
FISCAL POLICY AND THE FAMILY

**HOW THE FAMILY FARES
IN FRANCE, GERMANY
AND THE UK**

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FOREWORD

by John Haskey

Whenever tax and benefits for families with dependent children are discussed or analysed, an aspect of major interest is invariably the relative position of one-parent families, since they usually require the greatest financial assistance.

One-parent families in Britain have grown steadily and decisively in both relative and absolute numbers for at least the past three decades. The Report of the Committee on One-parent Families – chaired by Sir Morris Finer and often known as The Finer Report – was commissioned by the Department of Health and Social Security in 1969, and published in 1974, now some thirty years ago. It was the first major Government review of lone parenthood and has become a landmark analysis. Its conclusions were based on expert advice in many fields, and on an impressive array of specially assembled quantitative and statistical evidence, including information on state benefits, child welfare, family circumstances and other related matters. The Report also provided the first official estimate of the number of one-parent families in Britain, based on the ‘Social Security’ state benefit definition.

The impetus behind the Report was the recognition that one-parent families faced financial and other difficulties, and that many relied on state benefits – especially Supplementary Benefit – and that a comprehensive and detailed review of the variety of their circumstances was overdue. It was also clear that numerically one-parent families were becoming more than a relatively insignificant few. The Report’s terms of reference included: ‘to what extent it would be appropriate to give one-parent families further assistance’ and ‘the need to maintain equity as between one-parent families and other families’.

From the perspective of the early years of the twenty-first century, a number of aspects of the Report are notable. Firstly, lone parenthood was seen primarily as an outcome/problem of

marriage breakdown, with the Report making relatively little mention of unmarried lone motherhood. Also, although the Report alluded to the ‘permissive society’, it is clear that separated and divorced lone motherhood, and single lone motherhood, were then still very much stigmatised. Consequently, much of the Report’s discussion centred on legal remedies associated with divorce, marriage and parental – especially paternal – obligation. It was nevertheless accepted that some form – or *better* form – of social security financial support was needed.

The Report considered the profiles of the different circumstances of working and non-working lone parents and of husbands in couple-families – as they pertained at the time. It is evident that there have been a number of changes during the past three decades in attitudes towards the desirability of lone parents working, and whether employment is best part-time or full-time, perhaps depending on whether the youngest child is under school age or has reached age 16. With the subsequent large growth in lone motherhood, and especially single lone motherhood, it has become accepted that the only feasible solution to avoid financial hardship is to encourage lone mothers to work.

The Report advocated changes in social policy and family law, and made a number of important recommendations for one-parent families in a number of different fields concerning: benefits/allowances; improved employment rights; childcare services, housing etc. The Report also recommended that ‘one-parent families should be entitled to a new social security benefit which we call guaranteed maintenance allowance. This benefit would be available to all one-parent families on a non-contributable basis, and for families receiving it, it would act a passport into the tax credit scheme.’

Thus there were some surprisingly modern aspects to the Report’s approach and recommendations, even if the social, economic,

and demographic context was very different from today's. The other inescapable conclusion is that there have been some important advances made since.

During the succeeding three decades, there have been many studies on the policy and welfare issues surrounding one-parent families and other families with dependent children, and on child poverty – by research and charitable institutes, think-tanks, university departments, and by Government and EU-sponsored organisations and bodies. Professor Jonathan Bradshaw at the Social Policy Research Unit at the University of York has published much important material in this field – and facilitated European and international comparisons.

In the present context, of particular note is the European Observatory on National Family Policies, which was established in 1989, and which published annual reports up to 1996 for each European country in the volume *Developments in National Family Policies*. (The Observatory's name was subsequently changed to the European Observatory on Family Matters – and amended to its present title in 2001: the European Observatory on the Social Situation, Demography and Family.)

The present volume gives a concise current resumé of the welfare regime in each of the three countries studied, and it is interesting to compare the tone of each with that of some ten years ago – when the economic situation and policy initiatives were first starting to appear to resemble today's.

Thus, in 1996, the report for Germany stated: 'At the beginning of the 1990s, Germany seemed a blessed island surrounded by a sea of social changes and upheavals everywhere else in Europe; the German economy and polity embodied prosperity and stability. Today we realise that this world no longer exists, if ever it did. . . . Family policy is threatened by more powerful interests exactly at a time when families' living conditions are changing for the worse. No one has any idea where these changes will lead; family policy today is characterised by a defensive strategy of 'muddling through' the process of welfare state restructuring.'

The UK report also described bleak developments: '1996 saw further reductions in social security benefits, and increased compulsion on claimants to co-operate with benefit administrators. Unemployed people will

now be disqualified from benefit for two weeks if they refuse to co-operate with directions to undertake a specific activity to help them find a job or improve their prospects of being employed. . . . Similarly, lone parents who fail to co-operate with the Child Support Agency without good cause will have more of their benefit removed.'

The report for France stated: 'In 1996, against a background of budgetary restrictions and increases in compulsory deductions, the main provisions of the Juppé plan (which included freezing family allowances and family benefits) regarding family policy were implemented.' A new tax was introduced which was intended to wipe out the accumulated deficit on social security over a period of 13 years.

Thus, almost a decade ago, there was a general experience of budgetary restraint upon family benefits and a tightening of what may generally be described as 'controls'.

More recently, Jonathan Bradshaw and Naomi Finch, in a research report commissioned by HM Treasury and the Department for Work and Pensions, and published in 2002, have compared the child benefit packages in 22 countries, including most European countries. In order to make inter-country comparisons as valid as possible, the package of tax allowances, cash benefits, subsidies, services in kind, etc have all been taken into account. The data were obtained by national informants who provided data on family demography and labour supply as well as information on the elements of their country's 'package'. On the basis of child benefit packages in which all elements have been taken into account, France, Germany and the United Kingdom have very similar levels, with France slightly exceeding Germany, which in turn slightly exceeds the UK. [For the 22 countries as a whole, the main change in the decade since 1992] 'has been towards using the income tax system to distribute resources to families with children. The Anglophone countries have all introduced or developed tax credits for children. For low-income families, they are now an important element of the package. In the UK, the introduction of the Child Tax Credit in 2003, which will create a single system of support for children, regardless of the working status of parents, will positively alter the child benefit package'. Housing benefit systems were important in Germany and France, whilst the net

cost of childcare for pre-school children for a lone parent on half average earnings in the UK was at least double that in France and Germany.

The present volume considers how a variety of families fare as a result of fiscal policy in three European countries – the United Kingdom, France and Germany. Its aim is to compare the resultant effect of benefits, taxes (including tax credits) and housing costs upon the incomes of different kinds of families, and also for ‘benchmark’ families, within each type of family, with different earnings levels. Interest primarily centres on the whether this resultant fiscal effect gives rise to larger or smaller redistributions of income to poorer families, which includes both one-parent families and couple-families. Of interest too are how the different kinds of one-parent family fare, and also how the same kind of one-parent family fares in the different countries.

The analysis is kept commendably straightforward by considering ratios of the resultant fiscal effect of the family type concerned with that of a childless single (i.e. unpartnered) person. The executive summary below summarises the main findings from the analyses. Whilst differentials – and *the consistency of the directions* of differentials – are particularly intriguing, perhaps what is most surprising at first sight is the overall *similarity* of many of the corresponding ratios between the three countries.

There are a few exceptions, though, mostly for lone-parent families. Even so, the UK ratio for lone-parent families is always very similar to that for at least one of the two other countries. Where the UK does differ, however, is where an unemployed unpartnered person *becomes* a lone parent; their financial situation improves, unlike the corresponding situation in either France or Germany. More important, however, is the fact that in the UK it is financially advantageous for couples with children – where either both parents work receiving the minimum wage, or both parents are unemployed – to part, since the interaction of taxes and benefits results in a higher standard of living for the newly-formed one-parent family. This latter result – and many of the other findings – raise a number of questions for social policy analysts and legislators. (*Families and Children in Britain: Findings from the 2002 Families and Children Study*, a report of research carried out by the National Centre for Social Research and the Department for Work and Pensions, has shown that larger, or

much larger, proportions of lone-parent families are in receipt of certain benefits/tax credits than couple-families, for example, Housing Benefit and Council Tax Benefit. Just under half of all lone-parent families receive Income Support, eleven times the proportion for couple-families.

Whilst the analyses of the present volume understandably concentrate on differences between the outcomes for corresponding families in the three regimes, an intriguing question is why there should be as many close *similarities* as there are, when the social security systems – and the ways they operate – contrast so dramatically in the three countries. Are there determining factors which apply universally, irrespective of the administrative, regulatory and social security systems of the country concerned? Perhaps, more particularly, variations in benefit levels tend to be attenuated by different rates of taxation?

For the layman, the analyses in this volume raise the question whether, in view of there being an enormous variety of different social, financial, and income situations and work-histories of the adults in the different kinds of families, it is possible (or practical) to construct welfare regimes which quantitatively take all the key variations equitably into account. Conversely, if there has to be a relatively simple system of benefits, is it inevitable that occasional inadvertent and inequitable anomalies arise, e.g. through ‘poverty traps’, once taxation comes into play?

More fundamentally, if the objective is redistribution of income, how much redistribution should there be, and which criteria should determine it? Is ‘equality’ the appropriate target – and if so is it ‘equitable’ for all concerned? Could the different countries of the EU learn from one another by comparing the advantages and disadvantages of their welfare regimes? (The answer to this is undoubtedly ‘Yes’, as witnessed by the research by Bradshaw and Finch, discussed above.)

The author, by providing the necessary quantitative evidence for making many comparisons between the three countries and family types, has provided much food for thought for both the layman, and for the social policy analyst, to digest.

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Summary

All developed Western European countries contain within their fiscal policies measures to redistribute income to promote equality between rich and poor, and to 'even out' the level of income experienced by individuals going through major life-cycle changes. This report integrates taxes and benefits to compare the level of redistribution among family types across a range of incomes in France, Germany and the UK. The different outcomes for the family types considered reflect the different assumptions and goals which lie behind the three countries' policies. France is known for its pro-natalist policies and Germany for its pro-marriage policies. However, the UK regime has striven to be explicitly neutral in terms of family policy, and to focus on reducing child poverty by means of income transfers. Lone parenthood is discouraged by the French and German regimes, but not by the British regime. The UK tax credit system favours children who live with a lone parent rather than with both parents. This results in the perverse situation in which a child, both of whose parents work full-time at minimum wage, experiences a higher standard of living if he or she lives with one parent rather than both. In the case of unemployed couples, British mothers would experience a substantial increase in their standard of living after breaking up. These outcomes point to fundamental differences between the welfare regimes of Germany, France and Britain. Taxes and social security payments are much higher in France and Germany, but benefits are distributed more evenly across the social spectrum and the link between contributing and receiving is much stronger. In contrast, redistribution in the UK is much more narrowly directed at low wage-earners and especially non-working or low wage-earning lone parents. Hence, many in the UK regard welfare as a form of enforced charity payable to those who have not contributed their fair share. It is questionable whether increasing the benefit levels for lone parents and low wage-earners would decrease the level of stigma associated with welfare.

Are governments fair to the family?

Many people argue that one role of government is to encourage equity among its people, between those who work in the paid labour force and those who do not, between those who earn more and those who earn less. For example, in the UK a major tool in the campaign to reduce child

poverty is an attempt to redistribute money through the tax and benefit system.¹ Moreover, governments in the twentieth and twenty-first centuries have often been relied upon to 'even out' the level of household income experienced by individuals as they go through the life-cycle of birth, childhood, active working adulthood, childbearing and parenthood, retirement, and death.² The European model of redistribution often is held up as one the UK should emulate, especially as it is seen to respond well to the risk of social exclusion created by changing family structures and labour force patterns. Economic studies have indicated that continental European countries have less overall income inequality, in part due to their tax and benefit system.

But, although European welfare regimes create more equality overall, are they really more favourable to families affected by lone parenthood, cohabitation, divorce and changes in labour force participation such as long-term unemployment and increased participation of mothers? Or do they focus more on supporting traditional families? This report compares the level of redistribution among family types across a range of incomes in France, Germany and the UK. It finds that the UK is engaged in about as much income redistribution to poor families with children as in France or Germany, and in some cases—such as low-earning lone parent families—provides more redistributive relief than the European models.

This report begins with a brief discussion of methodology used and an overview of each welfare regime as it relates to families, followed by an analysis of how each regime favours or disfavors various family types across income levels and an analysis of how the regimes deal with life changes. It concludes with a short discussion of whether the UK should follow the French or German model. Those interested in more details of the methodology used should consult the technical appendix.

Methodology

This report compares the personal income tax and benefit systems, referred to here as the country's welfare regime, of France, Germany and the UK and considers how families of various sizes and incomes fare in each regime. The basis of comparison in each regime is the

Family Structures

Lone parent (or childless single)

- No children
- One child: 12 months old
- One child: 3 years old
- One child: 12 years old
- Two children: 5 years old, 7 years old
- Two children: 10 years old, 12 years old
- Three children: 2 years old, 5 years old, 7 years old
- Four children: 3 years old, 5 years old, 7 years old, 9 years old

Couple

- No children
- One child: 12 months old
- One child: 3 years old
- One child: 12 years old
- Two children: 5 years old, 7 years old
- Two children: 10 years old, 12 years old
- Three children: 2 years old, 5 years old, 7 years old
- Four children: 3 years old, 5 years old, 7 years old, 9 years old

Household income situations

Lone parent (or childless single)

- Not in work
- Minimum wage: Full-time
- Minimum wage: Part-time
- 75% APW: Full-time
- 75% APW: Part-time
- APW: Full-time
- APW: Part-time
- 1.5 x APW: Full-time
- 1.5 x APW: Part-time
- 1.75 x APW: Full-time
- 2 x APW: Full-time

Couple (with or without children)

- Not in work: Father on UI (APW history)
- Not in work: Father on UI (minimum wage history)
- Not in work: Father on UA (minimum wage history)
- Minimum wage: Father full-time
- Minimum wage: Mother part-time, Father full-time
- Minimum wage: Both full-time
- 75% APW: Father full-time
- 75% APW: Mother part-time, Father full-time
- 75% APW: Both full-time
- APW: Father full-time
- APW: Mother full-time
- APW: Both full-time
- 1.5 x APW: Father full-time
- 1.5 x APW: Mother part-time, Father full-time
- 1.5 x APW: Both full-time
- 1.75 x APW: Father full-time
- 1.75 x APW: Mother part-time, Father full-time
- 1.75 x APW: Both full-time
- 2 x APW: Father full-time
- 2 x APW: Mother part-time, Father full-time
- 2 x APW: Both full-time

For each Family Structure listed above, the standards of living before and after household costs were calculated for each of the *Household Income Situations* listed above. Benefit and tax amounts and rules were based on the 2002 fiscal year for France and Germany and 2003/2004 for UK.

after-tax situation of a single, childless person earning wages of the average production worker (APW).³ The report asks how one-earner couples, two-earner couples and lone parents fare in each regime.

The report's contribution lies in its integration of taxes and benefits (including a basic measure of housing benefit, but not including child care) within the context of each welfare regime. Past studies have either isolated taxes and benefits from each other, or measured benefit and tax rates in absolute numbers rather than as relative proportions specific to each regime. Moreover, few studies have considered directly the question of how welfare regimes deal with various family structures across a range of financial situations.⁴

Two strategies are employed here, each of which relies upon measuring the equivalised standards of living both before housing costs and after housing costs across a range of family structures and incomes (see box for a description of the family and income scenarios analysed). Equivalised standards of living adjust the value of household income based on family size and age of children, so, for example, larger families have smaller equivalised standards of living than smaller families with the same income. To calculate standards of living, this report uses the McClement's Scale, which is used by the Department of Work and Pensions to prepare the *Households Below Average Income* (HBAI) report.⁵

The first strategy involves assessing the levels of horizontal redistribution (across households

with similar incomes but of different size and structure) and vertical redistribution (across low- to high-income households of similar size and structure) achieved by each regime. Because levels of earnings and tax rates vary across the countries, using the standards of living alone would create a distorted comparison (for example, in 2003 the average production worker earned £14,350 in France, £23,467 in Germany and £19,515 in the UK;⁶ see Table 1). Instead, this report uses, as a rough measure, the ratios of particular family standards of living to the standard of living of a single childless person earning the income of each country's average production worker. Low ratios indicate that the welfare regime does not succeed in bringing a family's standard of living up to the level of an APW earner; higher ratios (up to 1) indicate that these families are nearer the standard of living of APW; and ratios above 1 indicate that these families enjoy a higher standard of living than APW earners.

The second strategy compares the changes in standards of living for various family types as they experience life changes, such as having a baby, partnering, or breaking up. These changes are measured as percentages. This analysis explores how successful each regime is at 'cushioning the financial blow' of life changes.

There are, of course, several short-falls to this report. This study does not include child care costs or subsidies. Nor does it include the wide range of regional housing situations, including

Table 1
Wages, taxes and standards of living in France and Germany (2002) and the UK (2003)

	France	Germany	UK
Average Production Worker (APW)	20,840 Euros (£14,350)	34,087 Euros (£23,467)	28,346 Euros (£19,515)
Average tax wedge for single childless earner at APW	26%	41%	24%
Standard of living for single childless earner at APW	£17,382 (BHC) £13,269 (AHC)	£22,562 (BHC) £18,640 (AHC)	£24,319 (BHC) £21,827 (AHC)
Minimum wage	13,851 Euros (£9,536)	17,043 Euros (£11,733)*	11,928 Euros (£8,212)
Average tax wedge for single childless earner at minimum wage	18%	30%	0%
Standard of living for single childless earner at minimum wage	£12,810 (BHC) £8,198 (AHC)	£13,253 (BHC) £10,073 (AHC)	£13,508 (BHC) £9,838 (AHC)

* In Germany, minimum wages are set by each industry rather than the federal government. In this report, we have used 50% of German APW as the minimum wage.

costs and subsidies, available across the regimes. It should also be noted that the standards of living employed in calculating average comparison ratios are based on hypothetical model family situations and do not reflect the varied demographic and income situations of real families living in France, Germany and the United Kingdom.⁷

THREE WELFARE REGIMES

The French and German welfare regimes are well known for providing a strong safety net for those out of work and for families with children. Both cultures and welfare regimes value strong families. France is known for its pro-natalist policies and Germany for its pro-marriage policies. On the other hand, the UK regime historically has strived to be explicitly neutral in terms of family policy. British society itself has moved from stigmatising lone-parent families and cohabitation to a more non-judgemental attitude, and a focus on reducing child poverty.

France

The French welfare regime has been described as conservative because it relies upon contribution-based social insurance. However, its long history of pro-natalism and social solidarity has shaped its family policy such that there is considerable horizontal redistribution of resources among different-sized households. Where there are two or more children, generous family allowances are universal and provided independently of employment history or means-testing. The tax system accounts for the dependent status of children as well as non-working or low-earning partners by pooling the family income, dividing by a quotient based on family size, and applying the tax formulae.

Although the French regime is more explicitly child-centred than marriage-centred, it functions to encourage marriage and other committed parental partnerships and to discourage lone parenthood. There is also a long cultural history that emphasises the psychological and social benefits enjoyed by children who live with both parents, and the risks associated with family breakdown.⁸

Lone parenthood is not encouraged by the French regime. Although there is a specific

benefit for lone parents, it is tenable only for one year after a partnership separation and/or until the youngest child reaches three years of age. Lone parents are then expected to work, and most do. Those who do not work are eligible for the general social assistance programme, which is provided at subsistence level and generally is stigmatised. The state does provide some child maintenance assistance for lone parents where the non-resident parent does not. Because housing benefits in France are not generous, even for lone parents, most mothers who become lone parents experience a significant drop in their standard of living after housing costs are included. Lone parenthood is not as strongly associated with poverty in France as it is in Germany and the UK, probably for several reasons. First, there are fewer lone parents and half of lone parents re-partner within five years. Second, lone parents are much more likely to be in paid work, and more likely to work full-time.

French mothers, both lone and partnered, generally are expected to work, and they have higher rates of paid employment, especially full-time, than in the UK. Many do reduce or stop paid work until their youngest child is three years old. All mothers of a child under three years old receive a (partially means-tested) additional young child benefit. If they have two or more children, one of whom is under three years old, and they reduce or cease working, they receive an additional child-raising allowance, and a guarantee that they may return to their previous employment. From the age of three years, the state provides universal child care.

Changes in family life have been slightly different in France than in the UK (see Table 2). Rates of child poverty, divorce and teenage parenthood are lower. Although the percentage of births outside marriage is slightly higher than in the UK, many of these are to cohabiting couples who, in France, tend to maintain partnerships much longer than in the UK. Hence, there is a much lower rate of lone parenthood. France has the highest fertility rate as well as the highest unemployment rate of the three countries considered here. The rate of partnered mothers in employment is about the same in France and the UK, but a much higher proportion of French partnered mothers work full-time rather than part-time. The percentage of lone mothers in work, especially in full-time work, is much higher in France than in the UK.

Table 2
Characteristics of the family in France, Germany and the UK

	France	Germany	UK
Marriage rate (marriages per 1,000 population) ¹	5.1 [2001]	4.7 [2000]	5.1 [2000]
Divorce rate (divorces per 1,000 population) ²	2.0 [2001]	2.4 [2000]	2.6 [2000]
Cohabitation (proportion of couples, with the woman in her twenties, who are cohabitating) ³	64%	51%	50%
Fertility rate (number of children per woman) ⁴	1.88 [2002]	1.4 [2002]	1.64 [2002]
Teenage pregnancy rate (number of births to women aged below 20 per 1,000 women aged 15 to 19) ⁵	9.3 [1998]	13.1 [1998]	30.8 [1998]
Births outside marriage (as a percentage of all live births) ⁶	43.7% [2001]	25% [2001]	40.1% [2001]
Lone-parent families as a percentage of all families with dependent children ⁷	12.3% [1999]	21.1% [2000]	21% [2000]
Lone-mother families as a percentage of all families with dependent children ⁸	10.4% [1999]	17.9% [2000]	19% [2000]
Percentage of different types of lone mother families ⁹	Information not available	[1999]	[1998]
		Single 27%	Single 38%
		Separated 13%	Separated 22%
		Divorced 39%	Divorced 36%
		Widowed 22%	Widowed 4%
Relative child poverty ¹⁰	7.9% [1994]	10.7% [1994]	19.8% [1995]
Absolute child poverty ¹¹	10.7% [1995]	12.5% [1995]	29.1% [1995]
Unemployment ¹²	8.8% [2002]	8.6% [2002]	5.1% [2002]
% employed of all partnered mothers ¹³	[2001]	[1996]	[2000]
	Part-time 22%	Part-time 32%	Part-time 39%
	Full-time 45%	Full-time 20%	Full-time 31%
	Total 67%	Total 52%	Total 70%
% employed of all lone mothers ¹⁴	[2001]	[1996]	[2000]
	Part-time 17%	Part-time 22%	Part-time 26%
	Full-time 48%	Full-time 40%	Full-time 24%
	Total 65%	Total 62%	Total 50%
% employed of all mothers with at least one child under 6 years old ¹⁵	[2001]	[2001]	[2001]
	Part-time 21.5%	Part-time 30%	Part-time 37%
	Full-time 37%	Full-time 23%	Full-time 18.5%
	Total 58.5%	Total 53%	Total 55.5%

¹ Social Trends No 33:2003 Edition, Table 2.11, p.47. Rates per 1,000 population, 2000 data for UK & Germany, 2001 for France

² Social Trends No 33:2003 Edition, Table 2.11, p.47. Rates per 1,000 population, 2000 data for UK & Germany, 2001 for France

³ Berthoud, R. and Iacovou, M., 'Diverse Europe: Mapping Patterns of Social Change Across the EU', Swindon: ESRC,

⁴ Eurostat, Statistics in focus: Population and Social Conditions, First results of the demographic data collection for 2002 in Europe, page 5. Total fertility rate (children per woman), 2002

⁵ A League Table of Teenage Births in Rich Nations, Innocenti Report Card Issue No. 3, July 2001, United Nations Children's Fund. Figure 1, page 4 showing the number of births to women aged below 20 per 1,000 women aged 15 to 19 for 1998.

⁶ Eurostat, Statistics in focus: Population and Social Conditions, First results of the demographic data collection for 2002 in Europe, page 5. Live births outside marriage (as % of total live births), 2001.

⁷ Bradshaw, J. & Finch, N. (2002). A Comparison of Child Benefit Packages in 22 Countries.

⁸ Bradshaw, J. & Finch, N. (2002). A Comparison of Child Benefit Packages in 22 Countries.

⁹ Bradshaw, J. & Finch, N. (2002). A Comparison of Child Benefit Packages in 22 Countries. No information available for France.

¹⁰ A League Table of Child Poverty in Rich Nations, Innocenti Report Card Issue No. 1, June 2000, United Nations Children's Fund, Figure 1, page 4. Percentage of children living in relative poverty, defined as households with income below 50 percent of the national median. 1994 for France and Germany and 1995 for UK.

¹¹ A League Table of Child Poverty in Rich Nations, Figure 2, page 7, percentage of children living in households with incomes below the US official poverty line converted into national currencies (with purchasing power parity exchange rates), 1995.

¹² OECD, Main Economic Indicators, September 2003, page 16. Standardised Unemployment Rates, 2002.

¹³ Bradshaw, J. & Finch, N. (2002). A Comparison of Child Benefit Packages in 22 Countries.

¹⁴ Bradshaw, J. & Finch, N. (2002). A Comparison of Child Benefit Packages in 22 Countries.

¹⁵ Society at a Glance, OECD Social Indicators, 2002, Paris, OECD Publications Service, 2003. Chart SS4.1, 2001.

Germany

The German welfare regime has been described as conservative corporatist because its state policies tend to reinforce existing class and status differences within society rather than to redistribute resources or equalise situations.⁹ The goal is stability and loyalty to the state. This is accomplished through a dual system of contribution-based social insurance on the one hand, and a need-based social-assistance safety net on the other. For those who do not qualify for the contribution-based social insurance schemes, the German system assumes subsidiarity such that families, employers, trade unions, and communities should be called upon first for support. Social assistance is then awarded at a subsistence level. Within the German social insurance system, contributions as well as benefits are high, but both are also graduated, based on wage history. So, for example, a short-term unemployed worker with wage history at APW would receive a higher level of unemployment insurance than an unemployed worker with wage history at half APW. This means that the welfare regime, including health care and social security, is viewed as a broad system in which even the middle classes participate.¹⁰

The German tax and benefit system, and indeed the constitution itself, explicitly recognise and are committed to enabling family obligations. Historically the German welfare regime has been marriage- rather than child-centred, and has presumed a traditional male breadwinner/female homemaker model. Income tax is calculated jointly by pooling the marital income, splitting it in two, and applying the tax formulae, which means that where there is only one earner, or the wife works part-time (which is the case for most couples with children, although the advantage works even without children present), the husband's income is taxed at a lower rate.¹¹ The cost of raising children is accounted for by using a tax credit to reduce the amount of tax paid. These child tax credits are refundable, meaning that for low-earning or non-working families, the credits function as a benefit. Recently there have been some proposals to extend tax and benefit advantages of marriage to cohabiting couples. There is, however, an explicit prohibition against cohabiting couples benefiting more than comparable married couples.

Lone parenthood is generally not encouraged by the German regime. Because most lone mothers do not have a strong wage history of their own, they fall outside of the more generous contribution-based social insurance schemes. However, the state does provide support for lone parenthood within its general social assistance programme, and by providing some time-limited child maintenance for children under 12 years old when the non-residential parent does not. There is also a tax deduction available specifically to lone parents in work, but this has been reduced and should be eliminated by 2005. Conventional opinion in Germany views lone motherhood as a regrettable condition to be pitied.¹² Lone motherhood is associated strongly with poverty, although less so than in the UK.

For both married and lone mothers, there is an expectation that they will care for their children rather than engaging in paid work, although lone mothers do have a higher rate of employment. Formalised child care for children under age three is minimal and expensive, and school hours for older children are short and sometimes irregular. To help support mothers who reduce or cease working to care for small children, both married and lone parents are eligible for a child-raising allowance for children under two years of age.

Although Germany has experienced many of the changes that have characterised family life in the last few decades throughout the developed world, the traditional understanding of the family has fared better here (see Table 2). Rates of child poverty, teenage parenthood, births outside marriage, cohabitation, and married mothers in paid work are considerably lower than in the UK. Although the percentage of lone-parent families is about the same, these rates are inflated because they generally include unmarried mothers who are cohabiting with partners.¹³ Moreover, a much higher proportion of German lone mothers are divorced or widowed rather than single or separated. However, fertility rates are much lower, and unemployment is higher.

UK

The UK welfare regime has been described as liberal, because it employs market-based social insurance (more so in the past than now) and

employs means-testing for benefit levels. Benefit levels are generally low, so as not to discourage work. Although income taxation and social security contributions are progressive so that higher earners contribute more, benefits for working-age people generally are not based on contribution history. Even where benefits are based on contribution history, these are usually so low that most recipients qualify for a means-tested top-up.¹⁴ Because of this, welfare and public assistance in the UK are viewed by many as a burden wherein those who work support a small group of the poor who are dependent upon the state and taxpayers.

Historically, the UK regime has not attempted to achieve family-related goals via explicit policies.¹⁵ Since 1990, the UK has employed individual rather than joint taxation, and in 2000 it abolished the married couple's allowance in cases where both spouses were born after 6 April 1935. There is now very little recognition of marriage in the UK income tax system for families on average or higher earnings, except to withdraw the child tax credit where a couple's combined income exceeds a threshold.¹⁶ On the other hand, social assistance and unemployment assistance generally have been based upon the household rather than the individual situation. Recently, the UK regime has focused more on children living in poverty, has emphasised encouraging low-earning or non-working parents into work, and has specifically targeted lone parents.

Lone parenthood is not discouraged by the UK welfare regime. Indeed, in some cases of low-earning or unemployed partnered mothers, the system provides incentives to become a lone parent. Lone parents automatically qualify for income support because they are not expected to work until their youngest child is 16 years old. Lone parents in the UK are much more heavily dependent upon this programme of social assistance, and for longer, than they are in France or Germany. For lone parents who do want to work, the New Deal for Lone Parents provides advice, assistance and one-off grants. The tax credit system provides significant funding to 'make work pay', even at part-time and minimum wage levels.

The UK government has a goal of halving the number of children living in poverty (defined as having a standard of living below 60% of median household income). This focus has shaped the tax

and benefit systems and driven a shift toward tax credits which are calculated according to the household rather than the individual situation. The government has chosen to tackle child poverty by creating incentives for parents to work, even at part-time or minimum wage levels. Because lone parents have a high risk of living in poverty, the government has structured the new tax credit system especially to encourage them to enter work. Children in low-income families of all types attract additional benefits and (refundable) tax credits, the levels of which are means-tested. A flat-rate universal child benefit is available for all parents, regardless of income.

The tax credit system favours children who live with a lone parent rather than with both parents. This occurs because the system expects two adults and a child to live on exactly the same amount of money as one adult and a child. This results in the perverse situation in which a child, both of whose parents work full-time at minimum wage, experiences a higher standard of living if he lives with only one parent rather than both. In fact, each of the individuals in this scenario has a higher standard of living before housing costs if the parents live apart, and the custodial parent has a higher standard of living both before and after housing costs (see Table 3).

The UK has led Europe in many of the changes in family life experienced in the past few decades. It has high rates of divorce, teenage pregnancy, births outside marriage, lone parenthood, and child poverty (see Table 2). Although more British women have increased their participation in the labour market, married mothers still tend to work part-time rather than full-time. British lone mothers have one of the lowest rates of employment in Europe.

WHICH TYPES OF FAMILIES FARE BEST, AND WHERE?

In constructing the model comparisons below, this paper considered family structure (lone parent or couple), number and age of children, and the amount and wage of each parent's paid work (see box, p. 2). For each model family case, a standard of living was calculated based on the family's wage income, the number of adults, the number and age of children, and the amount of taxation, social security contributions, and

Table 3

Both parents working full-time at minimum wage, one twelve-year-old child, United Kingdom, 2003

	Both parents and child living together	Lone parent living with child	Second parent living separately
Annual standard of living before housing costs	£13,432	£14,612	£13,508
Annual standard of living after housing costs	£10,711	£11,696	£9,838
Annual earnings	£16,424	£8,212	£8,212
Annual government subsidy	£366	£4,355	£28

benefits for which the model family qualified. The standard of living for each model family was then divided by the standard of living of a single childless person with earnings of the average production worker to create a ratio. This ratio can be used as a rough estimate of horizontal equity (across households with similar incomes but of different size and structure) and vertical equity (across low- to high-income households of similar size and structure) achieved through government redistribution. Low ratios indicate that the welfare regime does not succeed in bringing a family's standard of living up to the level of an average production worker earner; higher ratios (up to 1) indicate that these families are nearer the standard of living of an average production worker; and ratios above 1 indicate that these families enjoy a higher standard of living than average production worker earners. For example, it would make sense that a single childless worker earning average production worker wages would experience a higher standard of living than a one-earner couple (earning average production worker wages) with a three-year-old child would. However, the resulting difference in standard of living varies in each country. When the rules of each welfare regime are applied, the one-earner couple and their child experience a different percentage of the single person's standard of living, depending upon whether they live in France, Germany or the UK. An example will illustrate the point:

- In France, Monsieur Brown—a single man with no children—earns £14,350 which is the wage of an average production worker. His standard of living before housing costs is £17,382. Monsieur Green also earns £14,350. He is married with a three-year-old child, and

his wife does not work. Each individual in his family experiences a standard of living of £10,730, which is about 62% of Monsieur Brown's standard of living (ratio is 0.62).

- In Germany, Herr Brown—a single man with no children—earns £23,467 which is the wage of an average production worker. His standard of living before housing costs is £22,562. Herr Green also earns £23,467. He is married with a three-year-old child, and his wife does not work. Each individual in his family experiences a standard of living of £15,007, which is about 66% of Herr Brown's standard of living (ratio is 0.66).
- In the UK, Mr Brown—a single man with no children—earns £19,515 which is the wage of an average production worker. His standard of living before housing costs is £24,319. Mr Green also earns £19,515. He is married with a three-year-old child, and his wife does not work. Each individual in his family experiences a standard of living of £12,480, which is about 51% of Mr Brown's standard of living (ratio is 0.51).

If the goal was for the government taxation and benefit regime to even out the standards of livings across family types, then Germany has come closest to success in this case, and the UK has been the least successful. Results will vary according to which family type and wage level are examined.

Treatment of one-earner couples with children

Generally, the German and French welfare regimes provide more support for one-earner

couples than is provided in the UK. When housing costs are taken into consideration, the level of support for French one-earner couples falls behind.

If we divide the one-earner couples into three groups—minimum wage earnings, 75% of average production worker earnings, and those at average production worker earnings or higher—we find that, before housing costs, the UK pulls ahead of Germany at minimum wages, but drops behind at 75% APW. After housing costs, the UK does much better than France, and better than Germany at minimum wage. At 75% APW, the UK does much better than France and slightly worse than Germany.

At APW wages or higher, the UK does consistently worse than Germany and France before housing costs. After housing costs, France's position drops drastically (although above APW levels it is about the same as the UK), but Germany maintains its edge. (See Figures 1 and 2.)

Treatment of two-earner families

Before housing costs, two-earner families are generally better off in France or Germany. After housing costs, they are slightly worse off in France. (See Table 4.)

Treatment of lone-parent families

In general, lone-parent families fare about the same across the regimes. However, after housing costs, lone-parent families in France, especially those not in work, fall well behind both Germany and the UK.

Those on low wages do slightly worse before housing costs in both France and Germany. After housing costs, they do much worse in France.

Those at APW wages or higher are better off before housing costs in both France and Germany. After housing costs, France again drops behind. (See Figures 3 and 4.)

In absolute figures, non-working lone parents actually receive more cash benefits in the UK on average than they do in France or Germany. Moreover, in relative terms (if we compare the average ratios of lone-parent standards of living to average production worker standard of living), we find that the UK provides about the same amount of help to non-working lone parents as France and Germany. Because in the UK lone-parent families have 1.7 children on average and 35% have at least one child under five years old,¹⁷ we looked specifically at the three most likely scenarios: (1) one three-year-old child; (2) one five-year-old and one seven-year-old; (3) and one ten-year-old and one twelve-year-old. In all these cases, the UK provided about as much or more support as France and Germany. (See Table 5.)

Table 4
Standards of living* of two-earner families compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Full-time / Full-time	Full-time / Part-time	Full-time / Full-time	Full-time / Part-time
France	1.12	0.79	0.81	0.52
Germany	1.07	0.79	0.86	0.62
UK	1.08	0.76	0.87	0.60

* Average of standards of living from each scenario

Table 5
Standards of living* of lone-parent families compared to single childless average production worker

	<i>(1) one 3-year-old</i>		<i>(2) 5-year-old & 7-year-old</i>		<i>(3) 10-year-old & 12-year-old</i>	
	BHC	AHC	BHC	AHC	BHC	AHC
France	0.36	0.15	0.24	0.01	0.28	0.06
Germany	0.31	0.30	0.31	0.29	0.30	0.28
UK	0.34	0.34	0.34	0.33	0.32	0.31

* Average of standards of living from each scenario

Figure 1: Standard of living of a one-earner couple with children compared with that of a single childless average production worker, before housing costs

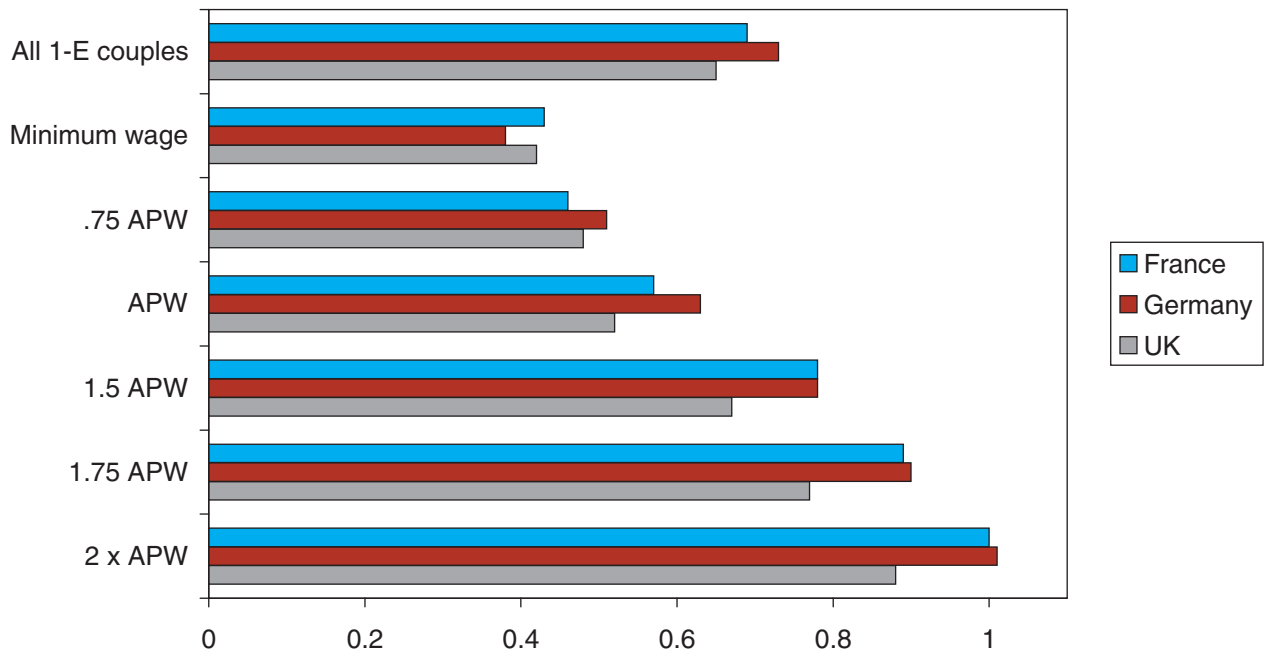


Figure 2: Standard of living of a one-earner couple with children compared with that of a single childless average production worker, after housing costs

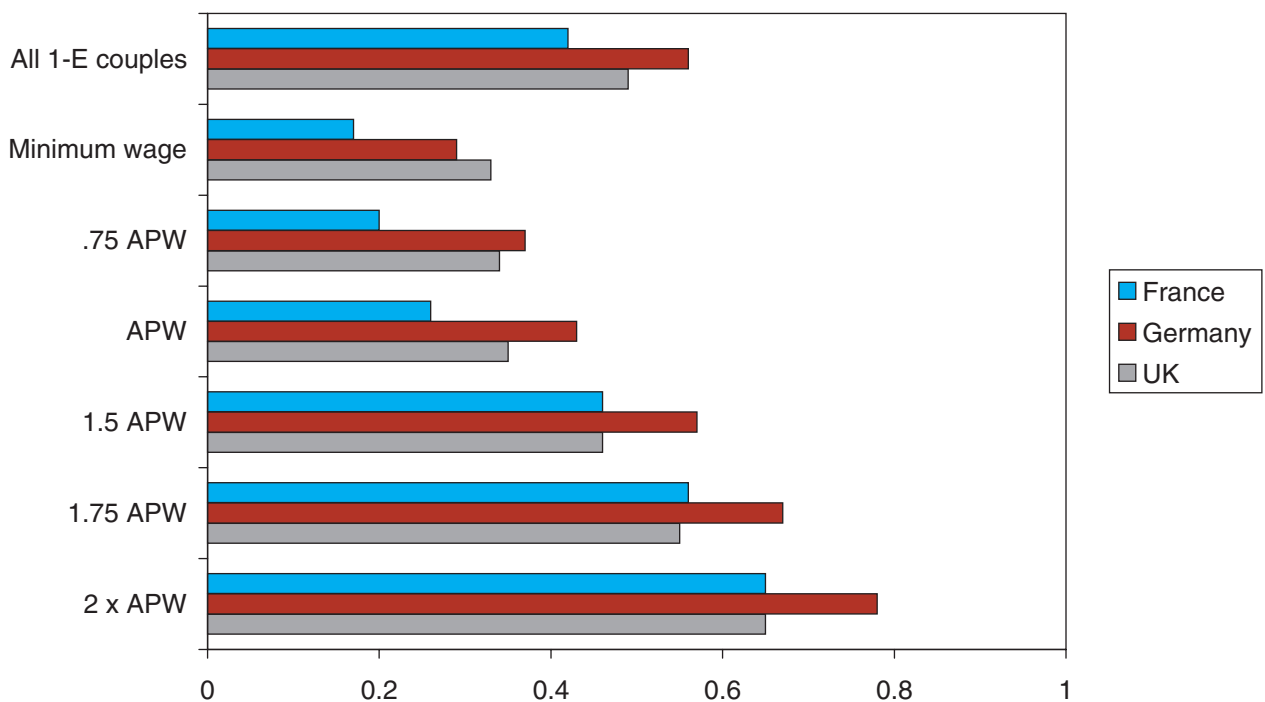


Figure 3: Standard of living of a lone-parent family compared with a single childless average production worker, before housing costs

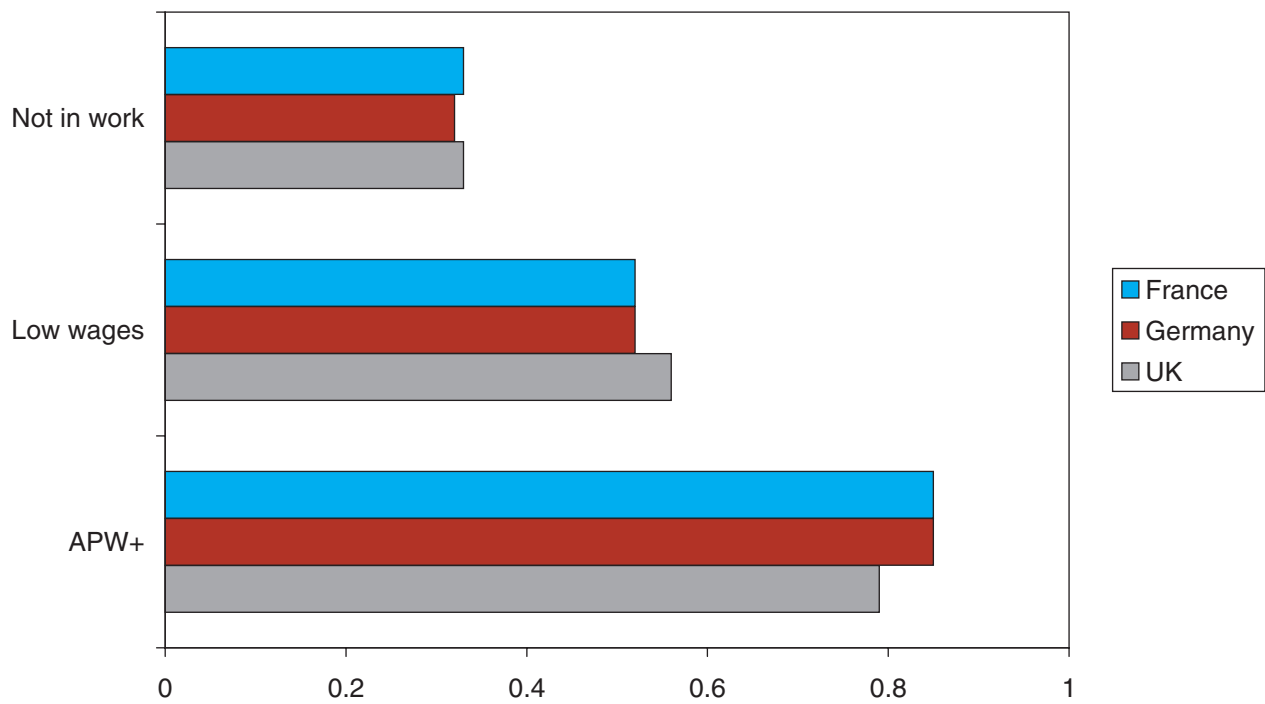
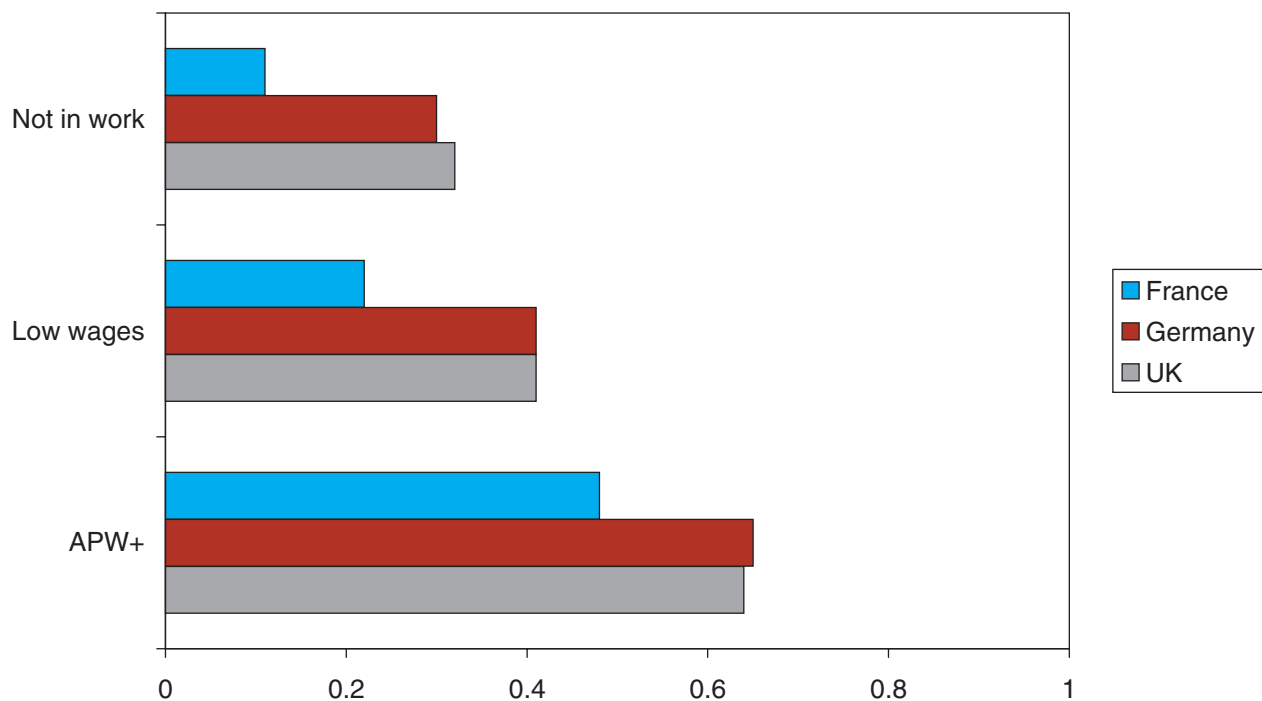


Figure 4: Standard of living of a lone-parent family compared with a single childless average production worker, after housing costs



Treatment of families with no earners

Families with no earners generally fare about the same in each regime before housing costs. After housing costs, France falls behind. The UK provides slightly more support to non-earning lone parents (BHC and AHC) and slightly less support to non-earning couples (BHC). (See Table 6.)

Treatment of low-earning families

Low-earning (minimum wage and 75% APW) lone-parents do best in the UK before housing costs. After housing costs they fall well behind in France. Low-earning couples do about the same

in each regime before housing costs. Once again, after housing costs they fall well behind in France. (See Table 7.)

Treatment of mid- to high-earning families

Families at mid-level-earnings (APW and 1.5 x APW) do best in Germany. (See Table 8.)

Treatment of high-earning families

Families with high earnings (1.75 x APW and 2 x APW) do best in France before housing costs.

Table 6

Standards of living* of non-earning families compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	0.31	0.33	0.12	0.13
Germany	0.34	0.30	0.33	0.24
UK	0.35	0.28	0.34	0.26

* Average of standards of living from each scenario

Table 7

Standards of living* of low-earning families compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	0.47	0.55	0.21	0.30
Germany	0.51	0.56	0.43	0.43
UK	0.56	0.54	0.43	0.42

* Average of standards of living from each scenario

Table 8

Standards of living* of mid- to high-earning families compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	0.68	0.88	0.38	0.59
Germany	0.75	0.89	0.60	0.69
UK	0.70	0.83	0.58	0.63

* Average of standards of living from each scenario

After housing costs, these French families fall behind. (See Table 9.)

Treatment of families with young children

Families with at least one child three years or younger are generally better off in France or Germany, except after housing costs in France, where lone parents with a young child are much worse off and couples with a young child are somewhat worse off than in Germany or the UK. (See Table 10.)

Treatment of families with older children

For families with at least one child nine years or older, there is little difference in the standard of

living before housing costs. However, after housing costs, lone parents with an older child are much worse off—and couples with an older child are somewhat worse off—in France. (See Table 11.)

Treatment of families with three or more children

Families with three or more children are generally better off in France or Germany, except after housing costs for lone parents with large families in France, where they are worse off than in Germany or the UK (both BHC and AHC). (See Table 12.)

Treatment of couples who have a baby

Most two-earner couples who have a baby where one parent drops out of the labour market

Table 9
Standards of living* of high-earning families compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	1.11	1.25	0.76	0.93
Germany	1.07	1.22	0.88	0.99
UK	1.02	1.21	0.88	0.97

* Average of standards of living from each scenario

Table 10
Standards of living* of families with young children compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	0.68	0.89	0.36	0.56
Germany	0.70	0.83	0.57	0.64
UK	0.67	0.79	0.55	0.61

* Average of standards of living from each scenario

Table 11
Standards of living* of families with older children compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	0.63	0.82	0.33	0.51
Germany	0.62	0.78	0.49	0.60
UK	0.62	0.76	0.49	0.57

* Average of standards of living from each scenario

Table 12
Standards of living* of larger families compared to single childless average production worker

	<i>Before Housing Costs</i>		<i>After Housing Costs</i>	
	Lone-parent families	Couples with children	Lone-parent families	Couples with children
France	0.68	0.84	0.37	0.52
Germany	0.66	0.73	0.55	0.57
UK	0.59	0.70	0.46	0.54

* Average of standards of living from each scenario

experience a drop in their standard of living. However, in the UK, couples on minimum wage actually see an *increase* in their standard of living (both BHC and AHC). Once a British couple reach the level of APW, their reduction in standard of living upon having a baby is at least the same or greater than in France or Germany. (See Figures 5 and 6.)

Treatment of single people who have a baby (and become lone parents)

Most single-earners who have a baby and become lone parents experience a decrease in their standard of living. However, in the UK, people working at the minimum wage actually see a *modest increase* in their standard of living before housing costs, and a *large increase* after housing costs. German minimum wage earners also see a large increase after housing costs. At higher income levels, the UK regime provides less protection, but generally more than the French after housing costs. In general, the French regime cushions the blow the least, especially after housing costs. (See Figures 7 and 8.)

Incentives or disincentives for mothers to partner or separate

Within low-earning couples, a mother can sometimes be better off financially by leaving her partner. This is especially the case in the UK. In the case of a two-earner couple on minimum wage, the mother would actually increase her standard of living (both BHC and AHC) by 5-12% (depending upon the number and age of her children). In the case of a one-earner couple at minimum wage, the mother would experience about a 20% drop in standard of living before housing costs (the same as in France and Germany). However, after housing costs, she

would experience only a negligible decrease (compared to quite substantial decreases in France). (See Figure 9.) If, after the break-up, this British mother took up part-time work at minimum wage, she would see a seven percent increase in standard of living (AHC).

At higher wage levels, German and British mothers both experience modest reductions in their standard of living upon separation from their partner. However, the French regime provides very little financial protection for any partnered mother to become a lone parent, especially after housing costs are considered. (See Figures 12 and 13.)

In the case of unemployed couples, British mothers would experience a 20-25% *increase* in their standard of living (BHC) after breaking up, and a 27-35% *increase* after housing costs. (See Figure 14 for example of couple on unemployment insurance with three-year-old child.) At the other extreme, the French regime would tend to impose financial disincentives for these mothers to leave their partner (except in the case of couples on long-term unemployment assistance). The German regime offers a more mixed set of incentives. For those on short-term unemployment insurance and with wage histories at APW, there is some financial incentive to stay together. For those with lower wage histories, or on long-term unemployment assistance, there are strong incentives for the mother to leave.

SHOULD THE UK FOLLOW THE FRENCH AND GERMAN MODELS?

Continental European welfare regimes often have been held up as models for the UK to emulate because, it is argued, their welfare systems are more generous, less stigmatising, and provide more protection for women, children and other

Figure 5: Reduction in standard of living before housing costs: From two-earner childless couple to one-earner couple with one-year-old

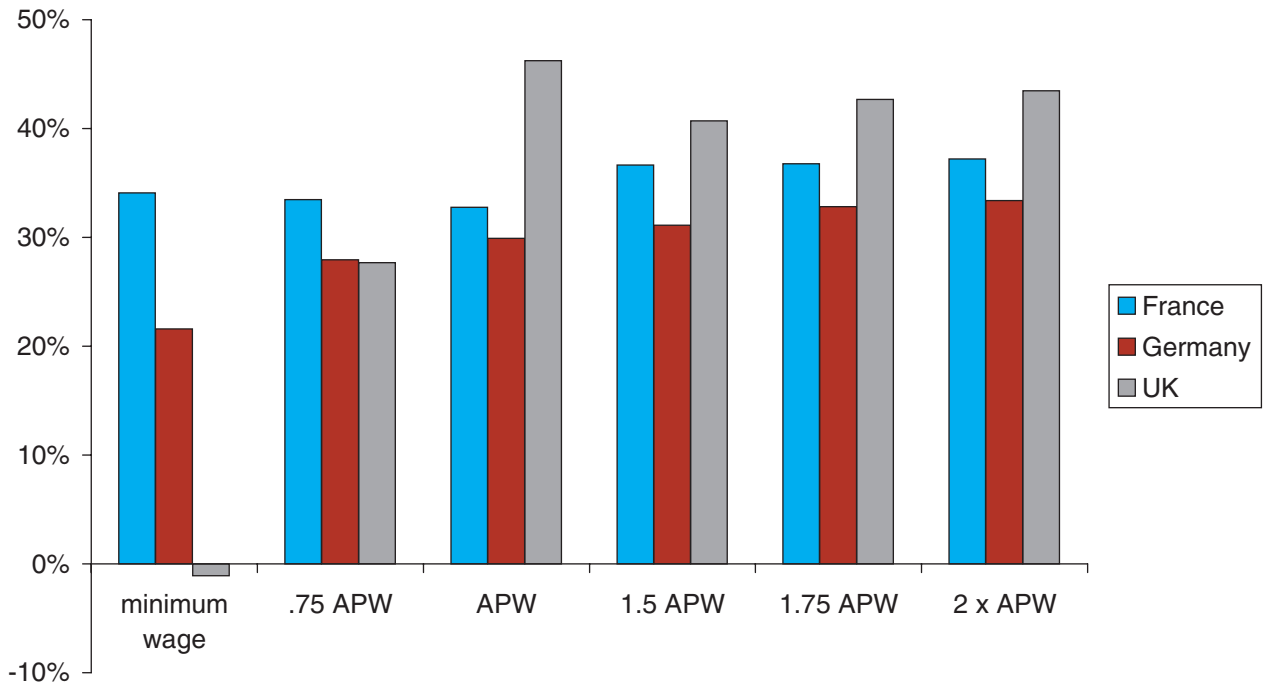


Figure 6: Reduction in standard of living after housing costs: From two-earner childless couple to one-earner couple with one-year-old

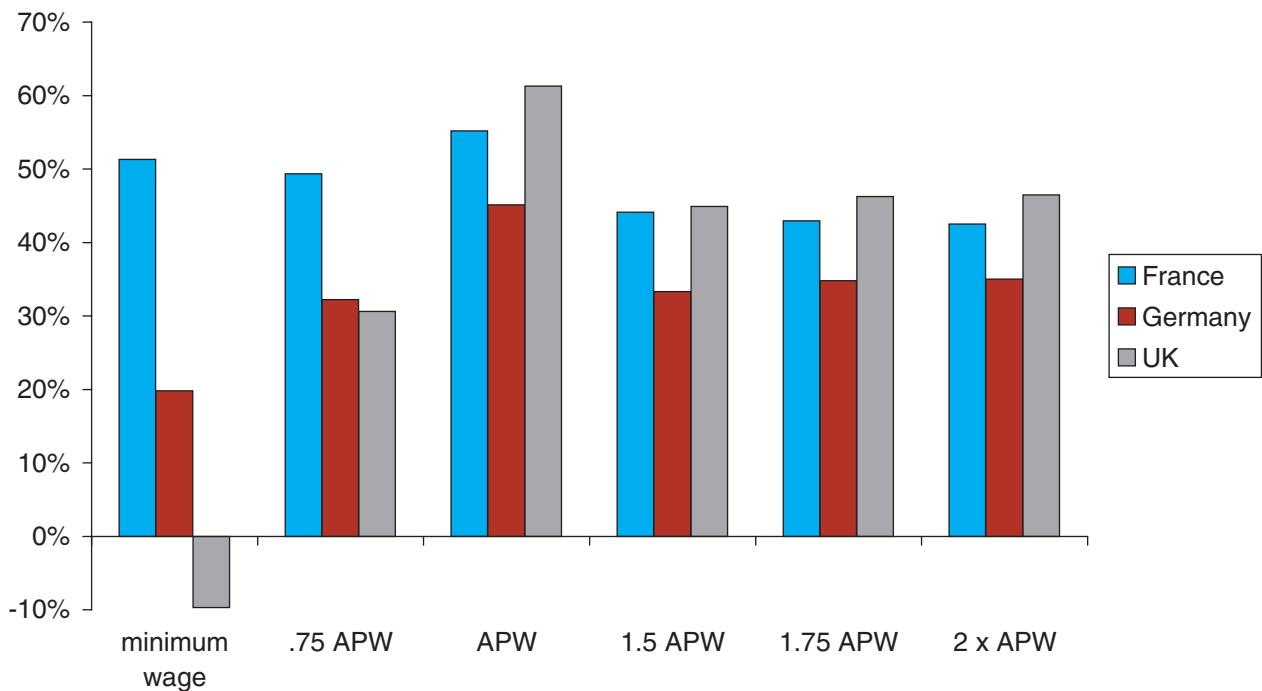


Figure 7: Reduction in standard of living before housing costs: From childless single person to non-earning lone parent with baby

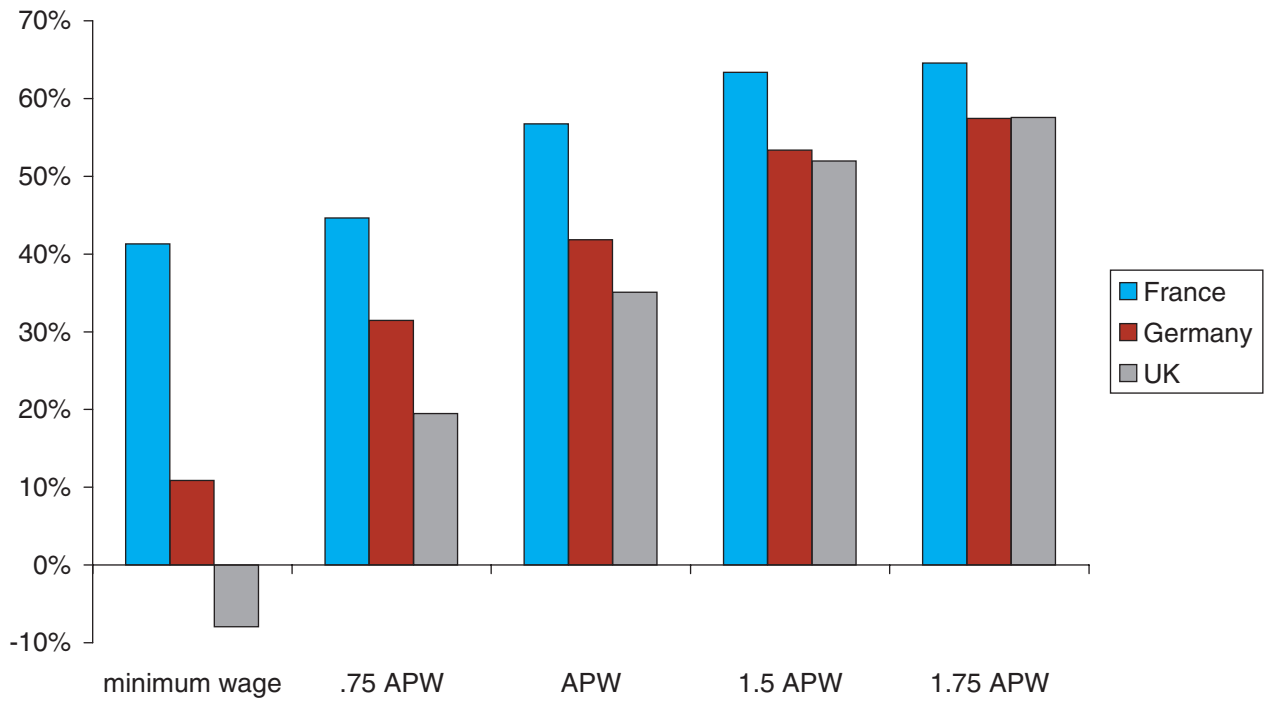


Figure 8: Reduction in standard of living after housing costs: From childless single person to non-earning lone parent with baby

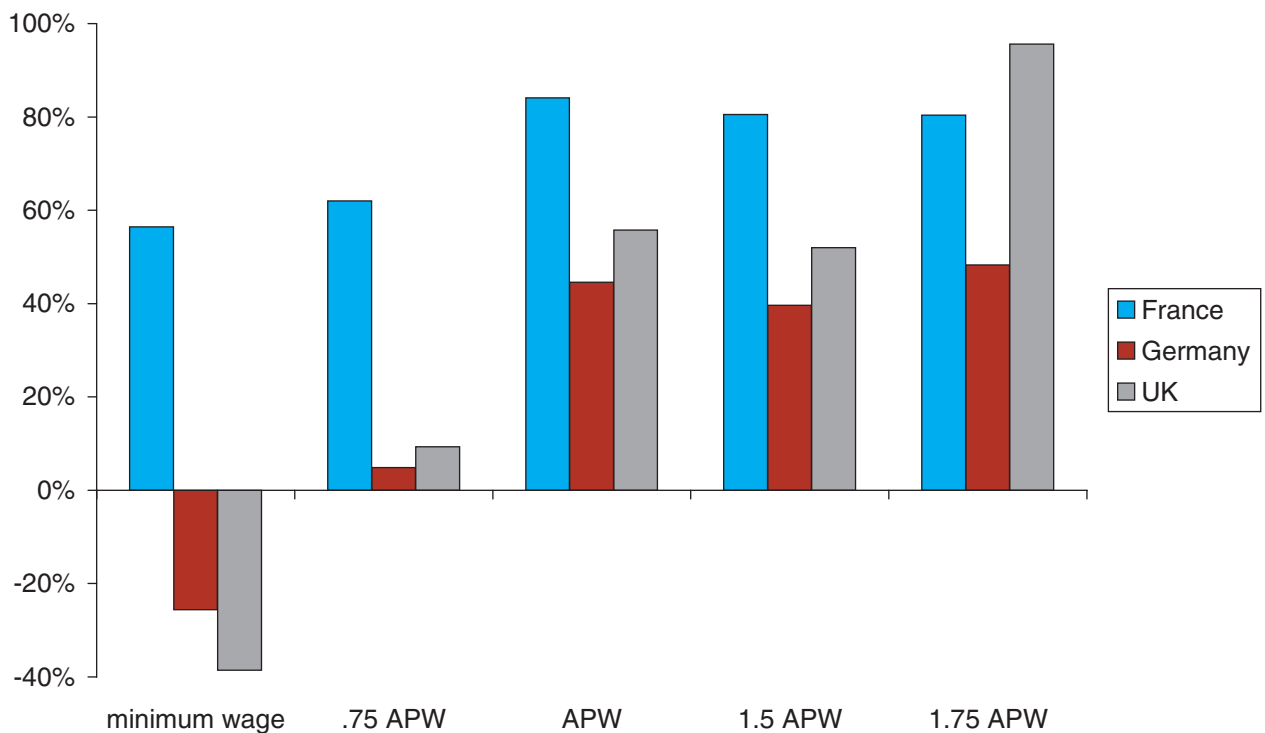


Figure 9: Reduction in standard of living, from one-minimum-wage earner couple with three-year-old child to non-working lone-parent with three-year-old child

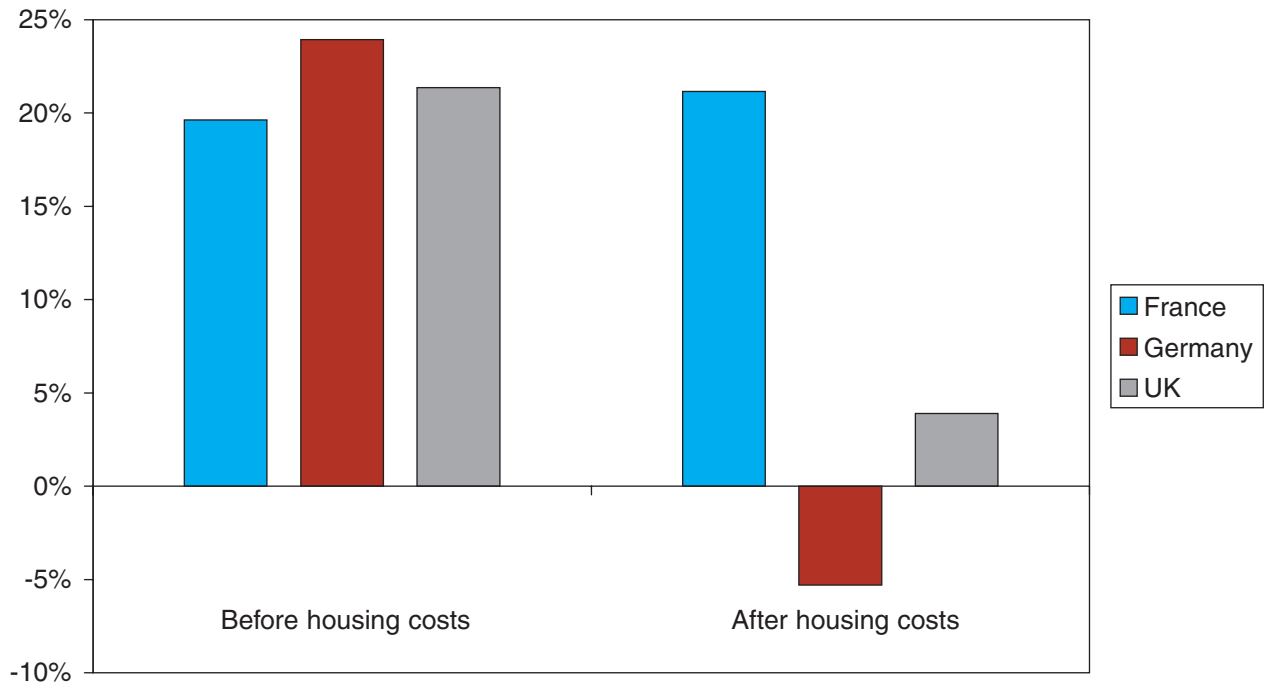


Figure 10: Change in standard of living before housing costs: From two-minimum-wage earner childless couple to one-minimum-wage-earner couple with baby

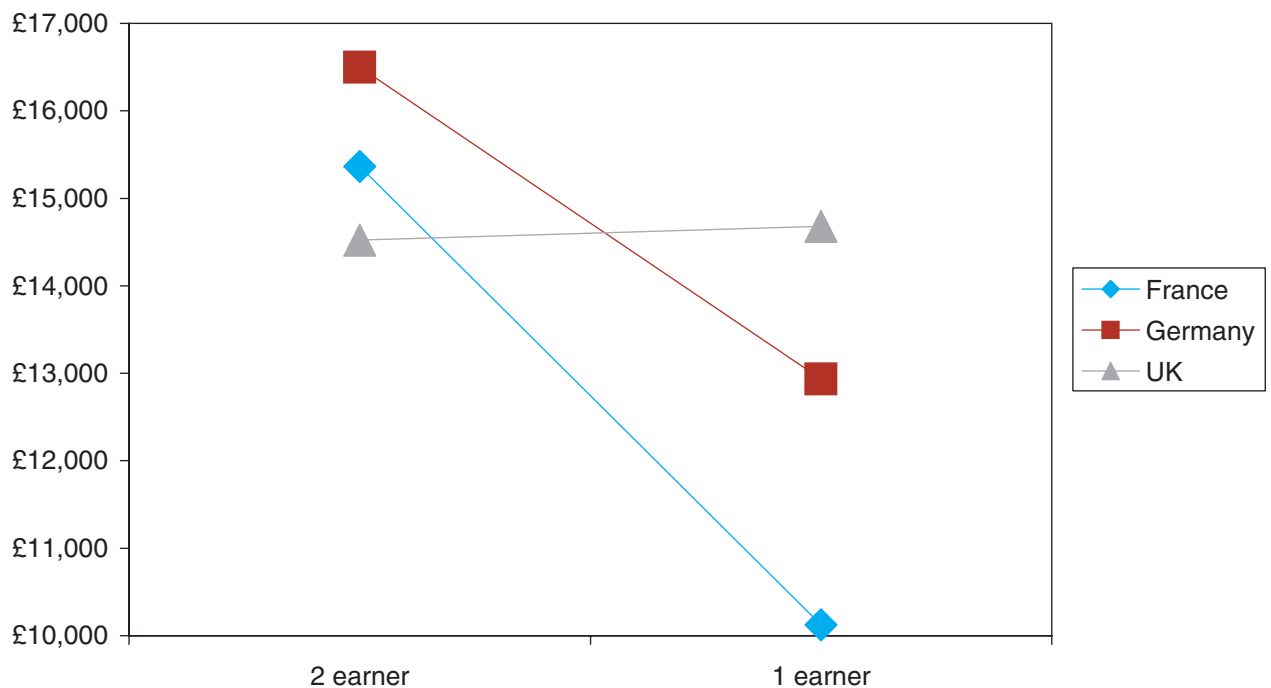
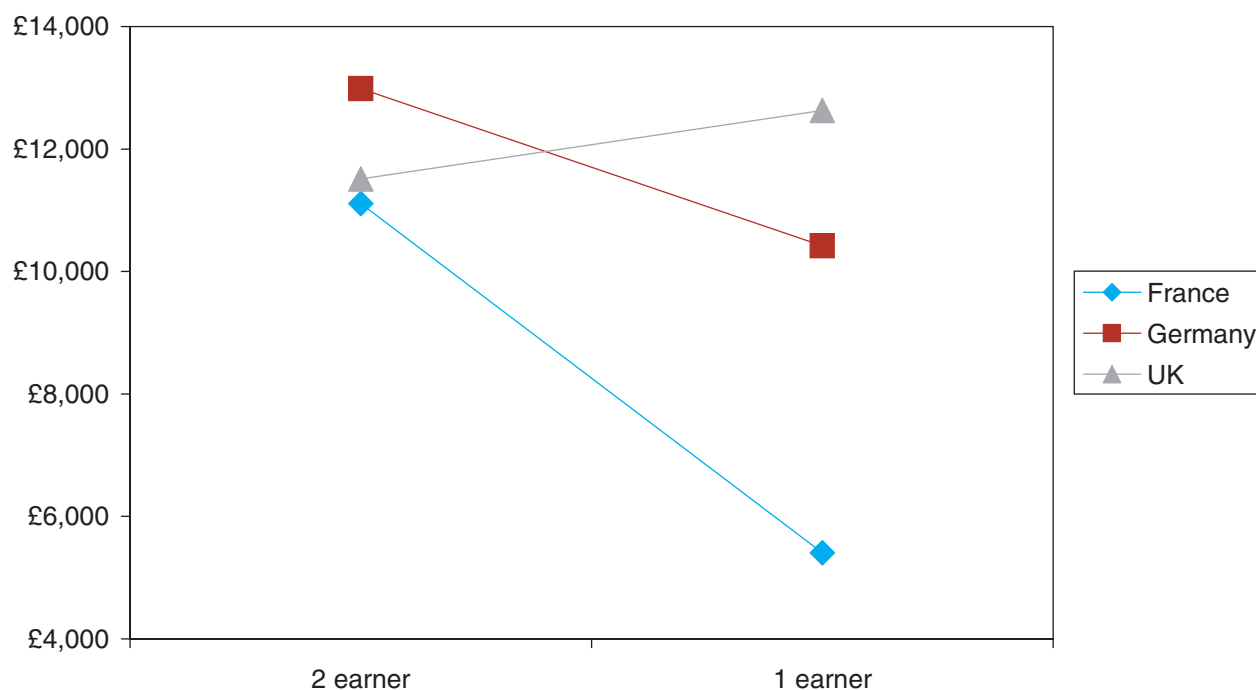


Figure 11: Change in standard of living after housing costs: From two-minimum-wage-earner childless couple to one-minimum-wage-earner couple with baby



vulnerable people. This report has shown that, although France and Germany may provide more redistribution in general, the UK also provides a significant amount of redistribution targeted at poor families, especially lone-parent families. Therefore, the policy solutions (e.g. increasing benefit levels for lone parents) to the problems of child poverty and inequality recommended by many commentators are not the correct conclusions to be drawn from the comparison.

There is a fundamental difference between the UK welfare regime and those of France and Germany. Taxes and social security contributions are much higher in France and Germany, but the benefits redistributed to their people are more widely dispersed across the social spectrum, and the link between contributing and receiving is much stronger. Hence, increases in taxation and social security contributions are not met with nearly the same level of resistance as are reductions in benefit levels. This sort of system has its own weaknesses, most notably the high costs associated with employment, which has contributed to very high levels of unemployment in France and Germany.¹⁸

In contrast, redistribution of taxes and social security contributions in the UK is much more

narrowly directed at low wage-earners and especially non-working or low wage-earning lone parents. Hence, many in the UK view welfare as a form of enforced charity payable to those who have not contributed their fair share. It is questionable whether increasing the benefit levels for lone parents and low wage-earners would decrease the level of stigma associated with welfare.

In fairness, the current government, as opposed to poverty and lone parent advocates, has focused much more on enabling non-workers or low-earners into work and helping them rise above poverty (especially if they have children) than they have on raising benefit levels for those not in work. However, this still involves taxing mid- to higher-level earners to provide cash payments for low-earners or (in the case of some lone parents) people who work only 16 hours per week.

The UK's welfare regime has three indirect but negative consequences. First, it provides financial incentives for many couples with children, especially those at low incomes or on jobseeker's allowance, to break-up or to keep their relationships informal and 'off-the books'. Second the UK's welfare regime favours poor

Figure 12: Change in standard of living before housing costs: From two-75% APW wage-earner childless couple to one-75% APW wage-earner couple with baby

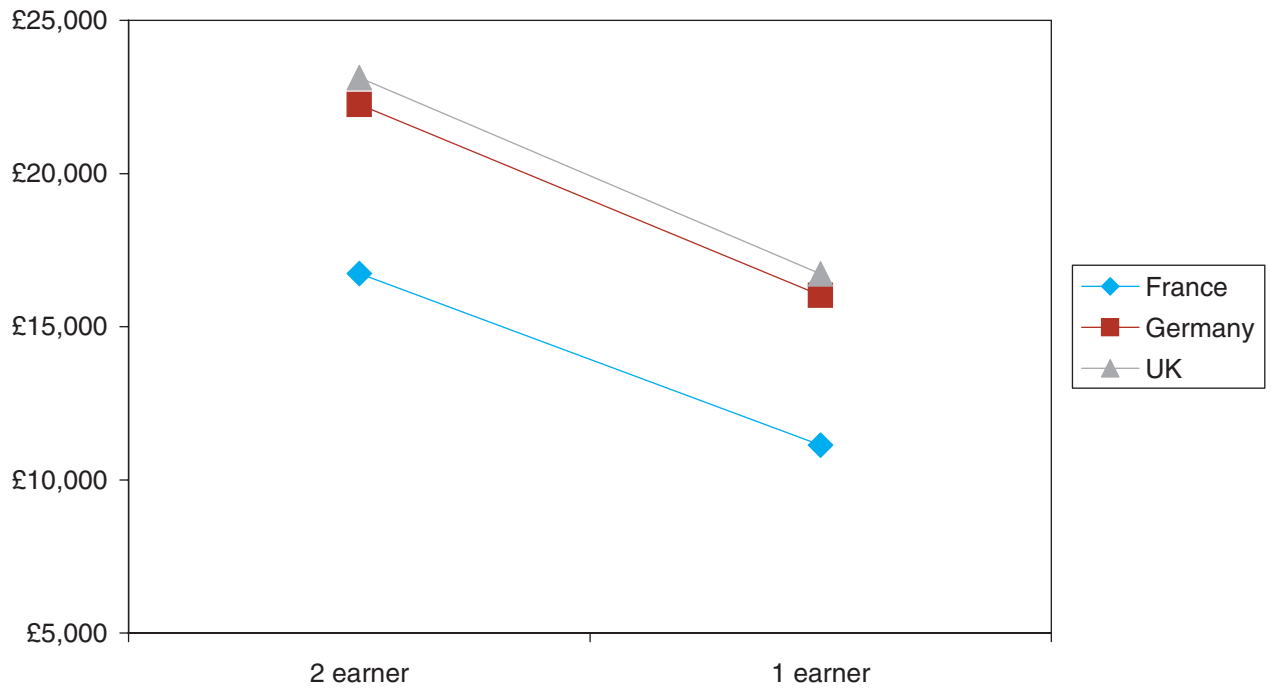


Figure 13: Change in standard of living before housing costs: From two-APW-earner childless couple to one-APW-earner couple with baby

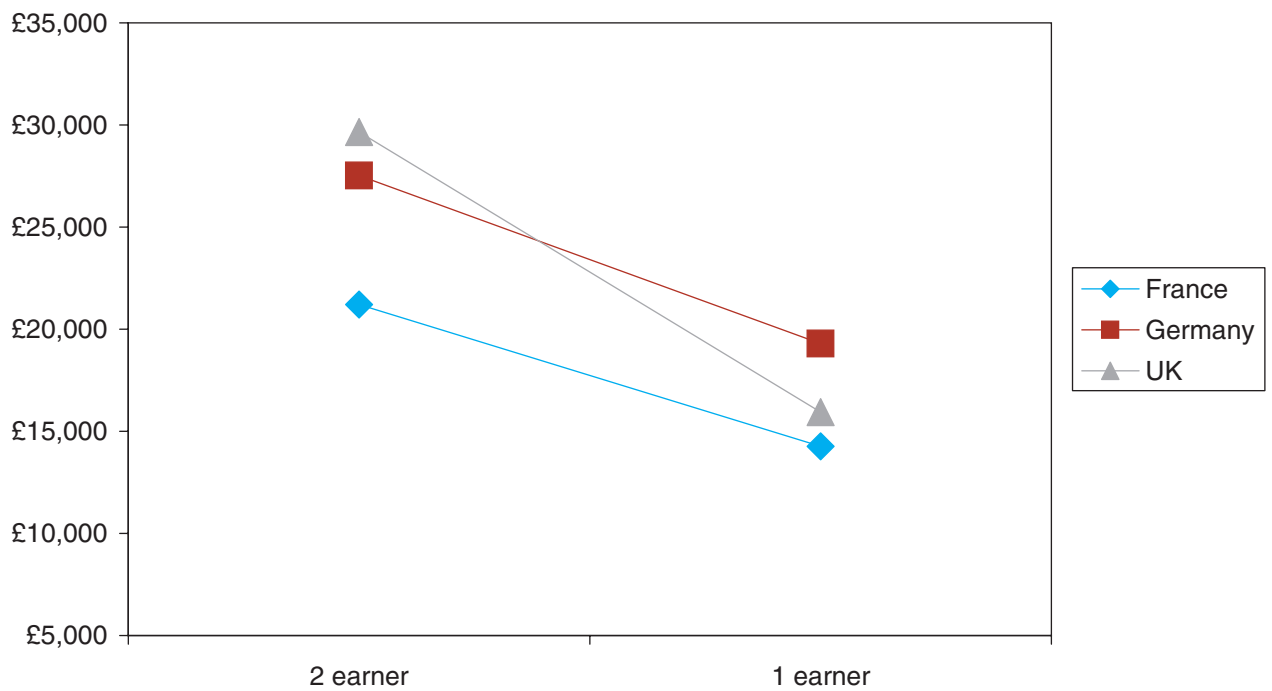
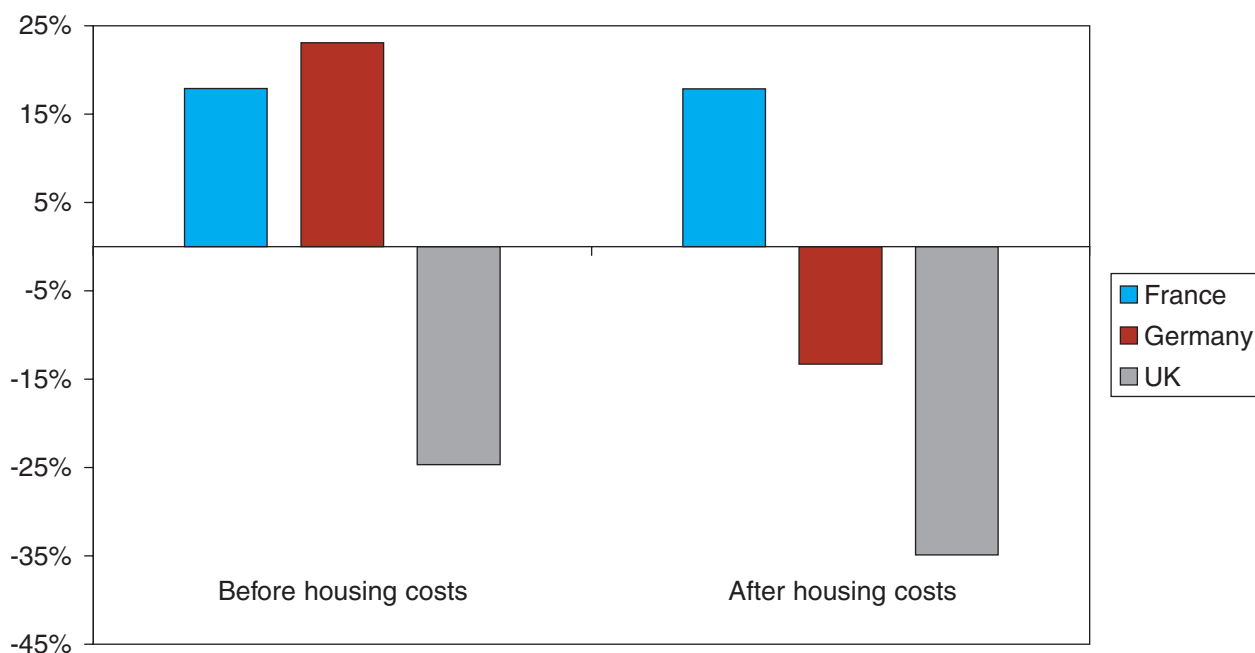


Figure 14: Reduction in standard of living, from couple on unemployment insurance (wage history at APW) with three-year-old child to non-working lone parent with three-year-old child



children who live with lone parents over those living with two parents. Third, it 'evens out' the changes in standard of living for low earners, but provides little cushion for average and higher earners who experience life changes, such as having a child.

It remains to be seen whether the working tax credits will succeed in moving more people into work, and whether those who do move into work will ever become net contributors to income tax and national insurance. Because the tax credit system employs means testing, it does not provide incentives for workers to put in longer hours or undertake training to progress to higher wages. As one low-paid worker acknowledged on the night of the 2001 budget, any improvements to his family's standard of living were more likely to come by politicians changing the benefit rates than by his own efforts.¹⁹

Notes

¹ Sutherland, H., Sefton, T., and Piachaud, D. (2003) *Poverty in Britain: The impact of government policy since 1997*, Joseph Rowntree Foundation.

² The European Commission reports that, in the context of welfare reform, the ongoing welfare state reforms suggest

that increasing attention is being given to new risks, in particular to addressing the social effect of changes in the household and labour market structures. See European Commission (2004) Report of the High Level Group on the future of social policy in an enlarged European Union.

³ There is controversy as to whether average production worker (APW) figures should be used in studies such as this, because the definition of APW varies by country, and often includes only manufacturing rather than service industry data. However, the OECD and other organisations continue to use APW in their analyses because it is the best data available.

⁴ O'Donoghue, C. and Sutherland, H., 'Accounting for the Family in European Income Tax Systems', *Cambridge Journal of Economics*, 23:5, 1999, pp 565-598 does not include benefits; Bradshaw and Finch employ the model family method and include both taxes and benefits, but they focus on the child as the unit of comparison, and they do not put their findings into a context relative to each country. See Bradshaw, J. and Finch, N. (2002) *A Comparison of Child Benefit Packages in 22 Countries*, Department for Work and Pensions Research Report No.174, Corporate Document Services: Leeds; The Euromod Integrated European benefit-tax model has the potential to answer many questions about how benefit and tax regimes interact to affect families throughout Europe. See H. Sutherland (ed) (2001) *EUROMOD: an integrated European Benefit-tax model*, Final Report.

⁵ Department for Work and Pensions, *Households Below Average Income, 1994/95-2001/02*, CDS, Leeds, 2003. For a discussion about the appropriateness for using the McClements Scale, see Brewer, M., Clark, T., and Goodman, A., 'The Government's Child Poverty Target: How Much Progress Has Been Made?', London: The Institute for Fiscal Studies, 2002.

- ⁶ Estimates based on OECD data available in October 2003.
- ⁷ The Cambridge Micro-simulation Unit has created a computer model, called Euromod, which considers both taxes and benefits and links these to a representative sample of families in each EU country. It has the potential to address similar questions asked by this report.
- ⁸ Lefaucheur, N. and Martin, C., 'Single Mothers in France: Supported Mothers and Workers', in Duncan, S. and Edwards, R (eds.), *Single Mothers in an International Context: Mothers or Workers?*, London: UCL Press, 1997.
- ⁹ Esping-Andersen identified three types of welfare regimes: social democratic, liberal, and conservative, epitomised by the Scandinavian countries, the United States, and Germany respectively. The UK fits most closely in the liberal type. Many analysts have since built upon and complicated Esping-Andersen's thesis. Esping-Andersen (1990) *The Three Worlds of Welfare Capitalism*, Cambridge, Polity Press. See also Cochrane, A. and Clarke, J., (eds.), *Comparing Welfare States: Britain in International Context*, London: Sage Publications, 1993; Pfenning, A and Bahle, T., (eds.), *Families and Family Policies in Europe: Comparative Perspectives*, Frankfurt: Peter Lang, 2000.
- ¹⁰ Wilson, M., 'The German Welfare State: A Conservative Regime in Crisis', in Cochrane, A. and Clarke, J. (eds.), *Comparing Welfare States: Britain in International Context*, London: Sage Publications, 1993.
- ¹¹ Wilson, M., 'The German Welfare State: A Conservative Regime in Crisis', in Cochrane, A. and Clarke, J. (eds.), *Comparing Welfare States: Britain in International Context*, London: Sage Publications, 1993.
- ¹² Klett-Davies, M., 'Single Mothers in Germany: Supported Mothers Who Work', in Duncan, S. and Edwards, R. (eds.), *Single Mothers in an International Context: Mothers or Workers?*, London: UCL Press, 1997.
- ¹³ Klett-Davies, M., 'Single Mothers in Germany: Supported Mothers Who Work', in Duncan, S. and Edwards, R., (eds.), *Single Mothers in an International Context: Mothers or Workers?*, London: UCL Press, 1997.
- ¹⁴ Hills, John, 'Inclusion or Insurance? National Insurance and the Future of the Contributory Principle' CASEpaper 68, Centre for Analysis of Social Exclusion, May 2003. Erskine, A. (1997) "The withering of social insurance in Britain", *Social Insurance in Europe*, Bristol: The Policy Press, pp 130-150. It should be noted that statutory maternity pay is an exception in that it is strongly linked to work history, and the benefit level for the first six weeks is linked to wage history.
- ¹⁵ Pfenning, A and Bahle, T., (eds.), *Families and Family Policies in Europe: Comparative Perspectives*, Frankfurt: Peter Lang, 2000.
- ¹⁶ The only other recognition of marriage is the indirect benefit that one spouse can transfer investments to the other spouse without triggering capital gains tax, and can inherit without paying inheritance tax.
- ¹⁷ Marsh, A., McKay, S., Smith, A. and Stephenson, A., *Low Income Families in Britain: Work, Welfare and Social Security in 1999* (2001), DSS Research Report No 138, London: The Stationery Office.
- ¹⁸ The tax wedge for employees is about the same in France and the UK, but including taxes on employers leads to a much higher overall tax on employment (48.2% in France versus 30.2% in the UK in 2000). See *Taxing Wages, 2000-2001*, Paris: OECD Publications Service. For a discussion on the economic, political and cultural reasons for the Europeans' acceptance of redistribution, see Alesina, A., *Fighting Poverty in the US and Europe: A World of Difference* (2004) Oxford: Oxford University Press.
- ¹⁹ Field, F., *Welfare Titans: How Lloyd George and Gordon Brown Compare*, London: Civitas, 2002, p. 53.

Technical Appendix

Rules and Rates for France, Germany and the UK

Note: When this research was carried out, 2002 figures were the most recent available for France and Germany. However, it was decided to use 2003 figures for the UK, as there were significant changes to tax and benefit structures in the UK between 2002 and 2003. Using different year figures does not affect most of the comparative analyses, which are based on relative ratios.

A. FRANCE, 2002

FRANCE, 2002	Euros	£
Average Production Worker (APW) annual earnings	20,840.00	14,347.42
Hourly minimum wage (SMIC)	6.83	4.70
BMAF (monthly family benefit base) (annual)	4,102.54	2,824.42
Child Benefit (Family allowances [AF]) (universal) (monthly)		
2 children	109.40	75.32
3 children	249.57	171.82
4 children	389.73	268.31
5 children	529.90	364.81
6 children	670.07	461.31
each subsequent child	140.17	96.50
(Approx value of child benefit per child)		
Supplementary Child Benefit (monthly)		
children over 11 years	30.77	21.18
children over 16 years	54.70	37.66
except the first child in families with fewer than 3 children		
Family Supplement (CF) (monthly)		
41.65% of BMAF	142.39	98.03
annual income ceiling for 3 children	24,938.00	17,168.72
annual income ceiling increase for each additional child	4,156.00	2,861.22
flat-rate annual income ceiling increase for LP or 2-E couple	5,568.00	3,833.32
Child Raising Allowance (Parental Child Rearing Allowance [APE]) (also called Parental Allowance of Education) (monthly)		
if ceased working completely	487.30	335.48
if part-time activity < 50% of legal working time	322.28	221.88
if part-time activity > 50% < 80% of legal working time	243.72	167.79
Conditions: 2 or more children, at least one under age of 3 parent with work history ceases or reduces work		
Infant Allowance (APJE) (monthly)		
45.95% of BMAF; no means test from 4th month pregnancy to 3 mos old	157.09	108.15
Income ceiling for one child	17,318.00	11,922.68
Income ceiling for two children	20,782.00	14,307.49
Income ceiling increase for each additional child	4,156.00	2,861.22
flat-rate increase for lone parent or 2-income couple	5,568.00	3,833.32
Return to School Allowance (ARS)		
for children 6-18; lump sum; with means: annual ceiling for one child	16,140.00	11,111.68
increase to annual ceiling for each additional child	3,725.00	2,564.50
Single Parent Allowance (API) (monthly)		
at least one child, or pregnant (assume: from 4th mo pregnancy)	512.81	353.05
basic payment plus per child payment for 12 months following divorce or until youngest child reaches age 3 means-tested (allowance minus income)	170.94	117.68
Family Support Allowance (ASF) (monthly)		
if either parent does not pay maintenance; based on income	76.92	52.96
Child Maintenance (monthly)		
per child	238.00	163.85
Child Home Care Allowance (AGED) (monthly)		
Family annual income threshold	34,744.00	23,919.72
Conditions: child under age of 3; family income < threshold	1,524.03	1,049.23
	508.01	349.74
if family income > threshold	1,015.62	699.21
	338.54	233.07
child > 3 years < 6 years	507.81	349.60
	169.27	116.53
Private child care allowance / Child Home Help Allowance (AFEAMA)		
Child care costs estimated at 15% of APW per child (monthly)		
Social costs for full-time minimum wage maternal assistance unless wage is more than 5 times the SMIC	832.00	572.80

FRANCE, 2002	Euros	£
Supplement: low annual income ceiling (1 child)	12,911.20	8,888.79
plus increase to annual ceiling per additional child	2,980.00	2,051.60
Supplement to AFEAMA—child under 3	199.78	137.54
Supplement to AFEAMA—child between 3 and 6	99.91	68.78
Supplement: middle annual income ceiling	17,752.90	12,222.09
plus increase to annual ceiling per child	4,096.40	2,820.19
middle income; child under 3	10.90	7.50
middle income; child between 3 and 6	65.46	45.07
Supplement: middle annual income ceiling for 2001	17,752.90	12,222.09
plus increase to annual ceiling per child	4,096.40	2,820.19
middle income, child under 3	158.00	108.78
middle income, child between 3 and 6	78.00	53.70
Amount childminder is paid per child if full time	3,996.20	2,751.21
the supplement shall not exceed 85% of childminder's take-home pay		
Student Tax Credit (monthly)		
Aged 11-14/15	61.00	42.00
Aged 16-18	152.00	104.65
Aged 19-25		
Working Tax Credit (Prime Pour L'emploi) (PPE)		
RFR annual income threshold single	11,972.00	8,242.20
RFR annual income threshold married	23,944.00	16,484.39
RFR annual income threshold addition for 1/2 part	3,308.00	2,277.41
Net taxable annual earnings minimum	3,265.00	2,247.81
Net taxable annual earnings maximum (single or 2-E couple)	15,235.00	10,488.63
Net taxable annual earnings maximum (LP or one-earner couple)	23,207.00	15,977.00
Personal Amounts		
Low earnings annual income threshold	10,882.00	7,491.78
Low earning RATE	4.4%	4.4%
Mid earnings annual income threshold	15,235.00	10,488.63
Mid earnings RATE	11%	11%
Household additions		
1-E couple or if 2nd earner has net taxable annual earnings under	3,265.00	2,247.81
Annual income floor for basic premium increase	15,235.00	10,488.63
Annual income ceiling for basic premium increase	21,764.00	14,983.56
Basic Premium increase	79.00	54.39
Annual income ceiling for higher income premium increase	23,207.00	15,977.00
Higher income premium increase (rate x difference)	5.5%	5.5%
Higher income premium increase minimum	25.00	17.21
LP with at least one child	64.00	44.06
Each additional LP child and each couple child	32.00	22.03
Income Tax		
Standard annual income allowance at 10% maximum	12,437.00	8,562.33
Standard annual income allowance at 10% minimum	370.00	254.73
Standard annual income allowance at 20% maximum	113,900.00	78,415.14
For the Unemployed: Standard annual income allowance at 10% minimum	811.00	558.34
Single, no dependents	1	1
Single, one dependent	2	2
Single, two dependents	3	3
Single, three dependents	4	4
Married, no dependents	2	2
Married, one dependent	3	3
Married, two dependents	3	3
Married, three dependents	4	4
4th and each additional child = additional	1	1
Rates in each column to be applied on income that year		
1	4,191.00	2,885.32
	0%	0%
2	8,242.00	5,674.25
	7.05%	7.05%

FRANCE, 2002	Euros	£
3	14,506.00	9,986.74
	19.74%	19.74%
4	23,490.00	16,171.83
	29.14%	29.14%
5	38,218.00	26,311.41
	38.54%	38.54%
6	47,131.00	32,447.62
	43.94%	43.94%
7	47,131.00	32,447.62
	49.58%	49.58%
CSG Non-Deductible	2.4%	2.4%
CSG Deductible	5.1%	5.1%
CSG Deductible (on Unemployment Benefit income)	3.8%	3.8%
CRDS	0.5%	0.5%
% of gross earnings to which CSG & CRDS is applied	95.0%	95.0%
Annual Income Ceiling Adjustment		
Limit per half-part	2,051.00	1,412.02
Lone parents: first two half-parts for first dependent child	3,549.00	2,443.33
Decote ceiling	747.00	514.28
Decote subtractee	386.00	265.74
Social Security Contributions		
Pension / Retirement Rate (% of gross pay)	6.55%	6.55%
Annual income ceiling	28,224.00	19,430.98
Sickness Rate	0.75%	0.75%
Unemployment Rate	2.1%	2.1%
Annual income ceiling	112,896.00	77,723.93
Supplementary Pension / Retirement Rate	3.0%	3.0%
Annual income ceiling	28,224.00	19,430.98
	6.0%	6.0%
	84,672.00	58,292.95
Widowhood rate	0.1%	0.1%
AGFF (part of supplementary pension contribution scheme)		
Up to first amount of:	28,244.00	19,444.75
First rate:	0.8%	0.8%
Up to second amount of:	84,672.00	58,292.95
Second rate:	0.9%	0.9%
Retirement Rate for Unemployment benefits (% of reference income)	1.2%	1.2%
Unemployment Insurance Benefit (AUD)		
Reference Daily Earnings (SJR) = Annual earnings divided by 365		
AUD1: percentage of SJR	40.4%	40.4%
plus fixed amount per day	9.74	6.71
AUD1 total		
AUD2: percentage of SJR	57.4%	57.4%
AUD3: the greater of AUD1 or AUD2		
AUD4: the greater of AUD3 or the minimum daily benefit	23.88	16.44
AUD5: the lesser of AUD4 or percent of SJR	75%	75%
Guaranteed Minimum Allowance (if under 52 years old)	17.00	11.70
Conditions: at least 4 months contributions within last 8 months and actively seeking work		
Unemployment Assistance Benefit (ASS)		
max daily amount	13.36	9.20
monthly income ceiling (single) (not including family benefits)	935.20	643.84
monthly income ceiling (couple) (not including family benefits)	1,469.60	1,011.75
Annual Floor for tax:		
single	8,104.00	5,579.25
couple, no children	12,155.00	8,368.18
couple, one child	14,215.00	9,786.40
couple, two children	16,276.00	11,205.31
Social Assistance (RMI)		

FRANCE, 2002	Euros	£
Basic single	405.62	279.25
Multipliers:		
LP 1 child	1.50	1.50
LP 2 children	1.80	1.80
LP 3 children	2.20	2.20
LP 3 + children (per additional child)	0.40	0.40
Basic couple	1.50	1.50
Couple 1 child	1.80	1.80
Couple 2 children	2.10	2.10
Couple 3 children	2.50	2.50
Couple 3 + children (per additional child)	0.40	0.40
Housing Benefit (AL) (monthly)		
L = maximum monthly rent		
C = maintenance		
n = number of taxable persons		
Max rent		
Multiplier co-efficient (CM)	16,568.62	11,406.77
Deduction for child care expenses (per child under 7)	762.00	524.60
Deduction for two-earner couple	76.22	52.47
If both spouses earn at least...	3,907.00	2,689.80
Deduction for lone parent: 1 or 2 children	707.97	487.41
Deduction for lone parent: 3+ children	1,061.35	730.69
Minimum rent contribution: amount to be added after adjusting for n	73.79	50.80
If AL < this, then AL = 0	15.00	10.33
Housing rents (estimated)		
one person	400.00	275.38
couple	515.00	354.55
one child	650.00	447.50
two children	842.00	579.68
three or more children	1,000.00	688.46

Sources:

Bradshaw, J. and Finch, N. (2002) A Comparison of Child Benefit Packages in 22 Countries, Department for Work and Pensions Research Report No.174, Corporate Document Services: Leeds

France Pratique website: <http://www.pratique.fr/vieprat/secsoc/>

Mutual Information System on Social Protection in the EU Member States and the EEA (2002) Comparative Tables on Social Protection in the Member States and the European Economic Area.

OECD (2002) Benefits and Wages - 1999 Country Chapter

OECD (2003) Taxing Wages 2002-2003

B. GERMANY, 2002

GERMANY, 2002	Euros	£
Average Production Worker (APW) Annual income	34,087.00	23,467.40
Family allowance (Kindergeld) (tax credit for relief of children) (monthly)		
1 child	154.00	106.02
2 children	154.00	106.02
3 children	154.00	106.02
each subsequent child	179.00	123.23
Child Raising Allowance (monthly) (for non-working or part time (< 30 hours/week) mother or father)		
child up to 24 months old	307.00	211.36
Annual income ceiling: < 6 months old / married or cohabiting: Child 1	51,130.00	35,200.76
Annual income ceiling: < 6 months old / lone parent	38,350.00	26,402.29
Annual income ceiling: > 7 months old / married or cohabiting	16,470.00	11,338.87
Annual income ceiling: > 7 months old / lone parent	13,498.00	9,292.78
Annual increase to ceiling per additional dependent child	2,797.00	1,925.61
maximum number of hours allowed in work per week	30.00	20.65
Maintenance Allowance (ASF) (monthly)		
0 - 6 years old, West Germany	111.00	76.42
7 - 12 years old, West Germany	151.00	103.96
Children under 12, 6 years max if other parent does not pay maintenance		
Tax Allowances		
Child tax allowance per dependent child (annual)	3,648.00	2,511.49
Child tax allowance (monthly)	304.00	209.29
Child care tax allowance per dependent child (divided equally between parents living separately) (annual)	2,160.00	1,487.06
Child care tax allowance (monthly)	180.00	123.92
Child tax credit per 1st and 2nd dependent child (each)	1,848.00	1,272.27
Child tax credit per 3rd dependent child	1,848.00	1,272.27
Child tax credit per 4th and subsequent dependent children	2,148.00	1,478.80
lone parent allowance	2,340.00	1,610.99
work-related tax allowances (per person in work)	1,044.00	718.75
Special Expenses:		
Single	36.00	24.78
Married	72.00	49.57
Social Security contributions (annual):		
1: deductible, lowered by 16% of gross wage, single	3,068.00	2,112.18
1: deductible, lowered by 16% of gross wage, couple	6,136.00	4,224.37
2: 2nd deductible of excess, single	1,334.00	918.40
2: 2nd deductible of excess, couple	2,668.00	1,836.80
3: 3rd deductible, single (applies to half of remaining expenses)	667.00	459.20
3: 3rd deductible, couple (applies to half of remaining expenses)	1,334.00	918.40
Solidarity surcharge		
Annual income floor (charged above this wage level) single	972.00	669.18
Annual income floor (charged above this wage level) couple	1,944.00	1,338.36
Rate	5.50%	5.50%
Margin	20%	20%
Tax Schedule		
rounding factor	36.00	24.78
X addition	18.00	12.39
Y subtraction factor	7,200.00	4,956.88
Z subtraction factor	9,216.00	6,344.81
First Band Annual Income Ceiling (less than or equal to)	7,235.00	4,980.98
Second Band Annual Income Ceiling (less than or equal to)	9,251.00	6,368.91
Third Band Annual Income Ceiling (less than or equal to)	55,007.00	37,869.90
First Band amount (basic exemption)	-	-
Second Band: Y multiplier	768.85	529.32
Second Band: Y addition	1,990.00	1,370.03
Third Band: Z multiplier	278.65	191.84
Third Band: Z addition	2,300.00	1,583.45
Third Band: 2nd addition	432.00	297.41
Fourth Band X multiplier	49%	49%

GERMANY, 2002	Euros	£
Fourth Band X subtraction	9,872.00	6,796.44
Social Security Contributions (annual)		
Pension / retirement rate (% of gross pay)	9.55%	9.55%
Annual income ceiling	54,000.00	37,176.62
Employer's rate if earnings are below floor	12%	12%
Sickness rate	6.75%	6.75%
Annual income ceiling	40,500.00	27,882.47
Employer's rate if earnings are below floor	10%	10%
Unemployment rate	3.25%	3.25%
Annual income ceiling	54,000.00	37,176.62
Home care rate	0.85%	0.85%
Annual income ceiling	40,500.00	27,882.47
Monthly minimum to be charged social security contributions	325.00	223.75
Unemployment Insurance Benefit (AUD) (not taxable)		
max number of hours per week in work	15	15
Monthly earning disregard	165.00	113.60
	20%	20%
Annual earning ceiling on reference earnings	4,500.00	3,098.05
Percentage of former net earnings if no children	60%	60%
Percentage of former net earnings at least one child under 65; worked at least 25 months in last 3 years	67%	67%
60% of previous net earnings; 67% if at least one child		
Unemployment Insurance Assistance (UA)		
max number of hours per week in work	15	15
earning ceiling on MONTHLY reference earnings	4,500.00	3,098.05
Percentage of former net earnings if no children	53%	53%
Percentage of former net earnings at least one child	57%	57%
Income-tested: all sources EXCEPT family, housing & child-care benefits		
spousal earnings disregard % of spouse's net income exceeding per year	47%	47%
	7,235.00	4,980.98
Social Assistance (monthly)		
Standard rate	288.00	198.28
Rate for a couple	518.40	356.90
Percentage of standard rate for additional persons:		
LP, child under 7	55%	55%
Couple, child under 7	50%	50%
Child 7 – 13	65%	65%
Child 14 – 18	90%	90%
other adults	80%	80%
additional needs:		
LP with at least 1 child under 7 OR with 2 or 3 children under 16	40%	40%
LP with 4 or more children	60%	60%
One-time benefits:		
Single person	44.00	30.29
per each child	36.00	24.78
Couple	82.00	56.45
per each child	34.70	23.89
Housing need:		
1 person	301.00	207.23
2 persons	395.00	271.94
3 persons	462.00	318.07
4 persons	511.00	351.80
5 persons	572.00	393.80
per additional family member	60.00	41.31

Sources:

Bradshaw, J. and Finch, N. (2002) A Comparison of Child Benefit Packages in 22 Countries, Department for Work and Pensions Research Report No.174, Corporate Document Services: Leeds

Mutual Information System on Social Protection in the EU Member States and the EEA (2002) Comparative Tables on Social Protection in the Member States and the European Economic Area.

OECD (2002) Benefits and Wages - 1999 Country Chapter

OECD (2003) Taxing Wages 2002-2003

C. UNITED KINGDOM, 2003

UK, 2003	Euros	£
Average Production Worker (APW) annual earnings	28,346.93	19,515.62
Hourly minimum wage	6.54	4.50
Child Benefit (universal) (annual)		
First child	1,215.61	836.89
Each subsequent child	814.19	560.54
Child Tax Credit (means-tested) (annual)		
Family element	791.63	545.00
Family element (higher amount for infant 0-12 mos)	791.63	545.00
Child element (per child)	2,098.90	1,445.00
First threshold for child tax credit only	19,216.91	13,230.00
Working Tax Credit (means-tested) (annual)		
Basic	2,215.10	1,525.00
Couple/LP	2,178.79	1,500.00
30 hour element	900.57	620.00
Child care element		
Max eligible cost for 1 child	10,225.78	7,040.00
Max eligible cost for 2+ children	15,149.84	10,430.00
% of eligible costs covered	70%	70%
First income threshold	7,349.78	5,060.00
First withdrawal rate	37%	37%
Second income threshold	72,626.28	50,000.00
Second withdrawal rate	7%	7%
Threshold for those entitled to Child Tax Credit only	19,216.91	13,230.00
Individual Income Tax (annual)		
Personal allowance	6,703.41	4,615.00
Starting rate	10%	10%
Basic rate	22%	22%
Higher rate	40%	40%
Starting rate band	2,846.95	1,960.00
Basic rate band	44,302.03	30,500.00
Higher rate band	44,303.48	30,501.00
National Insurance (annual)		
Rate below upper earnings limit	11%	11%
Rate above upper earnings limit	1%	1%
Lower earnings limit	5,815.91	4,004.00
Upper earnings limit	44,941.14	30,940.00
Primary earnings threshold	6,722.29	4,628.00
Maternity Leave		
Ordinary leave, number of weeks	26	26
Statutory leave (employer paid) number of weeks	6	6
Additional leave, number of weeks	26	26
Statutory maternity allowance (employer paid)	90%	90%
Ordinary weekly rate (or 90% avg weekly pay if lower)	145.25	100
Lower weekly rate	145.25	100
Additional leave, rate	0	0
SMA is taxable; MA is non-taxable		
Assumption that first week = week of birth		
Sure Start Maternity Grant		
one off; if IS, JSA, WFTC or DPTC	726.26	500
IS, JSA (income based), HB, CTB		
Personal Allowances (annual)		
Adult 18 – 24	3,285.55	2,261.96
Single adult (over 25) or Lone Parent (18+)	4,151.25	2,857.95
Couple (one/both 18+)	6,513.54	4,484.29
plus per child		
under 16	2,578.15	1,774.94
16 – 18	2,639.50	1,817.18
CTB taper	20%	20%
HB taper	65%	65%

UK, 2003	Euros	£
CTB minimum payment	0.76	0.52
HB minimum payment	37.87	26.07
Premiums (annual)		
Family (couple or new LP)	1,135.33	781.62
IS/JSA (IB) family (protected LP)	1,223.18	842.11
CTB & HB family (protected LP)	1,708.67	1,176.34
Disregards (annual)		
Single	378.69	260.71
Couple (IS, JSA [IB] —NOT JSA [cont])	757.39	521.43
LP (IS/JSA[IB])	1,514.78	1,042.86
LP (CTB & HB)	1,893.47	1,303.57
30 + hour disregard HB	896.48	617.18
CTB & HB—ChildCare (<16) 2+ children	10,773.09	7,416.80
CTB & HB—ChildCare (<16) 1 child	7,271.84	5,006.34
Other Entitlements (annual)		
Welfare foods for children		
under school age	217.77	149.93
free school meals	328.58	226.21
JSA (Contributory) (annual)		
Single (under 25)	3,285.79	2,262.12
All other cases	4,151.49	2,858.12
personal rate for up to 6 months		
no additional amounts for partners or dependents		
JSA (income based)		
Upper limit on partner's number of hours in work (weekly)	24	24
partner's earnings (up to 24 hrs work) disregarded (weekly)	14.52	10
Rent (annual)		
Local Authority		
No children	3,331.96	2,293.91
1 child	3,630.53	2,499.46
2 or more children	4,022.21	2,769.12
Private		
No children	5,448.11	3,750.78
1 child	6,248.39	4,301.74
2 or more children	8,580.00	5,906.95
Council Tax (annual)		
Single/LP		
No children	777.20	535.07
1 child	861.85	593.34
2 or more children	969.58	667.51
Couple		
No children	1,038.83	715.19
1 child	1,154.26	794.66
2 or more children	1,261.99	868.83
Maintenance (annual)		
High	4,357.58	3,000.00
Mid	2,905.05	2,000.00
Low	2,178.79	1,500.00

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