issa INTERNATIONAL SOCIAL SECURITY ASSOCIATION

Social Policy Highlight 14



Family benefits and demographic change

This *Social Policy Highlight* addresses the linkages between demographic change, evolving social structures and the roles and objectives of family benefits programmes. In many countries, family benefits programmes are being impacted by a number of common factors, including demographic ageing, the emergence of new social groups at risk and women's changing roles in society. This complex situation poses a difficult set of challenges. For instance, many family benefits programmes are seeking to better address all aspects of poverty, especially among children. However, in some efforts to confront demographic ageing and declining workforces, an as yet not fully answered question is the influence that family benefits may have on promoting higher levels of fertility. Regardless, as the *Highlight* concludes, there is a growing requirement for proactive policy measures tailored to meet the social needs of children, which also help develop human capital, combat chronic poverty and enable families to better reconcile the work-life balance.

Hans-Horst Konkolewsky, ISSA Secretary General

Family benefits in an evolving context

In most societies, household and family structures are evolving, and in some cases significantly. While structures such as single-parent families, reconstituted families or households without any income-earners are certainly not new, there is now a growing realization that structures that may once have been considered atypical are increasingly less so. These evolving structures are creating new challenges for the design and coordination of family benefits programmes within wider public policy.

Although family benefit programmes are an essential element of European social security systems, this is less the case in other regions. Such programmes are found in little more than half of the countries in Africa and the Americas, and in a third of the countries in Asia and the Pacific.

This issue

- Outlines the demographic, political and financial challenges facing family benefits programmes
- Summarizes contextual social factors influencing the design and delivery of family benefits
- Presents evidence of integrated measures to address child poverty
- Highlights evolving expectations about the roles of family benefits
- Reports on common policy roles and objectives of family benefits programmes

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The growth of family benefits programmes in most developed countries can be traced to the immediate period after the Second World War. These programmes sought to address the social security needs associated with the dominant family and households structures that prevailed at that time. Typically, programmes were designed to support the male-breadwinner household model, wherein women were assumed to fulfil the roles of housewife and mother, while men worked in paid employment. In addition, in many countries, programmes were designed to support extended multi-generational families who often lived together.

In many developing countries, the introduction of family benefit programmes can be traced to the influence of colonial powers, with programmes usually modelled on that of the colonizing country, and often established by the colonial authorities to provide expatriate nationals with equivalent support to that provided to families in the home country. Eventually, these programmes were extended to certain categories of local workers, generally public servants and formal-sector workers.

Globally, a number of factors are at play in shaping the context in which all family benefits programmes currently operate. As will be discussed, these include reduced rates of fertility and an ageing population (demographic ageing); the emergence of new social groups at risk and an increase in social exclusion and poverty; and women's increasing participation in the workforce.

Demographic ageing

The consequences of demographic ageing for family benefits are financial and political. First, in many countries, ageing populations will impact the financial equilibrium of social security systems. In some countries, total dependency ratios will fall (the ratio of active workers to inactive dependents, both young and old). Demographic ageing will mainly bring additional costs related to expenditures for pensions, health care and long-term care. Lower rates of fertility – and thus fewer children – might, however, result in relatively lower expenditure on education and family benefits.

In a context of ageing, difficult political choices are required as regards what proportion of national income should be allocated to expenditure on the younger and older population, respectively, and the relative degree to which such expenditure should be publicly or privately financed. With some countries projected to face declining population size, family policy might be considered as a proactive tool not only for investing in future human capital but also for encouraging higher rates of fertility. There is international evidence (ISSA, 2008) of cash transfer programmes reducing poverty (see Figure 1) and having positive impacts on indicators of child health, nutritional intake and academic achievement. In this regard, Brazil's *Bolsa Família* programme is representative (see Box). In some European countries, more generous cash family benefits are paid for larger families and in a few countries in-vitro fertilization procedures are financed by family benefits programmes. However, the debate continues as to whether family benefit programmes alone promote increased fertility. This may yet prove an important debate for many developed countries, where fertility rates are below the replacement rate of an average of 2.1 children per woman (ISSA, 2010).

Social groups at risk

Globally, the declining importance of the traditional extended family, a trend exacerbated by urbanization, increasing structural unemployment and the impacts of globalization, has led to the emergence of new social groups at risk. Amongst others, these include the long-term unemployed, single-parent families, reconstituted families, poor children and working children.

As a result, social exclusion – broadly defined as the process whereby individuals are unable to participate fully in all aspects of the society in which they live, and are thus exposed to a greater risk of poverty – is an increasing phenomenon affecting all societies, rich and poor alike.

In developing countries, and especially in low-income countries, poverty is not only a consequence of social and demographic change, but is also a result of consistently low levels of economic development. In some countries, chronic poverty is often exacerbated by catastrophic risk events, including military conflicts, the movement of displaced populations, famines, pandemics and natural disasters.

Brazil's *Bolsa Família*

Implemented in 2003 and coordinated at the federal level, *Bolsa Família* is a conditional cash transfer programme targeted at families living below the poverty line that aims to combat poverty and promote social inclusion. Allowances are paid subject to certain conditions being met, such as mothers and children attending health check-ups and receiving vaccinations and children attending school. The programme's cash benefits are paid directly to the family, preferably to the mother.

In 2008, the programme, with an estimated cost of 0.45 per cent of GDP, covered the entire country and served some 10.55 million Brazilian families living on an income of between BRL 20 and BRL 182 per month. This was equivalent to nearly one-quarter of the country's total population. The programme has increased the incomes of covered families by nearly 25 per cent on average.

The programme's main achievements are:
- The immediate alleviation of poverty through the provision of cash transfers. Among children younger than age 13 it has reduced the poverty rate from 52.2 per cent to 49.2 per cent.
- Helping to break the intergenerational cycle of poverty in some families.
- Improved social cohesion by strengthening the family unit.
- As a tax-financed programme, it contributes to improved income distribution.
- By increasing family disposable income, it acts as a catalyst for local economic activity.

Despite the declining importance of the extended family as a mechanism for coping with risk, solidarity between generations continues to operate outside formal social protection systems in the form of mutual aid. For example, in certain sub-Saharan African countries, the generation of grandparents who are less affected by AIDS are frequently called on to care for grandchildren whose parents are ill or who have died as a result of the pandemic; an observation that has led to calls for grandparents to be supported by public cash transfers. But mutual aid is not particular to less-developed countries. In France, for instance, the senior generation is estimated to give nearly EUR 15 billion to their children, and as much again to their grandchildren – equivalent to two-thirds of the value of benefits accessed through social security.

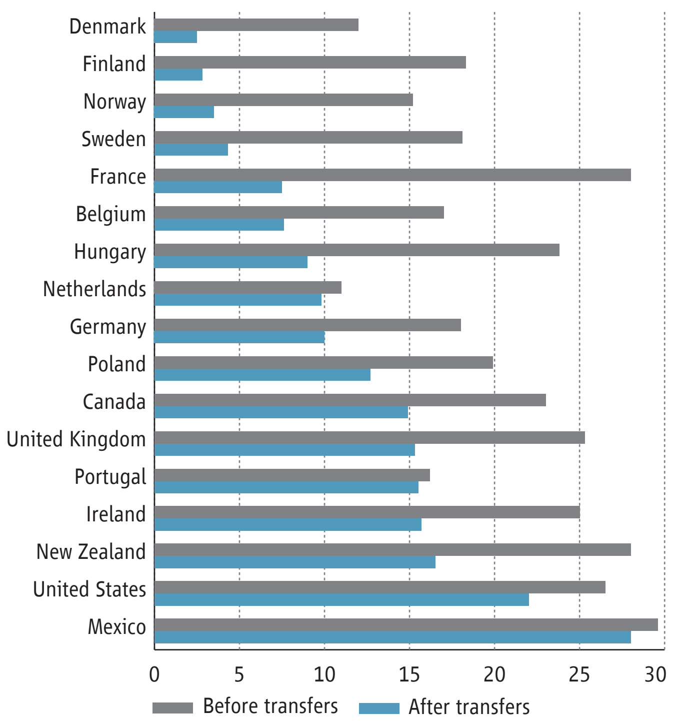
Significantly, and despite the existence of family policies and benefits programmes in many countries, and despite mutual aid, relative levels of poverty, especially among children, have worsened. This trend also applies to many of the wealthier countries that have comprehensive social security systems. For instance, for the period 1995-2005 for which comparable data are available, "the proportion of children living in poverty has risen in 17 out of 24 OECD countries" (UNICEF, 2005). It remains too early to assess the longer-term impacts of the global crisis, but its lasting effects may be felt more by the most vulnerable, leaving global levels of poverty higher than was the case before.

Women's role in society

In increasing numbers, women are choosing to distance themselves from the traditional role of housewife and are entering the workforce (see Figure 2). The reasons underlying this trend may differ from country to country. However, greater access to education would appear to be one key element. In turn, education has not only enabled women to better compete for jobs, it has also heightened expectations about what many women wish to achieve from life. In some countries, as one policy response to an ageing and declining workforce, efforts to increase the activity rate of targeted population groups, such as the long-term unemployed, youth, minority ethnic groups, persons with disabilities and also women, has further supported this trend.

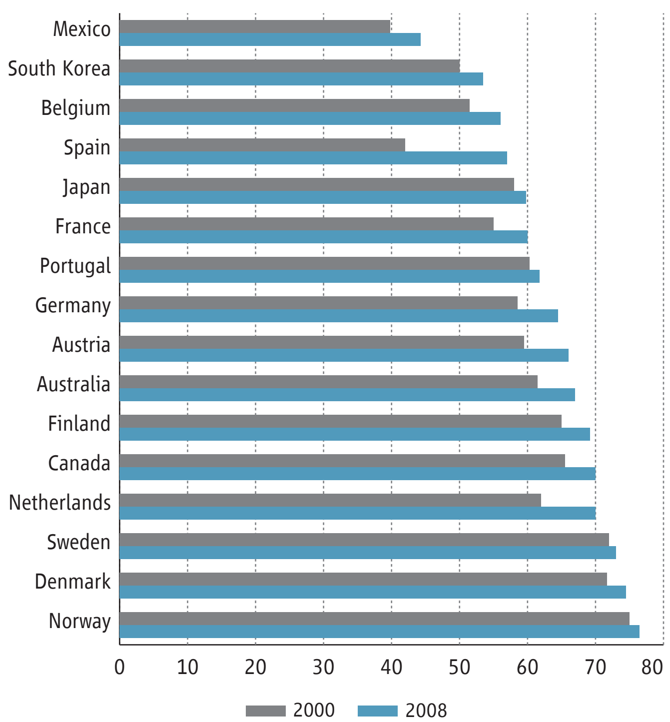
As a measure of the important role that women now play in many national labour markets, women and men are now approaching, or have reached, parity in their respective share of the workforce in the United States, Ghana, South Africa, Thailand and Barbados. Even in countries where women may still play a very minor role in economic activity, the continuing advances being made by women in terms of access to education will inevitably lead to changes in attitudes. Consequently, not only must men and women look to better share family and household responsibilities but there will be a need for the design of family benefits programmes to continue evolving. Moreover, there is a growing necessity for such programmes to be better coordinated with other public policy initiatives. For instance, in Chile, as part of wider initiatives to bolster gender equity in retirement income, social security benefits paid to women for each live birth or adoption of a child during their lifetime are paid into the mother's individual retirement savings account that may be accessed at age 65.

FIGURE 1: Impact of social transfers on reducing child poverty (percentage)



Source: OECD (various years).

FIGURE 2: Levels of women's economic activity (percentage)



Source: OECD (various years).

Adapting family benefits programmes

As a result of changing social and economic risks and demographic realities, family benefits programmes are responding to evolving and new social needs. Driven by common policy challenges and contextual issues, it is possible to discern a degree of similarity in the aims of benefits programmes across countries. This is so despite the traditional influence of national politics and institutional, historical and cultural factors. In some countries, such as Jamaica, Mexico and Brazil, greater emphasis is being placed on targeted institutional approaches to reduce poverty and realize improvements in indicators of children's health and education. Such approaches also often seek to enable families to better reconcile the work-family balance. In other countries, such as Uruguay and Argentina, these objectives are being pursued through universal provision. A more universal approach is also found in South Africa, where the provision of the Child Support Grant to persons caring for poor children aged 15 or younger has now been extended to those caring for poor children aged 18 or younger.

More than ever, the interests of young children lie at the heart of family policy. It is noteworthy that the Nordic countries, which have the best track-record for reducing child poverty, also rank high in terms of the provision of social services and childcare facilities for young children. Albeit to a lesser extent, the same positive message is found in France and Belgium.

Importantly, the provision of social services and childcare facilities also provides essential support to working parents. In some countries, arrangements for the provision of childcare are increasingly flexible and may include parents looking after their children at home, looking after their own children at home while being paid to look after other children, recruiting a carer for their child, or placing their child in a day-care centre. The reform of childcare-leave entitlements in some countries, especially in Europe, also encourages fathers and mothers to better share childcare responsibilities. In some cases this is pursued by offering incentives in the form of tax relief or extended care-leave periods (ISSA, 2010).

By increasing the availability of affordable and accessible childcare facilities, which thus remove barriers to access for women and men to the labour market, families have greater opportunities to increase their income. This improved potential for earning higher income should help reduce levels of poverty. In turn, alongside the envisaged impact of future improvements in technologies and processes, higher levels of labour market participation should contribute positively to national productivity. For ageing societies confronted by a declining workforce, this objective may be vital for future national economic competitiveness and growth.

Conclusions: Common policy roles and objectives

Internationally, it is possible to discern a number of common policy roles and objectives among programmes providing benefits to families. In these developments, demographic ageing is an important, but not the only, driving element.

Overall, there is evidence that family benefits programmes are being designed with a view to be more proactive in the pursuit of measurable policy outcomes, a stance that is consistent with the ISSA's strategic vision of Dynamic Social Security:

- Family benefits programmes are increasingly a major element within integrated institutional approaches designed, in the immediate term, to alleviate poverty amongst families and, in the longer term, to realize improved indicators of health and educational attainment amongst children and, as such, are a proactive tool for investing in future human capital.
- Family benefits programmes are seeking to better reconcile the pressures of family and work life, not least to encourage higher levels of labour market activity amongst the working-age population.
- Family benefits programmes are facilitating a greater degree of gender equity in the sharing of childcare responsibilities between the mother and the father.
- Family benefits programmes are offering greater support to families who wish to have children.
- Conditional family benefits programmes seek to influence adults to alter behaviour patterns, essentially to better support the deemed longer-term interests of their children.
- More and more, the capacities of cash transfers to support children, parents and the senior generation are viewed positively, with the potential to help combat the growth of social exclusion and support often fragile and atypical family/household units.

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