

Welfare State Institutions, Labour markets and Poverty - A comparative study of EU countries and the United States 1994-1999

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The aim of the paper is to study how the institutional set ups on national unemployment insurance programs affect the spell of unemployment, re-employment and the incidence of poverty among the unemployed. The paper utilizes mainly two different data-bases. Characteristics of the unemployment insurance system pertain to the level of income loss compensations (net benefits in relation to net wages) of the unemployment insurance systems, to the degree of universality (what is the proportion of labour force covered by the scheme) and the duration of the benefit period. These data come from Social Citizenship Indicators Project (SCIP) housed at the University of Stockholm. The second data-base is the European Household Panel Survey (EHP) that contains panel data for most European Union countries for the period 1995-2000. USA is also included in the analysis by applying data from the Panel Study of Income Dynamics (PSID). Thus it is possible for us to follow the mobility of the unemployed in terms of poverty and labour market position and relate these dynamic results to the characteristics of the national unemployment insurance programs and evaluate the efficiency of those systems in terms of re-employment and poverty prevention. The paper thus goes deeper into the effect of institutions and also utilises panel structure of data, thereby reducing the institutional and dynamic deficit in welfare state studies.