



Family policies and the on-going economic crisis

Leave Policies & Research Network meeting,
Paris, 17 October 2013

Willem Adema

Senior Economist, Social Policy Division, OECD



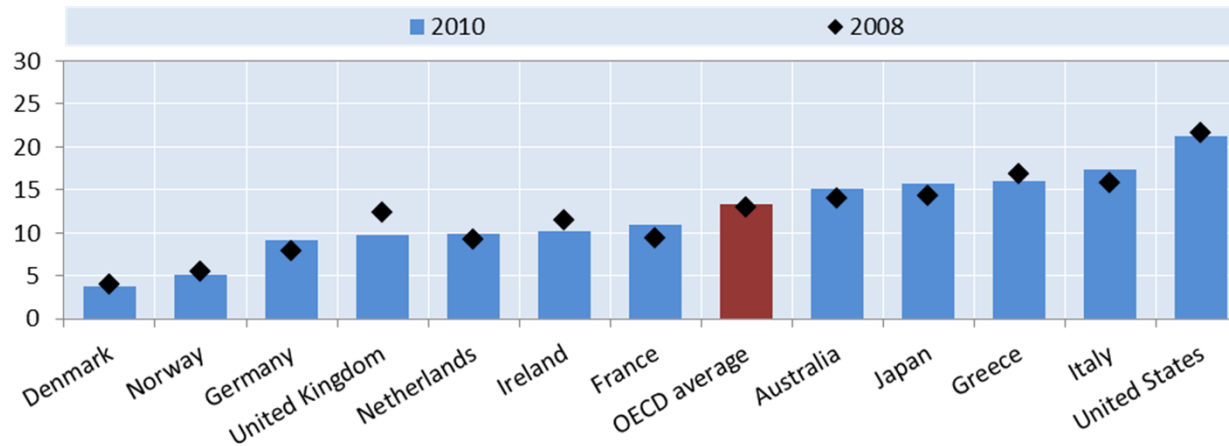
Diverse trends in “family outcomes”: it is hard to do well in all areas of Family and Child policy.



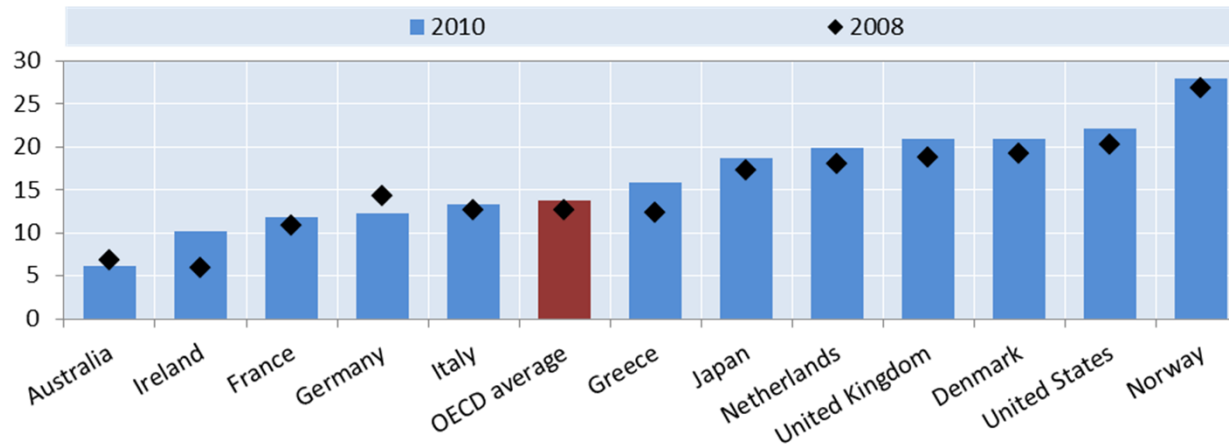


Child and youth poverty has increased slightly in many countries

Poverty rates among children aged 0-17 years, 2008-2010



Poverty rates among youth aged 18-25 years, 2008-2010



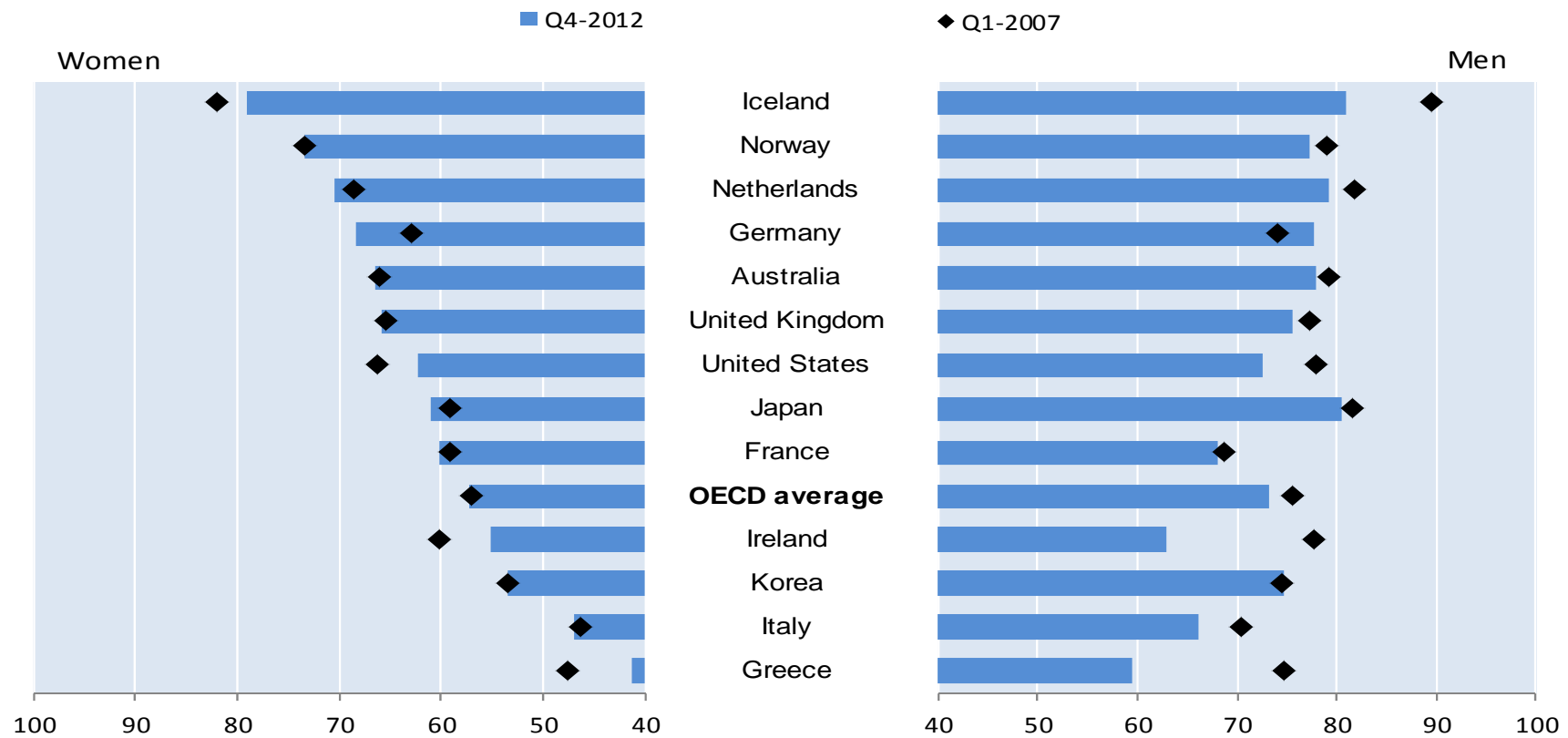
Source: OECD Income Distribution database (www.oecd.org/social/inequality.htm)



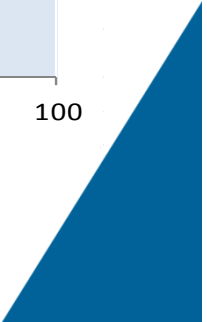


So far, during the crisis men have been most likely to face employment losses.

Employment-to-population ratio for persons aged 15-64 years, 2007-2012



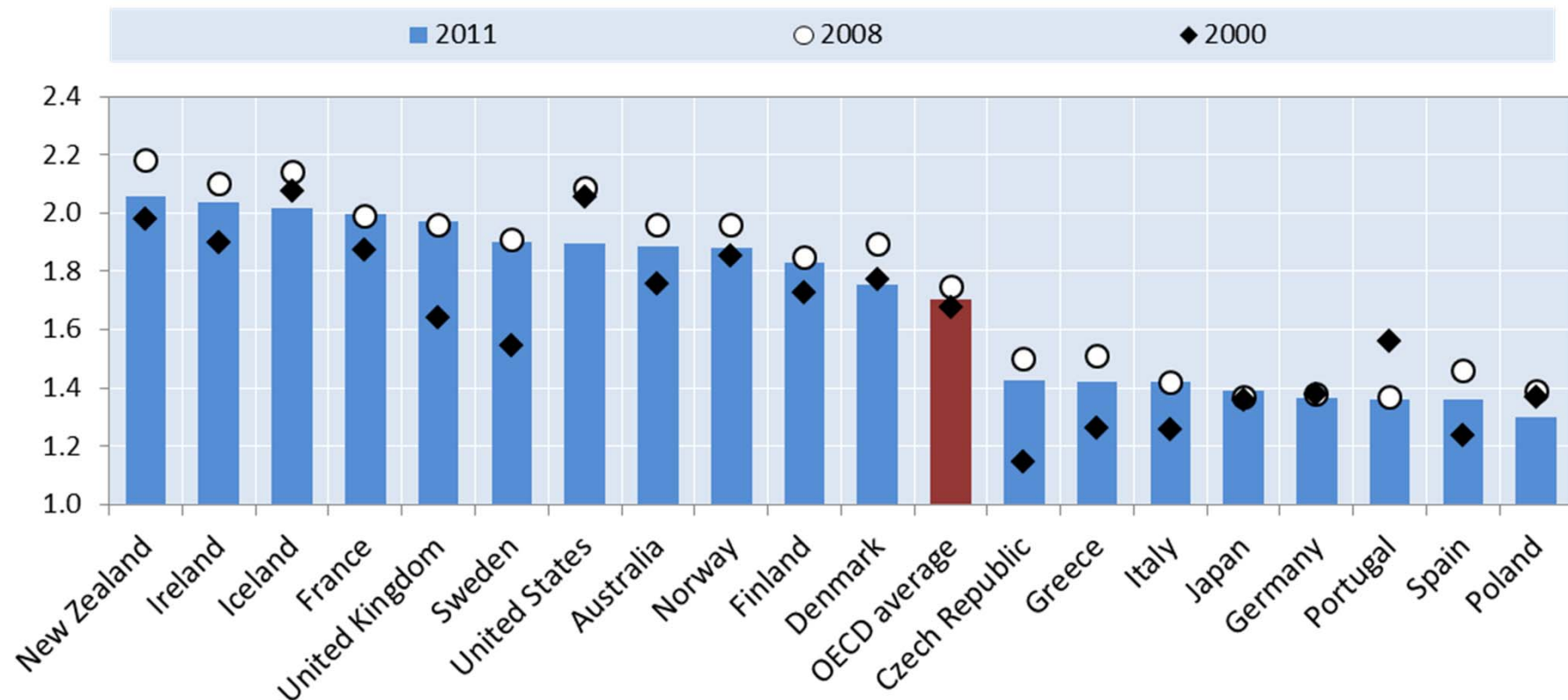
Source: OECD Employment database (www.oecd.org/employment/database)





The fertility rebound that occurred in many countries during the 2000s has stalled

Total fertility rate



Source: OECD Family database (www.oecd.org/social/family/database)





During the crisis public social spending initially increased, but it has stabilised and/or is in decline in many countries.



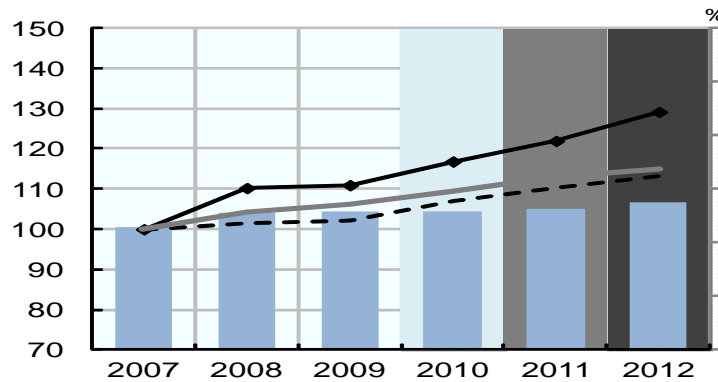


The impact of the crisis on social spending trends varies across countries

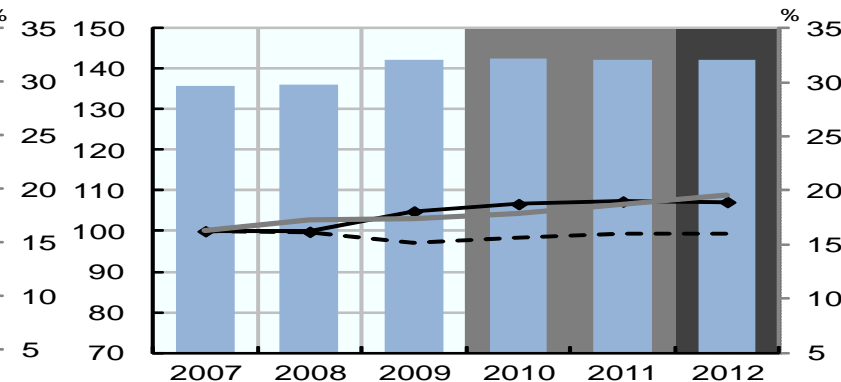
**Annual growth in real public social spending and real GDP,
Index 2007= 100 (left scale and public social spending as a % GDP (right scale), 2007-2012**

Public social spending as a % of GDP (right scale) Real public social spending Real GDP Consumer price index

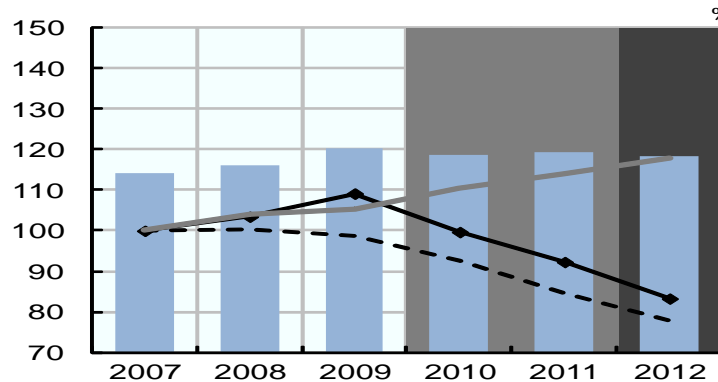
Australia



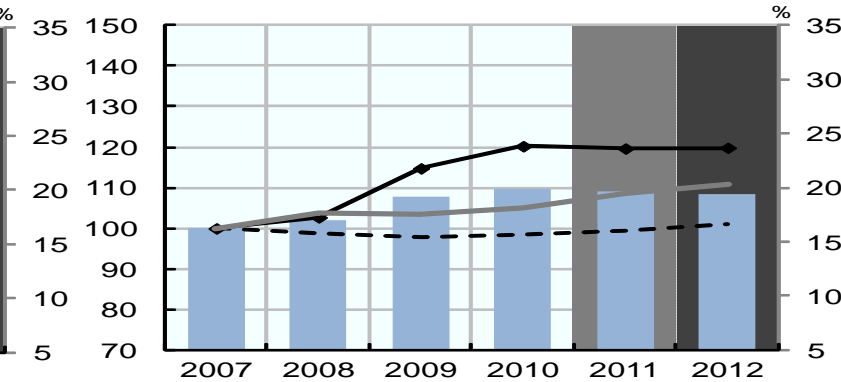
France



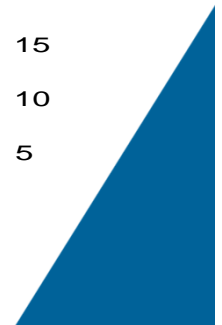
Greece



United States



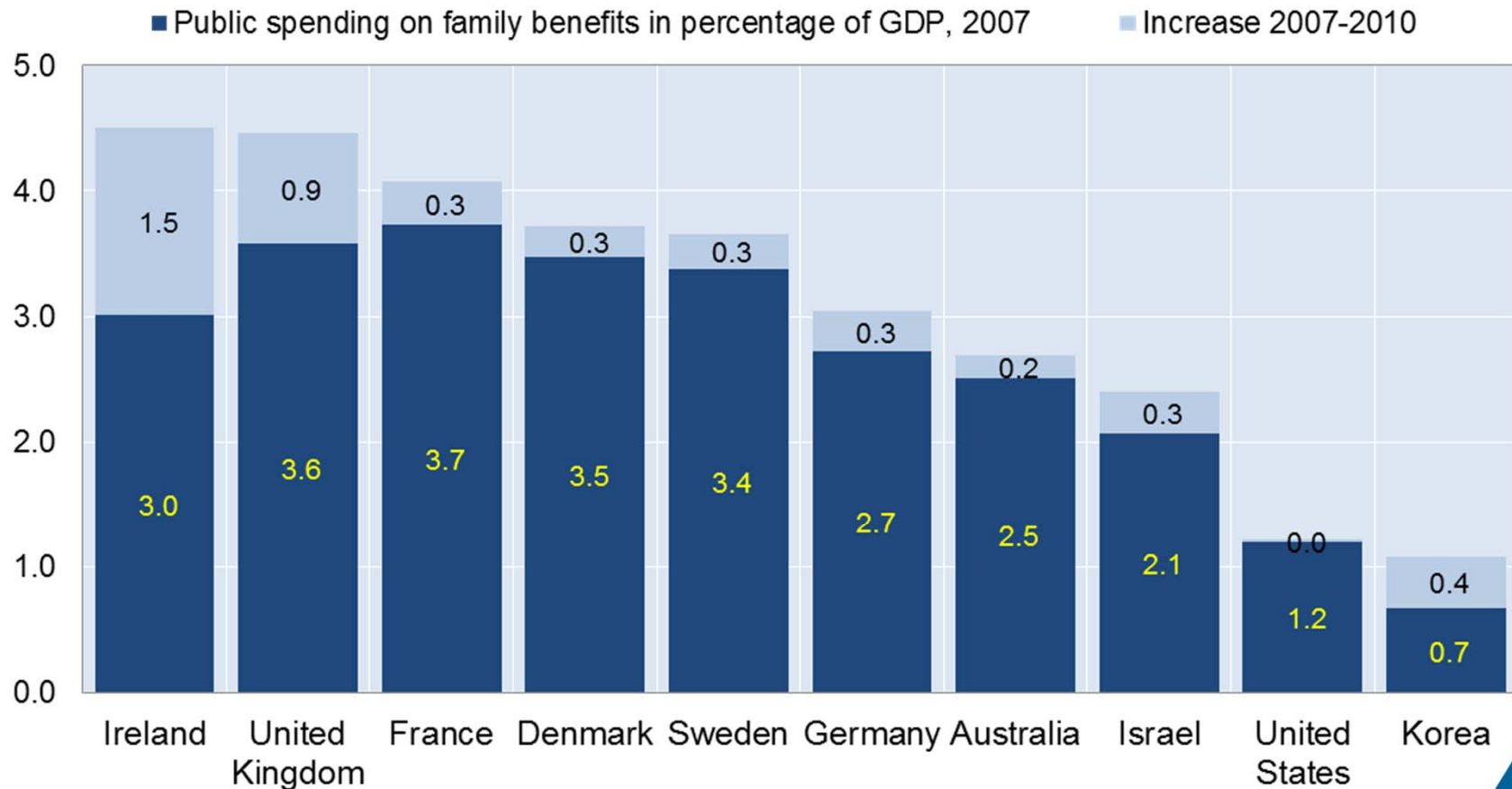
Source: OECD Social Expenditure database (SOCX, www.oecd.org/els/social/expenditure).





In most countries, family spending rose during the first few years of the crisis...

Public family spending in percentage of GDP, 2007-2010



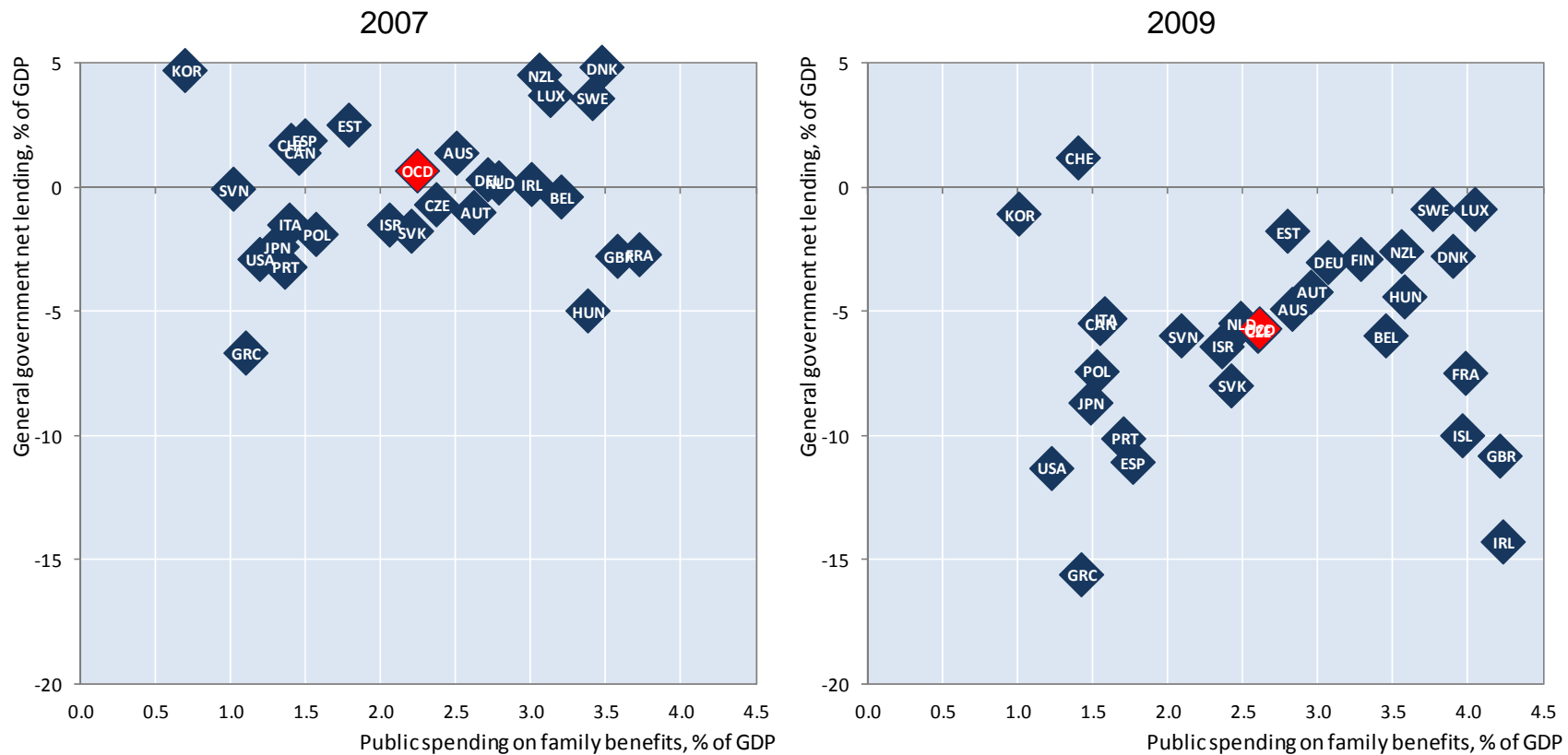
Source: OECD Social Expenditure database (SOCX, www.oecd.org/els/social/expenditure).



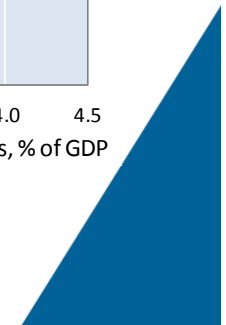


...and for 2007-2009, it is hard to discern a direct link between family benefit spending and budget deficits.

Public family spending and General government lending, in percentage of GDP, 2007-2009



Source: OECD Social Expenditure database (www.oecd.org/els/social/expenditure) and OECD National Accounts database (www.oecd.org/std/na/).





Social and Family policy have to do the same or more with less: the challenge will be for policy to become more effective.

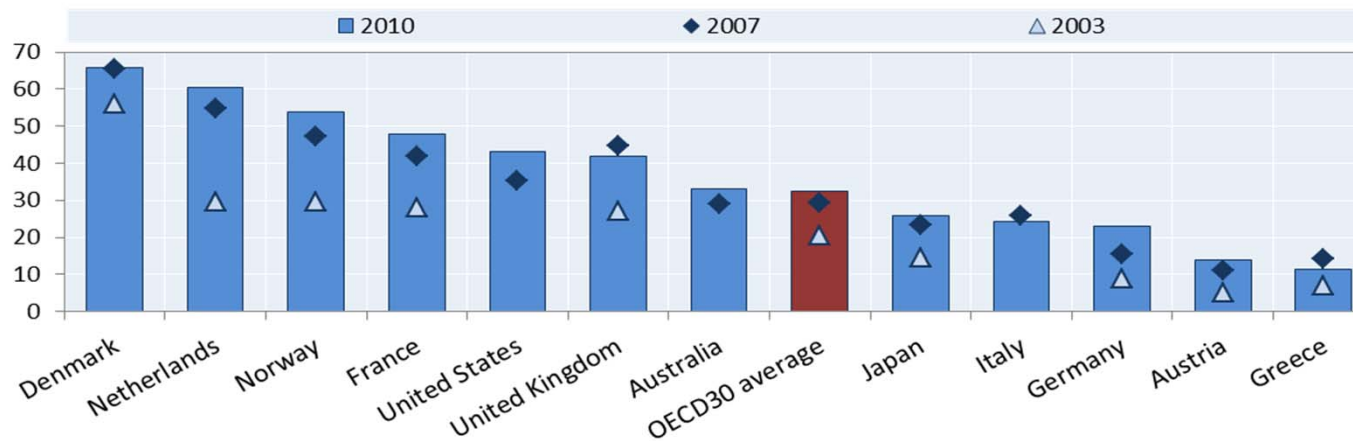
In face of this challenge, the policy response differs significantly across countries



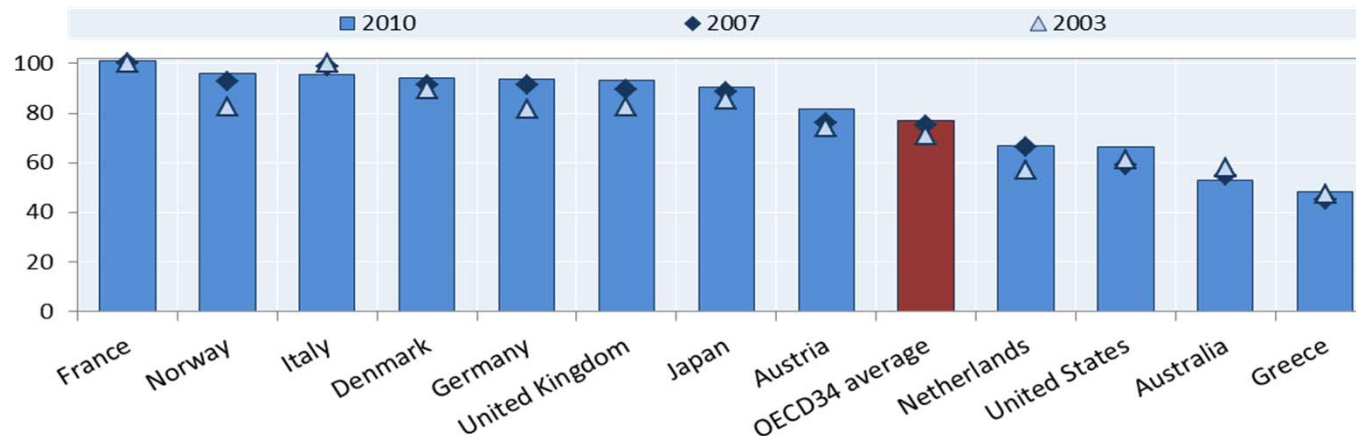


Participation in formal childcare continued to increase during the crisis...

Childcare enrolment rates for children aged 0-2 years, 2003-2010



Preschool enrolment rates for children aged 3-5 years, 2003-2010



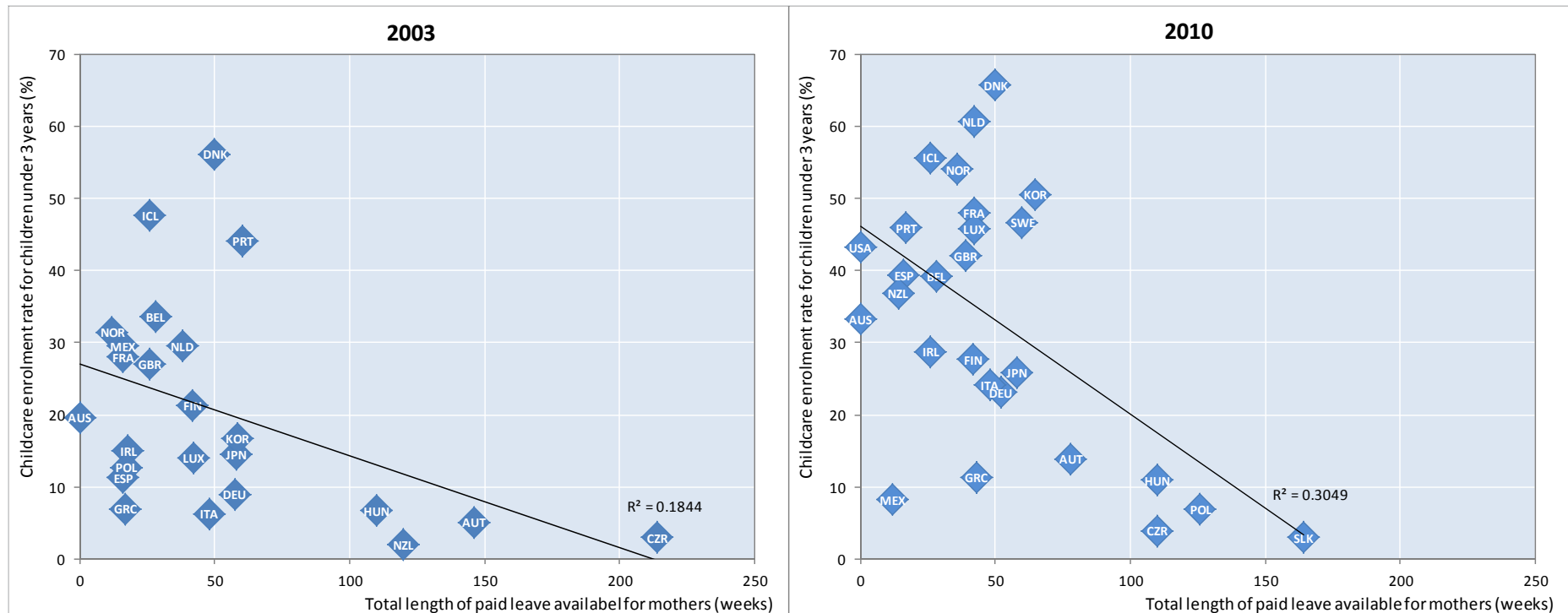
Source: OECD Family database (www.oecd.org/social/family/database)





...while the duration of child-related leave changed little.

**Total length of paid leave available to mothers (weeks)
Childcare and preschool enrolment rates (%), 2003-2010**



Source: OECD Family database (www.oecd.org/social/family/database)



Many fiscal consolidation measures affected family benefits during 2009-2012...

Changes in family-related benefits, 2009-2012

Country	Type of benefit	Year	Reform		
			Eligibility	Benefit level / duration	Description
France	Family benefit	2009		+	One-off family allowance top-up
	Income tax	2009	+		Reduction in bottom tier tax
	Childcare provision	2009		+	One-off increase in childcare vouchers
Greece	Maternity leave	2009	+		Include mothers in the private sector
	Child benefit	2012		+	New means testing
	Family benefit	2012	-	-	Extension of family allowance for 3rd child onwards abolished
Hungary	Family benefit	2009		+	One-off payment for low-income families
	Childcare provision	2009		+	Extension for low-income families
	Family benefit	2011		-	Temporary freeze on universal allowance
Ireland	Maternity leave	2009		+	Increase in replacement rate
	Childcare provision	2009		+	Free pre-school year
	Child benefit	2009	-	-	Reduction in benefit and age restriction
Italy	Family benefit	2009		+	One-off payment to low-income families / temporary increase in family allowance
	Birth grant	2009		+	Temporary lump sum payment
	Family benefit	2009		-	One-off payment abolished
United Kingdom	Child benefit	2009		+	Increase in amount
	Income tax	2009		+	Increase in tax threshold for low-income families
	Tax credit	2009	-		Reduction in income test threshold
	Birth grant	2009			Abolition of a "Health during pregnancy" grant

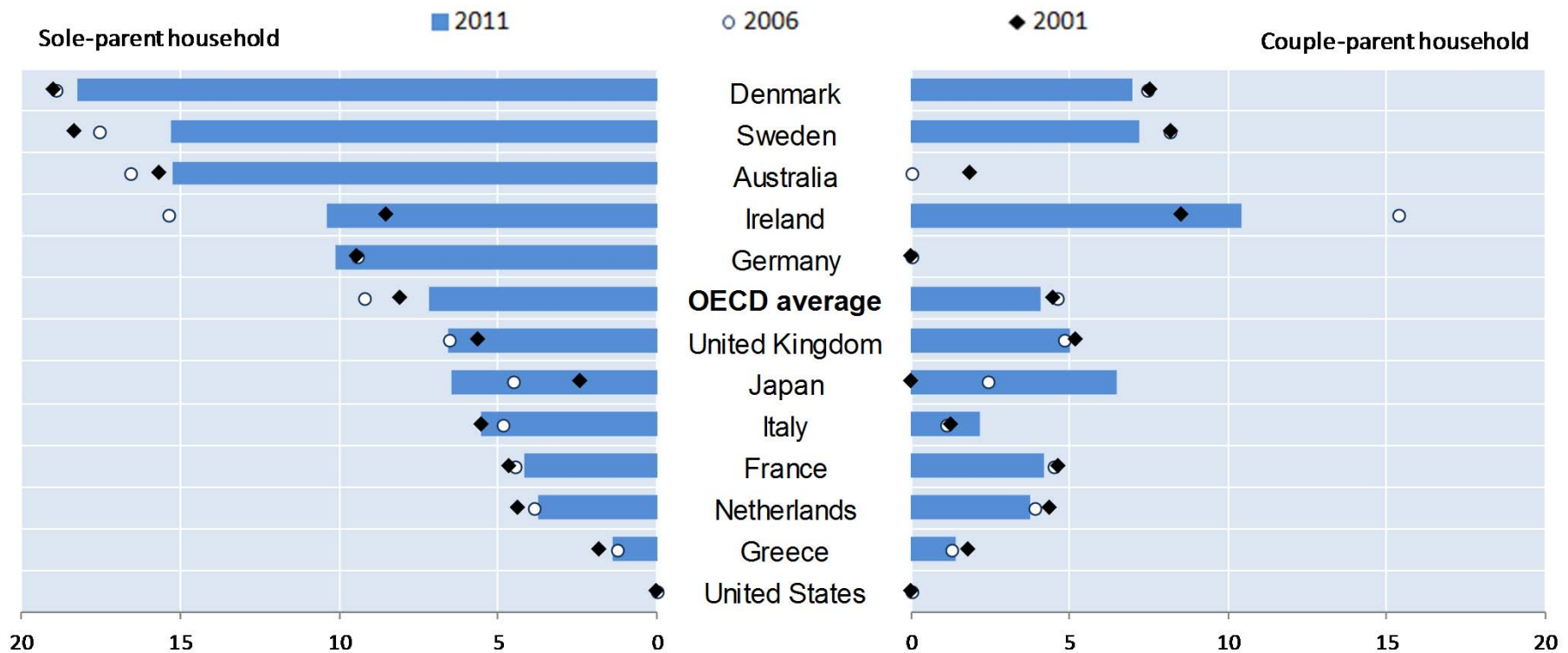
Source: OECD MCM 2013 – It's all about People ([www.oecd.org/mcm/C-MIN\(2013\)4-ENG.pdf](http://www.oecd.org/mcm/C-MIN(2013)4-ENG.pdf)).





...and family benefits have become less generous since the onset of the crisis

Family benefits, as a percentage of average worker wage, 2001-2011



Source: OECD Benefits and Wages database (www.oecd.org/els/social/workincentives).



Reform (announced) in 2013 also follows different approaches across countries.

- *France (for 2014): reduced fiscal advantage Quotient Familial; reduced PAJE payments, but increased means-tested family supplements; more childcare places (275000 in 5 years: “creches”, “nounous”, “maternelles”).*
- *Germany: introduction of a childcare guarantee, but also of a home-care allowance (“Betreuungsgeld”) for parents who do not use publicly funded childcare facilities.*
- *The Netherlands: Phase out of age-differentiation and no indexation of child allowances in 2014-2015; cuts in childcare support, abolition tax-relief parents on parental leave; devolution of Youth services.*
- *The United Kingdom: means-test in Child benefit; Benefit income cap at GBP 500 p/w; extension of free 15-hours to two-year olds as from September.*





Thank you and further information

- OECD Family database
www.oecd.org/social/family/database
- OECD Social Expenditure database
www.oecd.org/els/social/expenditure
- OECD gender portal www.oecd.org/gender/data
- OECD Benefits & Wages database
www.oecd.org/els/social/workincentives
- OECD Income Distribution database
www.oecd.org/social/inequality.htm
- OECD Employment database
www.oecd.org/employment/database
- OECD MCM 2013 – It's all about People
([www.oecd.org/mcm/C-MIN\(2013\)4-ENG.pdf](http://www.oecd.org/mcm/C-MIN(2013)4-ENG.pdf))

