

Pourquoi investir dans l'emploi ?

Une étude sur le coût du chômage

Rapport final

Pour le compte de :

**la Fédération européenne des Services à
la personne (EFSI)**

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FOREWORD BY THE EUROPEAN COMMISSIONER FOR EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION, MR. LÁSZLÓ ANDOR



This study addresses a very important and topical issue – the cost of unemployment. Measuring the real cost of unemployment is a key element in our efforts to shape a policy response to the recession; however, it is not a straightforward task. To obtain a full picture, we need to quantify not merely the direct cost of unemployment benefit paid out by the State, but also the indirect cost to the economy, to individuals and to society as a whole. While many of the direct costs can be quantified with an acceptable margin of error, estimating indirect costs poses a greater challenge and requires *inter alia*, assumptions to be made for several variables whose values are not known with precision.

This study makes a contribution to tackling that challenge on the basis of a new methodology. It provides an estimate of the average annual cost of an unemployed person in six Member States (Belgium, France, Germany, Spain, Sweden and the UK). Comparing countries with markedly different unemployment benefit systems enriches the analysis. The authors also present estimates of the impact on government revenue, which they include in the overall costs.

The estimates presented show how the cost of unemployment varies with the Member State, depending on its national circumstances. The results of this study should provide experts in the field with greater insight into the performance of benefit systems in Member States and the impact of unemployment on each of the economies analysed. In addition, the findings could contribute to policy development, and may notably provide useful background information for the discussion on wage subsidies and other programmes supporting employment. Leaving aside the specificities identified by the report and all related methodological issues, the results show that unemployment remains unacceptably high throughout Europe and calls for urgent action by both policymakers and stakeholders.

Brussels, January 2013

László Andor

*Commissioner for Employment, Social Affairs and
Inclusion*

RÉSUMÉ

Le chômage reste un problème économique majeur au sein de l'Union européenne, surtout depuis la crise financière de 2008. Afin de réduire les taux de chômage, la Commission européenne souligne la nécessité, pour les États membres, de donner la priorité à la fourniture de services aux *personnes et aux ménages*. Cependant, les interventions publiques mises en place dans certains pays de l'UE en vue de stimuler le développement des services aux personnes sont jugées trop coûteuses.

Le chômage donne aussi lieu à des dépenses considérables pour le paiement des allocations de chômage et l'accompagnement des demandeurs d'emploi. Il constitue également une importante perte potentielle de revenus pour le gouvernement. Aussi, dans le débat sur le coût des mesures de soutien pour les services aux personnes, il convient de comparer ce coût à celui du chômage. La plupart des pays européens manquent cependant d'une vision réelle et globale du coût du chômage.

La présente étude, menée à la demande de l'EFSI dans le cadre de ce débat de société pour le moins actuel et décisif, estime le **coût d'une personne au chômage** par rapport au profit procuré par une personne active, et ce, dans six États membres de l'UE : l'Allemagne, la Belgique, l'Espagne, la France, le Royaume-Uni et la Suède.

Dans cette étude, le coût du chômage est défini comme l'intervention publique complémentaire induite par le chômage et la perte potentielle de revenus pour le gouvernement. Pour calculer ce coût, un modèle a été développé en étroite collaboration avec des experts nationaux de chacun des pays sélectionnés et il a fait l'objet d'une discussion avec des membres de la DG Emploi de la Commission européenne. Bien que les six pays présentent des systèmes de protection sociale et de fiscalité fort différents, la méthodologie proposée est adaptée à chacun d'entre eux et également applicable à d'autres États membres de l'UE. L'utilisation de sources de données harmonisées permet la comparaison des résultats obtenus dans les différents pays.

Des données factuelles et harmonisées sur les dépenses étatiques ont été utilisées afin d'estimer le montant des **interventions publiques au profit des demandeurs d'emploi**. Ces données reposent sur les statistiques des politiques du marché du travail (PMT) d'Eurostat. Cette source de données a pour caractéristique unique que le groupe cible de toute mesure de soutien du marché du travail est défini. En conséquence, **seules les dépenses directement et exclusivement liées aux demandeurs d'emploi ont été prises en considération dans le modèle**. Certains types de dépenses, qui concernent également des groupes cibles autres que celui des demandeurs d'emploi, n'ont donc pas été inclus dans le modèle. Dans la même logique, il n'a pas été tenu compte des programmes de formation, ceux-ci étant parfois accessibles également à d'autres groupes de personnes (p. ex. les salariés). En 2010, ces programmes représentaient une dépense supplémentaire importante (en Allemagne et en France par exemple, ils correspondaient à un budget de quelque 7 500 millions d'euros).

Pour estimer la **perte potentielle de revenus pour le gouvernement**, les recettes fiscales générées par les cotisations sociales et les impôts sur les revenus et la consommation des demandeurs d'emploi ont été comparées aux revenus perçus par le gouvernement pour un salarié touchant un salaire annuel brut moyen. Ici aussi, une source harmonisée a été utilisée pour la collecte des données sur le taux moyen des cotisations sociales des employeurs et des salariés et sur les taux moyens d'imposition. Il s'agit plus précisément de la base de données fiscales de l'OCDE. Fait intéressant, ces données tiennent compte de toutes les réductions nationales susceptibles d'influencer les cotisations sociales ou l'imposition de groupes spécifiques.

Pour toutes les raisons susmentionnées, l'estimation du coût moyen du chômage relève d'une **approche prudente et relativement restrictive**.

Les résultats des estimations pour l'année 2010 montrent que le coût moyen du chômage va de 18 008 et 19 991 euros au Royaume-Uni et en Espagne respectivement à

33 443 euros en Belgique. L'Allemagne, la France et la Suède se situent dans cette fourchette, avec un coût moyen allant de 25 550 euros en Allemagne à 28 737 euros en France. Bien que ces résultats aient été calculés pour l'année 2010, ils restent pertinents pour les autres années puisqu'ils reflètent un coût annuel moyen qui ne saurait être affecté que par des changements systémiques au niveau des prestations ou de l'imposition. Par conséquent, l'augmentation sensible du nombre de demandeurs d'emploi après 2010 influence de fait le coût total du chômage pour le gouvernement, mais pas le coût moyen du chômage.

Il convient toutefois de noter que le coût absolu du chômage est aussi lié au niveau de vie dans les pays analysés. Lorsque nous comparons le coût moyen du chômage au coût salarial moyen dans un même pays, nous observons que le coût relatif du chômage sera le plus élevé en Allemagne (90 % du coût salarial) et en Belgique (88 % du coût salarial), et le plus faible au Royaume-Uni (59 % du coût salarial). La France, l'Espagne et la Suède s'inscrivent entre ces deux extrêmes, avec un coût moyen du chômage allant de 75 % du coût salarial en Suède à 84 % en France.

Enfin, d'importantes différences sont observables entre les pays en ce qui concerne la nature des dépenses. Par exemple, le coût le plus élevé en Espagne est induit par les allocations de chômage, tandis que dans les autres pays, la perte potentielle de revenus est plus importante. Dans certains pays, le coût est principalement dû à la perte des cotisations sociales payées par les employeurs (France, Suède) ; dans d'autres, la perte des cotisations sociales payées par les salariés (Allemagne), la perte des revenus de la fiscalité directe (Belgique, Royaume-Uni) ou encore la perte des recettes de TVA (Suède, Royaume-Uni) jouent un rôle nettement plus important. Toutes ces différences peuvent s'expliquer par les écarts considérables entre les pays sur les plans suivants : l'ampleur (et les caractéristiques) des interventions publiques pour les demandeurs d'emploi, les cotisations sociales et le régime fiscal, ainsi que le niveau de vie (tel que reflété par le salaire brut moyen). Il est essentiel de noter que, étant donné la nature de ces facteurs, le coût absolu du chômage dans un pays ou sa position relative ne peut servir à porter un jugement normatif.

LISTE DES NOTIONS IMPORTANTES POUR CETTE ÉTUDE

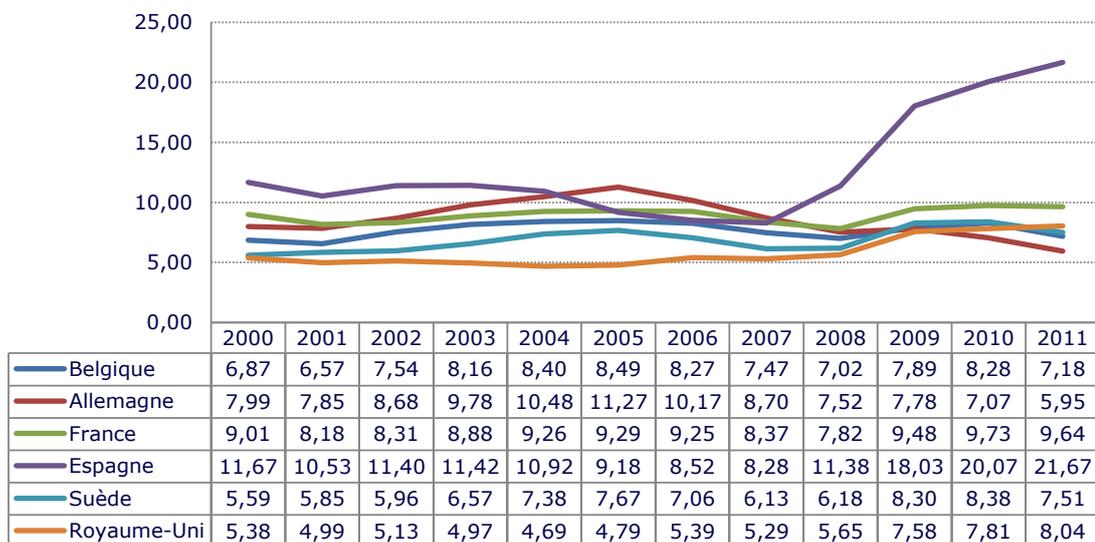
Allocations de chômage	La somme qu'une personne sans emploi perçoit de la sécurité sociale/du gouvernement lorsqu'elle détient le statut de demandeur d'emploi et satisfait aux critères nationaux.
Demandeur d'emploi	Une personne se trouvant involontairement en situation de chômage et étant à la recherche d'un emploi.
Demandeurs d'emploi déclarés	Les personnes étant inscrites comme demandeurs d'emploi auprès de l'administration nationale de l'emploi. Ces personnes ne peuvent pas toujours prétendre aux allocations de chômage (cela dépend des spécificités nationales).
Cotisations sociales	Les cotisations sociales sont les sommes payées par les employeurs et les salariés à la sécurité sociale en vue de garantir les prestations sociales : pensions, soins de santé, allocations de chômage, etc.
Coût salarial moyen	Le salaire moyen brut, majoré des cotisations sociales de l'employeur. Il s'agit du coût d'un salarié moyen pour l'employeur.
Fiscalité directe	La fiscalité directe concerne l'impôt qui est retenu directement sur les revenus d'une personne. Dans la présente étude, il s'agit de l'impôt sur le revenu des personnes physiques.
Fiscalité indirecte	Les impôts qui ne sont pas directement prélevés sur les revenus d'une personne, mais qui sont perçus via la taxe sur la valeur ajoutée (taxe sur la consommation).
Mesures d'accompagnement	Il s'agit des mesures prises par les services de l'emploi pour aider les demandeurs d'emploi à trouver du travail. Ces mesures comprennent généralement la fourniture d'informations, de conseils de carrière, d'évaluations, etc.
Revenus pour le gouvernement	Les revenus perçus par le gouvernement et la sécurité sociale, qui proviennent, entre autres, de l'impôt sur le revenu, des cotisations sociales payées par les employeurs et les salariés et de la taxe sur la valeur ajoutée.
Salaire brut moyen	Le salaire du travailleur, avant paiement des cotisations sociales du salarié et des impôts directs. Il est calculé comme étant la rémunération horaire brute moyenne multipliée par le nombre moyen d'heures prestées pendant une année.
Taux de chômage	Le rapport entre le nombre total de demandeurs d'emploi et le nombre total de personnes actives.
Taxe sur la valeur ajoutée (TVA)	Il s'agit d'une taxe sur la consommation.

1 INTRODUCTION

1.1 Contexte du projet

Le chômage reste un problème économique majeur au sein de l'Union européenne, surtout depuis la crise financière de 2008. Après une diminution générale des chiffres du chômage à partir de 2005, la crise a suscité une nouvelle envolée des taux en 2008 et 2009, cette tendance haussière ayant persisté dans certains pays jusqu'en 2011. Les pays du sud de l'Europe ont été particulièrement touchés par l'augmentation du chômage, en témoigne la situation en Espagne.

Figure 1 : taux de chômage harmonisé dans six États européens



Source : IDEA Consult, d'après les données Eurostat - Pourcentage de demandeurs d'emploi par rapport à la population active

Afin de réduire le taux de chômage, la Commission européenne souligne la nécessité, pour les États membres, de donner la priorité à « la mise au point d'initiatives qui facilitent le développement de secteurs recelant le potentiel d'emplois le plus important, notamment dans l'économie à faibles émissions de CO₂ et économe en ressources ("emplois verts"), dans le secteur social et celui de la santé ("emplois blancs") ainsi que dans la fourniture d'autres services *aux personnes et aux ménages* et dans l'économie numérique ».

Selon la Commission européenne, les activités qui contribuent au bien-être des familles et des personnes à domicile, telles que les services d'assistance à domicile et les services de travaux ménagers, ont un important potentiel de création d'emplois. Le besoin de services aux personnes devrait augmenter sous l'effet du vieillissement de la population dans l'ensemble des États membres, conjugué à la baisse attendue du nombre de personnes dans le cercle familial susceptibles d'assumer ces tâches¹. Par ailleurs, dans les débats politiques en cours dans de nombreux États membres, les services aux personnes sont souvent mentionnés comme une réponse possible aux enjeux suivants :

¹ Document de travail des services de la Commission sur l'exploitation des possibilités de création d'emplois offertes par les services aux personnes et aux ménages, 18.4.2012, SWD(2012)95.

- **Un meilleur équilibre entre la vie professionnelle et la vie privée**, grâce à l'externalisation accrue des tâches ménagères, de la garde des enfants et de l'assistance aux personnes âgées. Des services d'assistance accessibles et abordables constituent également un important préalable à l'accroissement du taux d'emploi des femmes.
- **La création d'emplois pour les travailleurs relativement peu qualifiés**, notamment en ce qui concerne les services de travaux ménagers, à faible coût pour les finances publiques en faisant en sorte que les services de ce type alimentent l'économie formelle et non l'économie informelle.
- **L'amélioration de la qualité des services de garde et d'assistance**, grâce à une main-d'œuvre qui possède les compétences requises et bénéficie de bonnes conditions de travail, la qualité des services des prestataires devant faire l'objet de contrôles.

Cependant, les interventions publiques mises en place dans certains pays de l'UE en vue de stimuler le développement des services aux personnes sont jugées trop coûteuses. À titre d'exemple, le coût du régime des titres-services en Belgique a été estimé à 1,66 milliard d'euros en 2011. Bien que de tels systèmes semblent onéreux pour les pouvoirs publics, la création d'emplois supplémentaires génère elle aussi d'importants revenus pour le gouvernement. De manière générale, les pouvoirs publics ne disposent pas d'une vision globale de leurs dépenses engagées pour soutenir les services aux personnes. Leur vision se limite à une évaluation du coût brut, et les retombées directes et indirectes ne sont pas suffisamment prises en considération.

Par ailleurs, le chômage donne aussi lieu à des interventions publiques considérables, pour le paiement des allocations de chômage et l'accompagnement des demandeurs d'emploi. Il constitue également une importante perte potentielle de revenus pour le gouvernement. Aussi, dans le débat sur le coût des mesures de soutien pour les services aux personnes, il convient de comparer ce coût à celui du chômage. La plupart des pays européens manquent cependant d'une vision réelle et globale du coût du chômage.

1.2 Objectif et structure de l'étude

La présente étude, menée à la demande de l'EFSI dans le cadre d'un débat de société pour le moins actuel et décisif, tente de répondre à la question suivante :

Quel est le coût d'un demandeur d'emploi par rapport au profit engendré par une personne active ?

Basée sur la littérature existante, cette étude offre une synthèse des différentes dépenses liées aux personnes sans emploi. Par la suite, une méthodologie pour l'estimation du coût direct et indirect d'un demandeur d'emploi pour les finances publiques est développée et présentée. Cette méthodologie est généralement applicable aux autres États membres de l'UE.

Enfin, le coût du chômage est calculé dans six États membres, à savoir l'Allemagne, la Belgique, l'Espagne, la France, le Royaume-Uni et la Suède. Ces six pays présentent des régimes de protection sociale et de fiscalité très différents. Les résultats de chaque pays sont comparés et analysés, en tenant compte des situations et des contextes spécifiques.

Une présentation détaillée du modèle et des études de cas nationales est fournie aux annexes de la présente étude.

2 LA MÉTHODOLOGIE DÉVELOPPÉE

2.1 Le coût du chômage selon une perspective socio-économique

Au cours des années 1970, les taux de chômage dans la plupart des pays industrialisés ont connu une véritable envolée. De nombreuses études ont été consacrées à l'analyse du coût entraîné par ce phénomène pour **l'individu, la société et le gouvernement**.

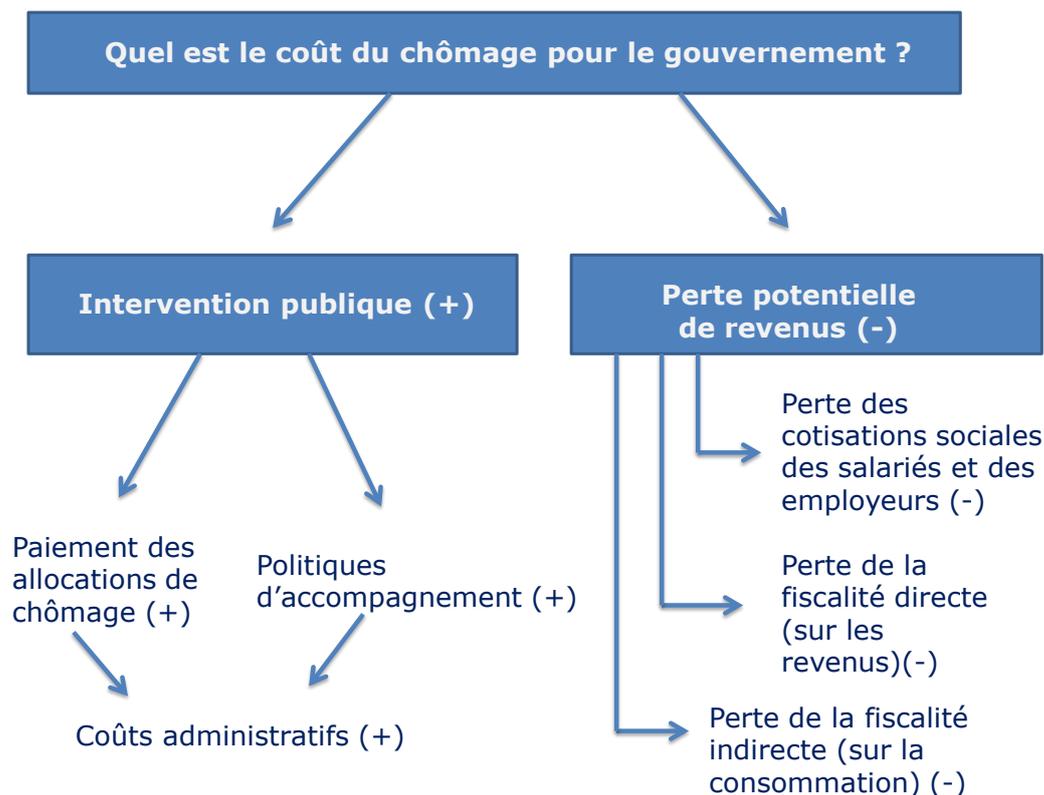
Le coût du chômage pour **l'individu** n'est pas difficile à concevoir. Lorsqu'une personne perd son emploi, son niveau de vie s'en trouve souvent directement affecté. En outre, une longue période d'inactivité peut conduire à une érosion des compétences. Troisième conséquence, et non des moindres, il a été démontré que le chômage prolongé nuisait à la santé mentale des travailleurs, et pouvait avoir une réelle influence négative sur la santé physique et l'espérance de vie.

Le **coût social** du chômage est difficile à calculer, mais n'en est pas moins réel. L'accroissement du chômage va de pair avec le dénuement social et économique – il existe un certain parallèle entre la hausse du chômage et l'augmentation de la criminalité et de la dislocation sociale (davantage de divorces, une détérioration de la santé et une baisse de l'espérance de vie). Les régions marquées par un taux de chômage élevé connaîtront une diminution du revenu réel et des dépenses, couplée à une augmentation de la pauvreté relative et de l'inégalité des revenus.

Le coût du chômage pour le **gouvernement** est sans doute plus évident. La plupart des économistes s'accordent à dire que si les taux élevés de chômage génèrent un coût pour les individus et les familles directement concernés, ils affectent aussi les économies locales et régionales, ainsi que l'économie dans son ensemble. En effet, le chômage entraîne une augmentation considérable des interventions publiques, combinée à une réduction des revenus potentiels pour le gouvernement.

La présente analyse se concentre sur le coût du chômage pour le gouvernement ou, plus spécifiquement, sur le coût financier. Celui-ci est présenté en Figure 2.

Figure 2 : coût financier du chômage



Source : IDEA Consult, d'après la littérature existante. Le sigle (+) représente une intervention publique ; le sigle (-) une perte potentielle de revenus pour le gouvernement.

Tout d'abord, le chômage entraîne une augmentation des **interventions publiques**. Trois types de dépenses supplémentaires directes et indirectes pour le gouvernement ont été identifiés :

- Les demandeurs d'emploi reçoivent des **allocations de chômage** du gouvernement. Bien entendu, la durée d'octroi et le montant de ces allocations varient selon les pays. Il s'agit de dépenses supplémentaires directes pour le gouvernement, qui résultent du chômage.
- Dans chaque pays, des mesures sont prises pour aider les demandeurs d'emploi à réintégrer le marché du travail. Ces mesures de réintégration **ou politiques d'accompagnement** représentent elles aussi un coût supplémentaire direct pour le gouvernement, induit par le chômage. Le type et l'ampleur de l'accompagnement proposé diffèrent fortement en fonction du pays.
- Outre ces dépenses supplémentaires directes, le versement des allocations de chômage et les politiques d'accompagnement pour les demandeurs d'emploi génèrent des **frais administratifs** pour l'/les organisation(s) responsable(s) de ces prestations (coût indirect). Il s'agit cette fois d'un coût supplémentaire indirect pour le gouvernement, toujours induit par le chômage.

Simultanément, le chômage est source d'une certaine **perte potentielle de revenus pour le gouvernement**. En effet, une personne au chômage ne perçoit plus les mêmes revenus qu'auparavant et la part prélevée par le gouvernement sur ces revenus diminue de la même manière. Les cas de figure suivants ont été identifiés :

- Si une personne au chômage perçoit des revenus inférieurs à ceux du salarié moyen et qu'elle ne paie pas (ou de façon partielle uniquement) de cotisations sociales (pour les travailleurs et les employeurs), le chômage se traduit par une **perte des revenus provenant des cotisations sociales** pour le gouvernement.
- Si une personne au chômage perçoit des revenus inférieurs à ceux du salarié moyen et qu'elle ne paie pas (ou de façon partielle uniquement) d'impôts directs sur ses revenus, le chômage se traduit par une **perte des revenus** provenant des contributions pour le gouvernement.
- En outre, lorsqu'une personne perd son emploi, son niveau de vie et son pouvoir d'achat s'en trouvent souvent directement influencés. Un demandeur d'emploi consomme moins, et par conséquent, paie moins de **taxes indirectes** au profit du gouvernement.

Sur la base de cette liste des dépenses supplémentaires et des pertes potentielles de revenus, un modèle a été élaboré afin d'estimer le coût du chômage. Au point suivant, nous exposons brièvement les concepts clés de la méthodologie proposée pour estimer ce coût.

2.2 Concepts clés du modèle

Le modèle élaboré pour estimer le coût du chômage repose sur la littérature existante en la matière. Le modèle a été développé en étroite collaboration avec des experts nationaux de chaque pays sélectionné. Il a aussi fait l'objet d'une présentation et d'un débat devant et avec les membres de la DG Emploi de la Commission européenne. Bien que les six pays présentent des systèmes de protection sociale et de fiscalité fort différents, la méthodologie proposée est adaptée à chacun d'entre eux et également applicable à d'autres États membres de l'UE.

Le coût du chômage est défini comme l'intervention publique complémentaire induite par le chômage et la perte potentielle de revenus pour le gouvernement. Il est exprimé comme un coût moyen par demandeur d'emploi.

Des données factuelles et harmonisées sur les dépenses étatiques ont été utilisées afin d'estimer le montant des **interventions publiques au profit des demandeurs d'emploi**. Ces données reposent sur les statistiques des politiques du marché du travail (PMT) d'Eurostat. Cette source d'informations fournit entre autres des données sur les services du **marché du travail**, définis comme étant l'ensemble des services et activités des Services publics de l'Emploi (SPE), auxquels sont rajoutés tous les services à financement public offerts aux demandeurs d'emploi ; et sur le **soutien du marché du travail**, c'est-à-dire toute forme d'aide financière visant à compenser les individus de la perte de leurs revenus ou de leur salaire (soit, principalement, les allocations de chômage).

Cette source de données a pour caractéristique unique que le groupe cible de tout service ou soutien du marché du travail est défini. En conséquence, **seules les dépenses directement et exclusivement liées aux demandeurs d'emploi ont été prises en considération dans le modèle**. Les types de dépenses suivantes ne sont donc *pas* repris dans le modèle :

- Les paiements totaux des allocations de chômage ne portent que sur le chômage à temps plein. Les formes de soutien particulières, comme la retraite anticipée, le chômage partiel, le chômage saisonnier, etc. ne sont pas prises en compte.

- Au niveau des politiques d'accompagnement, *seules* celles concernant les demandeurs d'emploi déclarés sont considérées. Les politiques visant d'autres groupes cibles également (p. ex. les salariés, etc.) ne sont donc pas reprises dans le modèle.
- Dans la même logique, il n'a pas été tenu compte des programmes de formation, ceux-ci étant parfois accessibles également à d'autres groupes de personnes (p. ex. les salariés). Le montant total des dépenses engagées pour les programmes de formation dans chaque pays est toutefois inclus dans les études de cas respectives. Ces programmes constituent une importante dépense supplémentaire (en Allemagne et en France par exemple, ils correspondent à un budget de quelque 7 500 millions d'euros).

Pour estimer la **perte potentielle de revenus pour le gouvernement**, les recettes fiscales générées par les cotisations sociales et les impôts sur les revenus et la consommation des demandeurs d'emploi ont été comparées aux revenus perçus par le gouvernement pour un salarié touchant un salaire annuel brut moyen.

Ici aussi, une source harmonisée a été utilisée pour la collecte des données sur le taux moyen des cotisations sociales des employeurs et des salariés et sur les taux moyens d'imposition. Il s'agit plus précisément de la base de données fiscales de l'OCDE. Fait intéressant, ces données tiennent compte de toutes les réductions nationales susceptibles d'influencer les cotisations sociales ou l'imposition de groupes spécifiques.

Une description plus détaillée du modèle figure à l'annexe 1.

3 LES RÉSULTATS

3.1 Analyse comparative

Le modèle développé a été appliqué pour la conduite d'une étude dans six pays : l'Allemagne, la Belgique, l'Espagne, la France, le Royaume-Uni et la Suède. Ces six pays présentent des régimes de protection sociale et de fiscalité très différents. Les résultats de l'estimation soulignent également cette constatation.

Le Tableau 1 présente le coût annuel moyen d'une personne au chômage dans les six pays (en euros). Ces résultats sont basés sur des données de 2010.

Tableau 1 : comparaison du coût annuel moyen d'un demandeur d'emploi (en euros)

Type de coûts		Belgique	Allemagne	France	Espagne	Suède	Royaume-Uni
Intervention publique	Allocations de chômage	9 493 €	8 793 €	10 686 €	10 778 €	7 475 €	3 561 €
	Frais d'accompagnement et administratifs	1 683 €	2 020 €	1 641 €	242 €	3 018 €	1 746 €
Total des interventions publiques		11 176 €	10 813 €	12 327 €	11 020 €	10 493 €	5 307 €
Perte potentielle de revenus	Perte au niveau des cotisations sociales des employeurs	8 747 €	4 606 €	10 172 €	5 756 €	8 585 €	2 955 €
	Perte au niveau des cotisations sociales des travailleurs	4 104 €	4 893 €	3 294 €	1 222 €	1 911 €	2 539 €
	Perte au niveau de la fiscalité directe	8 240 €	4 463 €	1 888 €	1 291 €	2 489 €	4 498 €
	Perte au niveau de la fiscalité indirecte	1 177 €	776 €	1 057 €	700 €	3 427 €	2 710 €
Total des pertes potentielles de revenus		22 267 €	14 737 €	16 411 €	8 970 €	16 412 €	12 702 €
Coût moyen annuel total d'un demandeur d'emploi		33 443 €	25 550 €	28 737 €	19 991 €	26 905 €	18 008 €

Source : IDEA Consult

Ce tableau permet d'établir les constats majeurs suivants :

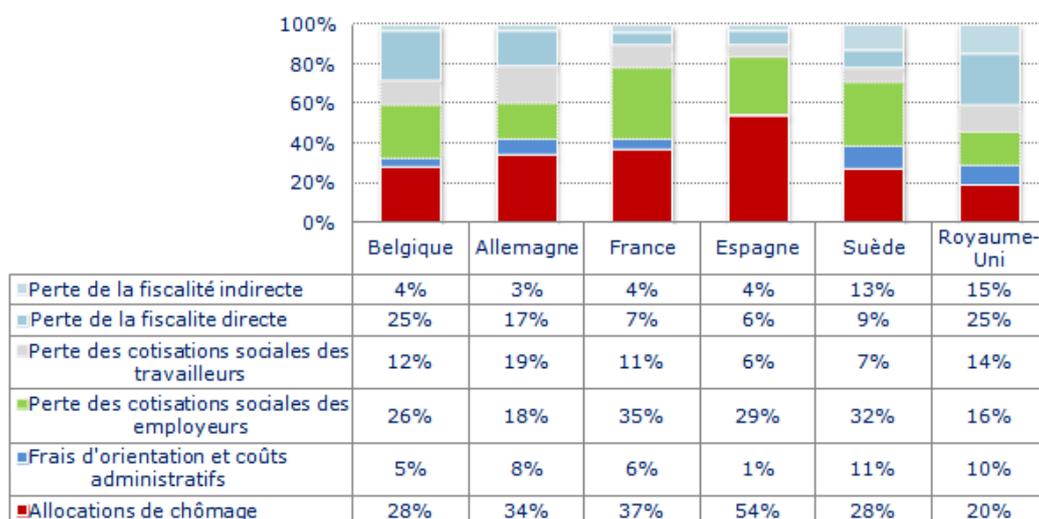
- Le coût moyen annuel total d'un demandeur d'emploi va de 18 008 euros au Royaume-Uni et 19 991 euros en Espagne à 33 443 euros en Belgique.
- L'Allemagne, la France et la Suède se situent dans cette fourchette, avec un coût moyen allant de 25 550 euros en Allemagne à 28 737 euros en France.
- Pour tous ces pays, exception faite de l'Espagne, le coût du chômage est principalement dû à la perte potentielle de revenus, et non aux interventions publiques. Au Royaume-Uni, cette perte équivaut à 12 702 euros, soit 71 % du coût total. Elle est également élevée en Belgique, où elle se chiffre à 22 267 euros, soit 67 % du coût total. En Suède, en Allemagne et en France, la perte potentielle de revenus représente environ 60 % du coût du chômage. L'Espagne fait ici figure de cas isolé, avec une perte équivalant à 45 % seulement du coût total.
- À l'exception du Royaume-Uni où il est beaucoup plus faible (5 307 euros), le coût des interventions publiques est relativement similaire entre les pays, allant de 10 493 euros par demandeur d'emploi en Suède à 12 327 euros en France. Des différences marquées s'observent cependant au niveau du type des interventions. En Espagne par exemple, un demandeur d'emploi touche en moyenne 10 778 euros en allocations de chômage. La part réservée aux politiques d'accompagnement est, en moyenne, de 242 euros seulement par tête. La situation est inverse en Suède : un demandeur d'emploi reçoit en moyenne

7 474 euros en allocations, tandis que la part réservée aux mesures d'accompagnement est de 3 018 euros en moyenne. D'autres différences appréciables sont à noter pour les autres pays.

- Les écarts les plus marqués entre les pays s'observent au niveau de la perte potentielle de revenus pour le gouvernement. Celle-ci va de 8 970 euros en Espagne à 22 267 euros en Belgique. L'Allemagne, la France et la Suède se situent une fois de plus dans cette fourchette, avec une perte potentielle allant de 14 737 euros en Allemagne à 16 412 euros en Suède. Des différences profondes sont à relever au niveau du type de pertes. Dans la plupart des pays, à l'exception du Royaume-Uni, la perte potentielle de revenus découle principalement de la perte des cotisations sociales des employeurs. Le montant de ces cotisations varie toutefois fortement entre les pays (de 4 606 euros en Allemagne à 10 712 euros en France). Au Royaume-Uni, la perte totale de revenus est en majeure partie due à la perte au niveau de la fiscalité directe. Celle-ci est également fort importante en Allemagne et en Belgique. Au Royaume-Uni et en Suède, la perte des recettes de la fiscalité indirecte est également responsable en grande partie de la perte potentielle totale de revenus.

Les principales différences entre les pays sont également observables à la Figure 3, qui montre la proportion des différents types de coût. Une fois la séparation entre les différents coûts directs et pertes potentielles établie, l'on peut constater que le coût du chômage dans la plupart des pays (Belgique, Allemagne, France et Espagne) est principalement dû au versement des allocations de chômage. La situation est différente au Royaume-Uni et en Suède, où le coût découle en majeure partie de la perte au niveau de la fiscalité directe ou de la perte des cotisations sociales, respectivement. D'autres écarts importants sont à relever dans ce tableau. Une analyse détaillée des résultats pour chaque pays est fournie au chapitre suivant.

Figure 3 : ventilation du coût par pays

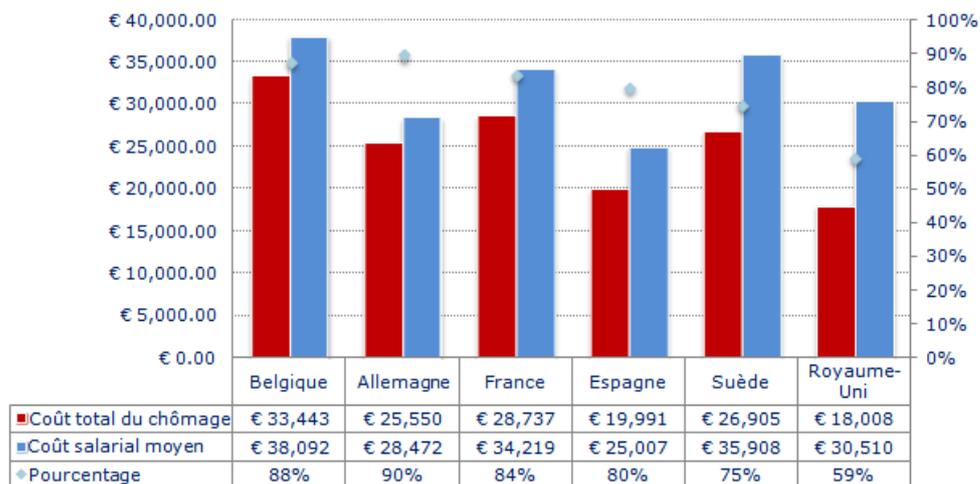


Source : IDEA Consult

Avant d'analyser les résultats par pays, il convient de remarquer que le coût du chômage peut être mis en rapport avec le niveau de vie au sein des pays comparés. Un indicateur pertinent du niveau de vie au sein d'un pays est le coût de l'emploi, représenté par le coût salarial moyen². Le graphique suivant affiche une comparaison du coût total du chômage avec le coût salarial moyen dans chaque pays. Les principaux constats sont les suivants :

- Par rapport au coût salarial moyen dans chaque pays, le coût relatif du chômage sera le plus élevé en Allemagne (90 % du coût salarial) et en Belgique (88 % du coût salarial), et le plus faible au Royaume-Uni (59 % du coût salarial).
- La France, l'Espagne et la Suède s'inscrivent entre ces deux extrêmes, avec un coût relatif du chômage allant de 75 % du coût salarial en Suède à 84 % en France.
- La position des pays varie selon que l'on tient compte du coût relatif ou absolu du chômage. L'Allemagne, par exemple, présente le coût de chômage le plus élevé en termes relatifs, mais se classe seulement en 4^e position si l'on considère le coût absolu.

Figure 4 : comparaison entre le coût moyen du chômage et le coût salarial moyen



Source : IDEA Consult

² Une définition du coût salarial moyen figure dans le glossaire.

3.2 Analyse par pays

Ce chapitre propose une analyse détaillée des résultats de l'étude au sein des six pays sélectionnés. Sur la base des informations contextuelles disponibles pour chaque pays, nous avons tenté d'identifier les raisons justifiant sa position relative par rapport aux cinq autres. Une description détaillée du système d'aide aux demandeurs d'emploi, des règles d'imposition et des politiques de réintégration pour les demandeurs d'emploi, spécifiques à chaque pays, est fournie à l'annexe 2 (études de cas).

Plusieurs facteurs permettent d'expliquer la position relative d'un pays en termes de coût du chômage :

- Le premier paramètre contextuel majeur à considérer est le **salaire brut moyen**³ d'un travailleur. Cette rémunération reflète le niveau de vie au sein du pays et forme l'un des critères fondamentaux de l'analyse.
- Un deuxième paramètre clé concerne l'ampleur (et les caractéristiques) des **interventions publiques** au profit des demandeurs d'emploi, qui représentent une fraction importante du coût du chômage. Plus les allocations de chômage sont généreuses, plus le coût du chômage est élevé. Il en sera de même selon l'intensité des politiques d'accompagnement. Des écarts marqués peuvent être observés entre les pays en ce qui concerne le montant et la durée d'octroi des allocations de chômage, d'une part, et le type et l'intensité des politiques d'accompagnement, d'autre part.
- Enfin, un troisième paramètre majeur concerne **les taux des cotisations sociales et des impôts directs et indirects**, qui dictent la perte potentielle encourue par le gouvernement. Les niveaux des taux applicables aux employeurs, aux travailleurs et aux demandeurs d'emploi sont des facteurs déterminants pour expliquer la perte potentielle de revenus subie par le gouvernement. Celle-ci est étroitement liée à la façon dont chaque pays a élaboré et finance son système social.

Dans les paragraphes suivants, les résultats de chacun des pays sont analysés en détail. Il est tenu compte des différences entre les pays quant à ces facteurs explicatifs. Il est cependant essentiel de noter que, étant donné la nature de ces facteurs, le coût total du chômage dans un pays ou sa position relative ne peut servir à porter un jugement normatif. Certains pays peuvent engager davantage de dépenses directes ou indirectes au profit des demandeurs d'emploi, mais dans le même temps atteindre des résultats plus rapides ou plus probants. D'autres peuvent s'avérer plus efficaces dans la prévention de la pauvreté et de la perte de cohésion sociale, qui sont également des facteurs de coût. Enfin, des programmes sociaux annexes peuvent exister dans certains pays.

1.1.1 Belgique

Dans la comparaison des six pays, la **Belgique** se distingue en affichant le coût nominal le plus élevé pour le chômage, à savoir un total de **33 443 euros** sur base annuelle pour un demandeur d'emploi moyen. Le coût du chômage représente cependant **88 %** du coût salarial moyen (38 092 €) : la Belgique se classe donc en deuxième position en ce qui concerne les coûts relatifs du chômage.

Un examen des hypothèses sous-jacentes et des variables du modèle permet d'apporter plusieurs explications à ces résultats :

- Tout d'abord, la Belgique présente le **salaire brut moyen le plus élevé** des six pays (29 345 euros), ce qui signifie que la base de calcul de certains coûts, notamment la perte potentielle de revenus, est supérieure. Certains mécanismes

³ Une définition du salaire brut moyen figure dans le glossaire.

typiquement belges comme l'indexation automatique des salaires impliquent que le salaire brut moyen suive étroitement l'inflation des prix à la consommation. Par conséquent, les salaires en Belgique demeurent à un niveau généralement plus élevé que dans les pays voisins.

- Sur le plan des **interventions publiques au profit des demandeurs d'emploi**, des allocations et des coûts des mesures d'accompagnement, la Belgique occupe la deuxième place du classement des six pays. Le pays se situe en position médiane en ce qui concerne le versement des allocations de chômage. Le montant de ces dernières équivaut à 60 % des revenus antérieurs (pour autant qu'un certain plafond ne soit pas dépassé), mais est réduit une première fois après six mois de versement, et une seconde après douze mois, pour atteindre un seuil déterminé. Le demandeur d'emploi peut toutefois prétendre aux allocations pour une durée indéterminée, tant qu'il reste disponible pour le marché du travail. Aussi, il n'existe pas de double assurance et de régime d'assistance en Belgique. Le manque d'un tel régime, qui fournit généralement des prestations inférieures ou minimales, d'une part, et la nature régressive de l'assurance chômage, d'autre part, justifient la position moyenne occupée par la Belgique en termes d'allocations. Au niveau des coûts des mesures d'accompagnement, les coûts des politiques belges en la matière ainsi que les frais administratifs connexes semblent s'inscrire dans la moyenne par rapport aux autres pays.
- La **perte potentielle de revenus** pour le gouvernement lorsqu'un salarié moyen perd son emploi est la principale raison derrière le coût élevé du chômage en Belgique. Les taux de cotisations sociales belges sont élevés, tant pour les employeurs que pour les travailleurs. En 2010, ils s'établissaient en moyenne à 29,8 % et 14 %, respectivement. À 28,9 %, le taux d'imposition auquel les travailleurs sont soumis est également plus important que dans les six autres pays. Cette lourde imposition, combinée au salaire brut moyen déjà élevé, ne frappe pas les personnes au chômage, ce qui explique la perte considérable de revenus pour le gouvernement. Celle-ci est encore alourdie par le fait que les demandeurs d'emploi ne paient pas de cotisations sociales ni, en général, d'impôts sur leurs allocations. La Belgique souffre donc de la plus grande perte potentielle de revenus parmi les six pays analysés. Le taux standard relativement élevé de la TVA (21 %) joue également un rôle à cet égard.

1.1.2 France

Avec un coût annuel total de **28 737 euros** pour un demandeur d'emploi moyen, la **France** se classe en deuxième position dans la comparaison en termes absolus entre les différents pays. Le coût du chômage représente **84 %** du coût salarial moyen (34 219 euros). La France occupe donc la troisième place en ce qui concerne les coûts relatifs du chômage.

Un examen des hypothèses sous-jacentes et des variables du modèle permet d'apporter plusieurs explications à ces résultats :

- Le **salaire brut moyen** en France est de 24 047 euros, ce qui classe le pays en quatrième position. La perte potentielle de revenus est par conséquent calculée sur une base inférieure par rapport aux trois pays présentant un salaire brut moyen supérieur, à savoir la Suède, la Belgique et le Royaume-Uni. Cependant, le taux moyen des cotisations patronales, à 42,3 %, est le plus élevé des six pays analysés. Il en résulte un coût salarial de 34 219 euros, qui vaut à la France une troisième place après la Belgique (38 092 euros) et la Suède (35 908 euros).
- À l'examen des **interventions publiques** au profit des demandeurs d'emploi, nous constatons que la France verse les allocations les plus élevées après l'Espagne. Les prestations de l'assurance chômage sont calculées de manière à équivaloir à 57,5 % du salaire de référence au minimum, le plafond étant fixé à 75 %. Après 24 ou 36 mois, la personne au chômage doit passer sous le régime d'assistance aux demandeurs d'emploi dont les allocations, bien que leur montant

soit largement inférieur, peuvent être perçues pour une durée indéterminée moyennant une nouvelle demande tous les six mois. Sur les 2,5 millions de personnes bénéficiant des allocations de chômage, seul un nombre restreint sont passées sous le régime d'assistance en 2010. En d'autres termes, l'impact du montant réduit des prestations n'a été que limité. Ces allocations supérieures à la moyenne, combinées à un coût moyen similaire à celui enregistré dans les autres pays en ce qui concerne l'accompagnement et l'administration, valent à la France le coût du chômage le plus élevé des six pays comparés.

- En ce qui concerne la **perte potentielle de revenus** à assumer par le gouvernement lorsqu'une personne est inactive, nous constatons que la France arrive en deuxième position après la Belgique. La perte la plus significative est celle des cotisations patronales : leur taux moyen étant en effet, à 42,3 %, le plus élevé parmi les six pays analysés, la perte potentielle des revenus issus de ces cotisations n'est pas négligeable. La perte des cotisations des travailleurs est elle aussi considérable, bien qu'inférieure à celle enregistrée dans d'autres pays. D'un autre côté, la perte au niveau de la fiscalité directe est parmi les plus faibles (après l'Espagne). Il se trouve que la France présente le taux d'imposition moyen le plus bas des six pays sélectionnés, et que les demandeurs d'emploi paient des impôts en vertu d'un taux moyen comparable à celui des salariés. La perte des revenus produits par la TVA s'inscrit dans la moyenne des six pays. Le taux d'épargne des ménages français est plutôt élevé, ce qui explique également l'écart relativement minime entre les dépenses des salariés et celles des demandeurs d'emploi.

1.1.3 Suède

Par rapport aux cinq autres pays, la **Suède** occupe le troisième rang du classement du coût absolu du chômage, avec un total de **26 905 euros**. Le coût du chômage représentant **75 %** du coût salarial moyen (35 908 euros), le pays affiche l'un des coûts relatifs du chômage les plus faibles (après le Royaume-Uni).

Un examen des hypothèses sous-jacentes et des variables du modèle permet d'apporter plusieurs explications à ces résultats :

- Le **salaire brut moyen** en Suède, soit la base de calcul de la perte potentielle de revenus, est relativement élevé (27 323 euros). La Suède partage à cet égard la deuxième place avec le Royaume-Uni, derrière la Belgique.
- Au niveau des **interventions publiques au profit des demandeurs d'emploi**, nous constatons que le montant des allocations versées est plutôt modeste. Seules les prestations au Royaume-Uni sont inférieures. En théorie, les allocations de chômage en Suède sont parmi les plus élevées des six pays, équivalant à 80 % puis 70 % des revenus antérieurs, et ce, pendant la durée de versement des prestations de l'assurance chômage. Le faible montant annuel moyen des allocations est attribuable, en grande partie, à la rotation plus rapide des personnes bénéficiaires, qui tire la moyenne vers le bas. Cela concorde avec l'observation selon laquelle en Suède, la durée de perception des allocations est souvent plus brève que dans les autres pays, surtout depuis 2006, année d'instauration d'une période de versement fixe (et non plus indéterminée). Une autre explication est que les demandeurs d'emploi passent, après une période déterminée, sous le régime de l'assurance de base, dont les prestations sont également inférieures à celles de l'assurance générale. Il est à noter cependant que le coût moyen des politiques d'accompagnement est le plus élevé parmi les six pays analysés. La Suède est en effet très engagée à ce niveau.
- La Suède partage la deuxième place avec la France en ce qui concerne la **perte potentielle de revenus pour le gouvernement**. Et comme en France, la majeure partie de ce manque à gagner est due au non-paiement des cotisations patronales, qui représentent la moitié de la perte totale. La perte des cotisations payées par les travailleurs, par contre, est relativement limitée vu le faible taux

(7 %) en vigueur pour le travailleur moyen en 2010. La perte de l'impôt des personnes physiques, bien que légèrement plus importante, reste modeste, en raison notamment d'un crédit d'impôt spécifique auquel ont droit les salariés. Ce crédit d'impôt sur les revenus du travail s'applique aux salariés jusqu'à un plafond de revenus défini, et crée cette situation inhabituelle dans laquelle un demandeur d'emploi moyen aura un taux d'imposition plus élevé que celui d'un travailleur touchant un salaire faible ou modeste. La Suède comble ainsi partiellement le fossé entre les montants des recettes fiscales perçues auprès des travailleurs et auprès des demandeurs d'emploi. Le pays souffre toutefois de la plus grande perte au niveau des recettes de la TVA. Le taux standard est en effet le plus élevé parmi les six pays (25 %), et associé au large écart de revenus entre le montant moyen des allocations de chômage et celui du salaire net des travailleurs, il entraîne une perte considérable de revenus pour le gouvernement.

1.1.4 Allemagne

En termes absolus, le coût du chômage en **Allemagne** se situe dans la moyenne par rapport aux autres pays (**25 550 euros**). Le coût du chômage représente cependant **90 %** du coût salarial moyen (28 472 euros). L'Allemagne figure donc en tête du classement en ce qui concerne les coûts relatifs du chômage.

Un examen des hypothèses sous-jacentes et des variables du modèle permet d'apporter plusieurs explications à ces résultats :

- L'Allemagne présente le **salaire brut moyen** le plus faible (23 866 euros) après l'Espagne, et par conséquent, sa base de calcul est inférieure à la moyenne. Cela explique partiellement la position de l'Allemagne en termes absolus par rapport aux autres pays. Le salaire brut moyen dicte en effet dans une large mesure la perte potentielle totale de revenus pour le gouvernement, et donc, le coût total du chômage.
- L'Allemagne se classe en quatrième position en ce qui concerne les **interventions publiques au profit des demandeurs d'emploi**. Pour ce qui est des allocations de chômage, les prestations sont sensiblement inférieures à celles versées en Espagne, en France et en Belgique. En théorie, les prestations de l'assurance chômage atteignent 60 à 67 % des revenus antérieurs pour une période de 6 à 24 mois, selon l'âge et la situation familiale du demandeur d'emploi (système similaire à ce qui se fait en France et en Belgique). Le montant moyen plus faible des allocations est principalement dû au fait que le versement des prestations du système d'assistance aux demandeurs d'emploi est subordonné à un examen des revenus du bénéficiaire, et donc conditionné par sa situation sociale personnelle. Plus de 65 % de l'ensemble des bénéficiaires touchent les prestations du système d'assistance, qui sont inférieures aux allocations de l'assurance chômage. Par ailleurs, le coût des politiques du marché du travail dédiées à l'accompagnement des demandeurs d'emploi, qui comprend les frais administratifs, est relativement élevé en Allemagne. Le pays occupe en effet la deuxième position dans ce domaine, après la Suède. L'abondance de mesures d'accompagnement alourdit également la facture administrative.
- En ce qui concerne la perte potentielle de revenus, il est frappant de constater qu'en Allemagne, le principal facteur de perte se situe du côté des cotisations des travailleurs, et non des employeurs. Le taux moyen des cotisations patronales, calculé sur le salaire brut moyen, est de 19,3 % seulement. Seul le Royaume-Uni présente un taux encore plus faible. À l'inverse, le taux applicable aux travailleurs est le plus élevé des six pays, culminant à 20,5 %. Le taux de l'impôt des personnes physiques figure également parmi les plus élevés (en deuxième position après la Belgique), et vaut donc lui aussi pour une perte potentielle de revenus considérable, d'autant plus que les demandeurs d'emploi ne paient pas de taxes sur leurs allocations. La perte des recettes de la TVA est relativement limitée, étant donné principalement le faible salaire brut moyen qui réduit l'écart entre les revenus disponibles des salariés et des demandeurs d'emploi.

1.1.5 Espagne

Le coût du chômage en **Espagne** se situe au deuxième rang du bas du classement des six pays (**19 991 euros**). Le coût du chômage représente cependant **80 %** du coût salarial moyen (28 472 euros), et par conséquent, l'Espagne se situe en milieu de classement (4^e position) en ce qui concerne les coûts relatifs du chômage.

Un examen des hypothèses sous-jacentes et des variables du modèle permet d'apporter plusieurs explications à ces résultats :

- L'Espagne affichant le **salaire brut moyen** le plus bas (19 251 euros), la base de calcul de la perte potentielle de revenus est d'ores et déjà faible, ce qui explique partiellement le coût plutôt limité du chômage dans le pays.
- Malgré que l'Espagne n'occupe que la cinquième place du classement du coût total du chômage, elle se positionne juste après la France et la Belgique pour ce qui est des **interventions publiques au profit des demandeurs d'emploi**. Celles-ci sont dès lors plutôt élevées, et ce, principalement en raison du montant moyen des allocations de chômage, supérieur à celui de tous les autres pays analysés (10 778 euros). Les prestations du régime d'assurance chômage, qui couvrirait plus de la moitié de tous les bénéficiaires en 2010, sont dans un premier temps égales à 70 % de la base imposable antérieure. Ce taux est ramené à 60 % après 180 jours. Au total, les allocations ne peuvent être perçues que pendant deux ans au maximum. Par la suite, ou pour ceux n'ayant pas accès à l'assurance, le régime d'assistance aux demandeurs d'emploi est d'application. Le montant des allocations est moindre : il va de 80 % de l'Indicador Público de Renta de Efectos Múltiples (IPREM - salaire minimum espagnol) à 133 % pour les demandeurs d'emploi de longue durée de plus de 45 ans et selon le nombre de personnes à charge. Le montant élevé des allocations moyennes peut s'expliquer par la dualité observée sur le marché du travail en Espagne. Les uns touchent des revenus confortables et stables, peuvent souscrire à l'assurance et compter sur des allocations relativement élevées ; les autres ne sont couverts que par le régime d'assistance, ou ne reçoivent pas de prestations du tout. La crise de 2008 a provoqué une véritable envolée du taux de chômage. Vu leur nombre et leur statut de demandeurs d'emploi récents, ces personnes bénéficieront principalement des allocations les plus élevées, ce qui tire temporairement la moyenne vers le haut. Celle-ci tend à redescendre quelques années plus tard, lorsque les demandeurs d'emploi deviennent davantage tributaires de l'assistance, ou ne peuvent même plus y prétendre. Sur le plan des coûts de l'accompagnement des demandeurs d'emploi et de la charge administrative pour les services d'aide à l'emploi, l'Espagne présente un coût moyen extrêmement limité, le plus faible de tous les pays analysés. Cela peut s'expliquer par la moindre intensité des politiques d'accompagnement dans le pays, mais aussi par l'augmentation du nombre de demandeurs d'emploi depuis 2008, tandis que le budget alloué aux dites politiques est demeuré le même.
- L'Espagne enregistre la plus faible **perte potentielle de revenus pour le gouvernement**. La première raison en est le faible salaire brut moyen, qui induit une base de calcul déjà limitée en termes absolus. Deuxièmement, les demandeurs d'emploi espagnols paient des cotisations sociales et des impôts sur leurs allocations à des taux comparables à ceux en vigueur pour les salariés, ce qui réduit encore la perte potentielle. Comme pour tous les autres pays à l'exception de l'Allemagne, le manque à gagner le plus important est dû à la perte des cotisations patronales. La perte des cotisations des travailleurs est par contre la plus faible observée, et ce, étant donné le taux inférieur à celui de tous les autres pays. La perte de revenus due à la moindre consommation est elle aussi limitée, en raison du faible écart entre les revenus disponibles du salarié moyen et du demandeur d'emploi moyen, combiné à un taux de TVA standard inférieur à celui applicable dans les autres pays.

1.1.6 Royaume-Uni

En termes absolus, le coût du chômage au **Royaume-Uni** est inférieur à celui calculé dans les autres pays (**18 008 euros**). Il en va de même lorsque l'on compare le coût salarial moyen (30 510 euros) et le coût du chômage, qui s'établit à **59 %** seulement du premier.

Un examen des hypothèses sous-jacentes et des variables du modèle permet d'apporter plusieurs explications à ces résultats :

- Le Royaume-Uni présente le deuxième **salaire brut moyen** le plus élevé (27 555 euros). Bien que la base de calcul de la perte potentielle de revenus soit donc supérieure à la moyenne, cela ne se traduit pas par un coût du chômage plus élevé. La raison en est expliquée dans les paragraphes suivants.
- **Les interventions publiques au profit des demandeurs d'emploi** au Royaume-Uni sont les plus faibles parmi les six pays. Le système britannique est divisé en deux branches distinctes : il y a d'une part le régime basé sur les cotisations, dont les versements sont limités dans le temps ; et d'autre part le régime des allocations dont le versement est soumis à des critères de revenus. Les montants des allocations ne varient pas énormément entre ces deux régimes. La principale différence concerne les critères d'éligibilité. De manière générale, les allocations de chômage versées au Royaume-Uni sont très faibles par rapport aux autres pays. D'autres éléments sont cependant à prendre en considération. Au Royaume-Uni, plusieurs prestations sociales (comme les aides au logement et les réductions d'impôts locaux) sont liées aux versements des allocations de chômage. Les demandeurs d'emploi peuvent ainsi recevoir des aides supplémentaires considérables. Il s'agit de prestations sociales, qui ne sont pas directement liées à la situation professionnelle, mais bien aux revenus des bénéficiaires ; elles sont dès lors aussi accessibles aux salariés et n'ont pas été reprises dans le modèle. Il convient toutefois d'être conscient de leur existence lors de la comparaison du coût du chômage entre les pays. Les coûts administratifs et les coûts d'accompagnement peuvent être considérés comme moyens par rapport aux autres pays analysés.
- La **perte potentielle de revenus pour le gouvernement** est relativement modeste par rapport aux autres pays, à l'exception de l'Espagne. La perte des cotisations patronales, plus spécifiquement, est très limitée étant donné que le Royaume-Uni présente le taux de cotisation moyen le plus faible, à 10,7 %. Ce taux reflète une autre forme de financement des dépenses sociales, lequel est davantage assuré par l'État que par des cotisations spécifiques comme dans les autres pays. Les cotisations des employeurs aux pensions professionnelles ne sont pas prises en compte dans le taux de cotisation, ce qui explique également la faiblesse de ce dernier. Il ne s'agit pas là d'un coût supplémentaire du chômage pour le gouvernement, mais bien d'une perte pour l'individu. Les taux de cotisations des travailleurs et des impôts sur les revenus sont dans la moyenne par rapport aux autres pays, en témoignent les résultats. Le Royaume-Uni accuse la deuxième plus grande perte des impôts sur les revenus, et ce, en raison principalement du salaire moyen élevé. La perte des recettes de la TVA est particulièrement importante, étant donné le vaste écart entre le montant moyen des allocations et le salaire moyen. Il convient cependant d'interpréter ce résultat avec prudence, car – comme expliqué plus haut – d'autres prestations sociales au profit des demandeurs d'emploi pourraient réduire cet important fossé au niveau des revenus des salariés et des demandeurs d'emploi.

4 CONCLUSION

La présente étude fournit une estimation du coût du chômage dans six États membres de l'UE : l'Allemagne, la Belgique, l'Espagne, la France, le Royaume-Uni et la Suède. Le coût du chômage est défini comme l'intervention publique complémentaire induite par le chômage et la perte potentielle de revenus pour le gouvernement.

Pour calculer ce coût, un modèle a été développé en étroite collaboration avec des experts nationaux de chaque pays sélectionné, et il a fait l'objet d'une discussion avec des membres de la DG Emploi de la Commission européenne. Bien que les six pays présentent des systèmes de protection sociale et de fiscalité fort différents, la méthodologie proposée est adaptée à chacun d'entre eux et également applicable à d'autres États membres de l'UE. L'utilisation de sources de données harmonisées permet la comparaison des résultats obtenus dans les différents pays.

Une autre caractéristique majeure du modèle est que seules les dépenses directement et exclusivement liées aux demandeurs d'emploi ont été prises en considération. Certains types de dépenses, qui concernent également d'autres groupes cibles que celui des demandeurs d'emploi, n'ont donc pas été inclus dans le modèle. Dans la même logique, il n'a pas été tenu compte des programmes de formation, ceux-ci étant parfois accessibles également à d'autres groupes de personnes (p. ex. les salariés). En 2010, ces programmes ont été à l'origine d'une importante dépense supplémentaire (en Allemagne et en France par exemple, ils représentent un budget de quelque 7 500 millions d'euros).

Par ailleurs, seules les dépenses qui pouvaient être estimées selon un degré élevé de certitude et sur la base de données harmonisées ont été reprises dans le modèle. Aussi, les droits à pension des demandeurs d'emploi, qui représentent une dépense future pour le gouvernement, ne sont pas inclus dans ce modèle, car leur coût est relativement complexe à estimer de façon similaire dans chaque pays.

Pour toutes les raisons susmentionnées, l'estimation du coût moyen du chômage relève d'une **approche prudente et relativement restrictive**.

Les résultats des estimations pour l'année 2010 montrent que le coût moyen du chômage va de 18 008 et 19 991 euros au Royaume-Uni et en Espagne respectivement à 33 443 euros en Belgique. L'Allemagne, la France et la Suède se situent dans cette fourchette, avec un coût moyen allant de 25 550 euros en Allemagne à 28 737 euros en France. Bien que ces résultats aient été calculés pour l'année 2010, ils restent pertinents pour les autres années puisqu'ils reflètent un coût annuel moyen qui ne saurait être affecté que par des changements systémiques au niveau des prestations ou de l'imposition. Par conséquent, l'augmentation sensible du nombre de demandeurs d'emploi après 2010 influence de fait le coût total du chômage pour le gouvernement, mais pas le coût moyen du chômage.

Il convient toutefois de noter que le coût absolu du chômage est aussi lié au niveau de vie dans les pays analysés. À comparer le coût moyen du chômage au coût salarial moyen dans un même pays, nous observons que le coût relatif du chômage sera le plus élevé en Allemagne (90 % du coût salarial) et en Belgique (88 % du coût salarial), et le plus faible au Royaume-Uni (59 % du coût salarial). La France, l'Espagne et la Suède s'inscrivent entre ces deux extrêmes, avec un coût moyen du chômage allant de 75 % du coût salarial en Suède à 84 % en France.

Enfin, d'importantes différences sont observables entre les pays en ce qui concerne la nature des dépenses. Par exemple, le coût le plus important en Espagne est induit par les allocations de chômage, tandis que dans les autres pays, la perte potentielle de revenus est plus élevée. Dans certains pays, le coût est principalement dû à la perte des cotisations sociales payées par les employeurs (France, Suède) ; dans d'autres, la perte des cotisations sociales payées par les salariés (Allemagne), la perte de la fiscalité directe (Belgique, Royaume-Uni) ou encore la perte des recettes de TVA (Suède, Royaume-Uni) jouent un rôle nettement plus important. Toutes ces différences peuvent s'expliquer par les écarts considérables entre les pays sur les plans suivants : l'ampleur (et les

caractéristiques) de l'intervention publique pour les demandeurs d'emploi, les cotisations sociales et le régime d'imposition, ainsi que le niveau de vie (tel que reflété par le salaire brut moyen). Il est essentiel de noter que, étant donné la nature de ces facteurs, le coût absolu du chômage dans un pays ou sa position relative ne peut servir à porter un jugement normatif.

Annex 1: DESCRIPTION OF THE DEVELOPED MODEL

LIST OF IMPORTANT CONCEPTS FOR THIS STUDY

Average gross wage	The wage of the worker, before payment of employee's social contributions and direct taxation. It is calculated as the average gross earnings per hour, multiplied by the average amount of hours worked during a year.
Average salary cost	The average gross wage, added with the employer's social contributions. This displays the cost of an average worker for the employer.
Direct taxation	Direct taxation refers to tax which is withheld directly from the income of a person and refers in this study to the personal income tax.
Guidance measures	These are measures taken by employment services for unemployed to assist them in finding work. These measures typically include providing information, career advice, assessments,...
Indirect taxation	Taxation that is not directly derived from the income of a person, but through value added tax on consumption.
Registered unemployed	Persons who are registered as unemployed with the national employment administration. These unemployed are not always eligible for unemployment benefits (this depends on country specificities).
Revenue for the government	The revenue of the government and social security which is derived from, amongst others, income taxation, social contributions of employers and employees and value added tax.
Social contributions	Social contributions are the amount paid by employees and employers to social security to ensure pensions, health care, unemployment benefits etc.
Unemployed	A person involuntary out of work.
Unemployment benefits	The amount an unemployed person perceives from social security/the government when the person is unemployed and fulfils the national criteria.
Unemployment rate	The total number of unemployment divided by the total number of active population.
Value added tax (VAT)	This is the taxation on consumption.

1 THE PROPOSED METHODOLOGY

The cost of unemployment is defined as the **additional public intervention** induced by unemployment and **the potential loss of revenue for the government**.

In our methodology, both types of costs are distinguished. In the paragraphs below, the methodology used to estimate both types of costs is described.

1.1 Estimation of additional public intervention

To estimate the average public interventions for unemployed, factual and harmonized data of the government expenditures have been used. This data are based on Labour market policy (LMP) statistics from Eurostat. Amongst other, this source of information provides data on **labour market services**, defined as all services and activities of the public employment service (PES) together with any other publicly funded services for jobseekers; and on **labour market supports**, defined as all financial assistance that aims to compensate individuals for loss of wage or salary (i.e. mostly unemployment benefits). A unique feature of this source is that the target group of each labour market service and support is defined. Therefore, **only expenditures directly and uniquely linked to unemployed have been taken into account in the model**.

The table below describes in detail the methodology and sources used for the estimation of the additional public intervention induced by unemployment. It provides for each type of expenditure a description of the cost and an overview of the used data (the data sources are described in detail in the following chapter).

Table 2: Methodology to calculate the additional public intervention induced by unemployment

Type of cost	Description	Data	Sources	YEAR
Payment of unemployment benefits	Average unemployment benefits for unemployed	Total payments of unemployment insurance and assistance Total number of beneficiaries of unemployment benefits	LMP	2010
Guidance of unemployed	Average cost of guidance for unemployed	Total cost of guidance of unemployed Total number of registered unemployed	LMP/Eurostat	2010
Administrative costs for payment of unemployment benefits and guidance of unemployed	Average administrative costs	Administrative costs for payment of unemployment benefits and guidance of unemployed Total number of registered unemployed	LMP/Eurostat	2010

Source: IDEA Consult based on existing literature

Following important **methodological remarks** have to be stressed:

- The total payments of unemployment benefits include insurance as well as assistance benefits. In most countries, unemployed have right to assistance benefits when their right for insurance benefits is expired. Some countries, e.g. Belgium, have only an insurance system, but have other existing assistance systems for persons excluded from the unemployment system. Such systems are not taken into account, as they also include persons no more able to work.

- The total payments of unemployment benefits, include only full-time unemployment. Special features of unemployment, e.g. early retirement, part-time unemployment, seasonal unemployment, etc. are not taken into account.
- The total number of beneficiaries refers to the annual average stock of persons perceiving a full-time unemployment benefit. It is calculated as an average of the stock at the end of each month.
- Only guidance policies reaching unemployed are taken into account. Policies reaching also some other type of persons (e.g. employed,..) are not taken into account. This represents an important additional expenditure (e.g. in France and Germany, training programmes represent of around 7,500 million of euro) in 2010.
- In the same logic, training programmes are not taken into account, as they are sometimes also accessible for other group of persons (e.g. employed).
- In some countries, there is a large difference between the number of registered unemployed and the number of beneficiaries of unemployment benefits. This is e.g. the case of Sweden, Spain and the United Kingdom (see case studies later). This difference between both can be explained by more restrictive eligibility criteria for beneficiaries of unemployment benefits. However, guidance policies are accessible for registered unemployed, even if they do not perceive unemployment benefits. Therefore, the average cost of guidance policies is calculated for all registered unemployed, and not only for beneficiaries of unemployment benefits. The assumption here is that the intensity of guidance is the same for beneficiaries of unemployment benefits and for the all group of registered unemployed.
- It is not always possible to distinguish administrative costs induced by the payment of unemployment benefits and by the guidance of unemployed. Therefore, both types of costs are summed up together.

1.2 Estimation of the potential loss of revenue

To estimate the **average potential loss of revenue** for the government, the revenue for the government from social contributions, taxation on income and on consumption of unemployed have been compared to the revenue perceived for an employee with an average gross yearly wage. Again, a harmonized data source has been used for the data on the average social contribution rate of employers and employees and the average taxation rates. This data is provided by the OECD taxation database. An interesting feature of this data is that it takes into account all possible national reductions in social contributions or taxation of specific groups.

The table below presents the methodology and sources used for the estimation of the opportunity cost of unemployment. It provides for each type of opportunity cost a description of the cost and an overview of the used data (the data sources are described in detail in the following chapter).

Table 3: Methodology to calculate the potential loss of revenue

Costs	Description	Data	Sources	YEAR
Loss in social contribution of employers	Difference between paid social contribution of employers on average salary and by an unemployed	Average social contribution rate employers for an average employee	OECD	2010
		Average social contribution rate unemployed	National information	2010
		Average gross yearly wage average worker	Eurostat	2010
		Average unemployment benefits	Own calculation	2010
Loss in social contribution of employees	Difference between paid social contribution of employees on average salary and by an unemployed	Average social contribution rate employees for an average employee	OECD	2010
		Average social contribution rate unemployed	National information	2010
		Average gross yearly wage average worker	Eurostat	2010
		Average unemployment benefits	Own calculation	2010
Loss in direct taxation	Difference between paid taxes by an average employee and by an unemployed	Average taxation rate for an average employee	OECD	2010
		Average taxation rate unemployed	National information	2010
		Average gross yearly wage average worker	Eurostat	2010
		Average unemployment benefits	Own calculation	2010
Loss of indirect taxation	Difference between paid VAT by an average employee and an unemployed	Standard VAT rate	OECD	2010
		Average saving rate		
		Average net salary average worker	Eurostat	2010
		Average net unemployment benefits	Own calculation	2010

Source: IDEA Consult based on existing literature

Following important **methodological remarks** have to be stressed:

- The social contribution rate of employers and employees and the average taxation rates are average rates calculated by the OECD, taking into account all possible national reductions in social contributions or taxation of specific groups.
- The average gross yearly wage is calculated by multiplying the average gross earnings per hour by the hours worked during a year by an average worker. This method takes into account the possibility to work less than full-time.
- The social contribution and the taxation rate of unemployed are provided by national data. These are the only data for which no harmonized EU data are available.
- The right for the unemployed to pensions and health care implies a certain cost to government, specifically for pensions. In most countries, the unemployed do not pay social contributions but they still have right to claim full pensions. This cost is rarely explicit as many countries use pay-as-you-go systems where no link between beneficiary and benefits can be directly established. Only in a few countries such as Germany the government pays contributions directly to pension funds during unemployment periods, while others are faced with uncertain future costs. Therefore this cost is not taken into account in the model, except partially through the loss of social contributions.
- To calculate the loss of indirect taxation due to the reduction of the consumption, the standard national VAT rate has been taken into account.
- The saving rates used for the model are based on average rates, provided by the OECD. For unemployed, the assumption is that all the benefits are consumed (saving rate = 0%).

Finally, to be sure the results are generally applicable and comparable between countries; harmonized data have been used in our model. The different sources of information are presented in the next chapter.

2 THE DIFFERENT DATA SOURCES USED

In this chapter, the different sources of data and information used for our model are described in detail.

2.1 EU's Mutual Information System on Social Protection (MISSOC)

The EU's Mutual Information System on Social Protection (MISSOC) provides detailed, comparable and regularly updated information about national social protection systems in 31 countries: the 27 EU Member States plus Iceland, Liechtenstein, Norway and Switzerland. MISSOC publishes comparative tables on social protection covering 12 main areas of social protection: financing, healthcare, sickness, maternity, invalidity, old-age, survivors, employment injuries and occupational diseases, family, unemployment, guaranteed minimum resources and long-term care.

In addition, the Cross-cutting introductions to the comparative tables provide a trans-national approach to the main concepts and principles of each social protection branch. As from 2011, MISSOC is also in charge of updating a series of guides to national social security systems, more specifically designed to inform citizens moving within Europe and available in 24 languages.

MISSOC also produces the MISSOC Analysis, an annual information bulletin and other specialised publications. Archive material concerning MISSOC's activities is available via the MISSOC Secretariat.

MISSOC is coordinated by the European Commission, with the assistance of a Secretariat it has appointed. Each country covered designates one or two correspondents from the national ministries or institutions responsible for social security. The correspondents periodically update the comparative tables and the guides to national social security systems. MISSOC is principally used by policy-makers and officials from the EU countries, researchers and students and people who move to another European country to live or work.

2.2 Eurostat labour market database

Labour market policy (LMP) statistics provide information on labour market interventions which are defined as "Public interventions in the labour market aimed at reaching its efficient functioning and correcting disequilibria and which can be distinguished from other general employment policy interventions in that they act selectively to favour particular groups in the labour market."

LMP statistics are one of the data sources for monitoring the Employment Guidelines (part II of the Europe 2020 Integrated Guidelines). For the time being, there is no legal basis regulating the production of statistics on LMP; this is done on the basis of a gentlemen's agreement between Eurostat and the Member States. LMP data become available approximately 16-18 months after the end of the reference period.

The scope of LMP statistics is limited to public interventions which are explicitly targeted at groups of persons with difficulties in the labour market: the unemployed, persons employed but at risk of involuntary job loss and inactive persons who would like to enter the labour market.

Data on public expenditure and participants (stock and flows) are collected annually from administrative sources. The quantitative data on expenditure and participants are complemented by a set of qualitative reports which describe each intervention, how it works, the main target groups, etc.

According to the LMP methodology, labour market interventions are classified by type of action.

- **LMP services** cover all services and activities of the public employment service (PES) together with any other publicly funded services for jobseekers. Services include the provision of information and guidance about jobs, training and other opportunities that are available and advice on how to get a job (e.g. assistance with preparing CVs, interview techniques, etc.).
- **LMP measures** cover activation measures for the unemployed and other target groups including the categories of training, job rotation and job sharing, employment incentives, supported employment and rehabilitation, direct job creation, and start-up incentives.
- **LMP support** covers financial assistance that aims to compensate individuals for loss of wage or salary (out-of-work income maintenance and support, i.e. mostly unemployment benefits) or which facilitates early retirement.

For our model, only data concerning LMP services and supports are used.

2.3 OECD Tax Database

The OECD tax database provides comparative information on a range of tax statistics - tax revenue, personal income taxes, non-tax compulsory payments, corporate and capital income taxes and taxes on consumption - that are levied in the 34 OECD member countries.

The data on tax revenue provides unique information on the taxes paid on wages in OECD countries. It covers personal income taxes and social security contributions paid by employees, social security contributions and payroll taxes paid by employers and cash benefits paid to in-work families. The purpose is to illustrate how these taxes and benefits are calculated in each member country and to examine how they impact on household incomes. The results also enable quantitative cross-country comparisons of labour cost levels and the overall tax and benefit position of single persons and families on different levels of earnings.

The database shows this information for eight family types which vary by income level and household composition and the results reported include the average and marginal tax burdens for one and two earner families and the total labour costs of employers.

The information are based on figures and text provided by country Delegates to the OECD Committee on Fiscal Affairs. These data are widely used in academic research and in the preparation of social and economic policy making.

Annex 2: THE CASE STUDIES

1 INTRODUCTION

Based on the methodology presented in the previous chapter, the cost of unemployment has been calculated in six EU Member States: Belgium, France, Germany, Spain, Sweden and the United-Kingdom.

To perform this analysis, the system of unemployment support, the rules on taxation and the reintegration policies for the unemployed have been analysed in-depth. These systems are crucial for the estimation of the cost of unemployment. In this part of the report, a detailed description of the 6 country cases is provided.

For both the unemployment schemes and the reintegration or guidance policies for unemployed we also describe briefly the measures which are not included in the calculation of the cost of unemployment.

After the description of the unemployment schemes, the tax system and the measures for reintegration in these 6 countries, we present the data used for the calculation of the cost of unemployment.

The results for each country are presented at the end of each chapter.

2 BELGIUM

2.1 Description of the unemployment system

The unemployment system in Belgium is based on the Royal Decree of 25 November 1991. This system consists of a compulsory unemployment insurance scheme ("assurance-chômage/werkloosheidsverzekering"), mainly financed by contributions, covering employees with earnings related or lump-sum benefits and with amounts depending on the family situation. As long as unemployed are able and looking for work they remain on this system, which means there is no special unemployment assistance scheme.

The system is summarized in the table below. The total amount of payments in 2010 is also presented in this table.

Table 4: Description of the unemployment system

Type of system	The unemployment benefit (insurance)
Description of system	To partially compensate for the loss of wages due to unemployment through the payment of a monthly allowance.
Beneficiaries	Unemployed persons seeking work, available for work and satisfying the contribution conditions of the unemployment insurance regime.
Eligibility	To be eligible for the benefits one must be unemployed involuntarily, registered as a jobseeker and willing to accept any job-offer relevant to his/her profile, capable of work, attend appointments fixed by the employment service, to have worked, depending on the age, between 31 days in the previous 18 months and 624 days in the previous 36 months- under 65 years old for men and under 61 for women and be a resident in Belgium.
Duration	Unlimited
Financing	Social security fund
Payments in 2010 (million €)	4,108.9

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

The conditions for entitlement, the level and duration of benefits and the responsible public authorities are described with more detail in the following paragraphs.

2.1.1 The unemployment insurance system

2.1.1.1 Conditions for entitlement

To be entitled to unemployment benefits, a person must be unemployed, seeking work, available for work and satisfying the contribution conditions of the unemployment insurance. More specifically, following conditions must be satisfied:

- To be unemployed involuntarily;
- To be registered as a jobseeker and willing to accept any job-offer relevant to his/her profile;
- To be capable of work;
- To attend appointments fixed by the employment service;
- Be actively looking for work. After a certain period of unemployment, the unemployed will be summoned for an interview to assess the employment search;

- To have worked, depending on the age, between 31 days in the previous 18 months and 624 days in the previous 36 months;
- To be younger than 65 years old for men and than 61 for women;
- To be resident in Belgium.

2.1.1.2 Level and duration of benefits

The measure aims to partially compensate for the loss of wages due to unemployment through the payment of a monthly allowance. This means the unemployed persons can receive a decreasing allowance varying from 60% of the previous wage to a monthly minimum. As described in the table below, the level of the allowance received depends on age, contribution history and household situation of the recipient.

Table 5: Level of unemployment benefits in Belgium

	Head of family	Living alone	Cohabiting
First period: 6 first months	60% of previous earnings, subject to a maximum of € 1,422.46 and a minimum of € 1,090.70 per month	60% of previous earnings, subject to a maximum of € 1,422.46 and a minimum of € 916.24 per month	60% of previous earnings, subject to a maximum of € 1,422.46 and a minimum of € 686.92 per month
Second period : month 7 to month 12	60% of previous earnings, subject to a maximum of € 1,325.74 and a minimum of € 1,090.70 per month	60% of previous earnings, subject to a maximum of € 1,325.74 and a minimum of € 916.24 per month	60% of previous earnings, subject to a maximum of € 1,325.74 and a minimum of € 686.92 per month
Second period : after month 13	60% of previous earnings, subject to a maximum of € 1,238.90 and a minimum of € 1,090.70 per month	60% of previous earnings, subject to a maximum of € 1,110.98 and a minimum of € 916.24 per month	40% of previous earnings, subject to a maximum of € 826.02 and a minimum of € 686.92 per month

Source: IDEA Consult based on MISSOC

In principle, duration is unlimited (but there may be some exceptions in the case of very long-term unemployed).

2.1.1.3 Responsible authorities

The field of unemployment is run by the National Employment Office ("Office national de l'emploi/Rijksdienst voor Arbeidsvoorziening - ONEM/RVA") and its regional units, which will decide on the concerned person's entitlement. The payment of benefits is made either by the registered trade union organisation (CSC/ACV, FGTB/ABVV, CGSLB/ACLVB) of which the employee is member or by the Auxiliary Fund for Payment of Unemployment Benefit ("Caisse auxiliaire de paiement des allocations de chômage/Hulpkas voor werkloosheidsuitkeringen - CAPAC/HVW") that has received the application.

2.1.2 Other unemployment schemes

Next to the insurance system for unemployed, some other measures for unemployed are present in Belgium. However, these measures correspond to particular type of unemployment, for example seasonal or partial unemployment, and are therefore not included in the estimation-model of the cost of unemployment. These measures are described in the following table.

Table 6: Overview of other schemes for unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Duration	Financing	Payments in 2010 (million €)
Temporary unemployment for economic reasons	To partially compensate for the loss of wages	The workers receive unemployment benefits for the days not worked due to economic reasons. There are possible complements paid by employer or by sectoral fund.	Blue collar workers temporary unemployed for economic reasons	No access conditions for core workers (no obligation to have worked for a certain number of days). There are specific conditions for temporary workers and agency workers.	Employed	Max 4 weeks	Federal government	902.7
Part-time workers receiving income guarantee allowance	To encourage unemployed persons to accept a part-time job instead of a full-time one	Unemployed persons returning to part-time work can benefit from a guaranteed minimum income	Unemployed	Unemployed in receipt of unemployment benefits	Registered unemployed	/	Central government budget	235.4
6 months income for dismissed workers in the case of restructuring	To encourage the participation in an Employment unit of employees aged 45+ dismissed by a company in restructuring	In the context of a restructuring, employers sometimes proceed to collective dismissals. If employers want to give the workers the possibility to get early retirement before the legal early retirement age, they have to create an Employment unit.	Dismissed workers in the context of a restructuring participating to an Employment unit	/	Registered unemployed	Max 6 months	Central Government Budget - ONEM	30.6
Enterprise closure fund	To compensate the employee for losing a job	The enterprise closure funds acts in different situations like bankruptcy, take-overs after bankruptcy, conventional payments in case of a juridical arrangement or after serving notice upon the employer	Employed	/	Employed	/	Employers contributions and the reclaims	157.0

Source: IDEA Consult based on Eurostat LMP "Labor market Policy statistics 2010"

2.2 The taxation system

2.2.1 The social contribution system

2.2.1.1 General contributions

The social security system is based on payment of contributions from employees and employers to the RSZ – ONSS as well as by government subsidies, partly through a fixed amount and partly to a percentage of VAT. These social contributions serve to finance the social security system which includes sickness and invalidity allowances, unemployment benefits, accidents at work, family allowances, occupational diseases and pensions. Some differences exist between white and blue collared workers where they do not obtain the same rights. The standard rate is approximately 13 % for employees and 35 % for employers but there are rebates for low wage earners and some target groups. The contributions of employees are automatically withheld by the employer except a surcharge for supplementary health benefits.

The contributions for both employers and employees are calculated using the gross wage (including bonuses, benefits in kind, etc). The balance is made up by government subsidies and more recently other sources such as a percentage of the income from VAT.

2.2.1.2 Rights for unemployed

The unemployed in Belgium are exempt from paying social contributions. They do however retain the right to health care, pensions and family allowances. This means that the government (through Social security) does not receive the contributions but is liable for future expenditure. This is especially the case for pensions on which, in contrast to health care, will always be called upon.

Because no contributions are paid by the unemployed and the amount of future benefits is not certain, it is impossible to determine the cost in a given year for the government of granting pensions to the unemployed. Furthermore Belgium has a pay-as-you-go system, which makes that there is no direct link between the contributions and the beneficiary. The cost for these pensions is not included in the model, but partially taken into account because of the loss of social contributions induced by unemployment.

2.2.2 Personal income tax

There are four categories of income: financial, real estate, professional (including labour income) and other various incomes. In principle, the general rates are applied to global income, but there are exceptions, e.g. in relation to financial income, income from private pension arrangements and other various income.

In practice, the basis for taxation at the marginal rate consists of (deemed) property and professional income. Spouses are taxed separately, although a marital quotient exists: 30 % of the higher income is transferred to the lower one, provided it does not exceed € 9 470. There are currently 5 brackets (beside the basic allowance) between 25 and 50 % and a municipal surcharge up to 9 % (7.4 % on average). Within certain limits, regions have the option to levy additional surcharges or to grant tax reductions.

The unemployed are exempt from paying personal income tax if they have no other source of revenue and no working spouse. Otherwise normal tax rules apply where benefits are lumped together with other income.

2.2.3 VAT and excise duties

There are four VAT rates. The standard rate has remained unchanged at 21 % since 1996. A reduced 6 % rate applies to public housing, refurbishment of old housing, food, water, pharmaceuticals, animals, art and publications and some labour intensive services; the 2009 'recovery plan' also includes the above-mentioned temporary reduction of the VAT rate to 6 % for a maximum amount of € 50 000 on invoices of newly constructed private dwellings. An intermediate rate of 12 % applies to a limited number of transactions and, since 1st January 2010, to food in restaurants and catering services. A zero rate applies to newspapers and certain weeklies.

2.3 Description of reintegration policies for unemployed

The Belgian personal employment services are regionally organised. The placement and vocational training programmes are implemented primarily by 4 public regional organisations:

- FOREM : the vocational training and employment office for the Walloon region;
- ACTIRIS: the employment office for the Brussels region;
- VDAB: the vocational training and employment office for the Flemish region;
- Arbeitsamt: the employment service for the German-speaking community.

The mission of these organisations is to provide general services for jobseekers during their jobsearch, to help people out of work to manage their career, to help companies in the management of human resources and to offer continued vocational training. Registration with the PES is obligatory to qualify for unemployment benefits. The Public employment centres of all regions combined account for a cost of 135.25 million euro.

In the following paragraph, the measures targeting only registered unemployed are described. These measures are included in our estimation-model of the cost of unemployment. Other reintegration policies, also targeting other groups, are described hereafter. These measures are not included in our model, as it is very difficult to distinguish the cost due to unemployed. We conclude with the training measures. These are not included in the estimation of the cost of unemployment, because they are often targeted to other groups than the unemployed and serve a broader purpose.

2.3.1 Measures targeted to the registered unemployed

In the table below an overview is given of the reintegration policies which are targeted only to the unemployed. These include the general employment services and specific regional measures:

- Vocational project contract (Actiris);
- Pathway to work - Regular jobseekers (VDAB);
- Regional employment missions (Forem);
- Vocational guidance (Forem).

Table 7: Measures for registered unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Vocational project contract (Actiris)	To provide all jobseekers registered at ACTIRIS and living in the region of Brussels a personalised service in order to help them increasing their vocational insertion capacity and their autonomy	As a transversal guidance tool offered to the jobseekers, the Vocational project contract (CPP) is an engagement of 2 parties: the jobseeker has to implement the planned vocational project and ACTIRIS has to support him/her in the process.	Jobseekers registered at ACTIRIS	/	Registered unemployed	Included in administrative cost
Pathway to work - Regular jobseekers (VDAB)	To offer jobseekers an individual pathway improving their chances to find work	The pathway to work offers jobseekers still unemployed 3 or 4 months after registration an intensive support. Relatively able jobseekers can rely on ICT tools to support them in their search. If they are still unemployed after a certain time, they are also invited for a screening and eventually an intake.	Registered jobseekers and LTU.	Registered jobseekers under 25 (after 3 months of unemployment) and those over 25 (after 4 months of unemployment)	Registered unemployed	94.50
Regional employment missions (Forem)	The Regional employment missions (MIRE) are aiming at facilitating the vocational integration of unemployed persons through individualised guidance and follow-up	The Regional employment missions (MIRE) are aiming at facilitating the vocational integration of unemployed persons through individualised guidance and follow-up, with the objective to get a sustainable job.	Jobseekers who are: low-qualified unoccupied; LTU; reintegrating the labour market after being unoccupied for more than 3 years; beneficiaries of the RIS or social support; recognised refugees in Belgium; foreign people authorised to stay in the country; disabled people entitled to interventions	/	Registered unemployed Other registered jobseekers	11.47
Vocational guidance (Forem)	The vocational guidance scheme has the following objectives: inform jobseekers; identify and analyze their needs; inform them on the services available; encourage them to participate to actions; assess the actions; steer them towards relevant institutions and work; activate the socio-economical network; promote their skills on the market and present them job offers	Beneficiaries are invited to participate to a collective meeting and an individual interview within a defined deadline. During the collective session, they are informed on the general applications of the programme and the services provided by the FOREM	Jobseekers	Registered unemployed and < 50 years	Registered unemployed, other registered jobseekers	21.87

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

2.3.2 Measures targeted to registered unemployed and other groups

Another set of measures exist (see Table 8), affecting a wider target group than only the unemployed. They are therefore not included in our model.

- Partnership for childcare for jobseekers (Actiris);
- Vocational integration (Actiris);
- Employment house (Forem);
- Crèches facilities (Forem);
- Active jobsearch workshop (Actiris);
- Restructuring support programme (retraining units) (Forem);
- Re-employment fund (VDAB).

Table 8: Measures for registered unemployed and other groups

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Partnership for childcare for jobseekers (Actiris)	The organisation of childcare services for jobseekers' children (aged between 0-3) should allow them to undertake the necessary actions in the context of their insertion course	Childcare places in crèches or playgroups are offered to jobseekers facing the shortage of childcare places for children aged 0-3	Unemployed, registered jobseekers	Jobseekers willing to start/pursue/finish a vocational insertion programme (training, active search for a job, interview with a potential employer, accompagnement) or newly hired and experiencing temporary or punctual difficulties to find childcare facilities in good conditions giving the " emergency".	Registered unemployed, other registered jobseekers	2.35
Vocational integration (Actiris)	To promote vocational integration through guidance and follow-up	The social and vocational guidance service deals with jobseekers "difficult to place" and requiring assistance because of long time out-of-work, few or no qualifications, lack of resources, young migrants and consists of 4 phases (assessment, preliminary training, training and placement)	Recipients of integration or equivalent allowances from a regional social welfare centre	Unemployed, registered jobseekers, inactive	Registered unemployed, other registered jobseekers, not registered	6.62
Employment house (Forem)	To promote the partnership between actors of vocational integration in order to offer information, guidance and counselling services	Local Employment centres where unemployed can have access to technological tools and a library; can carry out all the administrative steps linked to their job search and maintenance of their social rights; where counsellors can provide some information and guidance.	Jobseekers, unemployed, students or beneficiaries of social integration allowance	All the people looking for information concerning the labour market	Registered unemployed, other registered jobseekers, not registered	0.48
Crèches facilities (Forem)	To offer childcare facilities to children whose parent is engaged in a socio-vocational programme	The Forem offers childcare facilities to children whose parent is engaged in a socio-vocational programme, either a job or a training. These facilities are limited to 3 months renewable once	Unemployed in training or looking for a job	To be registered as jobseeker and to follow a training, to participate to information sessions or to collective modules of jobsearch or accompagnement	Registered unemployed, other registered jobseekers	0.06
Active jobsearch workshop (Actiris)	The active jobsearch workshop is based on a method and a partnership. The objective is to learn and apply an effective jobsearch method.	Unemployed have the possibilities to follow workshops to learn and apply an effective and structured method for seeking employment	Unemployed, inactive, employed at risk, women, illiterates and ex-offenders	Registered unemployed and detailed target groups: women, employed at risk, illiterates and ex-prisoners	Registered unemployed, other registered jobseekers, not registered Employed	2.8
Restructuring support programme (retraining units) (Forem)	Retraining units have several objectives including reacting to collective dismissal, vocational reintegration, help worker's mobility, answer specific training and rehabilitation needs, follow individual retraining actions, help the integration into a new job and to establish a relation between workers and local development projects	Retraining platforms where workers can benefit from the services of vocational counsellors and social advisers	Workers concerned by collective dismissals following restructuring, closing or bankruptcy	Workers victims of collective dismissals	Registered unemployed, other registered jobseekers Employed	3.0
Re-employment fund (VDAB)	To cover expenses related to outplacement or training for employees of firms that are bankrupt or in liquidation and don't have the financial means to provide guidance to their employees themselves.	The Flemish Re-employment Fund improves the opportunities for employees made redundant by the bankruptcy or liquidation of their employer to find another job by covering all costs related to outplacement or vocational training	Employees of firms which are declared bankrupt or in liquidation	Employees working in a firm with activities in the Flemish region, that are bankrupt or in liquidation and can prove not to dispose of the necessary financial means	Employed	2.6

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

2.3.3 Training measures targeted to the unemployed and other groups

In Belgium, the different authorities have a number of training tools at their disposal and run a number of programs both for the employed as the unemployed. They are displayed in the table below.

Table 9: Training measures for registered unemployed and other groups

Name	Payments in 2010 (million euro)
Encouraging the unemployed to resume studying	28.4
Vocational training – Vocational training (VDAB)	192.9
Vocational training – Vocational training for disabled (VDAB)	4.0
Vocational training (Forem)	81.4
Vocational training (Actiris)	34.6
Vocational training allowances (Federal gov.)	182.7
Vocational training (ADE)	/
Training cheques for vocational integration (VDAB)	7.1
Driving licences grants (Forem)	0.1
Vocational training centres for disabled people (Forem)	12.4
Vocational training contract for disabled (Actiris)	/
Mobilisation plan for ICT (Forem)	1.9
Training and integration contract (Forem)	3.8
Vocational training contracts (Forem)	2.0
Reception and training units in enterprises of adapted work (Forem)	0.8
Training and integration contract (Actiris)	/
Training through work in companies (Forem)	12.6
Vocational training contracts (Actiris)	0.2
Alternance training (Forem)	8.7
Total	573.5

Source: IDEA Consult based on Eurostat LMP “Labour market Policy statistics 2010”

2.4 Summary of data for the quantification of the cost of unemployment

Based on the description of the unemployment system, the taxation system and the existing integration policies for unemployed in Belgium, this chapter presents all relevant data for the quantification of the cost of unemployment.

First of all, some contextual data for the model are presented. Thereafter, relevant data concerning the unemployment benefits and integration policies as well as data concerning the social contribution, the taxation and VAT in Belgium are discussed.

2.4.1 Contextual data

In the table below some contextual information is given which is used for our model. Based on data on the average gross earnings per hour of Eurostat and data on the number of worked hours per year of the OECD, an average employee in Belgium earns around € 29,345 a year. On average 11.2% of its income is saved. By comparison, the monthly minimum wage in Belgium for 2010 was € 1,387.5.

Table 10: Contextual data for 2010

Type of data	Belgium
Average gross yearly wage of average worker (in euro)	29,345
Average households saving rate	11.2%
Monthly minimum wage (in euro)	1,387.5

Source: IDEA Consult based on Eurostat and OECD

2.4.2 Data concerning unemployment benefits and beneficiaries

In Table 11 an overview is provided of the cost and number of beneficiaries of unemployment benefits, for both the unemployment insurance and assistance system. This table shows that more than 432 thousand persons were beneficiaries of unemployment insurance in 2010 and for a total cost on benefits of 4 billion euro. The number of registered unemployed is around the same level as the number of beneficiaries of unemployment benefits: 403,000.

Table 11: Overview of unemployment costs and beneficiaries in 2010

Type of data	Belgium
Unemployment benefits (in euro)	4,108,900,000
Unemployment beneficiaries	432,840
Registered Unemployed	403,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011" and Eurostat

2.4.3 Data concerning integration policies and administration costs

The Belgian personal employment services are regionally organised. The placement and vocational training programmes are implemented primarily by 4 public regional organisations: Forem, Actiris, VDAB and Arbeidsambt. They are responsible for the guidance and integration policies. The National Employment Office determines the general eligibility of benefits and administers the system. The payment of unemployment benefits is done through unions and the Auxiliary fund. Together they make up the total cost on administration and guidance. Specifically the costs are divided as follows:

- Guidance of unemployed: the individual case management of the unemployed and measures of reintegration, which costs more than 263.1 million euro;
- Administration of Labour market Policy support: The administration of support for the unemployed which comes up to 415 million euro.

Table 12: Overview of guidance and administrative costs in 2010

Type of data	Cost (in euro)
Cost of guidance and administration of unemployed	678,170,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

2.4.4 Data concerning social contribution, taxation and VAT

Table 45 provides an overview of the average social contribution rates that employers and employees face when paying or receiving an average wage. Furthermore it shows the average tax rate for the employee's personal income tax and the standard VAT rate.

On average an employee pays 14% of its gross earnings on personal social contributions. On top of this gross wage the employer also contributes for 29.8%. The unemployed are exempt from paying social contributions themselves.

The average taxation rate for an employed person on the average wage reaches 28.1%. For the unemployed no taxation is taken into account as they are exempt from income taxation.

The standard VAT-rate equals 21%.

Table 13: Contributions and taxes in Belgium in 2010

Data	Belgium
Social contribution rate employer	29.8%
Social contribution rate employee	14.0%
Social contribution rate of the unemployed	0.0%
Taxation rate average worker	28.1%
Taxation rate average unemployed	0.0%
VAT Standard VAT rate	21.0%

Source: IDEA Consult based on OECD 'taxing wages'

2.5 Cost of unemployment: results for Belgium

Table 14: Cost of an average unemployed in Belgium

Type of costs		Total amount (euro)	%
Public intervention	Unemployment benefits	9,493	28.4%
	Guidance and administrative costs	1,683	5.0%
Total public intervention		11,176	33.4%
Potential loss of revenue	Loss in social contribution of employers	8,747	26.2%
	Loss in social contribution of workers	4,104	12.3%
	Loss in direct taxation	8,240	24.6%
	Loss of indirect taxation	1,177	3.5%
Total potential loss of revenue		22,267	66.6%
Total average cost of an unemployed		33,443	100.0%

Source: IDEA Consult

3 FRANCE

3.1 Description of the unemployment system

The legal basis of the unemployment insurance system is based on the Labour Code System of 31 December 1958. The system was initially created only for employees of the industry and commerce sectors. Unemployed insurance agreements are negotiated for a period of one, two or three years depending on the evolution of unemployment.

In France the unemployment support is based on two main pillars:

- An earnings-related benefit payment of limited duration (unemployment insurance). This is a compulsory social insurance scheme financed by contributions for employees with earnings-related benefits;
- A Welfare system with flat rate payments (solidarity regime or unemployment assistance). This is a tax financed scheme, where benefits are means tested.

Both systems are summarized in the table below. The total amount of payments in 2010 is also presented in this table.

Table 15: Unemployment benefits for the model

	Back to work support allowance (Unemployment insurance system)	Specific solidarity allowance (Solidarity scheme)
Aim	To ensure a replacement income in case of involuntary job loss	To provide a replacement income for jobseekers having exhausted their entitlement to insurance benefits
Instrument	Main unemployment insurance benefit for the unemployed. Jobseekers' rights to claim the Back to work support allowance (ARE) are described by compensation channel	The specific solidarity allowance is paid, subject to a means test, for a period of 6 months renewable several times
Beneficiaries	Jobseekers having contributed to the unemployment insurance system for at least 6 months	Unemployed having exhausted their entitlement to the back-to-work support allowance
Eligibility	Jobseekers registered with Pôle Emploi, having contributed to the unemployment insurance system for at least 4 of the previous 28 months for those aged less than 50 and 36 months for those above 50	Registered jobseekers, satisfying the conditions of previous activity (5 years during the previous 10) and a means test, and having exhausted their entitlement to unemployment insurance. Eligibility conditions are tested every six months.
Target group	Registered unemployed, other jobseekers	Registered unemployed
Duration	One day of affiliation is equivalent to one day of compensation considering the limit of 24 months for those aged less than 50 and 36 months for the others	6 months (renewable)
Financing	Obligatory contributions of employers and employees to the insurance system	Solidarity funds financed through the State budget and the solidarity contributions of State employees
Payments in 2010 (million €)	24,948.6	1,929.4

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

The conditions for entitlement, the level and duration of benefits and the responsible public authorities are described with more detail in the following paragraphs.

3.1.1 The unemployment insurance system

3.1.1.1 Conditions for entitlement

Only employed persons who lose their work may claim unemployment benefit. Moreover, to claim unemployment benefits, following conditions must be fulfilled:

- The person must have become involuntary unemployed. The person must not have left his work voluntarily;
- The person must be registered as a jobseeker and agree to a personalised back-to-work action plan (PPAE);
- be genuinely and continuously seeking employment;
- the person must be physically fit for work;
- the person must be aged 60 or less, except if he/she does not meet the conditions for receiving a full pension, with the limit of 67;
- the person must have paid contributions for a minimum of 4 months (122 days) of employment over the last 28 months (36 months for persons over 50);
- The person must be a resident of France.

Before receiving unemployment benefits a waiting period applies which amounts 7 days.

3.1.1.2 Level and duration of benefits

The daily allowance depends on previous earnings. It is composed of a variable part which is equal to 40.4% of the reference wage plus a fixed amount of €11.34 per day in 2010⁴. The benefit cannot be lower than 57.4% of the reference wage nor exceed 75%, but the latter do not receive daily allowances. In each case the benefit is determined by selecting the calculation with the best outcome (highest benefits), leading to a minimum benefit of €27.66 per day.⁵

Table 16: Level of unemployment benefits in France in 2010

	Young workers (< 50 year)	Older workers (50+)
First period: 4 first months	40,4% of reference wage, plus a fixed amount of €11.34 per day to a maximum of 75% of the reference wage	40,4% of reference wage, plus a fixed amount of €11.34 per day to a maximum of 75% of the reference wage
Second period : months 4-24	40,4% of reference wage, plus a fixed amount of €11.34 per day to a maximum of 75% of the reference wage, cut by 15% to 17%, depending on previous employment	40,4% of reference wage, plus a fixed amount of €11,34 per day to a maximum of 75% of the reference wage
third period : months 24-36	No benefits	40,4% of reference wage, plus a fixed amount of €11,34 per day to a maximum of 75% of the reference wage, cut by 8% to 17% dependent on age and previous employment

Source: IDEA Consult based on MISSOC

The payment period for the unemployment benefit depends on the prior period of insurance and the age of the jobseeker. The payment period can vary between 4 to 24 months, up to 36 months if the beneficiary is 50 years old or over.

⁴ Changed to € 11.57 in 2012

⁵ The minimum changed to € 28.21 in 2012 and is only € 20.22 for job seekers in training (AREF)

However, benefits reduce in time. Generally the full benefit rate is cut by approx. 15% or 17 % after 4 months. In case of longer previous employment subject to the payment of contributions and for older age groups, degression starts later, in the most favourable case by about 8% after 27 months (for a person age above 55 with 27 months of employment in the last 3 years).

3.1.1.3 Responsible public authorities

At a national level, the competent authorities are the State services in charge of employment and vocational training, the 'National association for employment in industry and commerce' (UNEDIC) which manages and defines the modalities of unemployment insurance and the Public Employment Service (Pôle Emploi).

3.1.2 The unemployment assistance system

3.1.2.1 Conditions for entitlement

The allowance of specific solidarity (allocation de solidarité spécifique, ASS) guarantees a minimum income for persons who are capable of working but who do not fulfil the conditions for drawing a full pension. The requirements for applying to this benefit are as follows:

- This allowance is paid after claims to unemployment benefits have been exhausted, specifically in the case of long-term unemployed persons;
- The person must have worked 5 years in the last 10 years preceding the unemployment period;
- Beneficiaries must undertake positive actions towards regaining employment;
- The person must be physically fit for work;
- Maximum income level is €1,094.10 for a single and €1,719.30 for a couple.

3.1.2.2 Level and duration of benefits

The allowance of specific solidarity is paid for renewable periods of six months. It consists of a flat-rate benefit of €13 daily and €19 per day after completing 55 or 57 years of age in 2010. As of 2012 it consists of a flat-rate benefit of €15.63 daily and €21.7/day for persons over 50 with 20 years of salaries and 10 years for persons over 57 and a half.

3.1.2.3 Responsible public authorities

Claims for allowance of specific solidarity (allocation de solidarité spécifique, ASS) are assessed by the body responsible for paying the unemployment benefits (Pôle emploi).

3.1.3 Other unemployment schemes

The five schemes mentioned in Table 17 are other measures for unemployed present in France in 2010. However, these measures correspond to particular type of unemployment, for example seasonal or partial unemployment, and are therefore not included in the estimation-model of the cost of unemployment.

Table 17: Overview of other schemes for unemployment

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Duration	Financing	Cost 2010 (million €)
Pension equivalent allowance (Solidarity scheme) ⁶	To ensure a minimum income for older unemployed persons until retirement	The Pension equivalent allowance (AER - Allocation équivalente retraite) is a income guarantee for jobseekers. The AER is a means-tested allowance	Older jobseekers or beneficiaries of the minimum income scheme (RMI) who have made at least 160 quarterly contributions to the old-age pension insurance	Jobseekers or beneficiaries of the minimum income scheme aged <60 and who have made at least 160 quarterly contributions to the old-age pension insurance, subject to means-testing	Registered unemployed, other jobseekers	/	Solidarity funds	616.2
Temporary delay allowance (ATA)	To provide a replacement income to some categories of unemployed who have no work references	The ATA allowance has 2 strands: for asylum seekers, stateless people and other foreign citizens and for prisoners and expatriate workers	Jobseekers (registered or not) without work references and waiting for an integration plan	Asylum seekers, stateless persons, foreign citizens with international protection, ex-prisoners, expatriate workers not covered by the unemployment insurance and registered as jobseekers	Registered unemployed, other jobseekers	12 months ⁷	Central government	144.9
500 euro grant	To provide a one-off income support to jobseekers	A 500 euro grant paid to employees who involuntarily lost their job and did not work enough to claim unemployment benefits	Jobseekers (registered - or not - at Pôle Emploi) not entitled to unemployment benefits	Jobseekers not entitled to unemployment benefits	Registered unemployed, other jobseekers, not registered persons	Single grant	Central government	10.5
Special employment assistance (AEPE)	To provide a replacement income to long-term unemployed not receiving benefits	The special employment assistance is a monthly amount helping all unemployed not entitled to benefits	Registered jobseekers not entitled to unemployment insurance anymore	Registered jobseekers (categories A, B or C) coming to the end of their entitlement, and aged under 60	Registered unemployed	6 months	Central government, unemployment insurance	10.2
Partial unemployment	To avoid redundancies and/or large reductions in the wages of employees	This scheme allows a company experiencing reduced activity due to economic, technical or climatic reasons, to temporarily reduce the working hours of its manpower, or temporarily suspend the activity	Employees whose job is at risk due to economic, technical or climatic reasons	Employees of a company that has obtained authorisation from the administration for a certain number of insured days	Employed	1.000 hours	Central government, contributions UNEDIC	326.4

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

⁶ Removed in 2011

⁷ Depending on the target group.

3.2 The taxation system

3.2.1 The social security system

3.2.1.1 General contributions

The social security system is financed from national insurance contributions paid by employers and employees and from general tax revenue. Contributions are deducted from wages by the employer directly. The employer contribution can vary from 14% for small enterprises and in case of minimum wage up to 45%, while employees contribute on average about 14% of gross earnings. However, employees must also contribute separately to the general social welfare contribution (7.5%) and the welfare debt repayment levy (0.5%).

3.2.1.2 Rights for unemployed

When receiving unemployment assistance, it is not required to pay social security contributions. Those receiving unemployment insurance however, must pay a general rate of 6.2%, the welfare debt repayment levy (0.5%) and a contribution for complementary pensions of 3%. Exemptions are possible for these contributions, depending on the received daily amount, making the average rate rarely reach above 0%.

The unemployed retain their rights on retirement, sickness and long-term care. For validated unemployment periods the unemployed receive points of ARRCO en AGIRC to be able to obtain a basic and complementary pension. This means no contributions are paid during the unemployment period, but at retirement the unemployed will be able to claim a pension. As the pension system is a pay-as-you-go system and not an insurance system, this pension will be paid out using the contributions paid at that moment. Guaranteeing pension rights to the unemployed thus equals accepting a future cost. This is more obvious for pensions as they will certainly apply than for sickness and care which cover possible expenses which might not be actually spent.

Because no contributions are paid by the unemployed and the amount of future benefits is not certain, it is impossible to determine the cost in a given year for the government of granting pensions to the unemployed. Especially because in a pay-as-you-go system, there is no direct link between the contributions and the beneficiaries. Currently contributions do no longer suffice to guarantee adequate pensions as the central government already has to contribute to the pension system. This might imply that granting pension rights to the unemployed will be a direct government cost, yet this will depend on future labour market situation. The cost for these pensions is not included in the model, but partially taken into account because of the loss of social contributions induced by unemployment.

3.2.2 Personal income tax

The personal income tax is a progressive tax which works according to a progressive scale with a top rate of 40% in 2010. There are five tax brackets with an exemption on the first bracket up to €5,875. The bracket in 2010 had the following rates:

- First bracket between €0 and €5,875: 0%
- Second bracket between €5,875 and €11,720: 5,5%
- Third bracket between €11,720 and €26,030: 14%
- Fourth bracket between €26,030 and €69,783: 30%
- Fifth bracket between €69,873 and above: 40%

Yet there is also a high number of thresholds and exemptions. Additionally, the specific family situation is taken into account by applying a family quotient. Investment income and real estate are taxed at a rate of 19%, with a rate of 12.3% on capital gains.

Unemployment benefits are also subject to taxation and fall under the general tax rules on personal income.

3.2.3 VAT and excise duties

The standard VAT rate is 19.6%. Two reduced rates apply to essential goods (5.5 %), the housing sector, accommodation and restaurant services (7%). A super reduced rate of 2.1% applies to newspapers, public broadcasting and approved medicines. Current changes in VAT rates will come into effect in late 2012 or 2013. The personal and household services can benefit from a reduced VAT rate of 5.5% to 7% depending on the services rendered.

3.3 The reintegration policies for unemployed

The French Employment Service (Pôle emploi) is responsible for the guidance of unemployed persons. The Pôle emploi has a range of measures designed to promote employability, support the unemployed and facilitate the search for employment. The overall administration of the Pôle Emploi and their individual guidance assistance and placement & recruiting support brings their total cost up to 3.66 billion euro, apart from any direct LMP measures. In the following paragraph, the measures targeting only registered unemployed are described. These measures are included in our estimation-model of the cost of unemployment. Other reintegration policies, also targeting other groups, are described hereafter. These measures are not included in our model, as it is impossible to distinguish the cost due to unemployed.

We conclude with the training measures. These are not included in the estimation of the cost of unemployment, because they are often targeted to other groups than the unemployed and serve a broader purpose.

3.3.1 Measures targeted to the registered unemployed

The measures displayed in Table 18 are all reintegration or guidance policies undertaken by the French employment agencies or local authorities, aimed specifically at the unemployed. Nine measures were identified and are presented below, together with the amount of payments for these measures in 2010. These nine measures are:

- Personalised services of ANPE;
- Job search workshops (ANPE);
- Appraisal services of ANPE;
- Support services of ANPE;
- Assistance process (PPAE 2 / APP);
- Accompanied process (PPAE 3 / ACC);
- Program for new company creators (PPAE-CE);
- Local employment centres;
- Guidance and monitoring services of AFPA.

Table 18: Measures targeted to the registered unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Personalised services of ANPE ⁸	Help jobseekers in their search for employment through personalised support.	Personalised follow-up for jobseekers registered with ANPE	Jobseekers registered with the national employment agency (ANPE - l'agence nationale pour l'emploi)	Jobseekers registered with the national employment agency	Registered unemployed, other registered jobseekers	See PPAAE & PPAAE3
Job search workshops (ANPE)	To help jobseekers in their job search.	Jobsearch workshops provide "à la carte" services offering jobseekers a rapid response on several themes: carrier guidance, training, validation of knowledge acquired through experience (VKE), business creation, organisation of job search, search for and respond to job opportunities, how to select appropriate enterprise, preparation to job interview	Jobseekers registered with the national employment agency (ANPE - l'agence nationale pour l'emploi)	Jobseekers registered with the national employment agency	Registered unemployed, other registered jobseekers	See PPAAE & PPAAE3
Appraisal services of ANPE	Appraisal of professional skills and capabilities in order to facilitate the resumption of employment	Services offered to evaluate the professional skills and capabilities of jobseekers, in order to help them present themselves for particular job offers, to gauge their professional competence against the type of job being sought, and to develop a career plan.	Jobseekers registered with the national employment agency (ANPE - l'agence nationale pour l'emploi)	Jobseekers registered with the national employment agency	Registered unemployed, other registered jobseekers	See PPAAE & PPAAE3
Support services of ANPE	To help jobseekers find employment through the provision of advice and guidance	Jobseekers can benefit from the following support services: seminars about the issues involved in starting a company; appraisal of skills; careers guidance seminars; seminars on job-search techniques; identification of personal potential; marketing approach to job-search	Jobseekers registered with the national employment agency (ANPE - l'agence nationale pour l'emploi)	Jobseekers registered with the national employment agency	Registered unemployed, other registered jobseekers	See PPAAE & PPAAE3
Assistance process (PPAAE 2 / APP)	To reduce the gap between the individual plan of the jobseeker and the needs of the labour market. To provide adapted services to accelerate the return to employment.	APP pathways are created in the context of the individual access to work project (PPAAE). It is proposed after a 1st interview with the Pôle Emploi to jobseekers who are not so far from the labour market	Registered jobseekers	Registered jobseekers oriented towards a pathway after a first interview with Pôle Emploi	Registered unemployed, other registered jobseekers	335.3
Accompanied process (PPAAE 3 / ACC)	To implement an adapted and individualised support to reduce the gaps between individual action plans and the needs of the labour market.	After the first interview with the ANPE, a process of intensive guidance is proposed to jobseekers identified as the less employable	Registered jobseekers	Registered jobseekers who have been asked to follow a plan after their first interview with the ANPE	Registered unemployed, other registered jobseekers	529.9
Path for new company creators (PPAAE-CE)	To promote the return to employment by helping people to create their own business through adapted support and follow-up.	After the first interview with Pôle Emploi, a guidance process is proposed to jobseekers who are planning to create a company.	Registered jobseekers	Registered jobseekers who have been asked to follow a plan after their first interview with Pôle Emploi.	Registered unemployed, other registered jobseekers	54
Guidance and monitoring services of AFPA	To guide jobseekers towards relevant training and to support trainees in the transition to employment.	The association for the vocational training of adults (AFPA - Association pour la formation professionnelle des adultes) offers services to jobseekers before, during and after a training course	Jobseekers and trainees	Jobseekers and trainees	Registered unemployed, other registered jobseekers	124.5

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

⁸ Replaced by Pôle Emploi in 2008 which took over the existing support services in the framework of PPAAEs

3.3.2 Measures to registered unemployed and other groups

Other measures are also implemented by the employment agency, but as they do not only target the unemployed or are aimed to specific groups, they are not included in the model. These measures and the amount of payments for these measures are shown in the table below. It concerns:

- the managerial employment agency;
- the local centres;
- the individual guidance for young people;
- the autonomy contract;
- Retraining units;
- the cap emploi.

Table 19: Measures to registered unemployed and other groups

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Managerial employment agency (APEC)	To support the recruitment or mobility of highly qualified employees (executives)	It maintains an advisory role, provides assistance with recruitment, careers guidance (appraisal of skills, training programmes, jobsearch assistance), observatory on executive employment	Executives seeking work	Executives in work or unemployed and having subscribed to APEC. Young people leaving higher education and qualified for junior executive positions.	Registered unemployed, other registered jobseekers, employed	107
Local centres, permanent reception, information and advisory services (ML-PAIO)	To support the vocational and social integration of young people	The local missions (ML) and the reception offices for information and guidance (PAIO) are local structures offering reception, guidance and personalised follow-up for young jobseekers	Young people with difficulties in vocational and social integration	Young people aged 16-25 and experiencing difficulties in vocational and social integration	Registered unemployed, other registered jobseekers, not registered (all Youth)	341.1
Individual guidance for young people (CIVIS)	To help young people facing difficulties to find work	The CIVIS contract proposes a regular personalised guidance to help young people to find work. It helps to have access to sustainable employment.	Young aged 16-25 facing particular problems in relation with their vocational and social integration	Young people of maximum 25 year-old with a qualification not higher than level IV (bac). Specific provisions for young people without diploma (level VI or Vbis)	Registered unemployed, other registered jobseekers, not registered (all Youth)	108.7
Autonomy contract	To help young people find a job, especially those who are not registered at the PES	Service provider welcomes and accompany or follows the beneficiary into employment, training or entrepreneurship	16-25 year-old living in priority areas poorly qualified and facing difficulties to get into the labour market	16-25 year-old living in priority areas poorly qualified and facing difficulties to get into the labour market. The local monitoring committees can extend the eligibility criteria	Registered unemployed, other registered jobseekers, not registered (all Youth)	88.8
Cap Emploi (AGEFIPH)	To promote the occupational integration of disabled people in ordinary work environment	Cap Emploi is a network of local operators offering guidance and advices to disabled persons for their occupational integration in enterprises	Disabled workers	People whose handicap is recognized	Registered unemployed, other registered jobseekers, registered Disabled)	64.5
Retraining units	To encourage companies to actively engage in the retraining of employees they laid off	In case of lay-offs in companies of less than 1,000 employees, a retraining unit can be set-up to provide reception, appraisal, guidance and advice for the employees laid off	Employees laid off for economic reasons (or at risk of being so)	Employees about to be made redundant or recently laid off for economic reasons by a company having signed an agreement with the State	Registered unemployed, employed	22.7

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

3.3.3 Training measures targeted to the unemployed and other groups

In France varied set of training measures exist, both for the employed as the unemployed. They are displayed in the table below.

Table 20: Training measures for registered unemployed and other groups

Name	Payments in 2010 (million euro)
Training allowance - public system	238.2
Back-to-work support - training allowance (AREF)	1,048.8
Personal retraining agreement (CRP) - Special retraining allowance	1,570.9
Transition-to-work contract (CTP) - Training allowances	122.7
Training cost support (AFAF)	53.0
Allowance for jobseekers in training (AFDEF)	121.2
Pôle Emploi training allowances (RFPE)	58.5
10 Courses offered by the Association for Adult Vocational Training (AFPA)	108.9
Courses for specific groups (IRILL)	9.8
Training agreements (AFC)	178.8
Training courses organised by the regions	1,671.5
Voluntary contract for integration (CVI)	48.5
Key competences	25.4
FNE conventions on training and retraining	34.8
Training actions prior to recruitment (AFPR)	80.8
Training contracts (CAF)	84.0
Exemptions and subsidies for recruitment of apprentices	1,854.3
Training allowance - public system	238.2
Back-to-work support - training allowance (AREF)	1,048.8
Total	7,310.1

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

3.4 Summary of data for the quantification of the cost of unemployment

Based on the description of the unemployment system, the taxation system and the existing integration policies for unemployed in France, this chapter presents all relevant data for the quantification of the cost of unemployment.

First of all, some contextual data for the model are presented. Thereafter, relevant data concerning the unemployment benefits and integration policies as well as data concerning the social contribution, the taxation and VAT in France are discussed.

3.4.1 Contextual data

In the table below some contextual information is given which is used for our model. Based on data on the average gross earnings per hour of Eurostat and data on the number of worked hours per year of the OECD, an average employee in France earns around € 24,047 a year. On average 16.1% of its income is saved. By comparison, the monthly minimum wage in France for 2010 was € 1,343.77.

Table 21: Contextual data for 2010

Type of data	France
Average gross yearly wage of average worker (in euro)	24,047
Average households saving rate	16.1%
Monthly minimum wage (in euro)	1,343.77

Source: IDEA Consult based on Eurostat and OECD

3.4.2 Data concerning unemployment benefits and beneficiaries

In Table 22 an overview is provided of the cost and number of beneficiaries of unemployment benefits, for both the unemployment insurance and assistance system. This table shows that more than 2 million unemployed were beneficiaries of unemployment insurance and another 335,000 of unemployment assistance, making for a total of 2,515,224 beneficiaries of unemployment support. The number of registered unemployed is around the same level as the number of beneficiaries of unemployment benefits: 2,943,000. The cost for both insurance and assistance is also displayed for a total of 26.9 billion euro.

Table 22: Overview of unemployment costs, beneficiaries and administrative costs in 2010

Type of data	France	
Unemployment benefits (in euro)	Payment of unemployment benefits (insurance system)	24,948,600,000
	Payment of unemployment benefits (unemployment assistance)	1,929,400,000
	Total payment of unemployment benefits (insurance and assistance)	26,878,000,000
Unemployment beneficiaries	Number of beneficiaries of unemployment benefits (insurance system)	2,180,233
	Number of beneficiaries of unemployment benefits (unemployment assistance)	334,991
	Total number of beneficiaries of unemployment benefits (insurance and assistance)	2,515,224
Registered unemployed	Number of registered unemployed	2,943,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

3.4.3 Data concerning integration policies and administrative costs

The guidance of the unemployed and the administration of the unemployment support and reintegration measures are handled by the Pôle emploi, while the unemployment insurance is managed by the Unemployment insurance scheme (UNEDIC). The former used to be in charge of the implementation of unemployment insurance operational tasks such as the collection of contributions, registrations and compensations. However, since the creation of Pôle emploi, UNEDIC monitors the insurance system, provides studies and handles the financial management of the unemployment insurance. The Pôle Emploi is in charge of allocating unemployment benefits and responsible for the registration of jobseekers, payment of unemployment benefits and other financial supports, guidance of jobseekers from jobsearch to placement, labour market prospection, helping enterprises to recruit and labour market and employment analysis.

The cost for guidance and administration are as follows:

- Guidance of unemployed: the measures for guidance and reintegration, which costs 1,043.7 million euro;
- Administration of the Pôle Emploi: The administration of support for the unemployed which comes up to 3,784.4 million euro.

Table 23: Overview of administrative costs in 2010

Type of data	France
Cost of administration and guidance of unemployed (in euro)	4,828,100,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

3.4.4 Data concerning social contribution, taxation and VAT

Table 24 provides an overview of the average social contribution rates that employers and employee's face when paying or receiving an average wage. Furthermore it shows the average tax rate for the employee's personal income tax and the standard VAT rate.

On average, an employee pays 13.7% of its gross wage on personal social contributions. On top of this gross wage the employer also contributes for 42.3%. The unemployed are exempt from paying social contributions themselves.

The average taxation rate for an employed person on the average wage reaches 14.1%. The unemployed must also pay income tax, at the same level as employed persons (14.1%).

The standard VAT rate equals 19.6%.

Table 24: Contributions and taxes in France in 2010

Data	France
Social contribution rate employer	42.3%
Social contribution rate employee	13.7%
Social contribution rate of the unemployed	0.0%
Taxation rate average worker	14.1%
Taxation rate average unemployed	14.1%
Standard VAT rate	19.6%

Source: IDEA Consult based on OECD 'taxing wages'

3.5 Cost of unemployment: results for France

Table 25: Cost of an average unemployed in France

Type of costs		Total amount (euro)	%
Public intervention	Unemployment benefits	10,686	37.2%
	Guidance and administrative costs	1,641	5.7%
Total public intervention		12,327	42.9%
Potential loss of revenue	Loss in social contribution of employers	10,172	35.4%
	Loss in social contribution of workers	3,294	11.5%
	Loss in direct taxation	1,888	6.6%
	Loss of indirect taxation	1,057	3.7%
Total potential loss of revenue		16,411	57.1%
Total average cost of an unemployed		28,737	100.0%

Source: IDEA Consult

4 SWEDEN

4.1 Description of the system

The unemployment insurance system is based on the Unemployment Insurance Act of 29 May 1997. It follows the principle of a voluntary social security system for employees and self-employed persons. The unemployment insurance consists thus of two parts:

- a voluntary insurance to compensate the loss of income (inkomstbortfallsförsäkring) which provides an earnings-related benefit for the active population financed by employers' contributions and membership fees (unemployment insurance);
- a basic insurance (grundförsäkring) financed by employers' contributions covering those not voluntarily insured and providing a flat-rate benefit.

The system is summarized in the table below. The total amount of payments in 2010 is also presented in this table.

Table 26: Unemployment benefits for the model

Unemployment insurance and Basic insurance Full-time unemployed	
Aim	To partially compensate for earnings lost due to unemployment.
Instrument	Unemployment insurance in Sweden is based on a system of voluntary membership. Unemployment benefits are payable to an unemployed person who has belonged to an unemployment insurance fund. Persons who are unemployed but not a member of an unemployment insurance fund, or who do not satisfy the unemployment insurance conditions for benefit, are entitled to compensation from the so called basic insurance.
Beneficiaries	Unemployed workers who are willing and able to work
Eligibility	An unemployed person who has belonged to an unemployment insurance fund for at least twelve months and must have worked for six months, at least 70 hours per month, normally during a 12-month period preceding unemployment or must have worked a total of 480 hours for a continuous period of six months. Basic insurance: be registered as a jobseeker at an employment office and be prepared to accept suitable work or a labour market policy measure and must have worked for six months, at least 70 hours per month, normally during a 12-month period preceding unemployment or must have worked a total of 480 hours for a continuous period of six months.
Target group	Registered unemployed, other registered jobseekers
Duration	Max. 450 days
Financing	Central government budget and social security funds
Payments in 2010 (million €)	1.110,20

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

The conditions for entitlement, the level and duration of benefits and the responsible public authorities are described with more detail in the following paragraphs.

4.1.1 The unemployment insurance system

4.1.1.1 Conditions for entitlement

To be entitled to the earnings-related unemployment benefit, workers who lose their job must:

- have been affiliated to an unemployment fund for at least 12 months (membership condition);

- have worked for a minimum of six months (at least 80 hours per month) or for at least 480 hours during a continuous six-month period (at least 50 hours per month) during the last 12 months prior to unemployment (work condition).

If the first condition is not met, the worker can still apply for the basic insurance, if he meets the basic requirements. These basic qualifying conditions for unemployment benefit are that:

- The person is aged between 20 and 65 years;
- The person is objectively and subjectively available for the labour market. This means the unemployed person must be willing and able to accept reasonable employment of a minimum of 3 hours a day and 17 hours a week;
- The person is registered as unemployed with the national employment service;
- The person must cooperate in establishing an individual action plan in consultation with the public employment office;
- The person has no membership or less than 20 months membership in an unemployment insurance fund.

Over 77% of all employees were members of an unemployment insurance fund in 2010. In 2012 this lowered slightly to 75%.

4.1.1.2 Level and duration of benefits

Since 1 July 2002 the rate for the basic insurance has been SEK 320 (€35) per day, with a proportional reduction for persons who have worked part-time. It is a flat rate benefit with a maximum duration of 300 days for a person without children and 450 days for someone with children younger than 18 years.

The earnings-based compensation is 80% of income before unemployment during the first 200 days, and 70% thereafter. The maximum compensation is SEK 680 (€74) per day. Pension, sickness and other benefits are deducted from the compensation through the municipal tax. The compensation is paid for five days a week. The earnings-based benefits are also paid for a maximum of 300 days. Applicants who have a child under the age of 18 years old when the end of their qualification period is reached have the right to 150 additional days.

4.1.1.3 Responsible public authorities

The Swedish Unemployment Insurance Board (IAF) oversees and supervises all of the unemployment funds, whilst the unemployment fund administers the unemployment benefits. These benefits are paid by the fund in which the person is a member. It is the unemployment fund that decides whether a person is eligible for unemployment benefit, be it the voluntary or basic insurance. Both can be accessed through the funds where the unemployed is affiliated. A person who is not a member of a fund can receive the basic insurance benefit from the ALFA Fund. They can also receive voluntary benefit there if they are affiliated to this particular fund.

4.1.2 Other unemployment schemes

Apart from the insurance system and the assistance system for unemployed, some other measures for unemployed are present in Sweden. However, these measures correspond to particular type of unemployment, for example seasonal or partial unemployment, and are therefore not included in the estimation-model of the cost of unemployment. These measures are described in Table 27.

Table 27: Overview of other schemes for unemployment

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Duration	Financing	Cost 2010 (million €)
Unemployment insurance and Basic insurance part-time unemployed	To partially compensate for earnings lost due to unemployment	Unemployment insurance in Sweden is based on a system of voluntary membership. Unemployment benefits are payable to an unemployed person who has belonged to an unemployment insurance fund. Persons who are unemployed but not a member of an unemployment insurance fund, or who do not satisfy the unemployment insurance conditions for benefit, are entitled to compensation from the so called basic insurance.	Unemployed workers who are willing and able to work	One must be an unemployed person who has belonged to an unemployment insurance fund for at least twelve months and must have worked for six months, at least 70 hours per month, normally during a 12-month period preceding unemployment or must have worked a total of 450 hours for a continuous period of six months. Basic insurance: be registered as a jobseeker at an employment office and be prepared to accept suitable work or a labour market policy measure.	Registered unemployed, employed, other registered jobseekers	Max. 450 days	Central government budget and social security funds	740
Bankruptcy compensation	To guarantee the employees to be paid in case of the bankruptcy of their companies	In the event of bankruptcy and insufficient assets to cover salaries and wages, the government answers for payments under the terms of the Wage Guarantee Act. These payments can cover claims for the three months immediately preceding the bankruptcy and for the period of notice of dismissal	Workers who have not been paid of employment before bankruptcy proceedings are instituted	Workers who have not been paid for work done before bankruptcy proceedings are instituted	Employed	Max. 6 months	Social security funds	0,1

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

4.1.3 The taxation system

4.1.4 The social security system

4.1.4.1 General contributions

The social security is financed from taxation and earnings-related contributions. The employer's contribution is the most significant (above 30%). The employer's contributions account for old age pension contribution, survivor's pension contribution, sickness insurance, parental insurance, occupational injury insurance, unemployment contribution and general payroll contribution. Employees pay an additional pension insurance premium of 7% of net employment and business income, which they can fully credit against their income tax liability and does not apply to income above a certain ceiling.

4.1.4.2 Rights for unemployed

As from 2007, social security contributions are waived for persons who have been in receipt of unemployment benefits, sickness benefits, disability pension or social allowance for more than one year. This relief is valid for a period equal to the length of the person's unemployment (up to a maximum of five years).

On the other hand the beneficiaries of unemployment insurance have a right to retirement benefits and care such as the guaranteed pension. The cost of the guaranteed pension for unemployed who have little or not contributed to the system is hard to estimate and therefore not included in the model. The lack of social contributions already covers this cost partially.

4.1.5 Personal income tax

Sweden uses a dual taxation system for personal income with a municipal income tax and a national income tax. First the municipal tax is levied, which is different between municipalities. The average rate was 31.56% in 2010. This tax is not deductible in computing tax liability at the national level. Above this municipal tax a national income tax is levied for income above SEK 401 100 (€ 43,890). The national income tax has two rates:

- 20% for income between SEK 401 100 (€ 43,890) and SEK 574 300 (€ 62,842);
- 25% for income above SEK 574 300 (€ 62,842).

The tax payer can deduct a personal tax allowance from the income earned. There is a personal tax allowance of SEK 18 700 (€ 2 046) for taxable income up to SEK 44 000 (€ 4 814). The allowance increases for the next income brackets and then decreases to a minimum SEK 12 900 (€ 1 411) for income above SEK 346 700 (€ 37 937). Spouses and children are taxed separately on their own income. The tax reform of 2007 created an in-work tax credit dubbed *Jobbskatteavdraget* which aimed to increase the incentive for work compared to unemployment benefits and insurances. This Earned Income tax credit actually created a negative income tax for certain groups on a national level.

Unemployment benefits in Sweden are also subject to taxation and fall under the general tax rules on personal income. Because they cannot apply to the income credit, some pay a higher taxation rate than workers.

4.1.6 VAT and excise duties

The standard VAT rate is 25%. A reduced rate of 12% applies to certain food products and to services related to tourism. A reduced rate of 6% applies to domestic newspapers and periodicals, domestic transportation of persons and ski-lift services, cinema, circus and concert admission fees. The purchase and rental of immovable property, medical, dental and social care, education, banking and other financial services and certain cultural and sporting activities are exempt from VAT. Zero-rated goods and services include prescription medicines, gold for investment purposes, and a number of financial services as well as insurance and reinsurance services. From 2012, a 12 % VAT rate will also apply to restaurant and catering services.

4.2 The reintegration policies for unemployed

The Swedish personal employment services have a range of measures designed to promote employability, support the unemployed and facilitate the search for employment. The cost for guidance is included in the measures below.

In the following paragraph, the measures targeting only registered unemployed are described. These measures are included in our estimation-model of the cost of unemployment. Other reintegration policies, also targeting other groups, are described hereafter. These measures are not included in our model, as it is impossible to distinguish the cost due to unemployed.

We conclude with the training measures. These are not included in the estimation of the cost of unemployment, because they are often targeted to other groups than the unemployed and serve a broader purpose.

4.2.1 Measures targeted to the registered unemployed

The reintegration policies shown in Table 28 are targeted specifically to the registered unemployed. These policies contain following measures:

- The individual guidance;
- In-depth assessment and counselling guidance;
- Job and development programme are targeted to the unemployed.

The table also informs us of the total amount of payments in 2010 for both measures.

Table 28: Measures targeted to the registered unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)	
Individual guidance	Increase the jobseeker's matching probability and decrease the unemployment duration	the job and the PES on what the job seeker needs to get a job	The individual case-management results in an Individual Action Plan (IAP) which is an agreement between the jobseeker and the PES	Jobseekers	/	Registered unemployed, other registered jobseekers	353,8
In-depth assessment and Counselling guidance	Support the jobseeker in identifying his qualifications and prerequisites for work, to be able to choose measures improving employability	The jobseeker will have access to counselling talk regarding his labour market situation and possibilities.	Registered unemployed (or at risk) over 25 years	Jobseekers who need a more concentrated assessment, irrespective of being disabled or not	Registered unemployed, other registered jobseekers	24,6	
Job and development programme	The Job and development program is directed towards unemployed person who have been without a regular job for a very long period of time	Consist of three phases of measures: assessment, work experience and more lasting employment. The first two phases involve individually designed activities aiming to increase the prerequisites to find a job	Unemployed persons registered at the PES for 300 days with compensation from the unemployment insurance, Unemployed without insurance if unemployed longer than 18 months	Jobseekers with especially long periods of unemployment	Registered unemployed, other registered jobseekers	576,1	

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

4.2.2 Measures to the registered unemployed and other groups

The policies targeted to a wider group than just the registered unemployed are shown in the table below. They include:

- Activities within counselling;
- guidance and placement services;
- Work life introduction;
- The youth job programme.

Table 29: Measures to registered unemployed and other groups

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
General placement	To provide jobseekers and enterprises with placement services	The services for jobseekers includes an introduction how to use the website efficiently to seek for job and group guidance	Jobseekers and employers who have reported vacancies to the PES job-bank	/	Registered unemployed, other registered jobseekers, employed	122,8
Activities within counselling, guidance and placement services	Activities can be used before participating in another LMP programme or before an employment	Examples of activities are information or appraisal of jobseeker's training and experience, individually and/or in groups. Job search activities, individually and/or in groups, study visits or short-term work placements, are other examples	Unemployed. The long-term unemployed are the main beneficiaries	Persons who are, or are at risk of becoming, long-term unemployed with PES. Participants should be at least 25 years	Registered unemployed, other registered jobseekers, employed	9,2
Work life introduction	To diminish number of persons not in work life due to bad health this measure is a link in the so called chain of rehabilitation	first intervention for assessment and counseling guidance for persons who have been sick listed for a maximal period and who have not been offered prolonged period of sick-leave	Persons who have been sick listed for a maximal period	Persons who have been sick listed for a maximal period and who have not been offered prolonged period of sick-leave	Other registered jobseekers, not registered, employed	103,9
Youth job programme	To offer labour market support to young persons at an early stage of their job search period so that they will more rapidly move into a job corresponding to their total supply of labour or begin or return to some education or training	The Youth Job Program may consist of several different kind of activities. By way of introduction, normally for at least three months, the activities shall include in-depth assessment, counseling guidance and job-coaching, where after these activities should be complemented by work-experience and training	Persons 16-24 years old registered at the PES who have been unemployed for three continuous months. Also part-time unemployed youth if they have compensation from the unemployment insurance	Young jobseekers with no or very limited experience of work-life who have not managed to find a job within three months after registration at PES	Registered unemployed, other registered jobseekers (all Youth)	242

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

4.2.3 Training measures targeted to the unemployed and other groups

In Sweden there are five specific training measures, some for both for the employed as the unemployed. They are displayed in the table below.

Table 30: Training measures for registered unemployed and other groups

Name	Payments in 2010 (million €)
Preparatory Training Courses	94.6
Employment Training	166.1
Job and Development Programme - Training	44.6
Youth Job Programme - Training	11.8
Projects with Employment Policy Accompaniment	10.1
Total	327.1

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

4.3 Summary of data for the quantification of the cost of unemployment

Based on the description of the unemployment system, the taxation system and the existing integration policies for unemployed in Sweden, this chapter presents all relevant data for the quantification of the cost of unemployment.

First of all, some contextual data for the model are presented. Thereafter, relevant data concerning the unemployment benefits and integration policies as well as data concerning the social contribution, the taxation and VAT in Sweden are discussed.

4.3.1 Contextual data

In the table below some contextual information is given which is used for our model. Based on data on the average gross earnings per hour of Eurostat and data on the number of worked hours per year of the OECD, an average employee in Sweden earns around € 27,323 a year. On average 8.5% of its income is saved. By comparison, there is no minimum wage in Sweden.

Table 31: Contextual data for 2010

Type of data	Sweden
Average gross yearly wage of average worker (in euro)	27,323
Average households saving rate	8.5%
Monthly minimum wage (in euro)	/

Source: IDEA Consult based on Eurostat and OECD

4.3.2 Data concerning unemployment benefits and beneficiaries

In the table below, an overview is provided of the cost and number of beneficiaries of unemployment benefits, for both the unemployment insurance and assistance system. This table shows that more than 148.5 thousand unemployed were beneficiaries of the voluntary or basic unemployment insurance for a total cost of 1.1 billion in benefits. The number of registered unemployed is however much higher: 415,000. This is due to the definite nature of unemployment benefits. Both the earnings-related insurance as the basic insurance can only be accessed for a limited duration. If a person has found no employment after his unemployment benefits end he or she can call on social assistance if needed. Thus long-term unemployed are not often beneficiaries of any of the unemployment insurance systems. This explains the difference in beneficiaries and registered unemployed.

Table 32: Overview of unemployment costs and beneficiaries in 2010

Type of data		Sweden
Unemployment benefits (in euro)	Payment of unemployment benefits (basic and voluntary insurance system)	1,110,200,000
Unemployment beneficiaries	Number of beneficiaries of unemployment benefits (basic and voluntary insurance system)	148,519
Registered unemployed	Number of registered unemployed	415,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

4.3.3 Data concerning guidance policies and administration costs

The cost for guidance measures and the administration of the unemployment benefits schemes are:

- Guidance of unemployed: the measures for guidance and reintegration, which cost 954.5 million euro;
- Administration of the benefits: the administration of support for the unemployed which comes up to 297.9 million euro.

Table 33: Overview of guidance and administrative costs in 2010

Data	Payments (in euro)
Cost of administration and guidance of unemployed	1,252,400,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

4.3.4 Data concerning social contribution, taxation and VAT

Table 34 provides an overview of the average social contribution rates that employer's and employees face when paying or receiving an average wage. Furthermore it shows the average tax rate for the employee's personal income tax and the standard VAT rate.

On average an employee pays 7% of its gross wage on personal social contributions.

On top of this gross wage the employer also contributes for 31.4%. The unemployed do not also pay contributions on their benefits.

The average taxation rate for an employed person on the average wage reaches 17.7%. The unemployed must also pay income tax. This taxation is also taken into account as it equals 31.4% on average.

The standard VAT rate equals 25%.

Table 34: Contributions and taxes in Sweden 2010

Data		Sweden
	Social contribution rate employer	31.4%
Social contribution	Social contribution rate employee	7.0%
	Social contribution rate for the unemployed	0.0%
Taxation rate	Taxation rate average worker	17.7% ⁹
	Taxation rate average unemployed	31.4%
VAT	Standard VAT rate	25.0%

Source: IDEA Consult based on OECD 'taxing wages'

⁹ A low figure due to the Earned income tax credit for which the wage of an average worker applies.

4.4 Cost of unemployment: results for Sweden

Table 35: Cost of an average unemployed in Sweden

Type of costs		Total amount (euro)	%
Public intervention	Unemployment benefits	7,475	27.8%
	Guidance and administrative costs	3,018	11.2%
Total public intervention		10,493	39.0%
Potential loss of revenue	Loss in social contribution of employers	8,585	31.9%
	Loss in social contribution of workers	1,911	7.1%
	Loss in direct taxation	2,489	9.3%
	Loss of indirect taxation	3,427	12.7%
Total potential loss of revenue		16,412	61.0%
Total average cost of an unemployed		26,905	100.0%

Source: IDEA Consult

5 GERMANY

5.1 Description of the unemployment system

The unemployment system is based on the third volume of the Social Code of 24 March 1997. It consists of a mandatory social security system for all employees. The unemployment system exists of:

- An earnings-related benefit payment of limited duration (Unemployment insurance compensation or Arbeitslosengeld). It is a contribution-financed compulsory social insurance scheme for employees.
- Means-tested benefit as unemployment assistance or basic security benefits for jobseekers (Grundsicherung für Arbeitsuchende) in case of indigence after unemployment compensation has ran out. It is a benefit meant to cover the subsistence of workers, able to work, who are unemployed and without unemployment insurance.

Both systems are summarized in the table below. The total amount of payments in 2010 is also presented in this table.

Table 36: Description of the unemployment system

Type of system	Unemployment system	Insurance	Unemployment Assistance system (ALG II)
Description of system	Payment of unemployment benefit through the Local Employment Office to compensate for loss of earnings due to unemployment		An institutional basic financial security for unemployed able to work and without unemployment insurance which aims to cover their subsistence
Beneficiaries	Registered unemployed who contributed 360 days in the last two years and are in search of employment (of 15 hours/week)		All unemployed able to work at the age of 15 to 65 and the affiliated that live together with them claim this benefit (possibly in addition to insurance)
Eligibility	Persons registered as unemployed are entitled to unemployment benefit up to their 65th birthday (if they have been in dependent employment for at least 360 days in the last two years)		Persons at the age between 15 and 65 years, that are employable and in need as well as normally have their stay in the federal republic of Germany
Duration	6 - 24 months, depending on age and duration of preceding employment		No limited duration
Financing	Unemployment benefit is financed from contributions paid by employers and employees		Federal funds
Payments in 2010 (million €)	16,593		10,637

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

The conditions for entitlement, the level and duration of benefits and the responsible public authorities are described with more detail in the following paragraphs.

5.1.1 The unemployment insurance system

5.1.1.1 Conditions for entitlement

An employed person or trainee, aged from 15 up to 65 years old, that becomes unemployed, can claim unemployment benefits, under following conditions:

- the person must be registered as an unemployed person with the employment office and apply for the benefit;
- the person must be unemployed or is employed for fewer than 15 hours a week;
- the person must be available for work, meaning that the person is capable of working and willing to accept any suitable employment offered. The person must also actively seek employment for a minimum of 15 hours a week;
- the person has completed the qualifying period to be entitled to employment benefit. Specifically the person must have been in employment for which contributions are compulsory for at least 12 months during the last two years. Under certain circumstances, and until July 2012, six months of employment are sufficient to fulfil the qualifying period.
- the person is obliged to pursue every opportunity to find insured employment. The person must fulfil the duties mentioned in the integration agreement concluded with the employment agency.

5.1.1.2 Level and duration of benefits

Benefits can vary according to the salary, the fiscal category and according to whether or not the unemployed person has children. For the purposes of calculating the benefit, the average daily wage during the last year is taken into account, up to a benefit ceiling of € 5,500 per month in the old Länder and € 4,800 per month in the new Länder.

Table 37: Level of unemployment benefits in Germany

	Beneficiaries with children	Beneficiaries living alone
People who paid compulsory insurance for 12 months	67% of previous earnings for 6 months up to a benefit ceiling of € 5,500 per month in the old Länder and € 4,800 per month in the new Länder	60% of previous earnings for 6 months up to a benefit ceiling of € 5,500 per month in the old Länder and € 4,800 per month in the new Länder
People who paid compulsory insurance for 36 months	67% of previous earnings for 24 months up to a benefit ceiling of € 5,500 per month in the old Länder and € 4,800 per month in the new Länder	60% of previous earnings for 24 months up to a benefit ceiling of € 5,500 per month in the old Länder and € 4,800 per month in the new Länder

Source: IDEA Consult based on MISSOC

Beneficiaries with children receive 67% of net earnings, while beneficiaries without children receive 60% of net earnings. The duration of benefits depends on the length of the period during which the unemployed has paid contributions and its age, with a maximum duration of 24 months. It ranges from six months for people who have been subject to compulsory insurance for 12 months up to a maximum of 24 months for older people who have been subject to compulsory insurance for 36 months. The duration of benefits ranges from three to five months in special circumstances, after completion of a qualifying period of six to 12 months of employment.

5.1.1.3 Responsible public authorities

The Federal Ministry for Economics and Employment (Bundesministerium für Arbeit und Soziales-BMAS) is the competent authority.

5.1.2 The unemployment assistance system

5.1.2.1 Conditions for entitlement

After expiration of the unemployment insurance benefits according to the SGB III or in case the supplementary benefits are not sufficient to cover the needs, all beneficiaries capable of working as well as their family members are granted basic security benefits for jobseekers in case of need. To be entitled to type II unemployment benefits, following conditions must apply:

- capable of work;
- without means;
- aged between 15 and 65;
- be a resident in Germany.

Beneficiaries incapable of work living with a beneficiary without means who is capable of work in a 'community of dependence' (Bedarfsgemeinschaft) are entitled to social welfare allowances to meet their needs, provided that they do not fall into the category of people stated in Book XII of the Social Code (Sozialgesetzbuch, SGB XII).

5.1.2.2 Level and duration of benefits

The basic provision for jobseekers is a needs-oriented and means-tested welfare aid, the amount of which is determined in line with social assistance, in order to guarantee a material as well as a socio-cultural subsistence level.

The necessary subsistence level is granted according to the "normal requirements" (Regelbedarfe) at federal level which are the same all over Germany. The duration of the basic provision for jobseekers is in principle unlimited as long as the conditions of eligibility are met. However, the benefit is only granted for a duration of six months, then it is necessary to prove the entitlement again.

5.1.2.3 Responsible public authorities

The personal employment institutions assess the basic provision for jobseekers through the local job centres.

5.1.3 Other unemployment schemes

Next to the insurance system and the assistance system for unemployed, some other measures for unemployed are present in Germany. However, these measures correspond to particular type of unemployment, for example seasonal or partial unemployment, and are therefore not included in the estimation-model of the cost of unemployment. These measures are described in the following table.

Table 38: Overview of other schemes for unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Duration	Financing	Payments in 2010 (million €)
Seasonal short time working allowance and supplementary benefits	Maintain jobs of experienced construction workers during a lack of work or bad weather periods in the winter	A short time working allowance to avoid dismissals and un-employment during winter in the building sector	Employees working in the building sector or in the economic sector that is affected by seasonal absenteeism	Employment liable to social security in the construction sector, including certain firms of horticulture, roofer trade and building of sports fields	Employed	/	Contributions of the PES financed by employees and employers	776.5
Partial unemployment benefit	Assure subsistence of employees who have lost one of several part-time employment relationships	Payment of part-time unemployment benefit by the local employment service	Persons with more than one insured part-time job, who then lose one of the jobs, can claim part-time unemployment benefit while still employed in another insured part-time job	At least 12 months in at least two successive insured jobs in the two years prior to registration as an unemployed person (fulfilment of the waiting time)	Registered unemployed	6 months	Social security funds	1.8
Bankruptcy compensation payment	To guarantee the payment of employees in the event of the insolvency of their employer.	Compensation for loss of earnings due to insolvency of the employer	Workers (including home workers, apprentices, employees in a release phase, employees without social insurance) in case of insolvency of the employer	The application for insolvency compensation payment must be placed within an exclusion term by two months after the insolvency	Employed	The last 3 months of employment before insolvency proceedings	Employer contributions	740

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

5.2 Description of the taxation system

5.2.1 The social security system

5.2.1.1 General contributions

Germany has an elaborated social security system, financed by employers, employees and the government. Contributions to social security are in general divided in half between employers and employees, except for health insurance where employees have to pay an additional 0.9%. These contributions themselves are subdivided in contributions for old-age insurance, unemployment insurance and health insurance (including long term care). Employees pay additional income linked contributions for health insurance. Employees without children pay an additional 0.25 % for nursing care insurance.

5.2.1.2 Rights for unemployed

When receiving unemployment benefits, it is not required to pay social security contributions. However, the Federal Employment Agency (Bundesagentur für Arbeit) pays contributions for retirement through the unemployment funds, sickness and long-term care insurance for the beneficiaries of unemployment insurance benefits, calculated on 80% of previous earnings up to a certain ceiling.

Thus beneficiaries of unemployment retain their pension rights and access to care, which implies a cost for the government. These costs for pensions, sickness and care however are paid upfront by the unemployment funds which provide the funding for guaranteeing sickness and pension rights. This is a direct cost related to unemployment, but it is not taken into account in the model because it is not comparable to other countries which also guarantee pension and care for the unemployed but do not pay up front.

5.2.2 Personal income tax

The tax on personal income has a four tier tax system with a basic tax rate of 14% for the first tier, with a basic allowance exempt from taxation (€8,004), up to a tax rate of 42% for the third tier (for taxable income above €52,882). For the fourth tier a tax rate of 45% is applied (for taxable income above €250,730). The income of spouses is combined and taxation is calculated for each on half of the combined income. The basic allowance is also combined for both. Further there is a solidarity surcharge on the central level and a church tax which varies across the different Länder. Revenue from the income tax flows back to the central government, the states and the municipalities. Unemployment benefits themselves are not subject to taxation, but they are taken into account regarding the calculation of the household's marginal tax rate. This becomes relevant if substantial income from other sources is received.

5.2.3 VAT and excise duties

The standard VAT rate is 19%. It was raised from 16% to 19% as of 1 January 2007. A 7% reduced VAT rate is applied to certain products, e.g. for staple food, public transport and books, hotels and pensions. VAT exemptions are granted for few services such as for rents and doctors' services.

5.3 Description of reintegration policies for unemployed

The German personal employment services (Bundesagentur für Arbeit) have a range of measures designed to promote employability, support the unemployed and facilitate the search for employment. Their administration cost for their basic functioning which includes individual case management and information services amounts to 3.11 billion euro. In the following paragraph, the measures targeting only registered unemployed are described. These measures are included in our estimation-model of the cost of unemployment. Other reintegration policies, also targeting other groups, are described hereafter. These measures are not included in our model, as it is impossible to distinguish the cost due to unemployed.

We conclude with the training measures. These are not included in the estimation of the cost of unemployment, because they are often targeted to other groups than the unemployed and serve a broader purpose.

5.3.1 Measures targeted to the registered unemployed

In the table below an overview is given of the reintegration policies which are targeted only to the unemployed. In Germany only two measures fully qualify for this. These measures are described in the table below. The table also informs us of the total amount of payments in 2010 for both measures.

Table 39: Measures targeted to the registered unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Placement voucher	Placement of unemployed into the regular labour market, shorter durations of unemployment.	The unemployed can charge a private placement office with the placement by giving them the voucher.	Unemployed, people at risk of long term unemployment	Before participation: duration of unemployment: at least three months or participation in job-creation measures (DE-21) and structural adjustment measures (DE-22).	Registered unemployed	103
Other additional services	Supplementation of the standard benefit by case-by-case benefits that are not covered by the instruments of the standard benefit	For persons where the standard benefit didn't help or probably will not help, in addition the 'other additional services' can be applied. The standard benefits have preference.	Unemployed able to work	Unemployed able to work which need assistance for their integration into working life, that isn't covered neither by the case-by-case benefit nor one of the named benefits	Registered unemployed	17.2

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

5.3.2 Measures targeted to registered unemployed and other groups

Another set of measures exist (see Table 8), affecting a wider target group than only the unemployed. They are therefore not included in our model.

- Socio-pedagogical accompaniment: The measure is aimed at young people, not only the unemployed, but also the not registered young people.
- Individual re-integration budget: The measure is aimed at a variety of groups including registered jobseekers and not registered persons, not only the unemployed.
- Counselling and placement assistance: apart from the unemployed, jobseekers, employees and not registered persons are also eligible;
- Placement by third parties by order of PES: apart from the unemployed, jobseekers, employees and not registered persons are also eligible,
- Specialised integration services: apart from the disabled unemployed, disabled jobseekers, employees and not registered persons are also eligible.

Table 40: Measures for registered unemployed and other groups

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Socio-pedagogical accompaniment	The creation of a positive attitude to learn and work of the participants to reach a sustainable and permanent integration	Social pedagogical attendance of young people by an assigned training provider	Young people in need of assistance	The benefits of the socio-pedagogical attendance can only be granted, if it operates to the benefit of young people in need of assistance	Registered unemployed youth, not registered youth	0.7
Individual re-integration budget	Support of the preparation and taking up of employment subject to compulsory insurance	Action required on account of a person's individual needs can be supported by funding from the placement budget in a targeted and needs-oriented way	Unemployed persons, persons threatened by unemployment and persons seeking a training place	Necessity of support must be established for each case	Registered unemployed, other registered jobseekers, not registered persons	363.8
Counselling and placement assistance	Integration of jobseekers into the labour market by offering financial assistance for expenses connected with an application including travel costs	Counselling and placement assistance includes benefits for applications and travel costs	All jobseekers who cannot afford the expenses	The provision of the allowance is means-tested. The requirement for receipt of this assistance is that the claimant is unable to cover the costs him/herself	Registered unemployed, other registered jobseekers, not registered, employed	0.3
Placement by third parties by order of PES	Avoiding long term unemployment by supporting the integration into the labour market with the help of third parties	The PES can charge third parties with the placement of young people seeking training and with jobseekers	Jobseekers, persons seeking training	This is an offer for all unemployed, employed at risk and young people seeking training who apply for the services of the PES	Registered unemployed, other registered jobseekers, not registered, employed	73.5
Specialised integration services	Participate in placing disabled and severely disabled people	The consulting and assistance of the concerned disabled person as well as the information and support for the employer	Young and adult persons with disabilities	Persons, whose expectation to take part at the working life or to take part onward respectively again are not only temporarily substantial impaired	Registered unemployed, other registered jobseekers, not registered, employed (all disabled)	68
Vocational guidance	Improving decision-making behaviour, occupational and business knowledge and experience, and aptitude testing	Vocational guidance that is not offered by a school or employment agency, particularly promote additional subjects, methods and forms of organisation	schoolchildren in general education and schoolchildren with disabilities	Schoolchildren in general education	Not registered youth	66.9
Aptitude test/ Vocational guidance	Clarification of the occupational aptitude	Applicatory and theoretical component, testing, aptitude and propensity in several occupational fields	Young and adult people with disabilities	Persons, whose expectation to take part at the working life are not only temporarily substantial impaired	Registered unemployed, other registered jobseekers, not registered, employed (all disabled)	Financing included in training
Distance study	Distance study is a special form of study to take part in a further training	During the distance study it is possible to organize one's time free	Young and adult persons with disabilities	Persons, whose expectation to take part at the working life are not only temporarily substantial impaired	Registered unemployed, other registered jobseekers, not registered, employed	Financing included in training

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

5.3.3 Training measures targeted to the unemployed and other groups

In Germany a large set training measures exists both for the employed as the unemployed. They are displayed in the table below.

Table 41: Training measures for registered unemployed and other groups

Name	Payments in 2010 (million €)
Independent measures = Incentive measures free eligible	3.3
Unassigned expenditure on rehabilitative training activities	1254.3
Perspective 50plus	181.7
Measures to improve prospects of integration - Assessment and training	23.8
Support for vocational preparation training measures for young people	589.7
Support for further vocational training	2,891.4
Short-time working allowance -Transfer short-time working allowance	381.9
Income subsidies for people in further vocational training	106.8
Integration measures	0.5
Transfer measures	16.2
Transitional subsidy	99.3
Training allowance	191
Support for vocational training of disabled persons - Special measures for rehabilitation in training institutions	/
Support for further education of disabled persons - Special measures for further education	/
Vocational training outside the workplace	992.8
ESF BA-Programme 2007-2013 transfer short-time working allowance	11.9
Activation assistance	16.4
ESF BA-Programme 2007-2013 short-time working allowance	31.1
Career entry support programme	55.4
European Globalisation Adjustment Fund	3.8 p
Incentives for training and the recruitment/employment of the severely disabled – Inwork training subsidy for disabled persons	20.4
Support for further education of disabled persons - General measures for further education	83.2
Allowances during apprenticeship	95.4
Transitional assistance	0.3
Training allowance for younger workers	1.7
Individual qualification in enterprises in the framework of assisted occupation	20.2
Vocational training allowance	418.5
First integration qualification for young people	75.4
Support for vocational training of disabled persons - Training allowance for disabled people	18.0
Total	7,583.8

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

5.4 Summary of data for the quantification of the cost of unemployment

Based on the description of the unemployment system, the taxation system and the existing integration policies for unemployed in Germany, this chapter presents all relevant data for the quantification of the cost of unemployment.

First of all, some contextual data for the model are presented. Thereafter, relevant data concerning the unemployment benefits and integration policies as well as data concerning the social contribution, the taxation and VAT in Germany are discussed.

5.4.1 Contextual data

In the table below some contextual information is given which is used for our model. Based on data on the average gross earnings per hour of Eurostat and data on the number of worked hours per year of the OECD, an average employee in Germany earns around € 23.866 a year. On average 11% of its income is saved. By comparison, there is no minimum wage in Germany.

Table 42: Contextual data for 2010

Type of data	Germany
Average gross yearly wage of average worker (in euro)	23,866
Average households saving rate	11.3%
Monthly minimum wage (in euro)	/

Source: IDEA Consult based on Eurostat and OECD

5.4.2 Data concerning unemployment benefits and beneficiaries

In Table 43 an overview is provided of the cost and number of beneficiaries of unemployment benefits, for both the unemployment insurance and assistance system. This table shows that more than 1 million persons were beneficiaries of unemployment insurance and another 2 million of unemployment assistance in 2010, making for a total of 3,096,756 beneficiaries of unemployment support. The number of registered unemployed is around the same level as the number of beneficiaries of unemployment benefits: 2.827.000. The cost for both insurance and assistance is also displayed for a total of 27.2 billion euro.

Table 43: Overview of unemployment costs and beneficiaries in 2010

Type of data	Germany	
Unemployment benefits (in euro)	Payment of unemployment benefits (insurance system)	16,592,600,000
	Payment of unemployment benefits (unemployment assistance)	10,636,500,000
	Total payment of unemployment benefits (insurance and assistance)	27,229,100,000
Unemployment beneficiaries	Number of beneficiaries of unemployment benefits (insurance system)	1,023,505
	Number of beneficiaries of unemployment benefits (unemployment assistance)	2,073,251
	Total number of beneficiaries of unemployment benefits (insurance and assistance)	3,096,756
Registered Unemployed	Number of registered unemployed	2,827,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

5.4.3 Data concerning integration policies and administration costs

The federal employment agency (Bundesagentur für Arbeit) is the competent authority which controls the unemployment system and handles the benefit transfers. This organisation leads to different costs, which can be divided into different categories.

- Guidance of unemployed: the individual case management of the unemployed and measures of reintegration, which costs 3.3 billion euro;
- Administration of Labour market Policy support: The administration of support for the unemployed which comes up to 2,379.8 million euro.

Table 44: Overview of guidance and administrative costs in 2010

Type of data	Cost (in euro)
Cost of administration and guidance of unemployed	5,710,500,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

5.4.4 Data concerning social contribution, taxation and VAT

Table 45 provides an overview of the average social contribution rates that employers and employees face when paying or receiving an average wage. Furthermore it shows the average tax rate for the employee's personal income tax and the standard VAT rate.

On average an employee pays 19.3% of its gross earnings on personal social contributions. On top of this gross wage the employer also contributes for 20.5%. The unemployed are exempt from paying social contributions themselves.

The average taxation rate for an employed person on the average wage reaches 18.7%. For the unemployed no taxation is taken into account as they are exempt from income taxation.

The standard VAT rate is equal to 19.0%.

Table 45: Contributions and taxes in Germany in 2010

Data	Germany
Social contribution rate employer	19.3%
Social contribution rate employee	20.5%
Social contribution rate of the unemployed	0.0%
Taxation rate average worker	18.7%
Taxation rate average unemployed	0.0%
VAT Standard VAT rate	19.0%

Source: IDEA Consult based on OECD 'taxing wages'

5.5 Cost of unemployment: results for Germany

Table 46: Cost of an average unemployed in Germany

Type of costs		Total amount (euro)	%
Public intervention	Unemployment benefits	8,793	34.4%
	Guidance and administrative costs	2,020	7.9%
Total public intervention		10,813	42.3%
Potential loss of revenue	Loss in social contribution of employers	4,606	18.0%
	Loss in social contribution of workers	4,893	19.1%
	Loss in direct taxation	4,463	17.5%
	Loss of indirect taxation	776	3.0%
Total potential loss of revenue		14,737	57.7%
Total average cost of an unemployed		25,550	100.0%

Source: IDEA Consult

6 SPAIN

6.1 Description of the unemployment system

The unemployment insurance system is based on the Act No. 14/2009 of 11 November, extended by Royal Decree No. 133/2010 of 12 February and Legislative Royal Decree No. 12/2010 of 20 August. It is a two level compulsory social insurance scheme for employees financed by contributions of employers and employees and State contributions. The two levels of the unemployment benefits are the following:

- The contributory level with earnings-related unemployment benefits (a system of unemployment insurance);
- A welfare level with flat-rate allowances (unemployment assistance).

Both systems are summarized in the table below. The total amount of payments in 2010 is also presented in this table.

Table 47: Unemployment benefits for the model

	Contributory unemployment Insurance	Unemployment assistance
Aim	Compensate for earnings lost due to full-time unemployment	To provide income support to unemployed not entitled to unemployment benefits
Instrument	Direct payment of the unemployment benefit for eligible unemployed	Payment of unemployment assistance benefits and payment during the duration of the benefit of social security contributions for health care, family protection and pension insurance
Beneficiaries	Unemployed workers who are willing and able to work and who have been in contributory employment for an established minimum duration	Only unemployed persons who have exhausted their entitlement to unemployment benefits and who are considered to be in need
Eligibility	The unemployed must be affiliated with the social security system or equivalent insurance; have paid contributions for at least 360 days during the six years preceding unemployment; be in a situation of unemployment recognised by the law; not be retired	Unemployed whose entitlement to benefits has expired or have not paid the minimum contributions and special groups (former convict, emigrants, employees formerly with invalidity)
Target group	Registered unemployed	Registered unemployed
Duration	Maximum 2 years	Duration of the Unemployment assistance is now 6-18 months
Financing	Social security funds	Social security funds, central government
Payments in 2010 (million €)	22.213,40	7.724,40

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

The conditions for entitlement, the level and duration of benefits and the responsible public authorities are described with more detail in the following paragraphs.

6.1.1 The unemployment insurance system

6.1.1.1 Conditions for entitlement

To apply for unemployment insurance benefits certain conditions must apply. A person is entitled to unemployment benefit if he or she:

- is registered with a social security scheme that covers this risk, or is in an equivalent situation;
- is involuntarily and legally unemployed, actively seeking work and willing to accept suitable employment opportunities;
- is physically capable of working;
- has paid social security contributions for at least 360 days in the six years before becoming unemployed or before the end of his obligation to pay contributions;
- is above 16 and under 65 years of age, unless he/she does not yet qualify for a retirement pension;

It is also possible to receive partial unemployment benefits if the person's working hours (and corresponding wages) have been reduced by at least 10% and maximum 70% as a result of downsizing.

6.1.1.2 Level and duration of benefits

The amount of the unemployment benefit (*prestación por desempleo*) varies, depending on the number of dependents, within certain minimum and maximum levels. The benefit amount is determined on the basis of contributions which are established according to salaries. For total unemployment, the benefit is 70% of the calculation base for the first 180 days and 60% of the calculation base after that. The calculation base is the average of the contribution bases for the six preceding months. Minimum and maximum benefits are stipulated. For partial unemployment, the benefits are reduced proportionally.

The duration of unemployment benefit depends on how long the person has been paying social security contributions over the preceding six years. If contributions were paid for at least 360 days, unemployment benefit may be received for up to four months. If they were paid for more than 2,160 days, unemployment benefit may be received for up to two years.

6.1.1.3 Responsible public authorities

All unemployment benefits are administered, paid and controlled by the State Public Employment Institute (*Servicio Público de Empleo Estatal, SPEE*), except for persons covered by the special regime for sea workers, whose benefits are administered by the Social Institute for Sea workers (*ISM*).

6.1.2 The unemployment assistance system

6.1.2.1 Conditions for entitlement

A special unemployment allowance may be paid to those who are not entitled to contributory benefits because they have not paid enough insurance contributions, and to those whose entitlement to contributory benefit has run out but who are still unemployed.

Non-contributory benefits are paid solely to job-seekers whose income is less than 75% of the monthly guaranteed minimum wage (salario mínimo interprofesional), who have been signed up with an employment agency for one full month and who have not refused a suitable job offer or an SPEE vocational training programme.

The beneficiary must also meet certain other qualifying conditions:

- he must have dependants and have exhausted the entitlement to contributory unemployment benefit;
- he must be more than 45 years of age, without dependents, and have received contributory benefits for at least 24 months;
- he must be more than 52 years of age and be otherwise (except for age) entitled to a retirement pension;
- he must not be entitled to contributory unemployment benefit because he has paid contributions for more than three months (with family responsibilities) or more than six (without family responsibilities) but less than 12 months, or is an emigrant returning from a country with which there is no unemployment insurance convention, or is a released prisoner.

6.1.2.2 Level and duration of benefits

Special unemployment allowance (subsidio por desempleo) is normally paid for six months with possible extensions in six-month periods, up to a total of 18 months (further extensions are possible in very specific cases). A wage-earner over 52 years of age who meets the legal requirements may receive this allowance until he or she begins receiving a retirement pension.

As a general rule, a non-contributory unemployment allowance corresponds to 80% of the Public Income Rate of Multiple Effects (Indicador Público de Renta de Efectos Múltiples, IPREM). For long-term unemployed persons over 45 years of age who have exhausted a contributory benefit of two years, there is a special six month allowance varying from 80 to 133% of the IPREM according to the number of dependent family members.

6.1.2.3 Responsible public authorities

Unemployment assistance is again (the same as for the contributory unemployment Insurance) the responsibility of the State Public Employment Service (Servicio Público de Empleo Estatal - SPEE).

6.1.3 Other unemployment schemes

Next to the insurance system and the assistance system for unemployed, some other measures for unemployed are present in Spain. However, these measures correspond to particular type of unemployment, for example seasonal or partial unemployment, and are therefore not included in the estimation-model of the cost of unemployment. These measures are described in Table 48.

Table 48: Overview of other schemes for unemployment

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Duration	Financing	Cost 2010 (million €)
Assistance for unemployed casual agricultural workers (Agrarian income)	To provide unemployed casual agricultural workers in Andalucía and Extremadura with financial support	Unemployed casual agricultural workers in Andalucía and Extremadura, who are covered by the Special Agricultural Social Security Scheme, are entitled to receive an unemployment allowance equal to 80% the public income indicator of multiple effects	Unemployed casual agricultural workers in Andalucía and Extremadura	Eligible unemployed must be an unemployed casual worker affiliated with the Special Agricultural Scheme, have paid contributions, not be retired, an income below the income limit	Registered unemployed	Min. 100 days max. 360 days	Central government	800.2
Active jobseeker's back-to-work allowance	To facilitate the integration into the labour market of older unemployed through activation measures and financial aid	This programme offers an integration path to older LTU which consists of individualised tutorial and participation to employment and/or training measures	Long-term unemployed aged over 45	Registered long-term unemployed aged over 45 having exhausted their entitlement to unemployment allowance, and whose revenue does not exceed 75% of the minimum interprofessional wage	Registered unemployed	Max. 10 months	Central government	636.1
Partial unemployment benefits	To compensate for partial loss of earnings and to maintain employment for workers who might otherwise be dismissed	Employment contracts may be temporarily or partially suspended in order to prevent job losses	Workers experiencing temporary suspension of employment or involuntary short-time working due to the circumstances of the employer	Affiliation with the social security system or an equivalent scheme which insures against unemployment; be partially unemployed	Registered unemployed	Max. 720 days	Social security funds	453.1
Bankruptcy compensation	To guarantee that employees are paid in the event their employer declares bankruptcy	Once the bankruptcy is legally recognised, unpaid workers are entitled to economic compensation following dismissal due to the bankruptcy	Workers not paid before the bankruptcy	Workers not paid before the bankruptcy	Registered unemployed	Single grant	Social security funds	1,035.2

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

6.2 The taxation system

6.2.1 The social security system

6.2.1.1 General contributions

In Spain social security is financed by contributions of both employees and employers and government provisions in case of health care and family benefits. The employee contributions are a percentage of the contribution base. The contribution base is determined by the government yearly and is linked to the employee's actual salary. Actual contribution's bases depend on each of the eleven professional category of the employee. Both a floor rate as a ceiling on contributions exist based on the guaranteed minimum wage. The maximum is 3,230.1 euro per month (3,262.5 in 2012).

Social contributions of the employees are automatically withheld from pay by the employer who transfers them together with his own employer contributions. Contributions for accidents at work and occupational diseases are paid solely by the employer.

6.2.1.2 Rights for unemployed

A beneficiary of unemployment insurance or assistance still maintains its rights to a government pension and to care. In return, the unemployed still has to pay social contributions.

In case one receives unemployment insurance, social security contributions still have to be paid, except for certain aspects such as accidents at work and occupational diseases, retirement, wage guarantee fund and vocational training. If one receives unemployment assistance, only contributions for health care, family allowances and retirement pensions have to be paid. However, contributions for retirement pensions apply only in the case of allowances for persons over 52 years of age who fulfil all the conditions to retire except the age condition and for seasonal workers under certain circumstances. In terms of how much social contribution has to be paid by the unemployed, the amount will have to be determined on the basis of contributions bases for the six preceding months.

6.2.2 Personal income tax

Spain uses a progressive tax system for its personal income tax which contained 4 brackets in 2010. The brackets are as follows:

- First bracket between €0 and €17,707: 24%
- Second bracket between €17,707 and €33,007: 28%
- Third bracket between €33,007 and €53,407: 37%
- Fourth bracket between €53,407 and above: 43%

In 2011 two new brackets of 44% en 45% were introduced for taxpayers with incomes over € 120.000 and € 175.000. The rates will be augmented further in 2012, also adding a seventh bracket (24.75%, 30%, 40%, 47%, 49%, 51% and 52 %). The seventh bracket will apply to those with incomes above €300.000. A personal/family allowance is included in the first bracket which is exempt from taxation.

Unemployment benefits are also subject to taxation and fall under the general tax rules on personal income. The Servicio Publico de Empleo Estatal (State Public Employment Institute) which hands out the benefits is considered an employer in what regards income tax. This means the income tax rules are exactly the same for employees and unemployed and, in this case, the taxation rate follows the same progressive patterns. If an unemployed is receiving income or inputs from other sources, it will all be considered in the yearly income and will be taxed in accordance with the general income tax rules.

6.2.3 VAT and excise duties

The standard VAT rate is 16% in 2010, but has risen to 18% as of July 2010. Two reduced rates of 8 % and 4 % apply to specific categories of goods as of 1 July 2010. Tax rates for tobacco and hydrocarbons have been increased in 2009 and in 2010. In 2012 these rates were further augmented to a standard rate of 21% and a reduced rate of 10% and 4%.

6.3 The reintegration policies for unemployed

The Spanish personal employment services have a range of measures designed to promote employability, support the unemployed and facilitate the search for employment. In the following paragraph, the measures targeting only registered unemployed are described. These measures are included in our estimation-model of the cost of unemployment.

Other reintegration policies, also targeting other groups, are described hereafter. These latter measures are not included in our model, as it is impossible to distinguish the cost due to unemployed from the cost due to other beneficiaries.

We conclude with the training measures. These are not included in the estimation of the cost of unemployment, because they are often targeted to other groups than the unemployed and serve a broader purpose.

6.3.1 Measures targeted to the registered unemployed

In Table 49 an overview is given of the reintegration policies which are targeted only to the unemployed. In Spain only two measures fully qualify for this, the measure of vocational guidance and the experimental programmes on vocational integration. These measures are described in the table below. The table also informs us of the total amount of payments in 2010 for both measures.

Table 49: Measures targeted to the registered unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Vocational guidance	To help unemployed people in their search for a job	Placement policy is based on the fundamental principles of equality of opportunity and treatment in access to employment, amongst others promoting the placement of workers in activities corresponding to their skills, matching labour supply and demand	Registered unemployed	Registered unemployed	Registered unemployed, other registered jobseekers	165.2
Experimental programmes for vocational integration	Personalised services helping unemployed to find a job and to promote their integration on the labour market	Elaboration of an individualised professional integration plan together with the jobseekers and in accordance with their vocational and personal situation in order to improve their employability	Registered unemployed	Registered unemployed	Registered unemployed	97

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

6.3.2 Measures targeted to the registered unemployed and other groups

Measures which are targeted to other groups than the registered unemployed are not included in the model. In the case of Spain, this concerns the labour market measure of information services which focus on all jobseekers, including those who are still in employment such as the information services in Table 50.

Table 50: Measures to registered unemployed and other groups

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Information services	General services for job search and integration to the labour market. Vocational information related to employment and self-employment	Actions to support the intermediation and placement on the labour market	Job-seekers	Registered jobseekers	/	13.5

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

6.3.3 Training measures targeted to the unemployed and other groups

In Spain several training measures are used both for the employed as the unemployed. They are displayed in the table below.

Table 51: Training measures for registered unemployed and other groups

Name	Payments in 2010 (million €)
Professional training for unemployed workers	825.3
Professional training for unemployed workers (measure ES-8 regions)	135.7
Vocational training in sectors at risk of job losses	367.4
Incentives for training contracts	23.3
Vocational training in sectors at risk of job losses (measure ES-10 regions)	14.2
Incentives for training contracts (measure ES-14 regions)	3.0
Training at the workplace (employment and training - E.T, C.O and T.E.)	519.3
Training at the workplace (employment and training - ET, CO and TE, measure ES-9 regions)	20.7
Total	1,908.9

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

6.4 Summary of data for the quantification of the cost of unemployment

Based on the description of the unemployment system, the taxation system and the existing integration policies for unemployed in Spain, this chapter presents all relevant data for the quantification of the cost of unemployment.

First of all, some contextual data for the model are presented. Thereafter, relevant data concerning the unemployment benefits and integration policies as well as data concerning the social contribution, the taxation and VAT in Spain are discussed. As in all countries the amounts and parameters might have changed in the meantime. Especially in Spain the current crisis has caused severe changes in taxation rates, unemployment benefits and the number of unemployed.

6.4.1 Contextual data

In the table below some contextual information is given which is used for our model. Based on data on the average gross earnings per hour of Eurostat and data on the number of worked hours per year of the OECD, an average employee in Spain earns around € 19,251 a year. On average 13.9% of its income is saved. By comparison, the minimum monthly wage in Spain for 2010 is € 738.85.

Table 52: Contextual data for 2010

Type of data	Spain
Average gross yearly wage of average worker (in euro)	19,251
Average households saving rate	13.9%
Monthly minimum wage (in euro)	738.85

Source: IDEA Consult based on Eurostat and OECD

6.4.2 Data concerning unemployment benefits and beneficiaries

In the table below, an overview is provided of the cost and number of beneficiaries of unemployment benefits, for both the unemployment insurance and assistance system. This table shows that more than 1.45 million unemployed were beneficiaries of unemployment insurance and another 1.29 million of unemployment assistance, making for a total of 2,751,423 beneficiaries of unemployment support. The number of registered unemployed is however much higher: 4,632,000. The large difference between the number of registered unemployed and unemployment beneficiaries is largely due to the definite nature of unemployment benefits, with long-term unemployed no longer qualifying for them and thus receiving other forms of social assistance. Others do not fully meet the necessary criteria to apply for unemployment assistance, because they have not worked long enough or have not the required age and/or dependents to be eligible for unemployment assistance. The cost for both insurance and assistance is also displayed for a total of 29.7 billion euro.

Table 53: Overview of unemployment costs and beneficiaries in 2010

Type of data	Spain	
Unemployment benefits (in euro)	Payment of unemployment benefits (insurance system)	22,231,400,000
	Payment of unemployment benefits (unemployment assistance)	7,424,100,000
	Total payment of unemployment benefits (insurance and assistance)	29,655,500,000
Unemployment beneficiaries	Number of beneficiaries of unemployment benefits (insurance system)	1,459,956
	Number of beneficiaries of unemployment benefits (unemployment assistance)	1,291,467
	Total number of beneficiaries of unemployment benefits (insurance and assistance)	2,751,423
Registered unemployed	Number of registered unemployed	4,632,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

6.4.3 Data concerning integration policies and administration costs

The cost for guidance measures and the administration of the unemployment benefits schemes are carried by INEM and the Servicio Público de Empleo Estatal; these costs imply:

- Guidance of unemployed: the measures for guidance and reintegration, which costs 262.2 million euro;
- Administration of the benefits: The administration of support for the unemployed which comes up to 859.7 million euro.

Table 54: Overview of administrative and guidance costs in 2010

Type of data	Payments (in euro)
Cost of administration and guidance of unemployed	1,121,900,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

6.4.4 Data concerning social contribution, taxation and VAT

Table 55 provides an overview of the average social contribution rates that employer's and employees face when paying or receiving an average wage. Furthermore it shows the average tax rate for the employee's personal income tax and the standard VAT rate.

On average an employee pays 6.4% of its gross wage on personal social contributions. On top of this gross wage the employer also contributes for 29.9%. The unemployed must also pay contributions up to 4.8% of their benefits.

The average taxation rate for an employed person on the average wage reaches 15.2%. The unemployed must also pay income tax. The fiscal treatment of an unemployed person is exactly the same as the one for an employed person.

The standard VAT rate equals 16%. However, vat rates have risen since 2011 and further in 2012.

Table 55: Contributions and taxes in Spain 2010

Data	Spain	
Social contribution rate employer	29.9%	
Social contribution	Social contribution rate employee	6.4%
	Social contribution rate of the unemployed	4.8%
Taxation rate	Taxation rate average worker	15.2%
	Taxation rate average unemployed	15.2%
VAT	Standard VAT rate	16.0%

Source: IDEA Consult based on OECD 'taxing wages'

6.5 Cost of unemployment: results for Spain

Table 56: Cost of an average unemployed in Spain

Type of costs		Total amount (euro)	%
Public intervention	Unemployment benefits	10,778	53.9%
	Guidance and administrative costs	242	1.2%
Total public intervention		11,020	55.1%
Potential loss of revenue	Loss in social contribution of employers	5,756	28.8%
	Loss in social contribution of workers	1,222	6.1%
	Loss in direct taxation	1,291	6.5%
	Loss of indirect taxation	700	3.5%
Total potential loss of revenue		8,970	44.9%
Total average cost of an unemployed		19,991	100.0%

Source: IDEA Consult

7 UNITED KINGDOM

7.1 Description of the system

Much of the unemployment insurance system is based on the Jobseekers Act of 1995, with subsequent legislation such as the Welfare Reform Act of 2012 updating elements of it. The social security system, including unemployment benefit, covers all employees. The system is split in two parts, one a contributions based insurance and the other an income-based assistance:

- Contribution based Jobseeker's Allowance (unemployment insurance);
- Income based Jobseeker's Allowance (unemployment assistance).

Both systems are summarized in the table below. The total amount of payments in 2010 is also presented in this table.

Table 57: Unemployment benefits for the model

Jobseeker's Allowance (JSA)	
Aim	Jobseeker's Allowance (JSA)
Instrument	To partially compensate for earnings lost due to unemployment
Beneficiaries	<p>The Jobseeker's Allowance (JSA) has two routes of access:</p> <ul style="list-style-type: none"> • People who have paid or been credited with sufficient National Insurance contributions • People who are not entitled to contribution-based JSA, or whose needs are not met by it, can claim income-based JSA for themselves and their dependants on an indefinite basis
Eligibility	Unemployed workers who are willing and able to work
Target group	Individuals are eligible to claim JSA if they are unemployed and if they meet certain labour market conditions: they have to be available for work, seek work actively and sign a Jobseekers Agreement which sets out what they will do to look for work within any agreed restriction
Duration	Unlimited
Financing	Central government and National insurance contributions
Payments in 2010 (million €)	Central government budget

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

The conditions for entitlement, the level and duration of benefits and the responsible public authorities are described with more detail in the following paragraphs.

7.1.1 The unemployment insurance system

7.1.1.1 Conditions for entitlement

To get contribution-based Jobseeker's Allowance, an unemployed individual needs to meet two National Insurance Contribution (NIC) conditions:

- First, to have paid Class 1 contributions on earnings of at least 26 times the lower earnings limit in one of the two relevant tax years on which the claim is based;
- Second, to have paid or been credited with Class 1 contributions on earnings of at least 50 times the lower earnings limit in both of the two relevant tax years on which the claim is based.

Only National Insurance Contributions paid by employees can qualify for these benefits. Moreover, in order to receive benefits, the unemployed person has to:

- be capable and available for work;
- complete a Jobseeker's Agreement, setting out the steps to be taken to seek work;
- prove that they are actively seeking employment;
- be involuntarily unemployed;
- be under pensionable age;
- be in the United Kingdom.

The unemployed can also not be engaged in work for 16 or more hours a week, cannot be a full-time student and may not be engaged in a trade dispute.

7.1.1.2 Level and duration of benefits

The contribution-based Jobseeker's Allowance is paid for up to 182 days. The maximum weekly rates for 2010 are, for unemployed individuals aged between 16 and 24 years: GBP 53.45 (€59); and for those aged 25 or over: GBP 67.50 (€75). In 2012 amounts are £56.25 for those between 26 and 24 and £71 for those older than 25.

Contribution-based Jobseeker's Allowance is a personal benefit, which means no additional amounts are paid for a dependant partner or child. It is paid regardless of capital and most income, although it may be reduced by part-time earnings.

7.1.1.3 Responsible public authorities

The management authorities for the Jobseeker's Allowance in Great Britain (England, Scotland and Wales) are the Department for Work and Pensions and its executive agency, Job Centre Plus. The equivalent authorities in Northern Ireland are the Department for Employment and Learning and the Social Security Agency.

7.1.2 The unemployment assistance system

7.1.2.1 Conditions for entitlement

Income-based Jobseeker's Allowance provides a minimum level of assistance to unemployed people whose income and capital fall below a level specified by legislation. The benefit is available to those who have exhausted the UK contributory benefit for unemployment and also to those who are not entitled to that benefit.

The same conditions apply as for the contribution-based Jobseekers allowance. Additionally the following conditions must apply in order to receive income-based benefits:

- The person must not have savings in excess of GBP16,000 (€19,169);
- The partner must not be working for more than 24 hours a week.

Special rules may apply to claimants under 18 years old.

7.1.2.2 Level and duration of benefits

The benefit level depends on available income and property as well as on the family situation and obligations to provide maintenance (no property in excess of 12,668 Euro or of 19,000 Euro if over 60). The basic levels for couples in 2010 are:

- Couples (both under 18): GBP 80.75 (€97) per week.
- Couples (both over 18): GBP 105.95 (€127) per week.

The basic level of benefit for single people is the same as for contribution-based Jobseekers' allowance. Higher rates are paid in case of family ties with obligations to provide maintenance (for spouse, children, foster children) or disability. Due to such allowances income-based benefits may be higher than contribution based benefits. In these cases the difference may be granted in addition after a means test.

Income-based benefits are unlimited in time as long as requirements are met.

7.1.2.3 Responsible public authorities

The competent authorities for the Jobseeker's Allowance in Great Britain (England, Scotland and Wales) are the Department for Work and Pensions and its executive agency, Job Centre Plus. The equivalent authorities in Northern Ireland are the Department for Employment and Learning and the Social Security Agency.

7.2 The taxation system

7.2.1 The social security system

7.2.1.1 General contributions

The social security system is financed from national insurance contributions paid by employers and employees and general tax revenue. There are important distinctions between insurance based, category and income/asset related benefits.

The National Insurance Contributions (NICs) are arranged along several rates. There are six National Insurance Contribution classes: Class 1 for employees and Class 1 for employers, Class 1A, paid by employers and certain third parties on benefits in kind; Class 1B paid by employers on Pay As You Earn (PAYE) settlements; Class 2 for self-employed; Class 3 for voluntary contributions; and Class 4 for the self-employed. Class 1 NICs are lower for those who have contracted out of the State Second Pension and moved to a private pension scheme.

The contributions in 2010 vary with the level of earnings:

- Employees pay 12% (10.4% if member of approved occupational pension scheme) of earnings between GBP 139 (€ 154) and GBP 817 (€ 903) and 2% of earnings over GBP 817 (€ 903).
- Employer pays 13.8% on all weekly earnings above GBP 136 (€ 150). Employers get 3.7% rebate for employees in approved salary-related schemes and 1.4% for those in money purchase schemes.

7.2.1.2 Rights for unemployed

Unemployment benefits in the United Kingdom are not subject to social contributions, but do receive health services and pension rights.

Individuals receiving a Job seekers allowance are provided with a national insurance 'credit' in lieu of the payment which they would make if they were in employment. These credits are necessary for claiming a State pension at retirement age. These pensions imply a future cost for government but it is difficult to estimate this cost. However, the cost is partially included in the model through the lack of social contributions of the unemployed. There is however a larger personal cost because employees can no longer contribute to their occupational pensions when entering unemployment, meaning a loss of pension at retirement.

7.2.2 Personal income tax

The United Kingdom has a progressive two rate income tax. This has become a three rate tax as of 2010 with following brackets:

- For the part of income between £0 and 37,400: 20% on income above the personal allowance;
- For the part of income between £37,400 and 150,000: 40%;
- For the part of income above £150,000: 50%.

The basic rate limit is lowered from £ 35,000 in 2011 to £34,370 in 2012 and the personal allowance is increased to £ 8,105 for 2012. Since the 2010 tax year, this personal allowance is reduced when the income is above £100,000. Two tax credits are available; the child tax credit (CTC) and the working tax credit (WTC) aimed at low income working adults.

Unemployment benefits in the United Kingdom are also subject to taxation and fall under the general tax rules on personal income. However, if a person is unemployed for a whole

year and has no other income except his benefits, his or her income would not exceed the personal allowance and would thus be exempt from taxation.

7.2.3 VAT and excise duties

The standard VAT rate in 2010 was 17.5%. Since 2011, this has been increased to 20%. Several reductions and exemptions apply. In particular, a reduced rate of 5 % applies, for example to fuel and power and also on the installation of energy saving materials. A zero-rate is used extensively as it applies to some food items, books, new constructions, passenger transport, some supplies to charities and to children's clothing and footwear.

7.3 The reintegration policies for unemployed

The public employment service of the United Kingdom (Jobcentre Plus) has a range of measures designed to promote employability, support the unemployed and facilitate the search for employment. Their general costs on placement and advisory guidance to the unemployed amount to 1.8 billion euro, apart from specific LPM measures. In the following paragraph, the measures targeting only the registered unemployed are described. These measures are included in our estimation-model of the cost of unemployment. Other reintegration policies, also targeting other groups, are described hereafter. These measures are not included in our model, as it is very difficult to distinguish the individual cost for each target group.

We conclude with the training measures. These are not included in the estimation of the cost of unemployment, because they are often targeted to other groups than the unemployed and serve a broader purpose.

7.3.1 Measures targeted to the registered unemployed

The table below presents the measures on guidance and reintegration which focus on the registered unemployed. In line with the focus of the study on 2010 to enable comparability across states, the measures described in this section and the one that follows relate to that year. With the change of UK Government in 2010 many of the measures outlined were discontinued and replaced by the new Government's Work Programme.

- Jobcentre Plus;
- New Deal for Partners of Unemployed People (NDPU);
- New Deal for Lone Parents (NDLP);
- Employment zones.

Table 58: Measures targeted to the registered unemployed

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)	
General guidance (Jobcentre Plus)	To provide placement and advisory services for jobseekers and employers and to monitor the jobsearch activities of the unemployed	Jobcentre Plus replaced the Benefits Agency and Employment Service in April 2002, and is part of the Department for Work and Pensions (DWP). It provides help and advice on jobs and training for people who can work and financial help for those who cannot	Jobseekers		Placement and advisory services are available to all persons of working-age. Monitoring of jobsearch activities is carried out for persons in receipt of JSA	Registered unemployed, not registered persons	1,865.1
New Deal for Partners of Unemployed People (NDPU)	To help partners of the unemployed, who are themselves out of work, find employment	NDP is a voluntary programme which offers a series of individually tailored interviews with a personal adviser, providing intensive guidance and support to help partners find work	Partners of unemployed (inactive)		NDP is available to partners of customers in receipt of Jobseekers Allowance and other Benefits who are not working (less than 24h). It is also open to partners of lower income workers who receive Working Tax Credit who are either not working or working less than 16 hours and partners of people claiming Pension Credit who are not working or work less than 24 hours a week.	Registered unemployed	/
New Deal for Lone Parents (NDLP)	Aims to help and encourage lone parents to improve their job readiness and employment opportunities and gain independence through working	The support is wide-ranging, from encouraging lone parents to identify their skills and develop confidence to seek work, to the more practical aspects of applying for jobs, finding childcare, identifying training opportunities, calculating how much better off they can be in work and sorting out in-work benefits	Jobless lone parents		The programme is open to all lone parents (aged 16+ and with a child under 16) not in work or working less than 16 hours per week on a voluntary basis on both Income Support and Jobseeker's Allowance	Registered unemployed	6.5
Employment zones	To help long term unemployed people to find sustainable employment	They are designed to help long term unemployed people to find sustainable employment with a personal Action plan. Participants are guaranteed an income equivalent to their net weekly benefit entitlement for as long as they remain unemployed.	Long-term unemployed in regions of high unemployment		Employment Zones are a mandatory programme for customers aged 18 - 24 who have already participated in New Deal for young people on a mandatory basis 14 and 25 plus who have been in receipt of JSA 18 out of 21 months. Lone Parents and Pension. Credit customers can take part in Employment Zones on a voluntary basis	Registered unemployed	51.9

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

7.3.2 Measures targeted to the registered unemployed and other groups

Other measures focus on a larger group than just the registered unemployed or offer more than only guidance and reintegration, but also training. These measures are shown in the table below and include:

- Northern Ireland Employment Programmes;
- New Deal 25 plus;
- New Deal for 18-24;
- Connexions Service;
- Workstep;
- Pathways to Work (Incapacity Benefit Reforms);
- Entry to Employment;
- Work choice;
- Flexible New Deal;
- New Deal for Disabled People (NDDP).

Table 59: Measures to registered unemployed and other groups

Name	Aim	Instrument	Beneficiaries	Eligibility	Target group	Payments in 2010 (million €)
Northern Ireland Employment Programmes	To help disadvantaged groups in Northern Ireland into work	Various Employment Programmes including: - Steps to work (New Deal NI replacement) - Workable (NI) (Supported Employment replacement) - Training for success (Jobskills replacement) - Access to work - Pathways to work	Long term unemployed, young people who are unemployed and people with disabilities who are unemployed	Various	Registered unemployed	49,1
New Deal 25 plus	New Deal 25 Plus provides a wide variety of individually tailored support, including the services of a New Deal Personal Adviser, in the form of training, advice, guidance and work experience	New Deal 25 plus consists of three elements; Gateway, Intensive Activity Period (IAP) and Follow-through	Mandatory for all jobseekers aged 25 and over who have had a claim to JSA for 18 months continuously or for 18 out of the last 21 months	Unemployed adults (25 plus) who have been claiming Jobseekers Allowance (JSA) for 18 months continuously or for 18 out of the last 21 months are obliged to join the New Deal 25 plus programme	Registered unemployed	/
New Deal for 18-24	New Deal for 18 - 24 provides a wide variety of individually tailored support, including the services of a New Deal Personal Adviser (NDPA), in the form of training, advice, guidance and work experience	New Deal 18-24 plus consists of three elements; Gateway, Intensive Activity Period (IAP) and Follow-through	New Deal for Young People (NDYP) is mandatory for all 18-24 year olds who have been claiming Jobseekers Allowance (JSA) continuously for 6 months	18-24 year olds who have been on Jobseekers Allowance (JSA) continuously for six months or more are obliged to enter the New Deal programme.	Registered unemployed	/
Connexions Service	Provide an individualised guidance service for young people	Personal Advisors work with young people in order to give information, advice and practical help with anything that affects their school, college, work or family life	All young people aged 13-19 and young adults up to 24 who have learning difficulties	All young people aged 13-19 and young adults up to 24 who have learning difficulties	Registered unemployed, not registered (all Youth)	66,4
Workstep (Work Choice in October 2010)	Provide help for disabled people who face barriers in getting and keeping a job, but who can work effectively with the right support	WORKSTEP is a programme administered by Jobcentre Plus which uses external providers to provide supported job opportunities for disabled people facing complex employment barriers	Disabled persons	Participants must have a disability as defined by the Equality Act 2010	Registered unemployed, employed (all Disabled)	47,5
Pathways to Work (Is gradually replacing NDDP)	Pathways to Work has been developed to provide greater support to help people claiming incapacity benefits back into or closer to the labour market	New customers taking part in Pathways to Work attend an initial work focused interview with a trained personal adviser. Most will then go on to attend another 5 work focused interviews with the same adviser at monthly intervals	Everyone making a new or repeat claim for either Incapacity Benefit, Income Support on the grounds of Incapacity, Income support whilst appealing against a decision that Incapacity Benefit is not payable, or Severe Disablement Allowance at one of the listed offices will automatically be part of Pathways to Work.	Everyone making a new or repeat claim for either Incapacity Benefit, Income Support on the grounds of Incapacity, Income support whilst appealing against a decision that Incapacity Benefit is not payable, or Severe Disablement Allowance at one of the listed offices will automatically be part of Pathways to Work	Disabled not registered persons	140,7
Entry to Employment	Young people are helped to prepare for progression to employment, employment with training, Modern Apprenticeships and further education	Elements are: initial and ongoing assessment, core learning components of basic/key skills, personal development, work/vocational tasters, optional additional specialised work-related learning and preparation for and transition to learning opportunities and/or employment	Young People 16-18 year olds	E2E offers vocational programmes which can support young people who are not yet ready or not able to enter Apprenticeship directly	Registered unemployed, other registered jobseekers, not registered (all Youth)	0,1
Work choice	Provide help for most disadvantaged disabled people who face barriers in getting and keeping a job	Work Choice will give Work Entry Support, In-Work Support and long term In-Work Support	Disabled persons	Participants must have a disability as defined by the Equality Act 2010. Suitable candidates: experience complex employment support AND have barriers in work that cannot be overcome through workplace adjustments AND likely to need support in work as well as help with finding work AND cannot be helped through other DWP programmes AND following Module One FND is mandatory for people who claim JSA for 12 continuous months. Some disadvantaged jobseekers are mandated to FND at 6 months, and with others with specific disadvantages can access FND at 6 months on a voluntary basis	Registered unemployed other registered jobseekers, employed (All Disabled)	37,5
Flexible New Deal	To support long term unemployed people find and retain employment	Public, private and voluntary sector offer a personalised service tailored to the needs of individuals	Long term unemployed (claiming JSA for 12 months) and other disadvantaged jobseekers	People of working age who are in receipt of a disability or health-related benefit, including: Incapacity Benefit, Employment Support Allowance, Severe Disablement Allowance, Income Support	Registered unemployed	473,4
New Deal for Disabled People (NDDP)	To support people in receipt of a disability or health-related benefit to find and retain paid employment	Job Brokers come from a range of organisations and they are contracted to help customers find, secure and sustained paid employment	Persons in receipt of a disability or health-related benefit	People of working age who are in receipt of a disability or health-related benefit, including: Incapacity Benefit, Employment Support Allowance, Severe Disablement Allowance, Income Support	Registered unemployed	38,3

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

7.3.3 Training measures targeted to the unemployed and other groups

In The United Kingdom only one separate training measure is used in 2010, the Training for Work. Other measures are mixed, including both guidance and training. They are described in the tables above.

Table 60: Training measures for registered unemployed and other groups

Name	Payments in 2010 (million €)
Training for Work	14.2
New Deal for 18-24 - Education and training option	:
New Deal 25 plus - IAP training related options	:
Northern Ireland Employment Programmes - Training for success	:
Total	14.2

Source: IDEA Consult based on Eurostat LMP "Labour market Policy statistics 2010"

7.4 Summary of data for the quantification of the cost of unemployment

Based on the description of the unemployment system, the taxation system and the existing integration policies for unemployed in the United Kingdom, this chapter presents all relevant data for the quantification of the cost of unemployment.

First of all, some contextual data for the model are presented. Thereafter, relevant data concerning the unemployment benefits and integration policies as well as data concerning the social contribution, the taxation and VAT in the United Kingdom are discussed.

7.4.1 Contextual data

In the table below some contextual information is given which is used for our model. Based on data on the average gross earnings per hour of Eurostat and data on the number of worked hours per year of the OECD, an average employee in the United Kingdom earns around € 27,555 a year. On average 7.2% of its income is saved. By comparison, the minimum wage in the UK for 2010 is € 1,169.49. The minimum wage is not applied in the model.

Table 61: Contextual data

Type of data	United Kingdom
Average gross yearly wage of average worker (in euro)	27,555
Average households saving rate	7.2%
Monthly minimum wage (in euro)	1.169.49

Source: IDEA Consult based on Eurostat and OECD

7.4.2 Data concerning unemployment benefits and beneficiaries

In the table below, an overview is provided of the cost and number of beneficiaries of unemployment benefits, for both the unemployment insurance and assistance system. This table shows that more than 1.47 million unemployed were beneficiaries of the two forms of unemployment insurance. The cost of benefits for both is also displayed for a total of 5.24 billion euro. The number of registered unemployed is however much higher: 2,439,000. In the UK benefits are in principal indefinite in time if one fulfils the eligibility criteria. However due to the low amount of benefits and the process of applying for them some unemployed do not sign up to qualify for them. Others are not eligible because they are not able or available to work.

Table 62: Overview of unemployment costs and beneficiaries in 2010

Data		United Kingdom
Unemployment benefits (in euro)	Payment of unemployment benefits (Contribution and income-based insurance system)	5,245,700,000
Unemployment beneficiaries	Number of beneficiaries of unemployment benefits (Contribution and income-based insurance system)	1,473,040
Registered unemployed	Number of registered unemployed	2,439,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

7.4.3 Data concerning integration policies and administrative costs

The personal employment services of the United Kingdom (Jobcentre plus) have a range of measures designed to promote employability, support the unemployed and facilitate the search for employment. The cost for guidance measures and the administration of the unemployment benefits imply:

- Guidance of unemployed: the measures for guidance and reintegration, which costs 1.92 billion euro;
- Administration of the benefits: The administration of benefits for the unemployed which comes up to 2.33 billion euro.

Table 63: Overview of guidance and administrative costs in 2010

Data	Payments (in euro)
Cost of guidance and administration of unemployed	4,257,300,000

Source: IDEA Consult based on Eurostat LMP "expenditure and participants 2011"

7.4.4 Data concerning social contribution, taxation and VAT

Table 64 provides an overview of the average social contribution rates that employers and employees face when paying or receiving an average wage. Furthermore it shows the average tax rate for the employee's personal income tax and the standard VAT rate, which is calculated using the minimum and maximum VAT rate.

On average an employee pays 9.2% of their gross wage on personal social contributions. On top of this gross wage the employer also contributes for 10.7%. The unemployed do not pay contributions on their benefits.

The average taxation rate for an employed person on the average wage reaches 16,3%. The unemployed must also pay income tax. However as their benefits do not exceed the personal threshold, the tax is levied only in case of additional income and on average the unemployed do not pay income tax. The standard VAT rate equals 17.5%.

Table 64: Contributions and taxes in the United Kingdom in 2010

Data	United Kingdom
Social contribution rate employer	10.7%
Social contribution rate employee	9.2%
Social contribution rate of the unemployed	0.0%
Taxation rate average worker	16.3%
Taxation rate average unemployed	0.0%
VAT Standard VAT rate	17.5%

Source: IDEA Consult based on OECD 'taxing wages'

7.5 Cost of unemployment: results for the United Kingdom

Table 65: Cost of an average unemployed in the United Kingdom

Type of costs		Total amount (euro)	%
Public intervention	Unemployment benefits	3,561	19.8%
	Guidance and administrative costs	1,746	9.7%
Total public intervention		5,307	29.5%
Potential loss of revenue	Loss in social contribution of employers	2,955	16.4%
	Loss in social contribution of workers	2,539	14.1%
	Loss in direct taxation	4,498	25.0%
	Loss of indirect taxation	2,710	15.1%
Total potential loss of revenue		12,702	70.5%
Total average cost of an unemployed		18,008	100.0%

Source: IDEA Consult

Annex 3: BIBLIOGRAPHY

1 BIBLIOGRAPHY

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