

The Icelandic Welfare State and the Conditions of Children



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 12-14. May, 2004

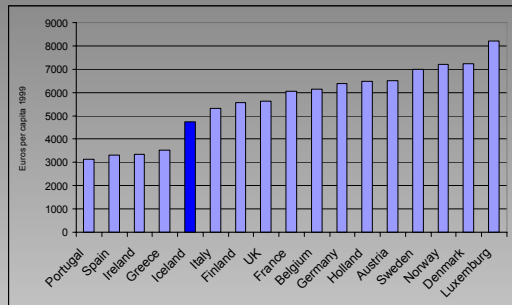
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Welfare system characteristics

Welfare Expenditures in Europe 1999



Very Inexpensive Welfare System

• **The Icelandic Welfare State is one of the cheapest in Europe (however measured)**

– Why?

- **Basic soc. sec. pensions are low**
- **Extensive use of income-testing of benefits**
 - **Population is young**
 - Lower expenditures on old-age
 - Should be more on families and children!!!
- **Role of Third Sector is relatively large**
- **High employment participation**

Iceland's deviation in welfare expenditures

Table 1
 Expenditures on social security and health in the Nordic Countries, 1950-2000
 Expenditures as % of GDP:

	Iceland	Denmark	Finland	Norway	Sweden
1950	6,2	8,0	7,3	6,3	8,5
1960	7,7	9,8	8,3	9,8	10,9
1970	10,1	17,9	13,6	14,7	17,9
1980	16,4	27,8	21,1	21,1	32,6
1990	16,9	28,7	25,1	26,4	33,3
1995	19,1	29,8	31,8	27,3	34,4
2000	19,6	28,7	25,2	25,3	32,3

Source: NOSOSKO and Nordic Statistical Yearbook (various years).



Comparing USA, Scandinavia and Iceland

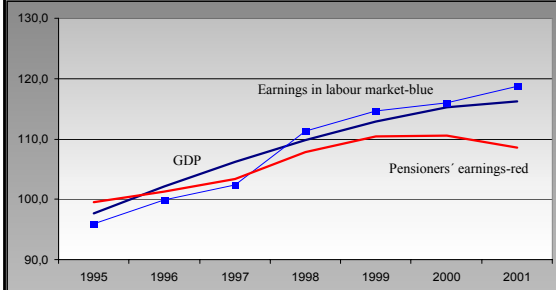
	American	Scandinavian	Icelandic
Welfare roles			
Role of the state:	Marginal	Central	Large
Role of the market:	Central	Marginal	Small
Role of NGOs:	Large	Medium	Very large
Social security system:			
Claiming principles:	Need	Citizenship	Need
Main beneficiaries:	The Poor	All citizens	The Poor
Universality of coverage:	Small	Very large	Large
Main goal of system:	Poverty allev.	Equality/inc. maint	Poverty allev.
Income-testing of benefits:	Large	Small	Large
Primary services:			
Main locus of care provision:	Market/family	State/family	State,NGOs,Mark.,Fam.
Hospitals:	Mainly private	State run	State run
Education:	Big private role	Primarily state	Primarily state
Public expenditures on welfare:	Small	Large	Small-Medium
Taxation levels	Low	High	Low

Welfare changes in 1990s

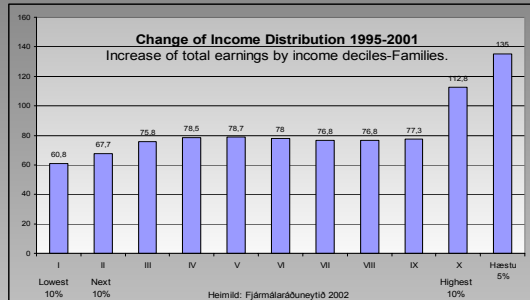
Changes during the 1990s

- **Welfare restraint**
 - Social Security Pensions lagged behind wages
 - Increased use of income-testing
 - Increasing user fees in health sector+education
 - Child benefits cut relative to early 1990s
- **Unemployment now at a higher level**
 - Unemployment pension lagged behind wages from 1997
- **Income inequality increased since 1994**
 - Taxation has increased inequality
 - Maternal and paternal leaves for birth improved
- **Private pensions are getting a larger role**

Pensioners lagged behind from 1995



Increasing Income Inequality since 1995

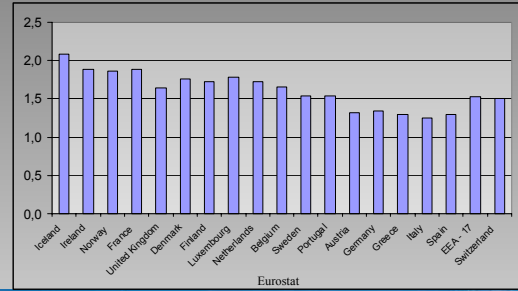


Conditions for Children

Environment for children in Iceland

- Fertility high = large families in Iceland
- High employment participation of both parents
- Long working hours=high load on families
 - High proportion of 0-5 in day care
- School meals OK – consecutive school-time OK
 - Tradition of independence for kids
- Internet and computer culture strong
 - Life-style risks modest, but real

Total fertility rate in 2000



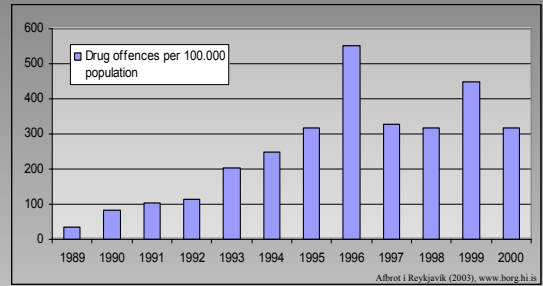
Children <15 years, by family status

Growing number of single parent families

	two adults	one adult
1991	83,2	16,8
1992	83,3	16,7
1993	84,8	15,2
1994	84,5	15,5
1995	83,8	16,2
1996	83,2	16,8
1997	81,6	18,4
1998	80,9	19,1
1999	80,1	19,9
2000	79,4	20,6

Drug offences in Reykjavik

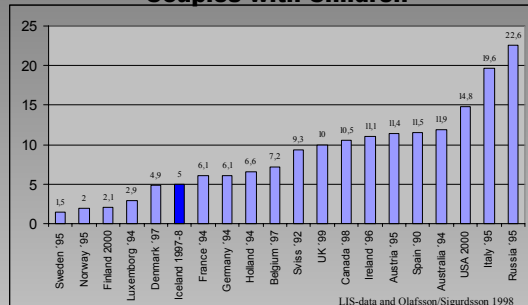
per 100.000 population, 1989-2000



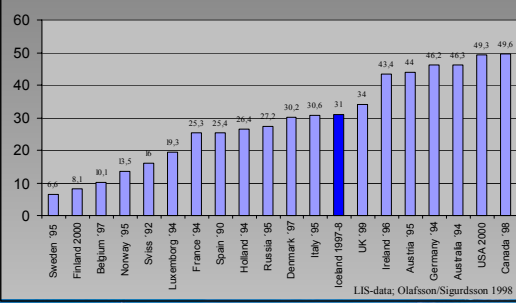
Child poverty

Poverty Ratios mid-late 1990s:

Couples with Children

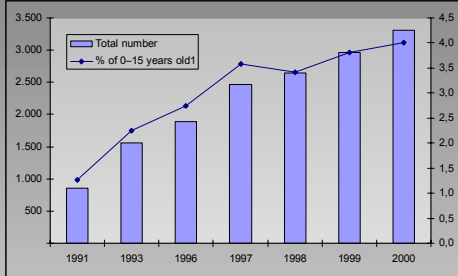


Poverty Ratios mid-late 1990s: Single parents

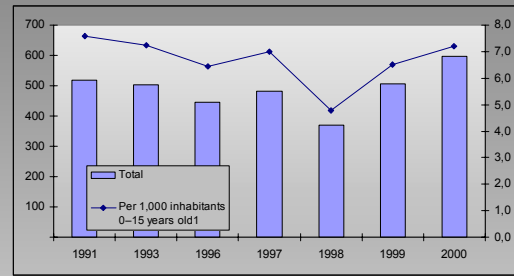


Child Protection Indicators

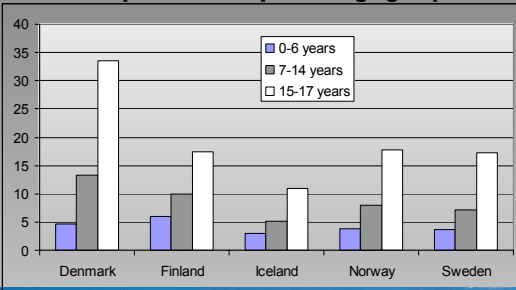
Children subject to intervention by Child Protection Services 1991-2000



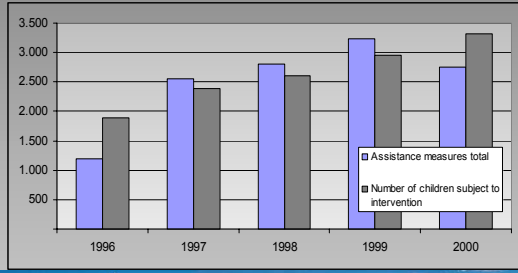
Children in care outside home -placed by child protection services



Children and young people placed outside their home during the year. Proportion of respective age groups



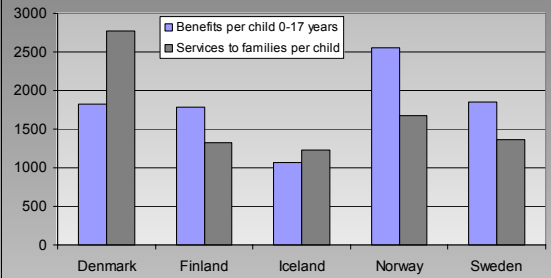
Assistance measures from child protection services to families and children. - Total numbers



Family support

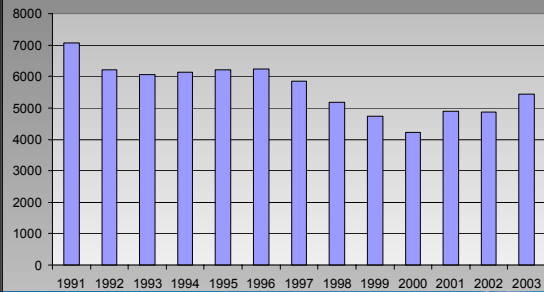
State support to families and children

Euros (PPPs) per child 0-17 years of age



Child Benefits Expenditures in Iceland 1991-2003

Total expenditures per year; in 2003 prices



Conclusions

The Icelandic model

More self-help than in Scandinavia

- Social security system is partly liberal
- Welfare services are more Scandinavian
- Conflict between liberal and Scandinavian ways
 - Family unit is still fairly strong
- Social capital is strong in Icelandic society
 - > Environment for children is favourable <
- The risks of modernity are though evident
 - Work pressures, life-style pressures, drugs, internet, americanization, violence; individualization and apathy.

Welfare state is increasingly restrained

Thank you !



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