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# IS THERE A RELATION BETWEEN WELFARE AND INTER-AGE REALLOCATION REGIMES? RESULTS OF THE NATIONAL TRANSFERS ACCOUNTS FOR THE EU COUNTRIES

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**agenta**

Ageing Europe – An Application of  
National Transfer Accounts for Explaining  
and Projecting Trends in Public Finances

Tanja Istenič  
Ana Šeme  
Irena Ograjenšek  
Jože Sambt

Faculty of Economics,  
University of Ljubljana

# WELFARE REGIMES IN THE EU COUNTRIES

- The EU countries differ in terms of cultural and institutional settings
- We can group them into five different welfare regimes:
  1. Liberal
  2. Conservative
  3. Socio-democratic
  4. Mediterranean
  5. Post-communist

# WELFARE REGIME CLASSIFICATION

<b>Welfare regime</b>	<b>Countries</b>
Liberal	Ireland, United Kingdom
Conservative	Austria, Belgium, Germany, France
Socio-democratic	Denmark, Finland, Netherlands, Sweden
Mediterranean	Cyprus, Greece, Spain, Italy, Portugal
Post-communist	Bolgaria, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Poland, Slovenia, Slovakia

# MAIN CHARACTERISTICS OF WELFARE REGIMES (ESPING-ANDERSEN, 1990)

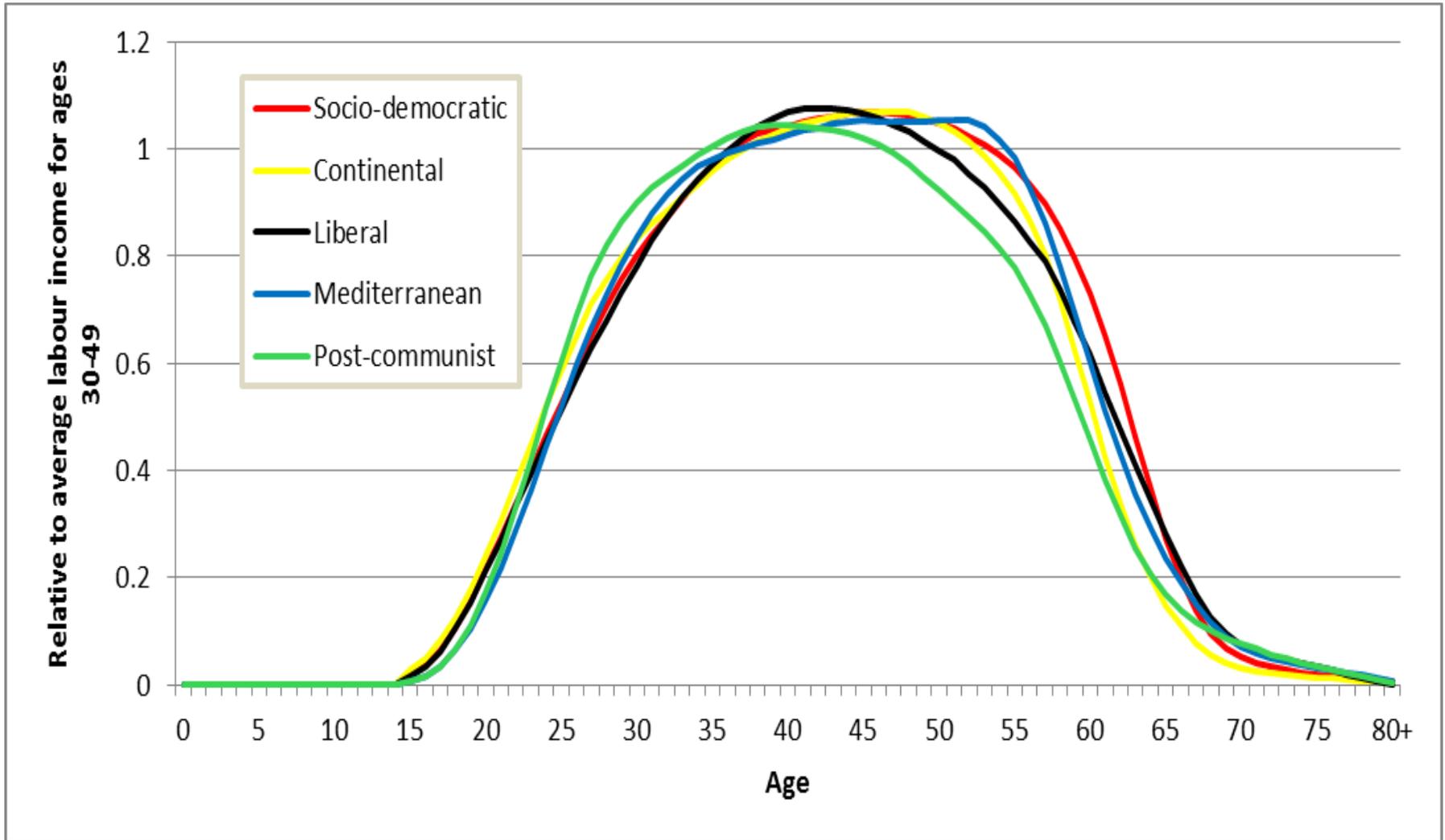
- LIBERAL
  - State only encourages the market
  - Benefits are typically very small
- CONSERVATIVE
  - Follows traditional norms of a Church (authority; status differentials, but social minimum; traditional family)
  - The state only interferes when family's capacity is exhausted
  - Social rights conditional upon financial contributions
- SOCIO-DEMOCRATIC
  - Promotes equality
  - Full participation in the quality of life = Full employment
  - Crowds out the family
  - Individual's independence from the family

# MAIN CHARACTERISTICS OF WELFARE REGIMES (LEIBFRIED, 1992; FENGER, 2007)

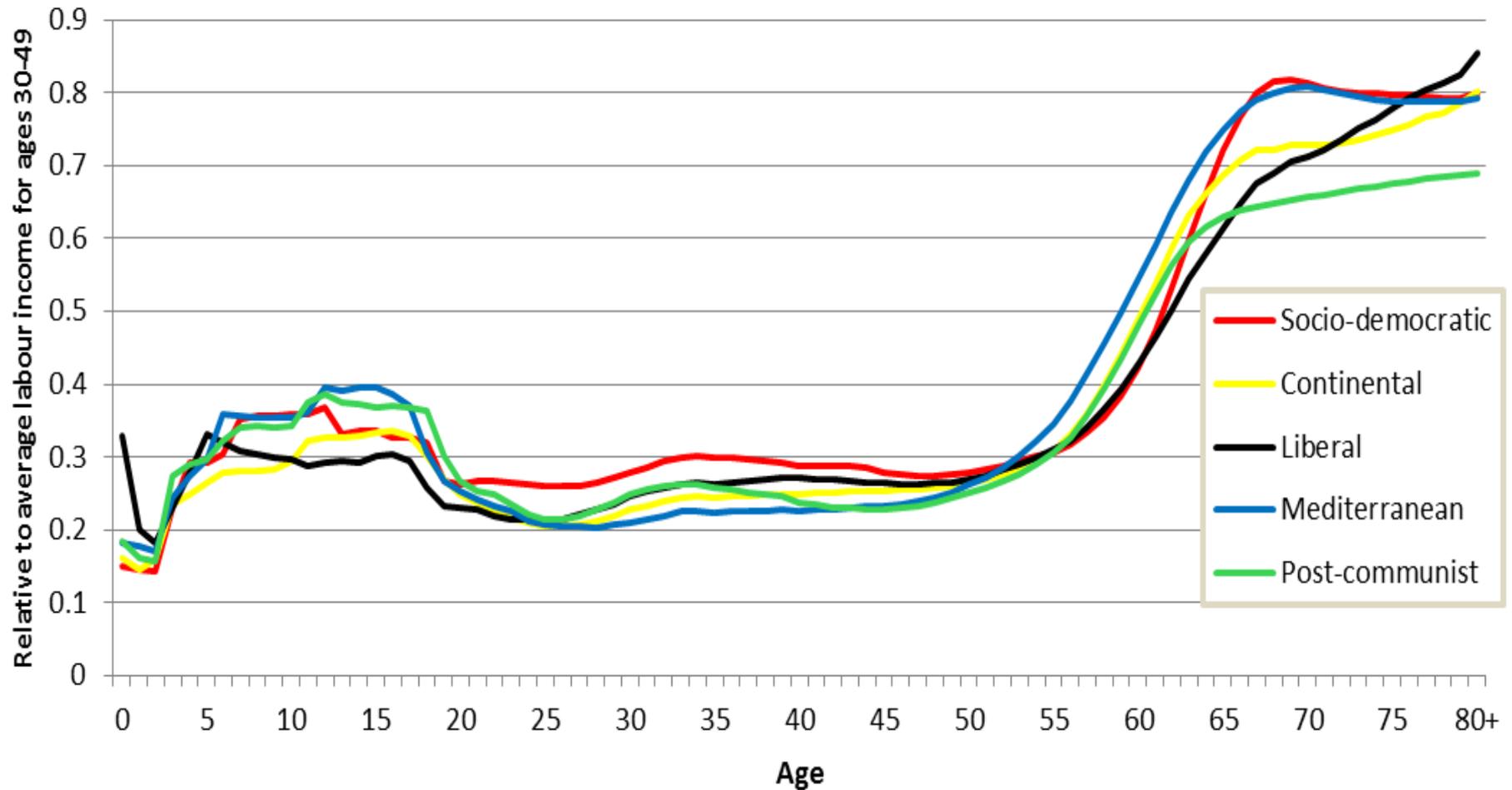
- **MEDITERRANEAN**
  - Lack of articulated social minimum
  - Small institutional development (but generous public pensions)
  - Extensive familialism
- **POST-COMMUNIST**
  - The period of transition has finished, but countries have still not fully introduced the traditional welfare regimes



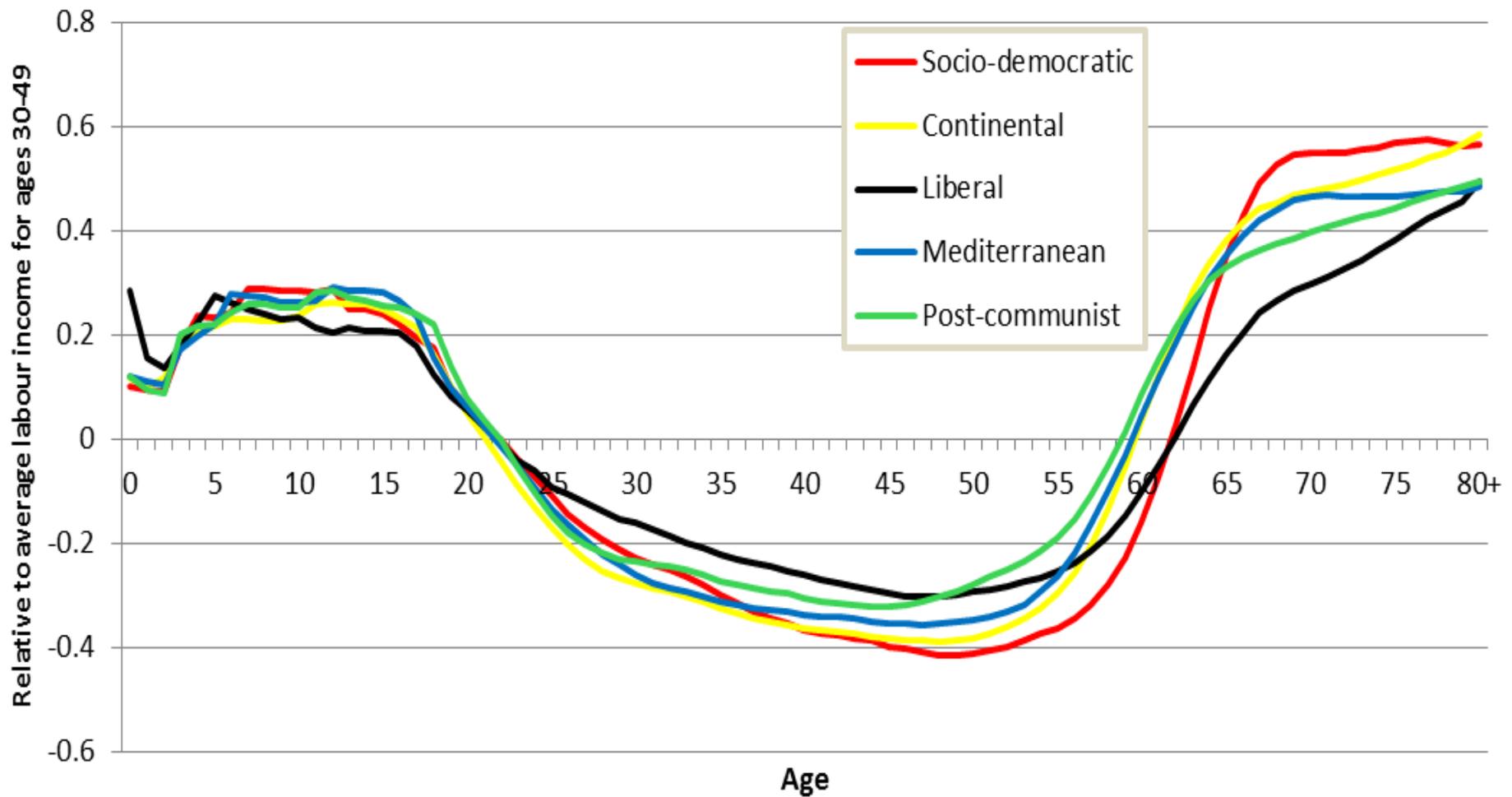
# LABOUR INCOME, 2010



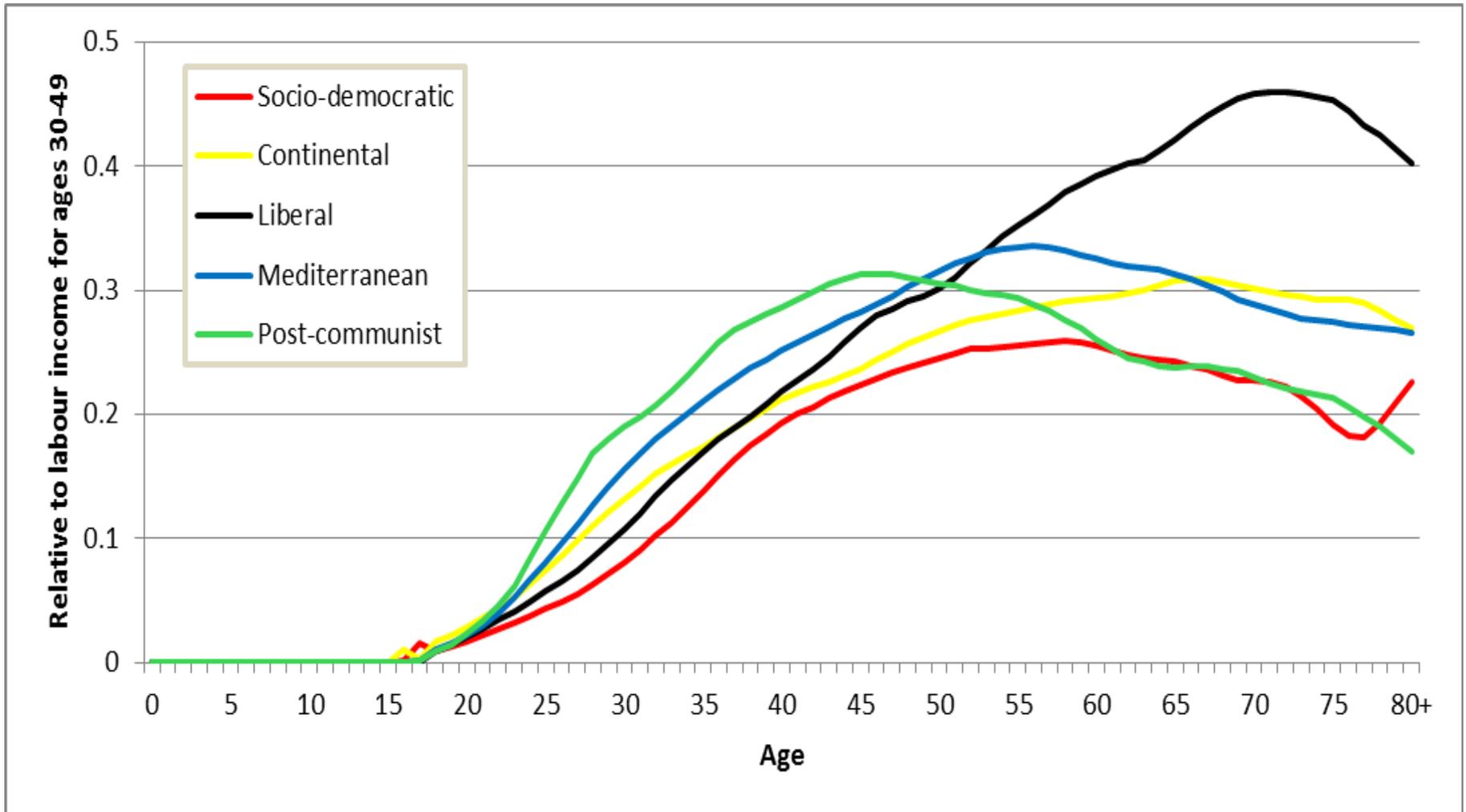
# PUBLIC TRANSFER INFLOWS, 2010



# NET PUBLIC TRANSFERS, 2010



# PRIVATE ASSET INCOME, 2010





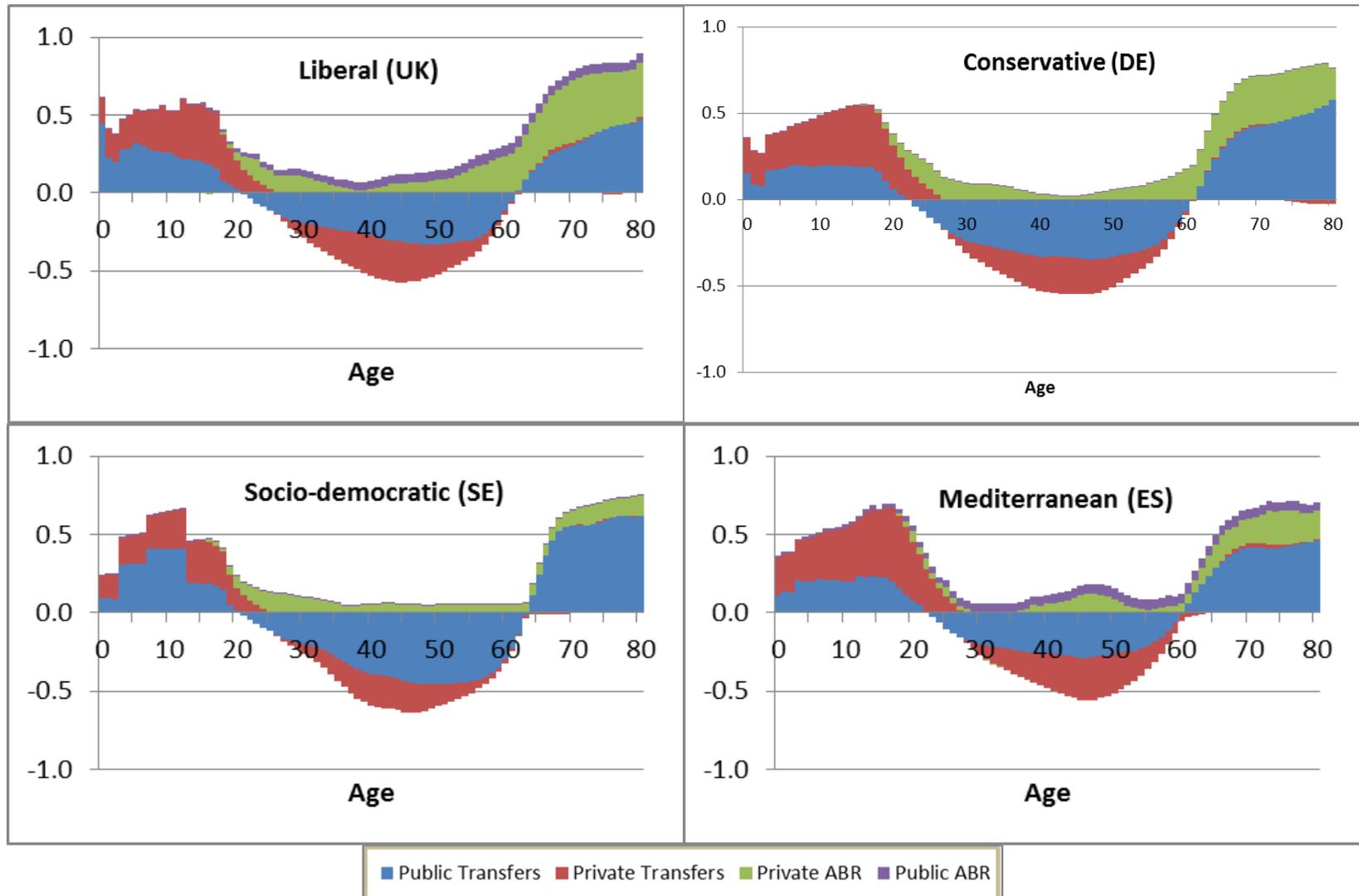
# WELFARE VS. INTER-AGE REALLOCATION REGIMES

## LIMITATIONS OF PAST RESEARCH

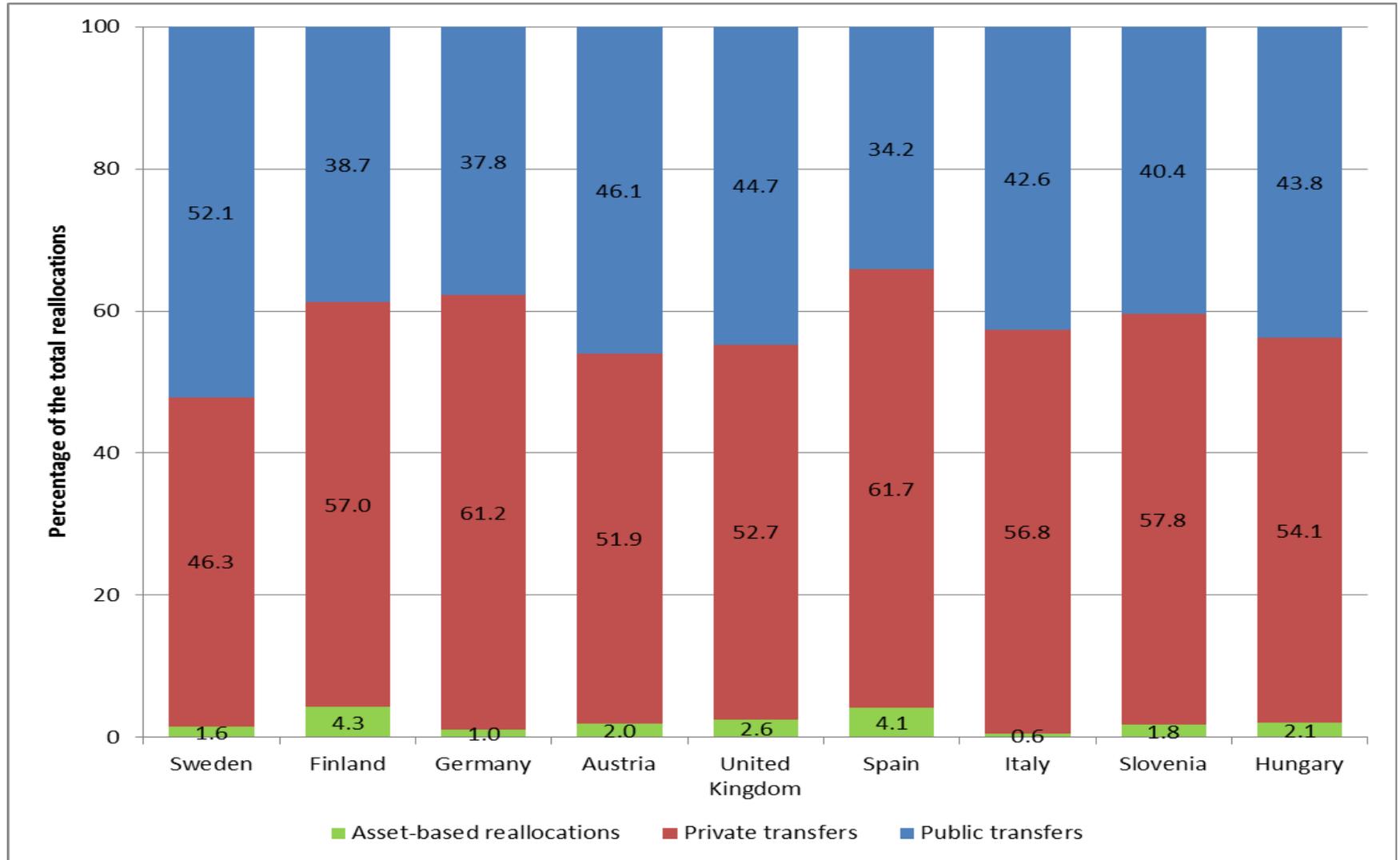
- At the beginning the focus was mainly on public transfers
- Recently, the focus has been mainly on private transfers (e.g., Albertini & Kohli, 2013; Albertini, Kohli, & Vogel, 2007; Attias-Donfut, Ogg, & Wolff, 2005)
- Some focus on both public and private transfers (e.g., Brandt & Deindl, 2013)
- Based on SHARE data (only individuals of age 50+; only representatives of certain welfare regime types)

NEED A COMPREHENSIVE PICTURE OF PUBLIC AND PRIVATE TRANSFERS, I.E., PUBLIC CONSUMPTION IN-KIND, INTRA-HOUSEHOLD TRANSFERS

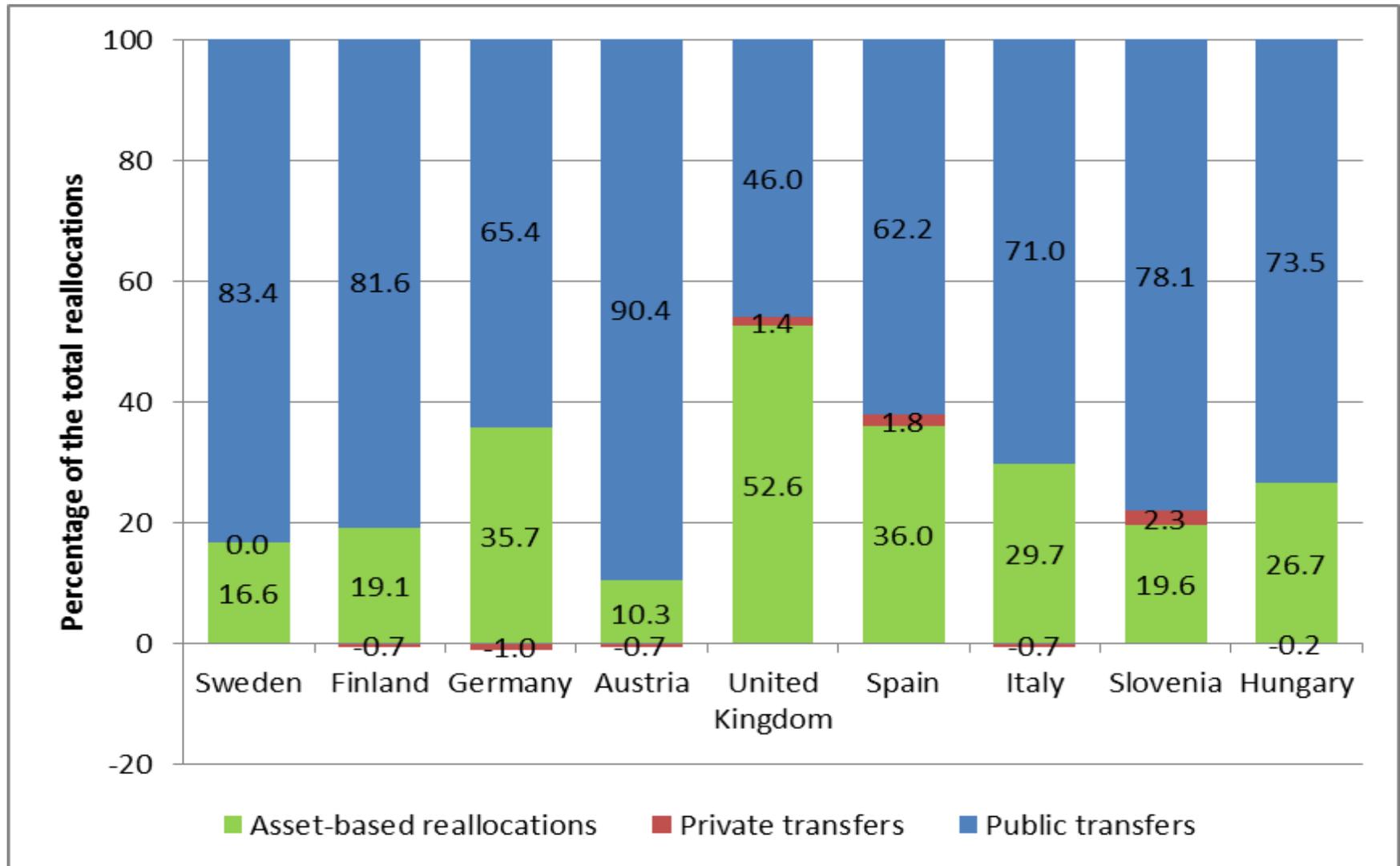
# LIFE CYCLE DEFICIT FINANCING IN THE UNITED KINGDOM, GERMANY, SWEDEN AND SPAIN IN 2010



# FINANCING THE LIFE CYCLE DEFICIT FOR AGES 0-19



# FINANCING OF THE LIFE CYCLE DEFICIT FOR AGES 65+



# THE LENGTH AND MAGNITUDE OF ECONOMIC DEPENDENCY

Country	LCD age borders (positive until/after)		Length of negative LCD	Magnitude of LCD/total labour income
Sweden	25.3	63.8	38.5	0.42
Finland	26.0	59.8	33.8	0.50
Germany	26.3	60.1	33.7	0.50
Austria	23.5	58.9	35.4	0.46
United Kingdom	26.2	59.1	32.8	0.57
Spain	26.1	60.3	34.2	0.46
Italy	26.5	59.5	33.0	0.58
Slovenia	25.7	58.2	32.5	0.46
Hungary	24.3	58.7	34.4	0.50

# CONCLUSION

- Qualitatively, NTA results support the typical welfare regime's classification (more strongly for the typical representatives)
- Taking the NTA indicators into account disorders the ranking
- Hierarchical Cluster Analysis is based on complete results for 26 EU countries

# ACKNOWLEDGEMENT



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