

Fourth Study Commission
Public and Social Law
General Report
2011 - Unemployment benefits

Introductory remarks:

Unemployment is commonly defined as a condition (being without work), a desire (for work), a need (income from work) and an activity (seeking work). Only if someone satisfies all of these criteria he is classified as unemployed in the sense of this questionnaire. The purpose of the questionnaire was on the one hand to provide an overview on the **scope of all means**, which are used in the different countries, and on the other hand on the **legal systems** regarding **unemployment insurance** as a part of the social security system.

This general report intends to summarize the main impressions obtained by 25 national reports (Australia, Armenia, Austria, Belgium, Brazil, Benin, Canada, Denmark, Finland, Georgia, Germany, Greece, Israel, Japan, Kazakhstan, Macedonia, Netherlands, Poland, Portugal, Slovenia, Sweden, Switzerland, Taiwan, Ukraine, USA).

1. What **means of improving** the economic security of the unemployed are used in your country? Give an overview.

In most countries there is some guarantee of the state to citizens of social protection against unemployment. Different means to improve the economic security of the unemployed are used like unemployment insurance benefits (where contributions are paid to earn entitlements to compensatory income), unemployment assistance (public welfare), labour market policy (youth practice, employment on social workplaces state-provided combination of training or jobs coupled with income transfers; "public works", in which the unemployed are obliged to take a training course or a job provided or subsidized by the state, in return for an income transfer), employment or wage transfers (a sum or money or tax credit paid either to the worker on being hired or to the firm hiring the unemployed) or citizenship income grants (unconditional basic income paid as a citizenship right to all, including the unemployed).

There is a very great variety of approaches. The details may be studied in the national reports. For instance one can find initiatives on employment aiming to increase incomes of the population by assistance of steady and productive employment. In case of absence of possibilities for employment in certain regions assistance is given to voluntary moving from settlements with low economic potential to settlements with high economic potential and the centers of economic growth. Sometimes a priority right of participation is given to youth and women.

In order to create new workplaces also support may be rendered to the citizens who wish to organize own businesses (credits, infrastructure, advisory services, training).

2. Have You got a **social security system** regarding unemployment?

In almost all countries there is some kind of social security system regarding unemployment.

In Benin there only exists the assistance of families.

3. Is this social security system **mandatory**?

In most cases social security systems are mandatory.

In some countries it is up to the decision of the employee, if he wants to become member of a unemployment insurance fund (Denmark, Sweden).

Usually social security systems also include foreigners.

4. **Who pays** contributions to this social security system.

We have to distinguish forms of unemployment insurance benefits on the one hand and social welfare of the other hand.

Usually **social welfare subsidies** is **tax financed** and income and asset tested.

Social insurance is financed by **contributions** of employers and/or employees and the benefits are –not strictly- related to income but sometimes also age, period of employment and other circumstances.

In some countries the unemployment benefits are only financed by **taxes** (Australia)

In many cases both –**employer and employee** finance the unemployment insurance system with their contributions (Greece, Israel, Japan, Portugal, Switzerland-exemption retirement age). One can often find systems where some kind of minimum social welfare **subsidies** are financed by **taxes** but the income related unemployment insurance is financed by employers and employees (Austria, Finland, Germany, Netherlands, Sweden, Taiwan) and the state only covers deficit, if the contributions are not sufficient (Austria, Slovenia). Also private insurances exist.

In other countries the social security system is financed only at the expense of employers (Kazakhstan) or the employees (Macedonia; Denmark, but 85% financed by taxes).

5. How high are these contributions.

In some countries the **size of the contributions varies according** to the **amount** of the **income** of the employees. For instance in Israel the contribution varies beyond a certain percentage (60%) of the average income (7%, employee, 5,9 % employer of max 15.132 EUR) and under this percentage (60%) of the average income (0,4% employee, 3,45 employer). In Switzerland we find 2,2% up to 126.000 EUR, 1 % between 126.000 and 315.00 EUR but nothing beyond. In Finland the percentage for employers is 0,8% of the total amount of salaries and 3,2 % if the salaries exceed 1.879.500 EUR, for employees 0,2% and 0,8%.

In some countries **employer and employee** have to pay the **same contributions** (Austria –each 3% - of max 4800 EUR, Germany 3 % of maximum 5500 EUR, Taiwan 1%) but in some countries they are **different** (Japan 0,95% employer and 0,6% employee; Poland 0,14 employee, 0,06 employer; Canada).

In some systems contributions have to be paid **only by employers** (5% Kazakhstan; Brazil) **or the employee** (Canada – 1,73 %; Denmark 52 Eur per month; Sweden)

In other countries it **is part of a general contribution** for social insurance, also including old age pension, health care..... Portugal (34%; 23 % employer, 11% employee; Belgium - 33% employers and 13% employees).

We also find systems where the contribution is determined in a **certain relation to** the unemployment **benefit** (9% - Poland) or the **profit** (Ukraine). In other countries there are **fixed payments** per employee per year (USA – 56 \$).

6. What are the **conditions for entitlement** to unemployment benefits (time of paying contributions; availability to work; leaving the last job only with good cause.....)?

In some countries the entitlement to unemployment benefits is not only dependent on being **unemployed** (loosing working hours – Netherlands 5 working hours; partially – Belgium, Switzerland, USA) –for a certain period - but also **related to a certain age** (Armenia; Australia – beyond 21 under retirement age; Austria – under retirement age, Finland 17-64, Israel 18- retirement age, Netherlands – younger than 65, Sweden older than 20 years, Switzerland -under retirement age).

Usually one condition in order to gain employment benefits is to be **willing and able** to work and to accept suitable paid work. Furthermore the applicants have to stay in contact with the competent authorities (Australia, Austria, Belgium, Canada, Austria, Finland, Germany, Israel, Japan, the Netherlands, Portugal, Slovenia, Switzerland, Taiwan; USA).

In some countries there is a **cut off time**, if the employee caused the termination of the employment relationship (Austria, Denmark, Germany, Israel, Poland) or there is no entitlement to unemployment benefits (Brazil, Denmark, Finland, Netherlands, Portugal, Slovenia, USA).

In many countries there has to be a **period of employment or membership before**:

Austria	for the first application - 52 weeks in the preceding 24 month, subsequent applications - 28 weeks
Belgium	dependent on age – younger than 36 - 312 days in a period of 18 month...
Brazil	6 wages for 6 month, employed for at least 15 month
Denmark	1 Year
Finland	8/10 month,
Germany	12 month,
Greece	first time 80 days/years during the last 2 years and 125 day in the last 14 month, second time 125 in a period of 14 month.
Israel	360 days in a period of 540 days.
Japan	11 days/month in 12 month in the preceding years.
Macedonia	9 month in the preceding 12 month
Netherlands	26 weeks in the 36 weeks before
Poland	365 days in the 18 month before
Portugal	450 days in the preceding 24 month; 180 days/12 month.
Slovenia	9 month in the last 24 month
Sweden	1 year
Switzerland	1 year during previous 2 years.
Taiwan	1 year within the previous 3 years
Ukraine	26 weeks within the previous year; if less only benefits without insurance.

In some countries there exists no unemployment insurance for employees **with small wages** (Canada, Austria less than a minimum of 374 EUR/month; Germany 400 EUR/month).

In some systems it is necessary for the applicant to have been resident in this country.

Different provisions exist for parental leave and studying or training young applicants (Australia, Austria, Finland...).

Some subsidies are also dependent to **cooperation** in forms of vocational training (Austria, Finland, Israel, Taiwan).

There exist forms of job **alternation(interruption) leave** (Finland – 90-359 days, unemployed must be hired instead, 70-80% of unemployment allowance is paid to interrupting employee; similar Austria).

7. How high are unemployment benefits (percentage of last income)?

In most countries unemployment benefits are restricted to a **certain period**:

Austria	depending on age and period of insurance – 20 weeks to 209 weeks
Canada	depending on accumulated working hours ,
Finland	500 day, afterwards labour market subsidy (age between 17 and 64)
Germany	3-24 month under the discretion of the job centre authority.
Israel	dependent also on children...maximum 6 month
Kazakhstan	6 month
Macedonia	depends on the period, in which the applicant was insured – 2 month - 12 month (after 25 years)
Netherlands	3 month to 38 month dependent on the number of years worked before becoming unemployed
Poland	maximum 12 month depending on the rate of unemployment in this district
Portugal	depending on the age of the unemployed and the period of employment (minimum 270 days - 30 years 24 month employment -; maximum 900 days-older than 45 years, more than 72 month of employment).
Slovenia	3 - 25 month
Switzerland	depending on the age of the applicant and the insured period, for instance 520 days to 2 years for applicants older than 55 and more than 2 years of insurance.
Taiwan	6 month; over the age of 45 – 9 month; in cases of massive unemployment - 12 month.
USA	26 weeks.
Ukraine	360 days; two years before retirement age – 720 days

The **average size** of the social payments differs very much

Australia	475 \$
Austria	55% of net wages (max gross wage 4800 Euro/month)
Belgium	related to many conditions – 40 % of daily income (max 68.4 Euro).
Brazil	2 minimum wages after 4 month of unemployment
Canada	55% of insured wages (max 44.200 \$/year).
Denmark	2185 Eur per month if worked more than 37 hours before; 1450 Eur – after part-time work
Finland	Subsidy 26 EUR/working day (+ additional payment for kids); additional earning related allowance of 45% of the difference between subsidy and daily wages (max 2.702 Eur/month)
Germany	between 56% and 67% (household with children) of last income
Greece	461,50 Euro
Israel	50-70% of wages but not beyond 97\$/day (second time 65\$/day) income supplement (rate for singles – 265 Euro).
Japan	45 – 80 % of average wages during the preceding six month
Kazakhstan	87 \$ per month.
Macedonia	50% of average income in preceding 24 month.
Netherlands	75% for first 2 month, afterwards 70% (max gross wage 2185 Eur per month
Poland	basic benefit- 180 Euro (less than 5 year work experience – 80% of this, more than 20 years work experience – 120 % of this basic benefit)
Portugal	65%, maximum 1260 Euro
Slovenia	3 month 80% of last income, afterward 60%. Not less than 350 Euro not more than 1050 Euro.
Sweden	basic compensation 50\$ per day; 80 % of previous income up to a maximum of 100 \$ per day
Switzerland	70 % of the insured (max 126.000 CHF per year) average wages during the last six (twelve) month.
Taiwan	60 % of earning over the recent 6 month. Early reemployment benefit – 50% of the rest of the unemployment benefit.
USA	138 \$ to 583 \$ per week.
Ukraine	depending on insured period – under 2 years – 50% of average income up to 70 % after 10 years of insurance. This benefit is paid for 90 days, afterwards 80% of this benefit is paid for another 90 days and then 70%.

In many countries the amount of unemployment benefits available also depends on spouses and children.

Conclusions:

The aim of labour market policy usually is to increase the security of job-seekers but also to establish a system of lifelong career orientation. Measures on education and training to comply with labour market needs, promotion of employment and the creation of jobs are important. In this field unemployment benefits are a typical area of public law dominated by the political approach in each country and also the economic situation.

So there is a great variety of systems.

Important aspects are the improvement of the economic situation of unemployed persons but also to give incentives for them

- a. to look for employment
- b. to improve their qualifications.

Topic for next year:

Proposal:

Aspects of intellectual property and competition law in employment relationship.