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PRIME MINISTER

BENEFITS FOR THE LONG TERM UNEMPLOYED AND FOR YOUNG PEOPLE

You asked some while ago for an international comparison of benefits for the long term unemployed and for young people. DHSS have done a thorough job.

The main impression given by these notes is of the great variety of schemes and of the widely differing degrees of help given for different groups in various countries. Overall, the notes confirm the received wisdom that the United States is the toughest of the developed countries. France and Germany are also overall tougher than us. We seem to be somewhere around the middle. Even Sweden has some quite tough policies, for example, that claimants are expected to take jobs in other regions, though they are given help and encouragement to move.

Interesting points to note are:

- (i) Some other countries have a wider test of resources than we do; in Germany and France, for example, very few of the young people who do not secure training or work will qualify for assistance because the test of resources takes account not only of their personal income and assets, but those of parents, adult siblings and even grandparents;
- (ii) Most countries pay earnings related insurance benefits; flat rate benefits are the exception;
- (iii) All countries require claimants to be capable of and available for work; the UK seems to be the exception in not also requiring registration for employment; in Switzerland registration means attending the employment office twice a week and producing written statements showing progress in job search; several countries require claimants to produce evidence of job search;

- (iv) DHSS understand that in many countries owner occupiers are expected to borrow on the value of their homes before they can be eligible for local assistance.

The point which particularly struck me was the way in which France and Germany looked to the family to support relatives. This is particularly the case in Germany, where apparently parents are expected to maintain their sons and daughters (and vice versa) whether or not they are living in the same household, and in an extreme case a particularly well off relative may be expected completely to maintain his unemployed relatives. This must create an immense source of pressure for the people being supported to find work, whether or not the relatives actually pay the money to which the unemployed people are entitled. (The notes do not say whether there are legal sanctions forcing the relatives to do so).

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