



Berlin, 25th of October 2023

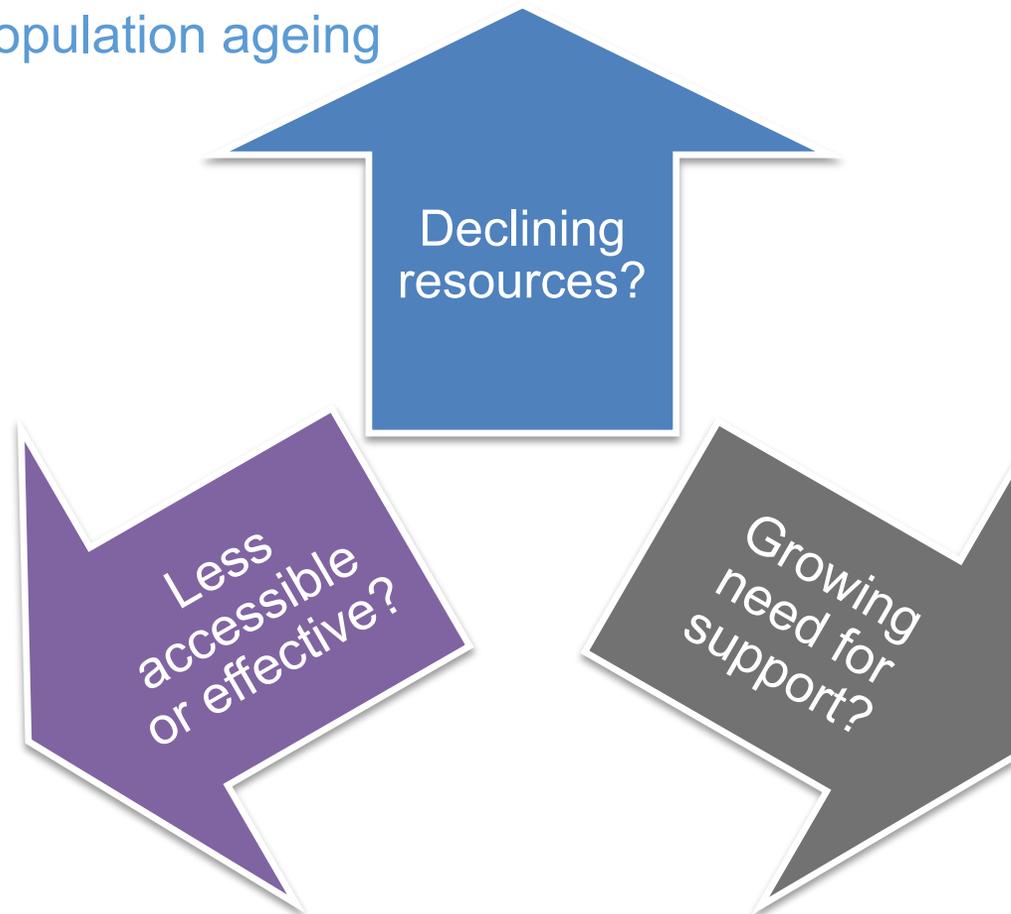
FUTURE PROOFING SOCIAL PROTECTION SYSTEMS

enasp conference

Raphaela Hye
Directorate for Employment, Labour and
Social Affairs

Tensions and structural challenges for social protection

- (Potentially) declining labour shares
- Routes for 'opting out' of fiscal obligations
- Population ageing

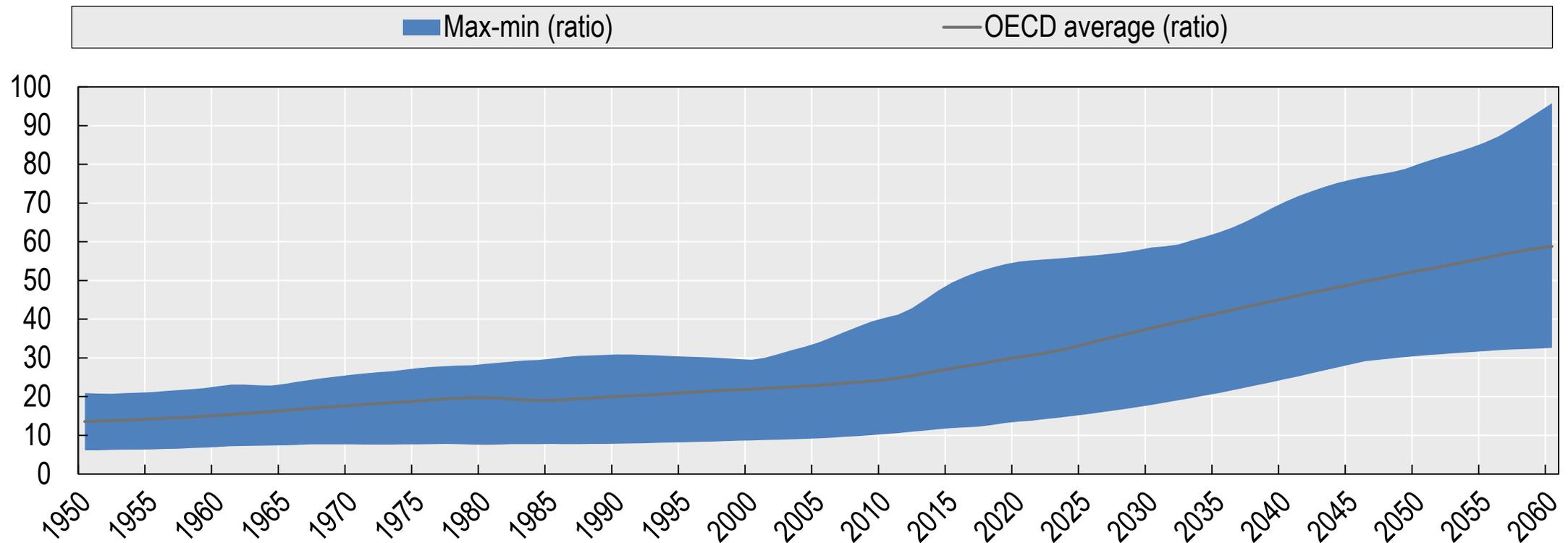


- Gaps for non-standard workers
- Volatile earnings make targeting more difficult

- Technology & Globalisation → potential for job reallocation
- Less stable employment arrangements
- Climate change & mitigation
- SP as 'backstop' for other policies

Declining resources: Population ageing remains the key challenge for pension systems

Number of people older than 65 years per 100 people of working age (20-64), 1950 - 2060



Note: The centre line is the OECD average old-age to working-age ratio. The shaded area indicates the range between the country with the lowest old-age to working-age ratio and the country with the highest old-age to working-age ratio.

Source; United Nations World Population Prospects: The 2022 Revision.

The COVID-19 crisis brought one of the consequences of population ageing forward

Labour shortages

- Population ageing, drop in migration flows, drop in labour supply among certain groups (e.g. older workers, mothers), effect of economic stimulus during the crisis
- Policy questions: how can countries increase labour supply?
 - Migration of skilled labour but politics not easy
 - Incentives/tax breaks for older workers (discussed in UK and AT)
 - Combining work and pensions (topic in many OECD countries)
 - Linking maximum durations of unemployment benefits to the labour-market situation (e.g. France, US)
 - Activation for part-time workers in receipt of in-work benefits (e.g. UK)
 - Tax treatment of part-time work?

Growing need for support (I): climate change mitigation policies require a social policy underpinning

- **Direct effects of climate change**
 - Pollution, heat-waves, housing quality

- **Climate change mitigation measures**
 - Current rises in energy prices show effects on low-income households

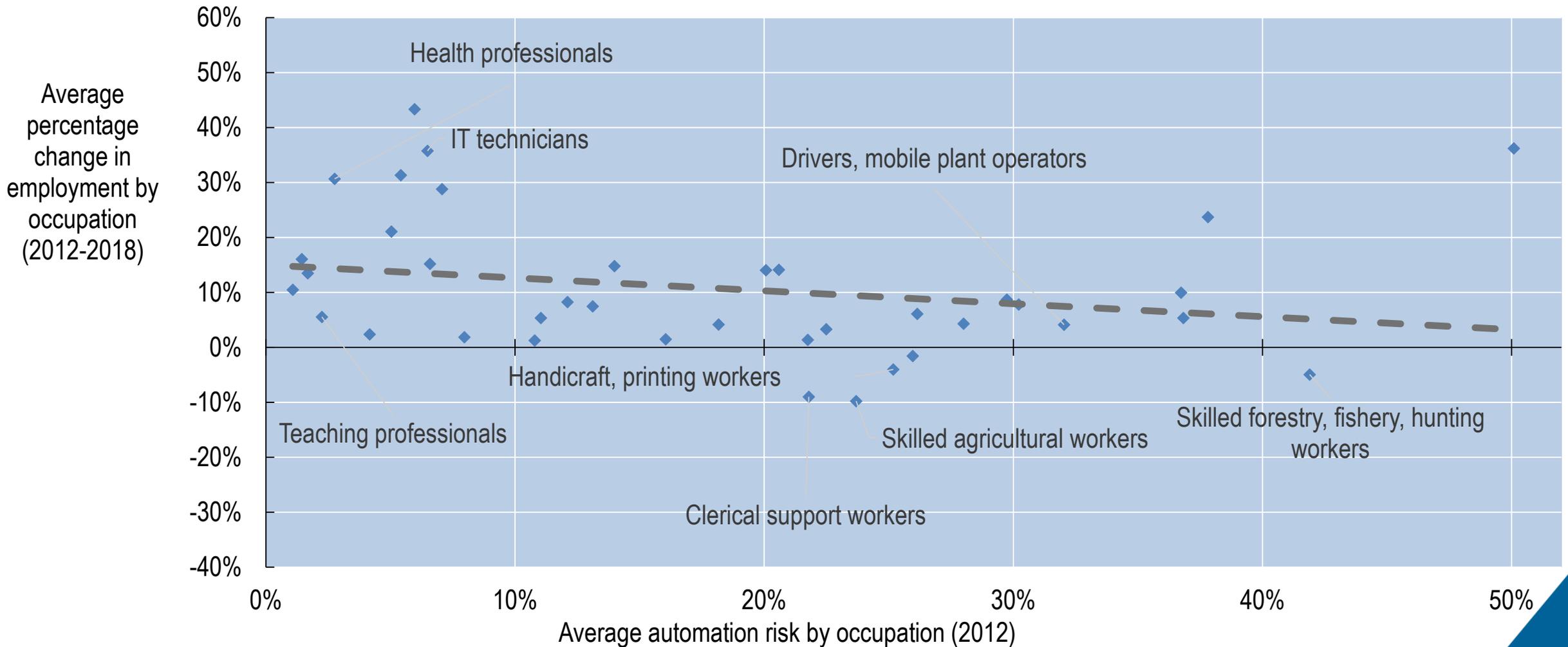
- **Labour market effects**
 - Loss of “brown jobs”
 - But green industries may become job creators

Fast forward: Current inflationary pressures mean households need support with energy bills now

Rising energy prices and inflationary pressures

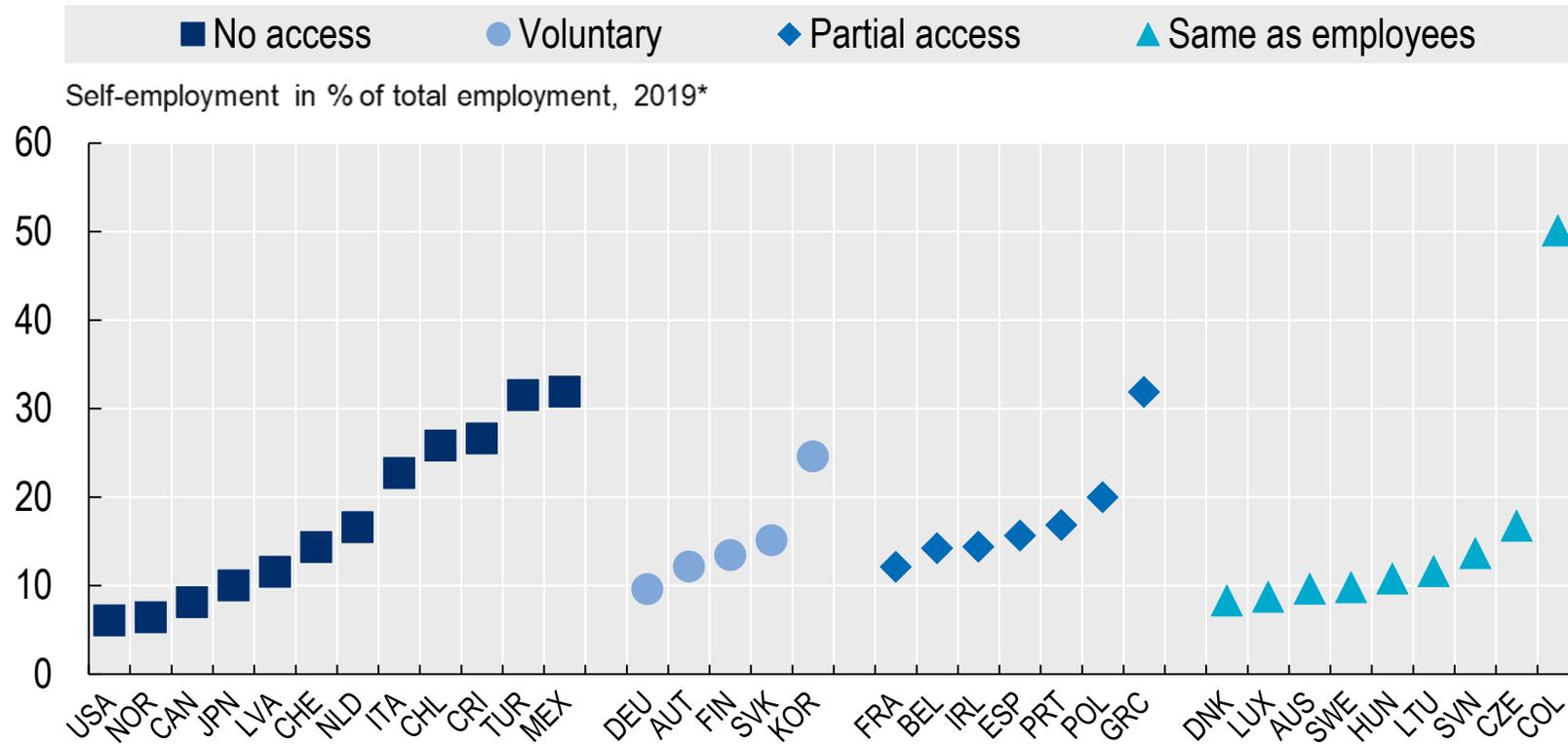
- Policy-makers expecting these as a result of climate change mitigation policies
- Increased energy prices are the result of worsening terms-of-trade for Europe. How far/long can income-support be provided?
- How can policy design preserve price-signals while supporting the lowest-income households?

Growing need for support: occupations at high risk of automation are growing more slowly



Less accessible or effective? Gaps for non-standard workers persist (1/3)

Statutory access to unemployment benefits for the self-employed vs. dependent employees in 2020 by incidence of self-employment (2019)

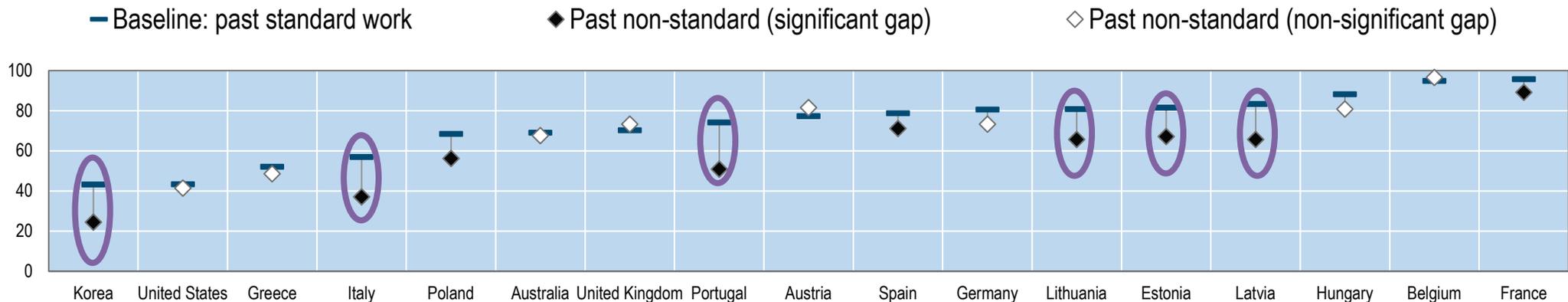


Note: Gaps between dependent employees (full-time open-ended contract) and self-employed workers. If there are several legal forms of self-employment in a country, the chart refers to the most prevalent form of self-employment, excluding farming and liberal professions. For Italy, the chart refers to craftspeople, shopkeepers/traders and farmers, and not to para-subordinate workers, who are covered by a separate scheme. For Portugal, the chart refers to dependent self-employed workers. For Belgium, "partial access" refers to the droit passerelle, a separate non-contribution-based programme for self-employed workers. For Germany, "voluntary access" refers to the unemployment insurance benefit Arbeitslosengeld I, not to the needs-based unemployment assistance benefit Arbeitslosengeld II that self-employed workers may also claim. In the Czech Republic, self-employed workers are statutorily insured at half of their taxable income, but may choose a higher contribution base. Partial access: self-employed workers are insured through a different scheme, receive lower benefit amounts and/or have more stringent entitlement criteria than dependent employees. "No access": compulsory for dependent employees but the self-employed are included.

Less accessible or effective? Gaps for non-standard workers persist (2/3)

- Looking at the entire package of working-age benefits, jobless, previous non-standard workers are significantly less likely than previous standard workers to receive support in 9 out of 17 countries
- Gaps are largest where benefits are mainly insurance-based, non-standard workers are not covered and MIB are not accessible / do not exist (Portugal, Italy, Korea and to a lesser extent the Baltics)

Probability of receiving any benefits for jobless working-age individuals, at or before 2018/2019



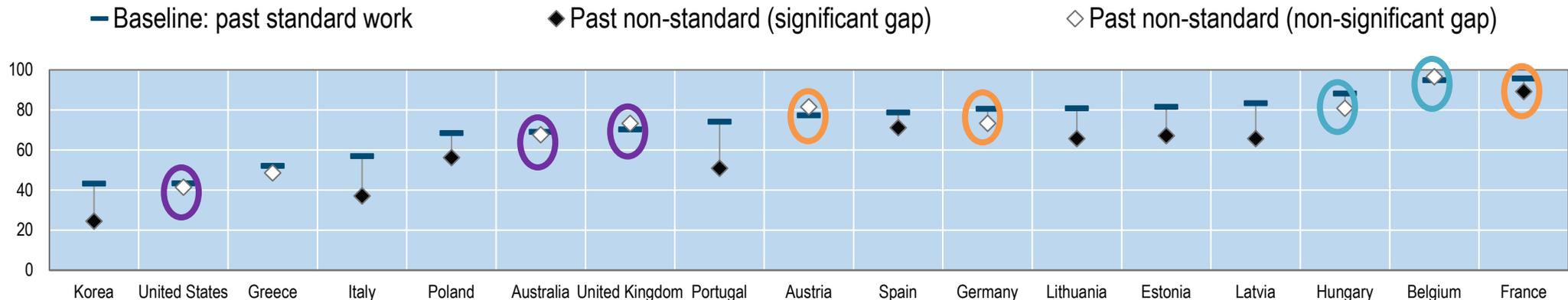
Note: Data refer to 2018 (Germany), 2016-2018 (pooled waves, other European countries), 2019 (Australia and Korea) and 2016 (United States). Statistical significance refers to the gaps between baseline and comparator cases (90% confidence interval). (Early) retirees and those who were in education or military service during the year before the reference period (year 0), worked mostly full-time prior to the reference period (years -1 and -2), was dependently employed without interruption throughout year -1, and for at least 10 months in year -2. Earnings prior to the reference period were at or above the 40th percentile of the national earnings distribution, and year 0 (equalised) household income before any benefit payments is in the bottom 20% of the national distribution. No children under six years live in the household. Non-standard worker: An otherwise similar individual whose past work history is "non-standard": in year -1 and year -2, they worked at least six months part-time or were self-employed, with no months out of work in year -1 and at most two months out of work in year -2, or they were in "unstable / interrupted" employment: working uninterrupted in year -1, and out of work at most five months during year-2, and otherwise transitioned between full- and/or part-time work and / or self-employment).

Source: OECD 2023 : Benefit reforms for inclusive societies in the United States. Income security during joblessness.

Less accessible or effective? Gaps for non-standard workers persist (3/3)

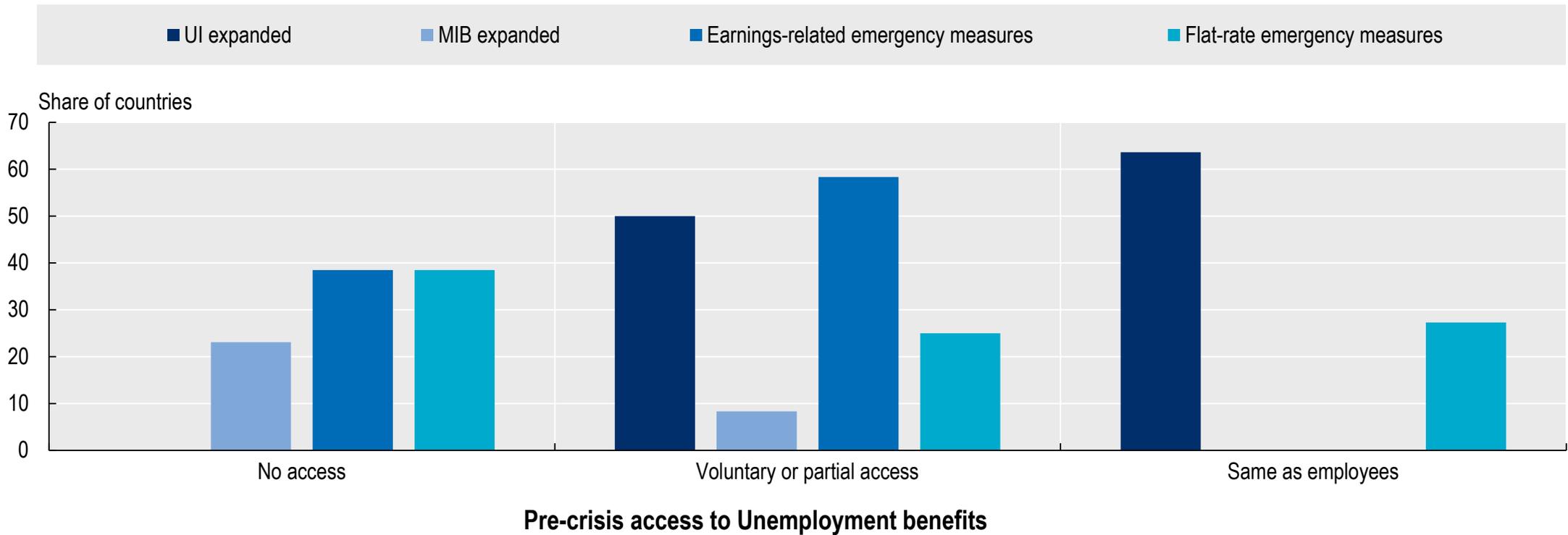
- Countries with low or no access gaps include
 - those with mainly means-tested social protection systems (AUS, UK, US)
 - those where unemployment benefits are accessible to non-standard workers (HUN, BEL)
 - and those that combine earnings-related benefits with a second layer of means-tested unemployment or social assistance programmes (FRA, DEU, AUT).

Probability of receiving any benefits for jobless working-age individuals, at or before 2018/2019



Note: Data refer to 2018 (Germany), 2016-2018 (pooled waves, other European countries), 2019 (Australia and Korea) and 2016 (United States). Statistical significance refers to the gaps between baseline and comparator cases (90% confidence interval). (Early) retirees and those who were in education or military service during the year before the reference period are excluded from the sample. Standard worker: Able-bodied working-age adult who was out of work for at least six months during the reference period (year 0), worked mostly full-time prior to the reference period (years -1 and -2), was dependently employed without interruption throughout year -1, and for at least 10 months in year -2. Earnings prior to the reference period were at or above the 40th percentile of the national earnings distribution, and year 0 (equivalised) household income before any benefit payments is in the bottom 20% of the national distribution. No children under six years live in the household. Non-standard worker: An otherwise similar individual whose past work history is "non-standard": in year -1 and year -2, they worked at least six months part-time or were self-employed, with no months out of work in year -1 and at most two months out of work in year -2, or they were in "unstable / interrupted" employment: working uninterrupted in year -1, and out of work at most five months during year -2, and otherwise transitioned between full- and/or part-time work and / or self-employment).

When COVID-19 hit, countries who already had unemployment benefits for self-employed workers shored up support using existing structures



In light of this experience, several countries are currently considering extending income protection for self-employed workers

- Italy introduced a new unemployment benefit for economically dependent contractors: insure those dependent on one or very few clients against significant reductions in income
 - Extensions also implemented / planned in Germany, France and Korea
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- Policy option: only insure the self-employed against macro-economic and not idiosyncratic shocks to limit moral hazard
 - Extensions depend on incidence of self-employment and their unemployment risk – e.g., in the US, extending benefits to SE would only increase coverage by 1 ppt
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- A tight labour market and the current contraction of big-tech companies in the context of rising interest rates may induce some dependent contractors (e.g. platform workers) to leave for higher-quality jobs offering more protection

Social protection and the green transition

- Distributional effects of carbon pricing – who is affected most?
 - Urban / rural divide, public transport infrastructure
 - Housing quality and quantity
 - How can low-income households be compensated?

What worked well, and what less well, in the COVID-19 Crisis?

- How well did emergency support reach households? How well was it targeted?
- For future crises: broad-based support (stimulus checks, UBI) vs. targeted support (UI, STW)?

Sustainable Social Protection – Do we need a new model?

- Financing: new sources of revenues (carbon taxes, wealth taxes, property taxes...)
- Better service delivery: institutional reforms

Recent related work

- Benefit Reforms for Inclusive Societies in the United States. Income security during joblessness (2023 [policy report](#))
- Income support for Jobseekers: trade-offs and current reforms (2023 [policy brief](#))
- Coping with the cost-of-living crisis: income support for working-age individuals and their families (2022 [policy brief](#))
- Supporting jobs and incomes: An update on the policy response to the COVID-19 crisis -- chapter 2 of the [OECD Employment Outlook 2022](#)
- De-facto gaps in social protection for standard and non-standard workers (2022 [research paper](#))
- How reliable are social safety nets? Value and accessibility in situations of acute economic need (2022 [research paper](#))

Contact: Raphaela.hyee@oecd.org

