country, with more than 40 per cent of the population earning a livelihood from primary production. The same figure for industry was 29 per cent and for the service sector 22 per cent. The age structure in 1950 still showed a large proportion of children (0–15 years; 30 per cent), 63 per cent were of working age and 7 per cent were elderly people (over 64). The age structure placed special demands on the development of education. Post-war demographic structural changes have been quite radical in Finland. Particularly in the 1960s, Finland saw what may have been the fastest rural depopulation in the western industrial countries, and a corresponding change in the structure of the economy. More than 600,000 people were freed from primary production. Industry was no longer creating more jobs, but the tertiary sector absorbed some 300,000 new employees. In ten years, urban population figures increased by about 600,000 people, and the urbanization rate went up from 38.4 per cent in 1960 to 50.9 per cent in 1970 and 65 per cent in 1998. The Finnish population exceeded the five million mark in 1991. Finland's population increases very slowly. The contribution of natural population growth to the increase is falling and migration is taking its place as the factor with the strongest effect on population growth. Finland, formerly a source of emigrants, is now becoming a destination for immigrants. The natural population growth is thus only 2 people per thousand inhabitants. The birth rate and natural population growth is higher in the north of Finland than in the south.

In 1998, nearly 41 per cent of the 1,393,793 families (married or cohabiting couples) had no children. Families with one child accounted for 44 per cent of the 625,000 families with children. 37.7 per cent of

families have two children, 13.7 per cent have three children and 4.5 per cent have four or more children. In 1970, those with four or more children accounted for almost 10 per cent of all families. Families in the north of Finland are larger than families in the south.

Based on demographic data, it is apparent that the Finnish population is aging. This places growing demands on care of the elderly and pension schemes. The proportion of children (under 15) has dropped to 19 per cent, from 30 per cent in the 1950s, and the proportion of elderly people (over 64) has grown from 7 per cent in the 1950s to 14 per cent. The average life-expectancy of Finnish women is 80.3 years and of men 73.3. Primary production is now a source of employment for only 6 per cent of the population, while 27 per cent work in industry and construction and 67 per cent in trade and services. Finland's most densely populated and urbanized areas lie in southern and southwestern Finland. Historically, these same areas have also been the core of Finland.

Social Security

Finnish legislation guarantees the basic economic, social and education rights of every resident of Finland. Public administration—the State and local government—must ensure that these basic rights are achieved. From the perspective of social policy, the right to comprehensive social protection is among the most fundamental basic rights. Social protection encompasses pension and other income security, and social welfare. The Finnish social protection system is built on the Nordic welfare model whose central features are: the principle of universality, a strong public sector, tax funding, citizens'/residents' rights are grounded in legislation, equal treatment, social benefits of a relatively high level.

Before the First World War, social policy, if at all, concentrated on averting and preventing misery. Poor relief, welfare for vagrants and alcoholics, child welfare and promotion of temperance were every-

day tasks. Not until after independence in 1917 did Finland install a Ministry of Social Affairs—changed in 1968 into the Ministry of Social Affairs and Health, as health care became its responsibility—as social affairs were shifted from the Commercial and Industrial Committee of the Senate. Social policy, i.e. developing insurance schemes for old age, disability or sickness was, however, very difficult in the atmosphere of the time. The general pension system was implemented as late as in 1937. It provided pension security for old age and disability. The post-war period was characterised by reconstruction work, helping those who had suffered in war or were disabled. Some of the most significant family policy reforms, such as child allowances, maternity grants and loans for starting a family, were carried out in the 1940s. The building of the welfare state began properly in the 1950s. The Social Assistance Act changed the policy from poor relief into social assistance. The National Pensions Act of the same year can be considered the most important social improvement of the decade. The employment pension system was developed simultaneously. An important step forward in the 1960s was the Sickness Insurance Act of 1964. It introduced the payment of a daily allowance and a maternity allowance to compensate for the loss of income, and a compensation for medical expenses and doctors' fees. The social insurance system was also actively developed in its other sectors. In the 1960s and 1970s the Finnish welfare state was improved further. Besides social insurance, children's day care, public health work, and alcohol and tobacco policies were developed further. In the prosperous years of the 1980s the development of the welfare state steadily increased. The social expenditure rate of the GDP went from 22.7 per cent in 1984 to over 35.4 per cent in 1993 falling back to about 27 per cent in 1999, which is below EU-average. This is due to the ups and downs of the GDP, but the governments since 1992 have been cutting social spending by almost 8.5 per cent, a reduction of

FIM 18.5 billion. Unemployment and family benefits have undergone the most severe cuts in relative terms. Nevertheless, the Finnish Welfare State, the Nordic model, mastered the recent worst recession since 1930 well. Cuts did not widen the—for Nordic countries typical—low gap in income distribution. Depending on how it is measured, poverty increased, if at all, slightly, but remains at a low level unparalleled in the OECD countries.

Education

The Finnish education system comprises comprehensive schools, post-compulsory general and vocational education, higher education and adult education. Voluntary **pre-school education**, 124,000 children in 1998, is at present provided under the day-care system. The language of teaching is Finnish or Swedish. Official bilingualism guarantees the Swedish-speaking minority equal opportunities in education at all levels.

The **comprehensive school** is a nine-year compulsory general schooling for all children aged 7–16, i.e. eligible for compulsory education. Pupils normally begin the comprehensive school at the age of 7. The lower stage of comprehensive school (primary education) consists of grades 1–6 and the upper stage of grades 7–9 (lower secondary education). A voluntary 10th grade is possible. The entire age group completes compulsory education, only approximately 0.04 per cent fail to receive a school leaving certificate.

All who have completed comprehensive school are equally eligible for further studies. Comprehensive education is free of charge for all pupils. Each municipality must provide comprehensive school education for their residents of compulsory school age. In 1998/99, 591,700 pupils were attending nearly 4,200 schools.

Upper secondary education is provided by **upper secondary general schools** or **vocational schools** and **colleges**. After leaving the comprehensive school, a young person may apply for a place at a general

upper secondary school or a vocational school. In 1995, 54 per cent of those leaving a comprehensive school went straight on to study at an upper secondary general school and 31 per cent at a vocational school. Education is free of charge at both types of school.

Upper secondary general school provides general education to prepare the pupil for further studies. At the end of the 2–4 years of schooling at the upper secondary level, the pupil takes the national matriculation examination, which is the general eligibility criterion for university admission. Alternatively, the student may continue his or her studies at a newly installed AMK institution, which is academically similar to a British polytechnic, or obtain a post-secondary vocational diploma. The network of upper secondary general schools covers the whole country. In 1998/99, there were approximately 430 daytime upper secondary schools in Finland, with over 113,000 pupils. General upper secondary education is also provided for adults in evening classes.

Upper secondary vocational education is, since the beginning of the 1990s, in the process of reform. The apprenticeship scheme has been developed and education is being more closely integrated with working life. Vocational education covers some 160 qualifications. Obtaining a vocational diploma generally takes 2–4 years and makes the bearer eligible for study at a university. The vocational colleges will be gradually phased out as a part of the polytechnic reform. Most of the places in vocational education will then be transferred to the polytechnics and the educational level of vocational education will rise. In 1998/99 there were 327 vocational institutions throughout the country with 137,700 students.

Vocational **higher education** (tertiary education) is provided by polytechnics (AMK) launched in the 1990s with Parliament approved legislation making the AMK system permanent in March 1995. All those who have completed upper secondary general or vocational education

are eligible to apply for admission to an AMK institution. Studies for a polytechnic degree take 3.5 to 4.5 years after the matriculation examination or some similar qualification. The degrees are of the same level as lower university degrees, but have a vocational orientation. They make their holders eligible for various specialized jobs. At present, the most popular subjects on the curriculum are technology, commerce and administration, and health care. In 1998/99, in 34 polytechnics 82,200 students were working towards diplomas.

Finland has 20 **universities**. Ten of them are multi-faculty institutions, and ten are specialized institutions, of which three specialize in economics and business administration, three in engineering and architecture, one in music, one in art and design, one in fine arts and one in theatre, drama and dance. Universities account for nearly 3 per cent of the State budget and for some 19 per cent of all spending on education, research and the arts. Some 60 per cent of the members of each age group are formally eligible for university admission. In 1998/99, there were 147,300 students attending universities. Since the early 1980s, the majority of students have been female (52.4 per cent in 1998/99).

Furthermore, there are more than 1,000 institutions and organizations engaged in Finnish **adult education**. Courses are offered in all parts of the country for 1.6 million adults annually. Adult education is provided by the regular education system, the liberal education institutions or organizations and also as in-service training. With 6.6 per cent of GDP expenditures for education (1995) and 2.78 per cent for R&D (1997) Finland ranked as one of the highest of the OECD countries. With 1.7 per cent of GDP expenditure alone on tertiary education Finland is top in the EU.

Social Data Production and Holdings

Since the territory of Finland was part of the Swedish kingdom until 1809, the origins of the Finnish system of population registration

was very closely related to the Swedish system. In 1748, a government bureau was set up in Sweden for the purpose of compiling population statistics and a Royal letter ordered the parish clergy to improve their parish registers kept since 1686 in order to meet the standard of a uniform system of population statistics. Hence, population and vital statistics are available with high reliability. Finland received her own bureau of statistics in 1865, then under Russian rule. In 1884, the bureau was renamed the Central Statistical Office (CSO) of Finland. The same year, the series of publications entitled 'Official Statistics of Finland' became the joint forum for all producers of official statistics. In the Act on Statistics Finland from 24 January 1992 the CSO was renamed Statistics Finland. Statistics Finland is an independent government agency set up under the Ministry of Finance. The Director General is appointed by the President of Finland.

Statistics Finland is independent in its professional activities and may freely decide on the publication of its results as well as on the contents of its publications. About 65 per cent of official statistics in Finland are compiled by Statistics Finland and the rest by about 20 other government agencies, for instance by the Ministries of Agriculture and Forestry, of Health and Social Affairs, of Labour or by the Bank of Finland, who compiled and published enormous historical data on the economic history of Finland.

Statistics Finland, like other agencies, can claim to have one of the best population information systems as regards its technical solutions and services offered. The population registration entered the computer era at the beginning of the 1970s, when the nation-wide central population register was established. Data on buildings and residences has been collected since the beginning of the 1980s. Population information is used for various purposes in society. The population information system contains the official information for the whole country on Finnish citizens and aliens residing permanently in Finland, and on

buildings and residences and their owners. The system further contains data on real estate units and office and business premises. The population information system provides data to the administrative authorities and courts of law as well as for statistical and research purposes. Business enterprises and private citizens may obtain, for example, address information. The Population Register Centre, founded in 1969 and operating under the Ministry of the Interior, develops and controls the registration, maintenance and delivery of population information together with the local register offices. It is responsible for the national information services and makes decisions relating thereto. Information services are developed and tailored to meet the needs of the customers. Local register offices function as local authorities within the area of one or several judicial districts. Local register offices and their service units are responsible for the registration of data and they serve customers by issuing certificates and extracts as well as by providing local information services. Local register offices are also the local authorities for the Trade Register and the Register of Associations. The head of a local register office and its service units is the District Registrar, who also acts as notary public and marrying authority.

At the beginning of 1999, the Finnish Social Science Data Archive (FSD), funded by the Ministry of Education, started to operate as a separate unit within the University of Tampere. FSD is a source centre for social science research and teaching. FSD provides a wide range of services from data archiving to information services. The main task of FSD is to increase the use of existing data in the social sciences by disseminating data throughout Finland and also internationally. The main functions of FSD include acquiring, storing and disseminating data for secondary research. FSD archives quantitative, machine-readable data covering a broad range of research in the social sciences. There is a great amount of quantitative data collected by re-

searchers, research units at Finnish universities and other Finnish data producers in the area of social sciences for which FSD is the most natural archiving unit. The most significant data sets are checked, documented and stored at various levels.

As researchers deposit their data, the FSD database will become a major national resource for research data. FSD intends to offer all basic services free of charge.

Further Reading

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Social Science Research Institutions: *National Research and Development Centre for Welfare and Health (STAKES)*. Address: P.O. Box 220, FIN-00531 Helsinki, Finland. Visiting address: Siltasaarenkatu 18 A, Helsinki. ☎ +358-9-39671, Fax: +358-9-761 307, E-mail: name.surname@stakes.fi, Internet: <http://www.stakes.fi>.
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Research Institute of the Finnish Economy (ETLA), Lönnrotinkatu 4B. FIN-00120 Helsinki. ☎ +358-9-609900, Fax: +358-9-601753, Internet: <http://www.etla.fi>.

Population Research Institute, Iso Roobertinkatu 20-22 A, 4th floor P.O. Box 849, FIN-00101 Helsinki. ☎: +358 9 228 050, Fax: 358 9 612 1211, E-mail: pop.inst@vaestoliitto.fi, Internet: http://www.vaestoliitto.fi/tlaitos_en.htm.

Institute of Migration, Piispankatu 3, FIN-20500 Turku. ☎ +358-2-2317 536, Fax: +358-2-2333 460, Internet: http://www.utu.fi/erill/instmigr/index_e.htm.

Research Institute for Social Sciences, P.O. Box 607, FIN-33101 Tampere. ☎ +358 3 215 6992, Fax: +358 3 215 6981, E-mail: ytsiha@uta.fi, Internet: <http://www.uta.fi/laitokset/tyty/indexeng.html>.

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National Statistical Institutes

100 Years Statistics Netherlands

The Dutch National Statistical Institute, the *Centraal Bureau voor de Statistiek (CBS)* celebrates its 100th anniversary in 1999. On this occasion, several important publications on the history of the CBS and Dutch statistics in general were issued by the CBS. Furthermore, Dutch historical statistics were collected which now replace the older recurrently published CBS title ‘... *jaar statistiek in tijdreeksen*’. Additionally, population census data have been made available in two sets of CD-ROMs, with the first set—containing five CDs—comprising the population censuses from 1795 to 1971. The second set contains the results from the 1899 population census on two CD-ROMs.

One hundred years are not such a long time for a statistical bureau to exist, compared with other countries. But the late official institutionalization of a national statistics bureau does not mean that there was no official statistics in The Netherlands before that time. In the first half of the 19th century, statistics were collected and published by different bodies. The main statistical investigation, the population census—conducted every decade since 1830—was the responsibility of the Ministry of the Interior. In 1848, a statistical bureau was set up in that ministry. But while in other European countries specialized and statistical offices outside the ministries were founded (Italy 1861, German Empire 1872, Norway 1876), the Dutch took a different path. In 1878, the Minister of the Interior closed the statistical office. The *Vereeniging voor de Statistiek* (Statistics Society), which had been founded in 1862, tried to take over the functions of government statistics and to set up a Statistical Institute in 1884 on behalf of the Society. However, due to the lack of sufficient resources it could not take the place of a government statistical office. A step towards the reintroduction of a statistics bureau was made when the Central Commission

for Statistics (CCS) was founded in 1892. But it took seven more years for the necessity of permanent statistics production and service to be felt by the government and for the Central Bureau of Statistics (CBS) to be set up in 1899 by Royal Decree.

This Royal Decree regulated the tasks of the CCS and the CBS. The CCS took over an advisory function for the CBS, while the CBS had the role to gather, process and disseminate all those statistics which the director considered important for ‘practical and scientific purposes’. This was a very broad formulation of the tasks of the institute. It had the advantage that it was very flexible and open to new scientific developments and did not prescribe in detail and by law which statistics had to be collected. Innovation and adaptability to new developments have remained specific to Dutch statistics until today. Nevertheless, new statistics could only be started with the consent of the CCS. In 1996 a new statistics law replaced the Royal Decree of 1899, maintaining the old division of labour between the CCS and the CBS.

The volume produced by Van Maarseveen, Gircour and Schreijnders (1999) gathers contributions on the history of the CBS, the development of social and economic statistics, the use of social and economic indicators, the Dutch contribution of international statistics. It is written in English for a wider audience.

A comprehensive and detailed—603 pages long—institutional history of the Central Bureau of Statistics (CBS) and the Central Commission for Statistics (CCS) has been written by Anne-Marie Kuijlaars (1999). This volume presents an extensive historical account of Dutch official statistics during the last one hundred years. It is written in Dutch, but an English summary (pages 515–25) highlights the main features.

Another volume edited by Van Maarseveen and Gircour (*A Century of Statistics*, 1999) collects contributions on nearly all aspects of official statistics in The Netherlands. It describes how statistics are

gathered, processed, stored and published. Questions of statistical co-ordination, integration and use of classifications are discussed. The different census types (population, business, agricultural) are described. There is a further chapter with two articles on economic and quality-of-life resp. social indicators. Finally, mathematical methods and international relationships are presented.

Another volume, organized by Van der Bie and Pit Dehing (1999), brings together substantial articles on long-term economic, demographic and social developments in The Netherlands from 1800 to the 1990s. This book is, however, completely in Dutch. It shows the fruitfulness of continuous statistical monitoring of a society: it allows for a societal and economical description for two centuries. Long-term trends are dealt with regarding many important fields, such as general economic development, agricultural production and productivity, money banking, infrastructure, female employment, income inequality, strikes, the life cycle of collective labour agreements, poor relief and caritas, educational participation, drinking behaviour, the demographic transitions and household changes, and environmental damage and restoration.

Besides these institutional histories of Statistics Netherlands and accounts of Dutch official statistics, other basic works have been compiled on occasion of the celebration of 100 years CBS. The first one is a complete bibliography of over three thousand titles published by the CBS from 1899 to 1998. This bibliography was not printed; it was, instead, built as a data bank which is searchable via the Internet on the home page of the CBS.

Furthermore, historical statistics have been compiled. There is a printed edition by Van der Bie et al. (1999), containing time series from 1800 to 1999. This book is accompanied by a CD-ROM. The book was announced for December 1999 and was not yet available when this article was written.

The very important population census results have been published on two sets of CD-ROMs. They comprise all population censuses held from the first one in 1795 to the last one in 1971.

Van Maarseveen, J.G.S.J., M.B.G. Gircour, and R. Schreijnders (eds.): *A Century Rounded Up: Reflections on the History of the Central Bureau of Statistics in the Netherlands*. Voorburg: CBS / Amsterdam: Stichting beheer IISG, 1999. 207 pp. ISBN 90-6861-174-7. HFL 19.90.

Kuijlaars, Anne-Marie: *Het huis der getallen. De institutionele geschiedenis van het Centraal Bureau voor de Statistiek (CBS) en de Centrale Commissie voor de Statistiek (CCS), 1899–1996*. Voorburg: CBS / Amsterdam: Stichting beheer IISG, 1999. 603 pp. ISBN 90-6861-166-6. HFL 65.00.

Van Maarseveen, J.G.S.J. and M.B.G. Gircour (eds.): *A Century of Statistics: Counting, Accounting and Recounting in the Netherlands*. Voorburg: CBS / Amsterdam: Stichting beheer IISG, 1999. 558 pp. ISBN 90-6861-168-2. HFL 89.90.

Van der Bie, Ronald and Pit Dehing (red.): *National goed. Feiten en cijfers over onze samenleving—(ca.) 1800–1999*. Voorburg and Heerlen: CBS / Amsterdam: Stichting beheer IISG, 1999. 272 pp. ISBN 90-6861-170-4. HFL 29.90.

Van Baarsel, G.J.M. and W.A.F.M. Commandeur (compilers): *Honderd jaar cijfers in drieduizend publicaties. Bibliografie van de CBS-publicaties 1899–1998*. This bibliography can be searched over the Internet: <http://www.cbs.nl/bibliotheek/bibliografie.htm>.

Van der Bie, Ronald, Pit Dehing and J.P. Smits (red.): *Tweehonderd jaar statistiek in tijdreeksen, 1800–1999*. Voorburg and Heerlen: CBS / Amsterdam: Stichting beheer IISG, 1999. ISBN 90-6861-170-5+cd-rom. HFL 55.00.

Centraal Bureau voor de Statistiek (compiled by J.K. Jonker, J.G.S.J. van Maarseveen and T. Vreugdenhil) and NIWI (P.K. Doorn): Part 1. *Data en publicatie Volkstelling 1899*. 2 cd-roms. Voorburg/Heerlen: CBS, 1999. ISBN 90-

6861-176-3. HFL 129.00. Part 2. *Publicaties Volkstellingen 1795–1971*. 5 CD-ROMs. Voorburg/Heerlen: CBS, 1999. ISBN 90-6861-177-1. HFL 249.00.

Recent Social Reports in Europe

The publication of social or socio-statistical reports continues in several European countries. Recent social reports or updates of earlier titles have appeared for Portugal, the Czech Republic and Finland.

In Portugal, the second edition of *Portugal Social* has been published; the first one appeared in 1992 (INE, *Portugal Social 1985–1990*. Lisbon: INE). This second report covers the time period from 1991 to 1995. The series is published quinquennially. The new edition presents far more material than the first edition. It is considerably larger and includes a large number of graphs, maps and tables with descriptive texts. The main topics covered are: population; families; education; employment; unemployment and non-employment; working conditions; disposable income and consumption; security and criminality; social protection; health; household amenities; environment; and culture and leisure time.

There also is a regional social report for the *Alentejo* with a reduced coverage, including demography, families, economic activity, level of living, health and social security, education and culture. This volume is concluded by an analysis of homogeneity and asymmetry of districts in the *Alentejo*.

Instituto Nacional de Estatística (INE): *Portugal Social 1991/1995*. Lisboa: INE 1998. 198 pp. ISBN 972-673-247-6. In Portuguese.

Instituto Nacional de Estatística, Direcção Regional do Alentejo: *Alentejo Social 1998*. Évora: INE-DRA 1998. Série Cadernos Regionais. 114 pp. ISBN 972-673-256-5. In Portuguese.

In the *Czech Republic*, the Czech Statistical Office published a socio-statistical report for the Czech Republic in 1997. This report covers the years 1970–1995 and deals with

such subjects as: population, marriage, family and households; housing; environment; health; education; social security; economic activity of the population; incomes and expenditures; and crime and safety of citizens. With the exception of the contents it is written in Czech only. This is the first publication of a comprehensive social report for the Czech Republic, covering all main living domains. The tables presented are accompanied by extensive descriptive, explanatory and documentary texts.

Ceský statistický úrad (CSU): *Fakta o Sociální Situaci v České Republice*. [Facts on the Social Situation in the Czech Republic]. Praha: CSU, 1997. 372 pp. ISBN 80-85949-94-6. In Czech.

For Finland, a brand-new social trends publication from Statistics Finland was produced. This title presents ten-year time series (from 1987–1997) for several main economic and social subjects. Topics covered are: population, industry and output, construction, trade and commerce, foreign trade and direct investment, financial markets, transport, national economy, central government finances, prices, labour force, justice, education and research, culture, information technology and telecommunications, environment and energy. The subjects selected are a good mixture of economic and social domains. Data are also presented in comparison with other European countries. Data are visualized by many graphs; textual descriptions give additional information. This volume is accompanied by a diskette containing the statistics in machine-readable form.

Statistics Finland, International Business Statistics (1999): *Trends. Ten-Year Review*. Helsinki: Statistics Finland, IBS. 108 pp. ISBN 1456-291X. With diskette. In English. E-mail: ibs.news@stat.fi, IBS-home page: <http://www.stat.fi/ibs>.

Historical Statistics

A new volume with comprehensive historical statistics for Hungary was published by the Hungarian Statistical Office in 1996. Unfortunately, this handbook was published in

Hungarian only, thereby reducing its accessibility for a non-Hungarian readership. Time-series data for Hungary since the first Hungarian census in 1870 were collected. Besides census data, annual time-series data from statistical registration are presented as well. The data are presented for the Hungarian Empire until World War I and for modern Hungary afterwards. Partly, time series are available for the territory of the Hungarian Republic before World War I. Topics covered include: population, economy, living conditions of the population, and climate.

Központi Statisztikai Hivatal: *Magyarország népessége és gazdasága. Múlt és jelen [Population and economy of Hungary. Past and present]*. Budapest: KSH, 1996. 266 pp. In Hungarian. 1,500 FT+AFA.

New MZES Publications Working Papers

Since the beginning of 1999 all working papers of the MZES have been published in one common working paper series (ISSN 1437-8574). The following working papers have been released and can be obtained from the MZES, University of Mannheim, D-68131 Mannheim. Tel. +49-621-181-2868, Fax +49-621-181-2866. Working papers published since 1997 are also available over the Internet and can be downloaded. Internet address: http://www.mzes.uni-mannheim.de/publi2_D.html.

Carsten G. Ullrich: **Deutungsmusteranalyse und diskursives Interview. Leitfadiskonstruktion, Interviewführung und Typenbildung**. Mannheim: MZES, 1999 (Working Paper no. 3). ISSN 1437-8574.

Claus Wendt: **Health Services for Children in Denmark, Germany, Austria and Great Britain**. Mannheim: MZES, 1999 (Working Paper no. 4). ISSN 1437-8574.

Cornelia Kristen: **Bildungsentscheidungen und Bildungsgleichheit – ein Überblick über den Forschungsstand**. Mannheim: MZES,

1999 (Working Paper no. 5). ISSN 1437-8574.

Hildegard Brauns, Markus Gangl and Stefani Scherer: **Education and Unemployment: Patterns of Labour Market Entry in France, the United Kingdom and Germany**. Mannheim: MZES, 1999 (Working Paper no. 6). ISSN 1437-8574.

Beate Kohler-Koch: **A Constitution for Europe?** Mannheim: MZES, 1999 (Working Paper no. 8).

Beate Kohler-Koch and Christine Quittkat: **Intermediation of Interests in the European Union**. Mannheim: MZES, 1999 (Working Paper no. 9).

Waldemar Lilli and Michael Diehl: **Measuring National Identity**. Mannheim: MZES, 1999 (Working Paper no. 10). ISSN 1437-8574.

Henning Lohmann, Silvia Luber and Walter Müller: **Who is Self-Employed in France, the United Kingdom and West Germany? Patterns of Non-Agricultural Self-Employment**. Mannheim: MZES, 1999 (Working Paper no. 11). ISSN 1437-8574.

Books

Kirsten Scheiwe: **Kinderkosten und Sorgearbeit im Recht: eine rechtsvergleichende Studie [Cost of Children and Care Work in Law: A Legal and Comparative Study]**. Frankfurt a.M.: Klostermann, 1999. 428 pp. ISBN 3-465-02972-0. DM 98.00.

Who is responsible for the education of and care for children, how are the costs of children and care work divided up between mothers and fathers, the family and society? Legal norms and institutions offer different solutions to this societal problem. The decisions regarding the division of work have a decisive impact on inequalities between women and men. A comparative analysis of four countries (Belgium, Germany, Sweden and the United Kingdom) examines the legal norms of family law, social law, labour law and tax law as well as some areas of the service sector (child care, schools). The part of the book dealing with family law focuses on legal norms regarding marital property law, inheritance claims of spouses and children, marital and post-divorce maintenance claims, and child maintenance. The part on social law examines the areas social insurance, general social benefits and benefits guaranteeing the existence minimum, time rights, child-related

social services and tax reliefs for families and analyses the family and gender dimensions they are based on. The decisions provided by family law and social law regarding the division of work often vary, are partly contradictory and are only partially coordinated with the aim to reduce the disadvantaged position of women. In terms of methodology, the perspectives of sociology of law and comparative law as well as an interdisciplinary approach were selected. This constitutes the basis of a comparative assessment of the distributive potential of the institutions under examination.

About the author: Kirsten Scheiwe was a Heisenberg research fellow of the German Research Council (DFG) at the MZES. She is teaching civil law, social law and comparative law and is Professor of Law at Hildesheim University, Institute for Social Pedagogics. Her major topics of research are the comparative and interdisciplinary examination of legal institutions of family law and social law, law and gender relations as well as recent developments in social care institutions (long-term care insurance, legal developments in social service organizations, patients' rights).

Flora, Peter, Stein Rokkan and Derek Urwin (eds.): **State Formation, Nation-Building, and Mass Politics in Europe: The Theory of Stein Rokkan. Based on his collected works**. Oxford: Oxford University Press, 1999. 422 pages. ISBN-0-19-828032-7. £ 45.00.

Stein Rokkan was one of the leading social scientists of the post-war era. He was a prolific writer, yet nowhere is his contribution to social science—the macro-model of the political development of Europe—presented in an integrated and systematic way. Stein Rokkan had plans to do this but he died before the work could be started. The current tensions between integration and national reassertion in Europe have given Rokkan's basic approach fresh importance. To demonstrate its relevance, this book has been produced, based solely on his numerous writings which have been carefully selected, edited, and rearranged to present his theory as a coherent whole. A comprehensive interpretive essay by Peter Flora serves to introduce Rokkan's text, emphasising its consistency and its relevance to future research.

EURODATA Research Archive

The *EURODATA Research Archive* is an infrastructural unit of the *Mannheim Centre for European Social Research (MZES)* at the University of Mannheim (Germany). The archive has two basic objectives which are closely related to each other:

- to provide an adequate data infrastructure for the Centre's comparative research on European societies and European integration;
- to contribute to the establishment of a European infrastructure for comparative social research.

EURODATA's work is structured by own medium-term development and three-annual work plans, relating to three areas of activity:

- the systematic and continuous provision of metainformation on official statistics and social science data from the private sector (information archive);
- the development and maintenance of a library with statistical publications from statistical institutes, ministries, para-official institutions and certain intermediary organisations from the private sector (statistics library);
- the provision of computerised information, with a particular focus on the development of an integrated file system with historical time series and institutional information (file archive).

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EURODATA Newsletter

This newsletter is intended to contribute to facilitate data-based comparative research on European societies and politics. It is a product of the EURODATA Research Archive and has three major objectives:

- to disseminate information on the research activities of the Mannheim Centre for European Social Research, with particular emphasis on data-generating cross-national research the archive is involved in;
- to provide information on European data infrastructures and important developments;
- to provide a forum for the exchange of information on ongoing comparative social research on European societies and on European integration.

The newsletter is intended to be an open forum: contributions from other research institutes and individual researchers are always welcome. The EURODATA Newsletter will, as a rule, be divided into eight sections: *Feature* reports substantive findings from on-going cross-national research. *Data Infrastructure* reports on data institutions such as data archives, governmental and non-governmental organisations, and covers historical developments and current modes of access to data. *Research Institutes* presents profiles of research institutions with a cross-national orientation. *Research Groups and Projects* informs on cooperations and networks in comparative social research on Europe. *Computer* deals with specific aspects of electronic information processing and the use of electronic networks in comparative research. *Country Profile* provides background information on individual countries. *European Social Indicators* gives a picture of the social structure of European societies. *Noticeboard* provides general news including information about new statistics, recent books and studies, conference reports and announcements.

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