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ARE PUBLIC BENEFITS AND THE FAMILY COMPLEMENTARY IN SUPPORTING THE UNEMPLOYED? A COMPARISON BASED ON THE EUROPEAN HOUSEHOLD PANEL

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Despite the global goals announced in the European Employment Strategy[1], there remains a great deal of diversity across European countries in terms of both employment policy and labour market outcomes. While many have underlined Europe's poor unemployment performance, the overall figure hides considerable disparities between countries, with national figures ranging from 4% to around 11% at the beginning of 2004[2].

State support for the unemployed is equally heterogeneous, having seemingly developed according to different logics across different countries. The classic typology of Esping-Andersen (1990 and 2002) distinguishes three models of social protection in Europe. The Nordic model with universal benefit coverage at high levels, a free-market model with less generous benefits, and a Continental model in the Bismarkian tradition of social insurance, whereby coverage is linked to employment and contributions based on salary. This typology reveals a first broad division regarding the generosity of social insurance, opposing the Nordic and free-market models, but does not describe the complete range of systems observed in EU countries. In particular, there are large differences in coverage rates and benefit generosity amongst countries where the Continental model applies. In Southern Europe, for example, many of the unemployed are not covered by social insurance.

Esping-Andersen emphasises the important role played by the family in the Continental model of insurance, with the State intervening when family support is inadequate. This argument has been developed particularly with respect to Southern Europe (Ferrera 1996, Rhodes 1996 and Gough 1996) as a justification for the restricted level of State intervention. The relatively late age at which children leave home in these countries has been seen as a corroboratory piece of evidence. Individual support tends to be provided by the family rather than the State.

In the context of the many diversities between European countries, this paper derives a country typology by analysing the relative generosity of State and family support for the unemployed. The paper is organised as follows. The first section considers the potential wage of the unemployed. Sections 2 and 3 then consider the relative importance of State and family support for the unemployed.

I.   The potential earnings of the unemployed

Why estimate the potential wage of the unemployed?
In order to evaluate the support provided by the State or by the family to the unemployed, this support needs to be compared to some base level which represents complete compensation for unemployment. One such measure, which often appears in the literature, is the last salary received when in employment. While this is indeed often used in practice as a reference level to set the level of unemployment benefits, it is not beyond criticism. First, this salary is by definition unobserved for the young unemployed who are looking for their first job. Second, it does not necessarily provide an accurate description of the salary that the unemployed can expect to earn in employment: unemployment can affect future wages, either through a loss of human capital or because unemployment is construed by employers as a negative signal regarding (unobserved) individual productivity.

For these reasons, the unemployed's potential future salary needs to be estimated, taking into account past earnings. This potential salary can then be compared to that of a comparable individual

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[1] This strategy was launched at the Luxembourg summit (1997).
[2] Eurostat Figures.

(in terms of age, education and so on). We can thus calculate the correlation between unemployment and earnings, which can be interpreted either as a direct impact of unemployment on future earnings, or that unemployment tends to be concentrated amongst those with lower productivity.

We therefore estimate earnings equations by sex and by country. Our approach includes two relatively novel elements compared to a standard Mincerian earnings equation (estimated on education, labour market experience, working hours and industry, as in Mincer 1962): explicit controls for *unemployment* and for *unobserved individual heterogeneity*.

Unemployment: We allow for three different effects of unemployment on earnings. First, and most standard, periods of unemployment represent a certain duration of "non-work experience" compared to those who continue to work. We also allow for an additional stigma effect[3] of unemployment dependent on the past duration of unemployment. Last, for a given past duration of unemployment, recurring periods of unemployment are taken into consideration.

Unobserved individual heterogeneity: the future low earnings of the unemployed could also reflect their unobserved characteristics. The unemployed could, on average, be less productive types than the employed, or equally less hard-working or with greater preference for leisure. As such, more productive or harder-working individuals are on average more likely to be in employment, and will have higher wages. These unobserved individual characteristics then explain both the labour market situation and the salary earned. Following recent work (Mougin and Ekert, 2001, and Breuil-Genier *et al*. 2001), we are able to distinguish the influence of these individual characteristics, so that we can estimate a pure effect of experience or non-employment on earnings.

We use data from the European Community Household Panel (ECHP), covering the period 1994 to 2001. This general survey, which has the advantage of using an *ex ante* standardised questionnaire, includes a wide variety of economic and demographic information. The first wave took place in 1994, and covered the then twelve member countries of the European Union. As Austria and Finland are not present in all waves of the ECHP data, we exclude them from our analysis. We also exclude the Netherlands and Luxembourg, the first because of missing values for a number of critical variables, the other because of its small sample size (and especially the relatively few unemployed). Sweden did not take part in the ECHP. Our analysis therefore concerns ten European countries.

Correction for attrition bias
A simple regression of individual salaries on the explanatory variables would produce biased estimated coefficients. By construction, we only observe earnings for individuals in employment who replied to the questionnaire. The sample is thus selected according to labour force status and presence in the panel sample in the year in question. However, these are criteria which result from individual choice, in other words they are endogenous. They will likely depend on education, family structure, and, with respect to labour force participation, expected labour market earnings. A priori, a simple regression would over-estimate the potential earnings of the unemployed. To correct for this bias, we estimate simultaneously labour force participation d_{it} and the salaries w_{it} offered on the labour market, using the method of Wooldridge (1995), Dustman and Rochina-Barrachina (2000), and Mougin and Ekert (2001). This method also corrects for biases due to unobserved individual heterogeneity and attrition.

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[3] This is calculated at a constant level of experience. A positive coefficient implies a bonus for unemployment compared to inactivity.

The equations of the model are then:

- $W_{it} = d_{it}.W_{it}^* = X_{it}.b + m_i + h_{it}, \quad i = 1,...,n, \quad t = 1,...,T$

- $d_{it}^* = Z_{it}.q + a_i + n_{it}$

- $d_{it} = 1$ if and only if $d_{it}^* > 0$

where di* and Wi* are latent variables. Individual *i* is observed in the panel and active in the labour market if d_i is positive; we then have information on her salary w_{it}. The X_{it} variables explain this salary (see above). To control for unobserved individual heterogeneity, we add to each of these variables its average per individual, calculated over all the waves for which the respondent is observed in the panel. The Z_{it} variables are strictly exogenous.

Wooldridge shows that, under a number of not particularly restrictive hypotheses, the above equation system can be estimated in two steps: The participation equation is estimated for each wave as a simple probit. We recuperate the variance-covariance matrix from this estimation, and the Mills ratios (which reveal the probability for each individual to be observed in the panel and active in the labour market in year *i*). A linear regression (OLS) is then used to estimate earnings. We add the series of Mills ratios to the explanatory variables, and take into account the variance-covariance matrix.

The participation equation (see Appendix Tables A.1 and A.2) is determined by education, age, sector, and household variables (marital status, partner's labour market status and salary, number and, for women, ages of children). The effect of these household variables is notably larger in Southern Europe. The regression results show that attrition bias is significant, and thus that it is important to correct for it.

Wage equations

The estimated wage equation[4] allows us to evaluate the conditional correlation of wages with different explanatory variables[5]. In particular, education and experience are analysed holding the duration of unemployment constant.

Sector and education are important control variables[6], with the former having an impact which is quantitatively larger for women than for men. Compared to the private service sector, the public sector and industry pay women wages that are 20% higher – except in Denmark and Belgium – while, for men, the equivalent wage bonus is only found in Southern Europe for the public sector, and in Spain for industry (+9%). Lowest earnings are found in Agriculture, especially in Portugal[7].

For both sexes, education has a general positive effect on earnings across European countries. Compared to the Baccalaureat, a lower diploma reduces men's earnings by 15%, while a higher diploma increases them by 30 %. In two countries these education effects are more pronounced. The earnings bonus from higher education in France is almost 50%, and in Portugal the earnings gap between those with the highest and lowest level of education is twice as large (+60% and -

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[4] The estimation results differ markedly between countries, which are themselves different in terms of sample size, degree of attrition and robustness of the results. The estimates for Belgium, Ireland and Denmark should be treated with caution (there are less than 7800 observations over six waves; although 21% of variance is explained for Belgium and Denmark, and 41% in Ireland). The German, British and French samples are twice as large.

[5] For example, an unemployed respondent with a degree may well have a higher potential wage than that of a labourer in employment.

[6] The unemployed who have never worked are considered to belong to the private sector by default, as this represents 80 of salaried employment, and public sector workers only rarely become unemployed.

[7] Low Agricultural salaries help to explain the wide dispersion of earnings in Portugal.

40%). This is likely linked to the low wages of those working in Agriculture and other less-educated workers. On the other hand, the earnings effect of higher education is lowest in the UK (15%), at half of the mean level. Lower levels of education are the least damaging in Denmark, Spain and the UK (-11%). The earnings differential from higher education is, apart from the UK, somewhat lower for women than for men (+23% against +30%), and the handicap from lower education is somewhat higher[8]. The weaker position of women at the two extremities is particularly pronounced in France and Portugal; it is less evident in the UK. The effects of labour market experience and past unemployment on wages vary across countries and between sexes.

Past unemployment and male earnings
The regression distinguishes three separate effects of unemployment: non-experience, unemployment duration and recurrent unemployment (Figure 2). To this can be added part of unobserved heterogeneity to give the total effect of unemployment on wages. Figure 1 summarises these different elements by simulating the effects of a single six-month period of unemployment and of three two-month periods in the same year.

In the UK, Germany and Portugal, a six-month unemployment period reduces wages by 15 to 25%. The effect is only slightly smaller in France, at 12%. All three unemployment effects on wages are found in the UK, and to a lesser extent in Portugal[9]: the main effect of unemployment works through duration, with a larger effect if unemployment is recurrent; there is also a small effect (-4%) of non-experience. In Germany, on the other hand, the main effect of unemployment is through non-experience (9% for six months), with an additional fall in wages of 7% per spell. In France, every unemployment spell equally reduces wages by 7%, with a smaller effect from unemployment duration. In both France and Germany, the individual characteristics of the unemployed significantly affect wages.

A second group is comprised of Ireland and Denmark where the impact of unemployment is somewhat under 10%, but where only the effect of non-experience is significant at the five per cent level. In Denmark, there is an additional wage effect from the duration of unemployment[10]. In both countries, given education and sector, personal characteristics play no significant role.

As a general rule, unemployment *per se* has only a small effect on wages in Southern Europe. In these countries, where the unemployment rate is higher, only unemployment prior to the first wave of the panel counts. The situation in Belgium is similar. However Portugal, with its higher employment rate and the negative effect of recurrent unemployment, is closer to Northern Europe.

There is an additional wage effect from unemployment which is due to the personal characteristics of the unemployed. Using the estimated coefficients from the regressions, we can predict the wage effect of being unemployed on average six months per year, which is a lot. This translates into a wage loss per year of 25 to 30% in Italy and Belgium, 19% in Greece, 16% in France, and 12% in Spain and Germany. This heterogeneity is thus an important factor in Southern Europe and Belgium[11]; it is not important in Northern Europe - Denmark, the UK and Ireland – and Portugal,

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[8] This can be explained either by the lower general level of women's education, or by a genuine wage intercept effect, whereby women's lower wages, and also their higher wages, are lower.
[9] The effect of unemployment duration is only significant at the ten per cent level. Unemployment duration is that of the previous year, as this specification produces a better fit for all countries, except the UK, where unemployment duration over the whole panel history works better. In this latter specification, the UK is one of the countries where wages are the least sensitive to unemployment duration.
[10] At the ten per cent level.
[11] This is the average effect of one six-month unemployment period, where this period could be very recent, or in the more distant past.

where unemployment rates are lower. The fact that the potential wages of the unemployed are different from those who have not been affected by unemployment, in France for example, is due to a structural effect. The unemployed are less-educated and come from lower-wage sectors, or from household structures where the attrition probability is higher. In addition, a certain proportion are long-term or recurrent unemployed.
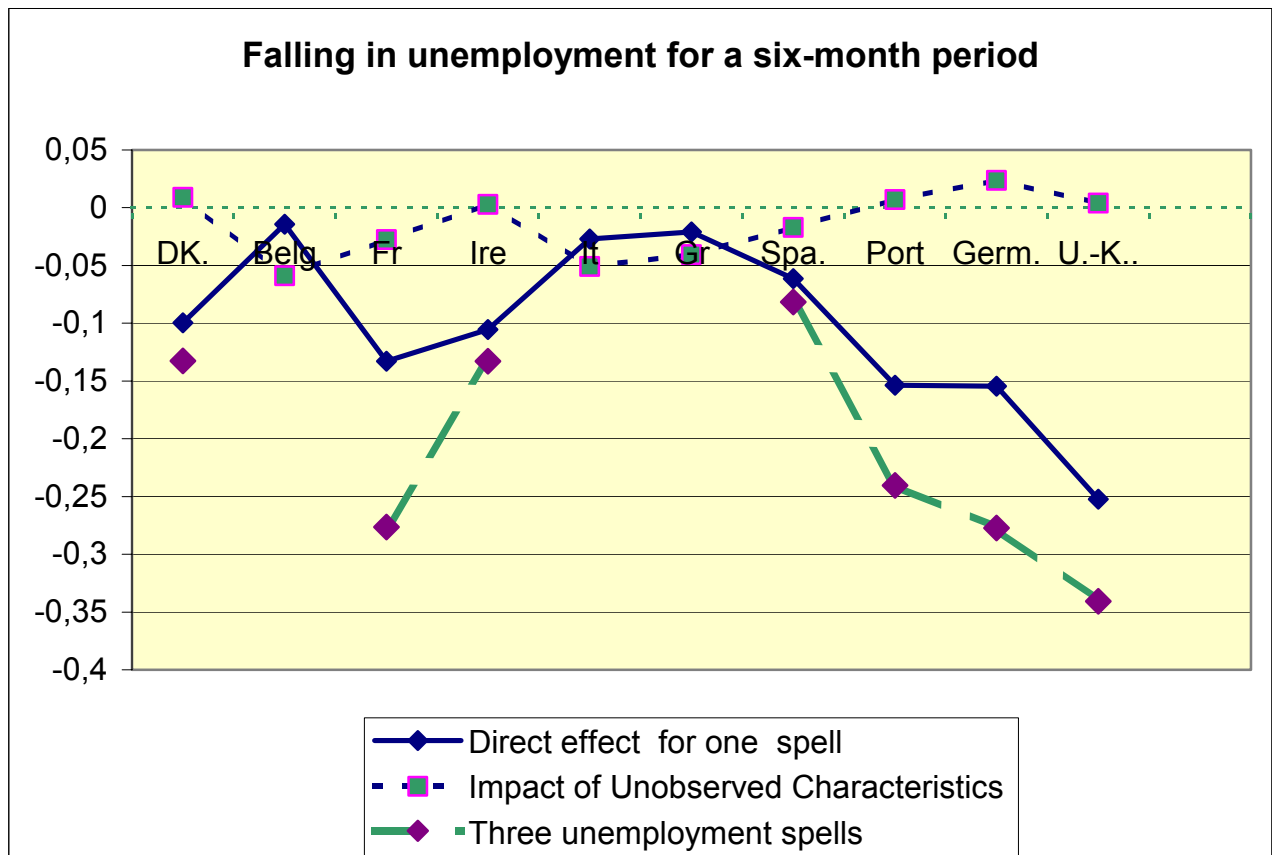

Figure 1: Effect of Six month unemployment period :Men
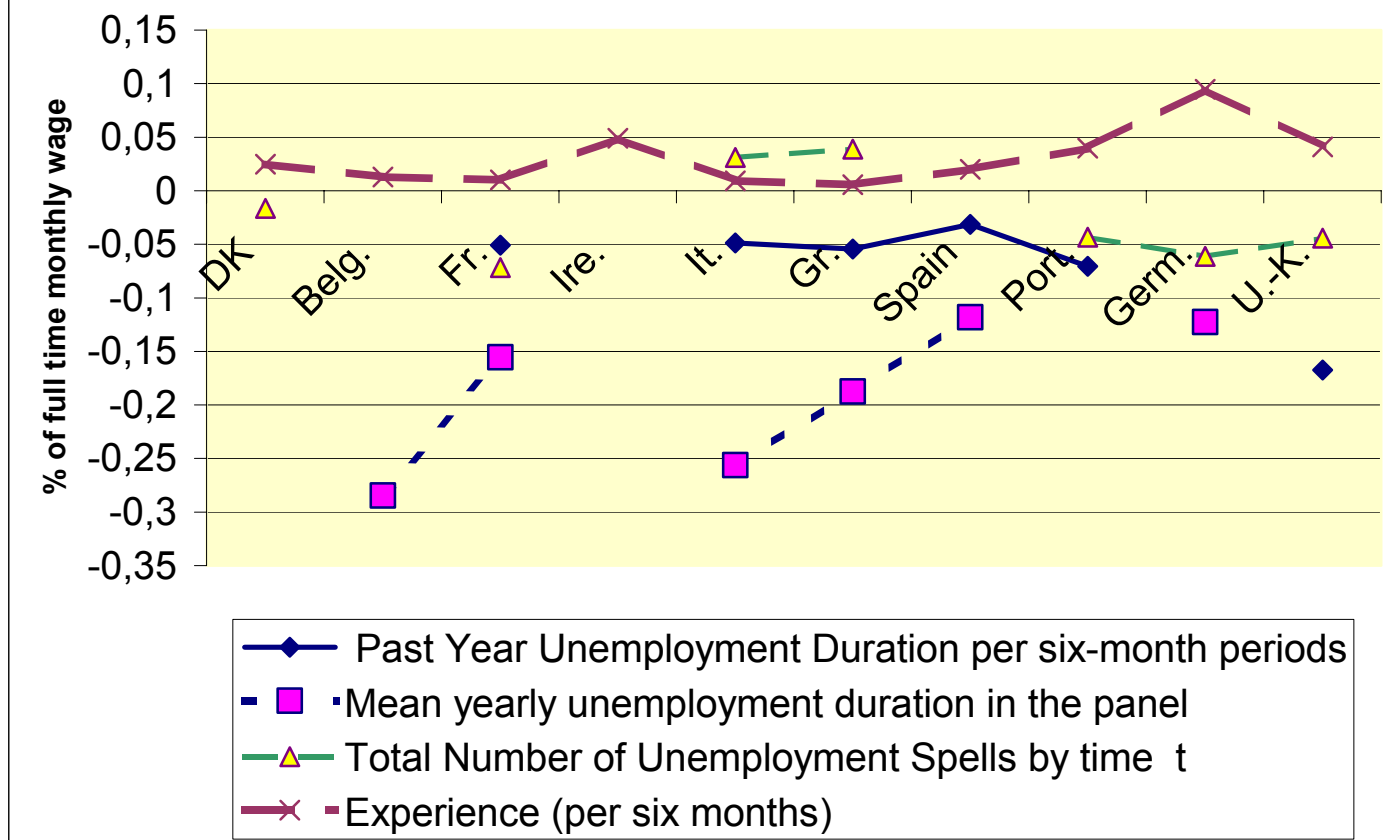
Figure 2 : Decomposition of the Effect of Unemployment on Men's Earnings

Past unemployment and female earnings

In general, women's wages are far less affected by unemployment than are men's. The effect of six months of unemployment differs between countries (Figure 3). In the UK, Belgium and Ireland, the effect of this unemployment on wages is over 10%. The duration of unemployment is important in Belgium and the UK. This effect is specific to unemployment as, in general, the loss of experience has little impact on women's wages in these countries. In Ireland, each episode of unemployment reduces wages by 5%, and by 4% in terms of loss of experience. In France, Germany and Spain, the impact is between 5 and 10% and works principally through non-experience. In other Southern European countries, the impact is lower, and is insignificantly positive in Denmark.

On the other hand, the unobservable characteristics of the female unemployed are associated with almost 20% lower earnings in France and Italy, and with a figure of between 5 and 10% in the countries where unemployment *per se* has no significant impact.
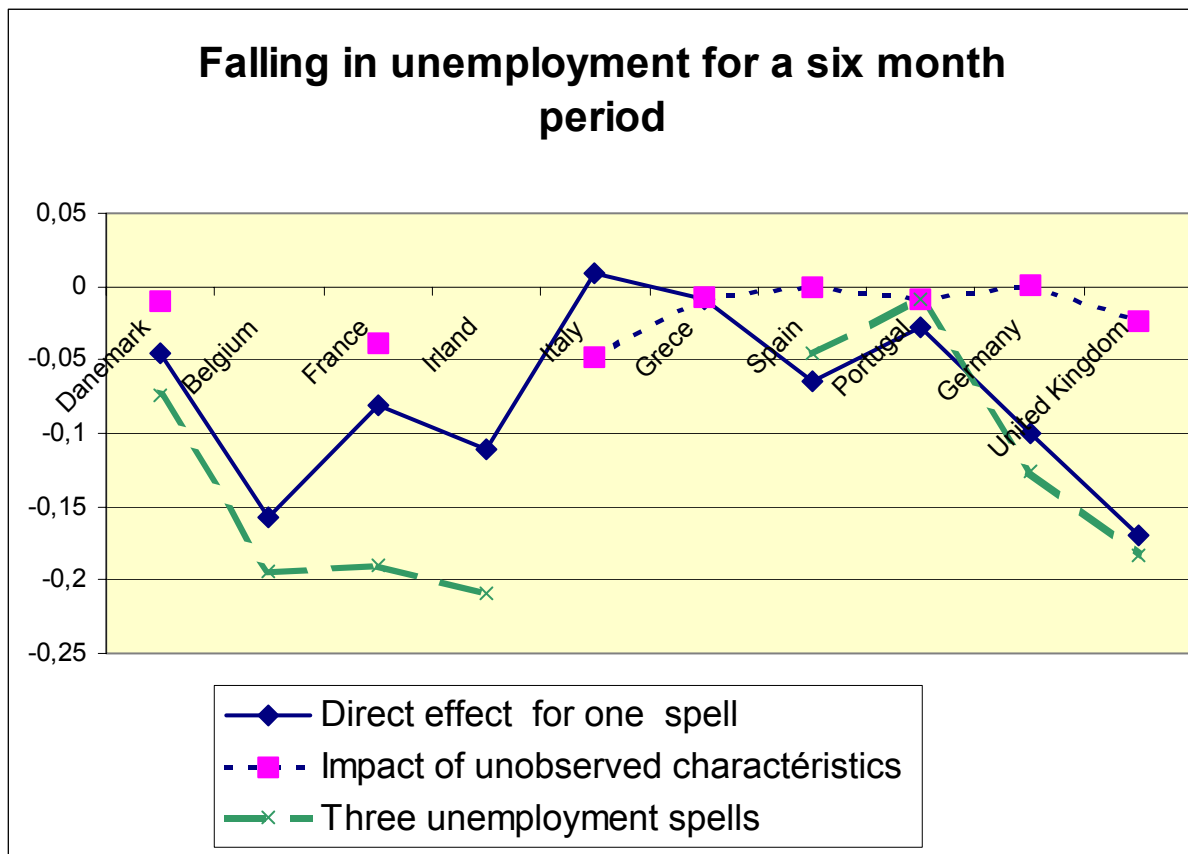
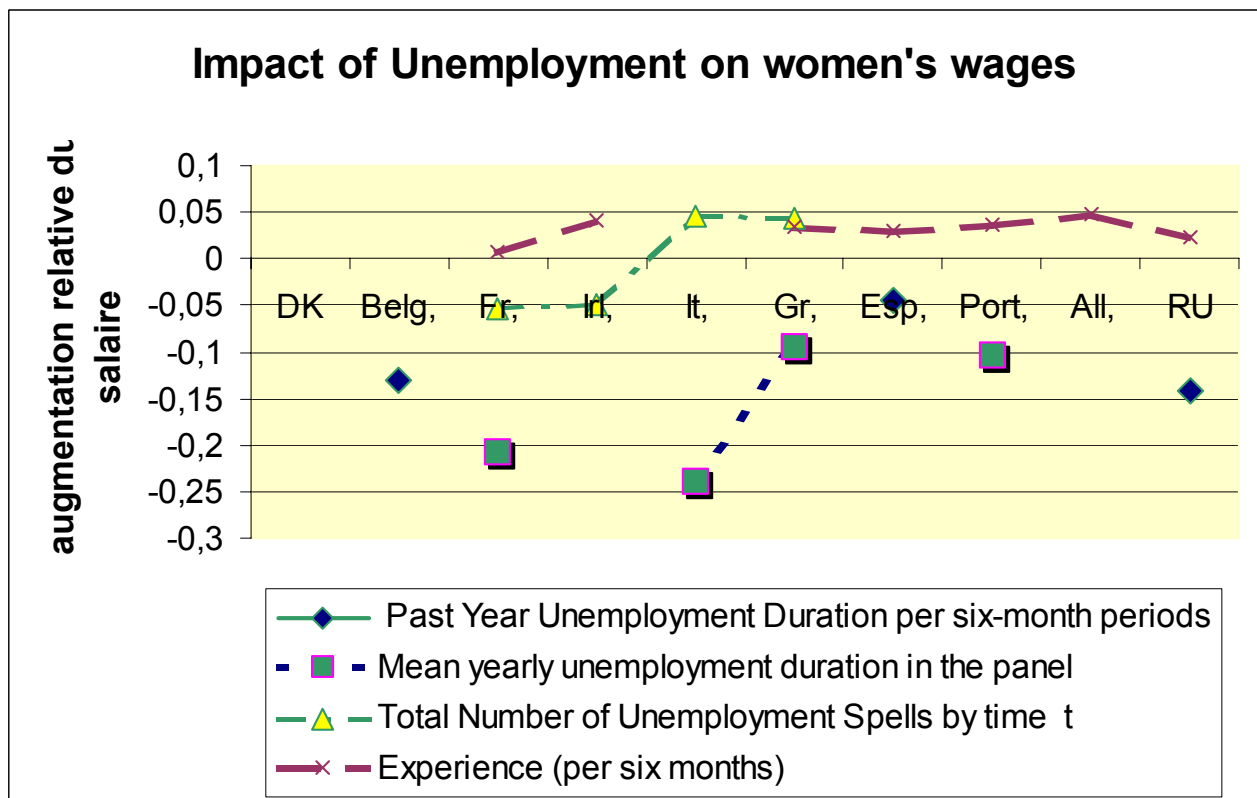*Figure 3: Effect of Six month unemployment period :Women*

Figure 4: Decomposition of the Effect of Unemployment on Women's Earnings

Table 1.1. Male Wage Equations

Explanatory Variables of log wages	A. Northern and Continental Europe					B. Mediterranean Countries and Ireland				
	Belgium	Denmark	France	Germany	UK	Greece	Ireland	Italy	Portugal	Spain
Constant	10.4914***	9.07096***	8.92443***	7.811***	6.60008***	12.087***	6.45181***	7.40048***	11.5838***	11.7013***
Education < Baccalauréat	-0.147***	-0.11101***	-0.11691***	-0.235***	-0.11546***	-0.1827***	-0.12958***	-0.16705***	-0.3786***	-0.1183***
Higher Education	0.2416***	0.20391***	0.49605***	0.324***	0.14966***	0.277***	0.32047***	0.30799***	0.6333***	0.3216***
Experience	0.0129	0.02481***	0.01013***	0.0947***	0.04096***	0.0055	0.04885***	0.00925**	0.0397***	0.0201***
Experience-squared	-0.0003***	-0.00021***	-0.00008**	-0.0004***	-0.00025***	-0.0001	-0.00033***	-0.00003	-0.0002**	-0.0002***
Part-Time	-0.0835	-0.21068**	-0.23502***	-0.08296	-0.12143**	-0.0588	-0.19958***	-0.15501**	-0.1154	-0.1361**
Public Sector	-0.0456**	-0.09989***	0.08023***	0.064***	-0.02102	0.1242***	0.01906	0.10447***	0.1263***	0.1167***
Agriculture	-0.3828***	-0.26844***	-0.24922***	-0.314***	-0.36608***	-0.3351***	-0.30699***	-0.2854***	-0.7997***	-0.2372***
Industry	-0.0063	-0.04486***	0.03501***	0.02808**	0.0416***	0.0094	0.07468***	0.046***	-0.0195	0.0915***
Past unemployment duration in the panel.	-0.0266	-0.0586	-0.05097**	0.00098	-0.16746***	-0.0543*	-0.04302	-0.04886*	-0.0707*	-0.0313*
Unemployed before 1994	-0.1285***	-0.03835*	-0.06731***	-0.09414***	-0.08099***	-0.1842***	-0.07891**	-0.12861***	-0.0664**	-0.1247***
1996	0.0397	0.06159**	0.02042	-0.10325***	0.02395	0.107***	0.04117	-0.04169*	0.0348	-0.0138
1997	0.1401***	0.09263***	0.06582***	-0.17359***	0.05622*	0.1912***	0.09236**	0.03867	0.0218	0.0548*
1998	0.1763***	0.13567***	0.06844***	-0.2925***	0.00943	0.2193***	0.13056***	0.07796**	0.0282	0.0867***
1999	0.1709***	0.13722***	0.10939***	-0.3611***	0.05139	0.2582***	0.18566***	0.10301***	-0.0164	0.1099***
2000	0.2558***	0.1594***	0.13462***	-0.41612***	0.07624	0.3427***	0.23213***	0.1446***	0.055	0.1011**
Mills Ratio 1995	0.0519	-0.01845	0.15716**	0.01579	0.19819**	0.3477***	0.34856***	0.22515***	-0.0323	0.2547***
Mills Ratio 1996	0.0843	0.0939	0.17358**	-0.17256**	-0.02545	0.4203***	0.33512***	0.12865	0.0357	0.255***
Mills Ratio 1997	0.1552	-0.05442	0.27546***	-0.16598**	0.08267	0.399***	0.3321***	0.12723	0.0022	0.2226***
Mills Ratio 1998	0.0822	0.23477	0.22029***	-0.35905***	0.14313	0.2585***	0.34427***	0.0786	0.0392	0.1587**
Mills Ratio 1999	-0.0838	0.0935	0.06453	-0.43602***	0.20779	0.2401***	0.46468***	0.12023	-0.0459	-0.0259
Mills Ratio 2000	0.0014	0.0197	0.10608*	-0.36876***	0.09424	0.3071***	0.41802**	0.15103	0.2082	-0.0709
Mean Experience	0.0031	-0.01137*	-0.00592**	-0.0806***	-0.02452**	0.0051	-0.03114***	-0.00063	-0.0242***	-0.0109**
Mean Experience-squared	0.0001*	0.0001	0.00008**	0.00034***	0.00009*	0	0.00021***	-0.00003	0	0.0001**
Mean Part Time	-0.4179**	-0.38256***	-0.76067***	-0.85887***	-0.634***	-0.9694***	-0.60923***	-1.14077***	-0.9341	-0.821***
Mean Number of Children	0.0359***	0.02485***	0.04765***	0.06411***	0.0395***	0.034***	0.0639***	0.02906***	0.0036***	0.0259***
Mean Duration of Unemployment	-0.2845**	0.01104	-0.15551***	-0.12262**	-0.05306	-0.1874***	-0.07877	-0.25621***	-0.0372	-0.1181***
Number of Periods of Unemployment	0.0248	-0.01644*	-0.07182***	-0.06128***	-0.04421***	0.0389***	-0.01381	0.031**	-0.0434***	-0.0101
R-squared	21	21	36	27	32	36	41	21	45	36
Number of observations	6816	7752	15106	16797	13835	7718	6396	13936	11767	10383

Table 1.2. Female Wage Equations

Explanatory Variables of log wages	A. Northern and Continental Europe					B. Mediterranean Countries and Ireland				
	Belgium	Denmark	France	Germany	UK	Greece	Ireland	Italy	Portugal	Spain
Constant	10.5751***	8.91444***	8.7888***	7.46603***	6.54727***	11.8989***	6.39531***	7.25959***	11.4666***	11.4637***
Education < Baccalauréat	-0.0678**	-0.0738***	-0.14709***	-0.1052***	-0.19451***	-0.2579***	-0.17452***	-0.18157***	-0.4965***	-0.202***
Higher Education	0.1898***	0.12183***	0.34066***	0.21883***	0.14924***	0.1921***	0.29101***	0.12025***	0.4987***	0.2708***
Experience	0.0076	0.00321	0.00668**	0.04796***	0.0221**	0.0339***	0.04066***	0.00768	0.0366***	0.0294***
Experience-squared	0	-0.0001**	-0.00004	-0.00023***	-0.00008**	-0.0002**	-0.00028***	0.00006	-0.0001	-0.0002**
Part-Time	-0.1746***	-0.15221***	-0.17408***	-0.18047***	-0.34552***	-0.1666***	-0.30719***	-0.14504***	-0.2289***	-0.123***
Public Sector	0.0779	-0.01808	0.19311***	0.16881**	0.10614***	0.116***	0.15763***	0.18504***	0.2486***	0.1808***
Agriculture	-0.6122***	-0.44236**	-0.1969***	-0.22414***	-0.22279	-0.6701***	-0.27444**	-0.50038***	-0.8801***	-0.3916***
Industry	0.0504	0.02143	0.17695***	0.16238	0.14223***	0.1055***	0.15938***	0.15881***	0.0881***	0.1536***
Past unemployment duration in the panel.	-0.1306***	-0.0286	-0.01999	-0.039	-0.14098***	-0.0182	-0.02183	-0.02837	-0.0015	-0.0443**
Unemployed before 1994	-0.1187	-0.01574	-0.09076***	-0.03579	-0.13394***	-0.088***	-0.0121	-0.11549***	-0.0428	-0.0709***
1996	0.0219***	0.06794**	0.01611	0.02231	0.03398	0.0927**	-0.01534	-0.0033	-0.0063	0.0172
1997	0.0378***	0.11555***	0.0555**	-0.01931	0.0491	0.1842***	0.0659*	0.01681	0.0135	0.0653*
1998	0.0109***	0.18615***	0.06701**	-0.09059	-0.06127	0.1629***	0.03343	0.05713	-0.041	0.0276
1999	0.0858***	0.25622***	0.11456***	-0.07786	0.0381	0.1639**	0.13103**	0.07149	-0.0778	0.1337**
2000	0.0798***	0.30103***	0.12158***	-0.04342	0.16343***	0.1659**	0.26766***	0.06632	-0.0824	0.1221**
Mills Ratio 1995	0.1638**	0.13022	0.17604***	0.24284**	0.20009***	0.2399***	0.20026***	0.18137***	0.2435**	0.2181***
Mills Ratio 1996	0.1814*	0.1529**	0.19891***	0.31366***	0.3019***	0.2806***	0.22142***	0.13946**	0.2959***	0.2737***
Mills Ratio 1997	0.1948**	0.03106	0.22239***	0.2818***	0.32836***	0.3079***	0.28063***	0.09834**	0.2919**	0.253***
Mills Ratio 1998	0.1011	0.14158	0.20747***	0.14104**	0.17258**	0.1877***	0.18031*	0.13304**	0.2379**	0.1678***
Mills Ratio 1999	0.215***	0.17969*	0.26436***	0.21402***	0.33474***	0.2536***	0.22281***	0.17377***	0.3282***	0.2423***
Mills Ratio 2000	0.1574*	0.16454	0.18455**	0.37509**	0.40553***	0.2398***	0.27638***	0.1224**	0.1945**	0.2666***
Mean Experience	0	0.00605	-0.00349	-0.03486**	-0.0118	-0.0183**	-0.0322***	0.00073	-0.0193**	-0.0149**
Mean Experience-squared	-0.0001	0.00003	0.00001	0.0001	-0.00005	0	0.00023***	-0.00013**	-0.0001	0.0001
Mean Part Time	-0.3585***	-0.36008***	-0.53398***	-0.62918***	-1.05955***	-0.7471***	-0.38686***	-0.46266***	-0.6932***	-0.5811***
Mean Number of Children	-0.0036	0.02732	-0.01979**	-0.06249***	-0.14047***	0.0423***	-0.01131	-0.0122	-0.0594***	0.0092
Mean Duration of Unemployment	0.0157	-0.03008	-0.20658***	-0.09993	-0.15362	-0.0942**	0.00421	-0.23912***	-0.1035*	-0.0441
Number of Periods of Unemployment	-0.0186	-0.01432	-0.05429***	-0.01323	-0.00684	0.0435***	-0.04916**	0.04524***	0.0099	0.0093
R-squared	19	18	33	20	22	42	20	39	36	46
Number of observations	5768	5457	12133	13162	10963	5083	10836	5713	6936	9013

Having a past unemployment spell in the panel reduces wages by up to 25 %, with differing effects by gender. We can discern four broad country groups according to the effect of six months of unemployment. In six countries, men and women are equal in the face of unemployment. In France, Ireland and the UK the wage effect is large, at over 10%; in Italy, Greece and Spain, the same effect is under 5% or even zero, but in this case the characteristics of the unemployed explain their low salaries. In Denmark, Germany and Portugal the wage effect is stronger for men, with an effect which is zero for women in Denmark. Belgium is the only country where the wages of women are more affected by a spell of unemployment (-15%) than those of men (no impact), for whom there is no time limit on unemployment benefits.

The unemployed's estimated wage is the sum of all of these estimated effects. In Mediterranean countries, unemployment does not effect wages as such, but composition effects (education, sector) explain the low potential wages of the unemployed. On the contrary, unemployment duration half as long as the European average and less recurrent unemployment explain the relatively high potential wages of the unemployed in the UK. The potential wage of the unemployed differs sharply across the countries in our sample. In the following sections we analyse to what degree, and by whom, the unemployed are compensated.

II. State support of the unemployed

An index of State Support
Unemployment is not random. It tends to be concentrated amongst a certain vulnerable class of individuals, and affects future earnings. As such, it is a mistake to evaluate state support by comparison to the previous earnings of the unemployed, as this does not reflect their potential earnings. State support is better measured as a percentage of the unemployed's potential earnings, which include both individual characteristics and the influence of unemployment.

For every panel respondent with a period of unemployment, we calculate an index of State Support: ($be_i = c_i / w_i$) where c_i measures unemployment benefits received by i[12] and w_i is her potential salary. A low value of this index thus reveals either less generous benefits or high potential earnings.

The North-South Divide
On average in Europe, State Support accounts for under a quarter of the unemployed's potential earnings[13], with a great deal of heterogeneity between countries. The index goes from 4% in Italy to 64% in Denmark (*Table 2.1*). Although the value of this index is generally lower in Southern countries, there is notable heterogeneity in this group, from 4% in Italy to 23% in Portugal.

Table 2.1 State support of the unemployed

Country	All	Men	Women
Belgium	48.1 %	50.5 %	46.9 %
Denmark	63.7 %	60.5 %	65.6 %
Germany	42.5 %	46.8 %	38.2 %
Greece	5.6 %	4.9 %	6.1 %

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[12] The benefits measured here include all income received by the unemployed directly linked to their unemployment.

[13] $be_j = \dfrac{1}{N} \sum_{i=1}^{N} be_i$ where i represents the number of individuals with an unemployment spell in country j.

Spain	19.9 %	22.8 %	16.3 %
France	37.2 %	37.8 %	36.7 %
Ireland	39.3 %	40.4 %	36.1 %
Italy	4.0 %	3.5 %	4.6 %
Portugal	23.6 %	24.3 %	23.1 %
UK	7.9 %	9.5 %	5.4 %
EU–10	23.2. %	23.5 %	22.9 %

Source: ECHP. Base: Individuals having a period of unemployment during the panel.

We can distinguish four groups of countries according to the value of the State Support index.

- The first group consists of Belgium (48%) and Denmark (64%), with the highest values.
- A second group with an index value of around 40%: France (36%), Ireland (39%) and Germany (42%).
- The "most generous" Southern countries: Spain and Portugal with index values of 20%.
- The fourth group consists of countries where State compensation only accounts for a small percentage of potential earnings: Italy (4%), Greece (5%) and the UK (8%).

The first group (Belgium and Denmark) is characterised by high salaries compensated by a generous unemployment benefit system. The benefit coverage rates are the highest in the EU (90% and 93% respectively) and the level of benefits amongst the most generous (see Table 2.2).

Table 2.2. Unemployment Benefits

Country	Average Benefits (Total)	Percentage of Unemployed Eligible	Average Benefits (Benefit Recipients)
Belgium	446	89.9 %	488
Denmark	683	92.8 %	735
Germany	464	78.9 %	574
Greece	64	22.7 %	201
Spain	175	37.4 %	460
France	296	58.6 %	510
Ireland	412	80.9 %	518
Italy	32	9.1 %	377
Portugal	128	33.5 %	371
UK	88	32.2 %	274
EU–10	207	43.4 %	475

Source: ECHP. Base: Individuals having a period of unemployment during the panel. Average Benefits are calculated using PPPs.

The most diverse situations are found in the second group. The percentage of benefit recipients is lowest in France (59%), and close to 80% in Germany and Ireland for similar benefit levels. The similar levels of State Support are thus explained by differences in the potential earnings of the unemployed. This latter is higher in Germany and Ireland, and lower in France, which explains the greater value of the State Support index in the latter.

Southern European countries are in the third and fourth groups. With the exception of Portugal, the wage effect of unemployment is small. The low index value is explained by ungenerous unemployment benefits. Spain and Portugal cover one third of the unemployed with benefits slightly below the European average. The index value in Portugal is augmented by the unemployed's low potential earnings. The low index values in Italy and Greece have different causes: low benefits in Greece, but low coverage in Italy.

In the UK, a third of the unemployed are covered, with relatively ungenerous levels of support (50% lower than the European average). This figure is partly compensated by other benefits, such as housing benefit. The low index value also reflects the UK unemployed's high potential earnings.

State support for the unemployed is not homogeneous in Europe. The ranking of countries is closely related to the generosity of unemployment benefits, with potential earnings playing a more marginal role in explaining the similar level of state support in Germany, Ireland and France.

State Support and Household Type

State support can be calculated according to the unemployed respondent's household position[14].

Average state support (*be*) is decomposed into six categories: $be = \sum_{k=1}^{6} be_k * sf_k$ where be_k is state

support in category k and sf_k the weight of this category amongst the unemployed.

Table 2.3. State Support and Household Position

Weight	Be$_k$	Household Position	Benefit Coverage	Average Benefit
6.7%	35.1%	*Living Alone*	65.1%	344
3.4%	33.9%	*Single-parent family*	51%	306
25.1%	32.9%	*Household Head*	59.7%	333
23.2%	30.9%	*Spouse*	54.7%	241
36.6%	10.7%	*Adult children*	21.7%	75
2.5%	14.6%	*Other*	27.8%	101

Source: ECHP. Base: Individuals having a period of unemployment during the panel. Benefit coverage represents the percentage of unemployed receiving unemployment benefits. Average benefits are amounts in PPPs for the unemployed receiving benefits.

Across Europe, over a third of the unemployed are adult children living in a family. This is the household type the least supported by the State, with a figure of only 12% of potential salary (*Table 2.3*). With the exception of the somewhat marginal "other" category, the state support index is homogeneous across other household types (Living alone, Single-parent family, Household Head, and Spouse). This homogeneity hides dispersion in both the generosity of unemployment benefits and potential earnings.

**Unemployed Adult Children in Southern Europe**

The traditional disparities in European household types are more marked when we consider the unemployed. The proportion of individuals living alone is high in Denmark and Germany, and traditionally low in Southern Europe[15]. On the contrary, the percentage of children living with their parents is high in Southern Europe[16], and low in Denmark and Germany. These differences are more marked when we consider the unemployed. Having been unemployed is more likely amongst children living with parents and less likely amongst those living alone in Southern Europe. The percentage of unemployed living with their parents is 35% in Portugal[17], 43% in Spain, 46% in Greece, and 61% in Italy. The family structures of the unemployed are more diverse than those in the population at large.

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[14] We distinguish six positions within the household: Living Alone, Single-parent family, Household Head, Spouse, Adult children, Other (sister, friend of household head, grandparent, etc.)

[15] The figures are 5.4% in Spain, 5.6% in Portugal, 8.5% in Greece, 9.8% in Italy, 17% in Denmark, and 20% in Germany.

[16] The figures are Greece (19.2%), Italy (24.9%), Portugal (24.9%), Spain (27.5%) and Ireland (23.5%).

[17] These figures refer to those who declare unemployment during the panel; they are not necessarily unemployed according to the ILO definition.
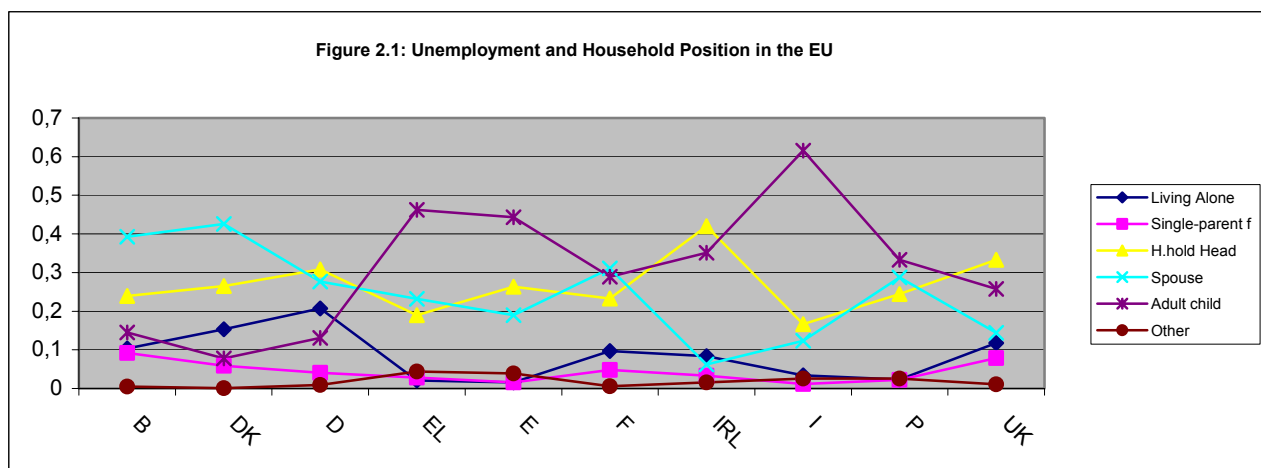
Figure 2.1: Unemployment and Household Position in the EU

State Support by Household Type

In all European countries, children and spouses of the household head receive a lower level of state support; single-parent families, those living alone and the household head have the highest level.

The least generous countries (Greece, Italy, and the UK) are so uniformly (*Appendix B*), with little difference in state support by household position. At the other extreme, the Danish system, representative of the "Nordic" systems, is universally generous, with a high level of support to all types of unemployed.

On the other hand, state support in Belgium depends critically on household position, with a figure of 37% for adult children as compared to 89% for single-parent families. As there are relatively few adult children, the overall average state support figure is high.

There is a great deal of heterogeneity in the second group. State support varies widely in Ireland, but three quarters of the unemployed are household heads or adult children, for whom the support figure is high. In Germany, the variation in support levels is lower, but there is greater dispersion in types of unemployed than in Ireland. The level of state support in France, the lowest in this group, is due to the low level of support for adult children (21%).

In Spain and Portugal, youth unemployment is particularly high, and the unemployed often live with their parents (respectively 44% and 33% in the two countries). Their low level of state support, around 10%, brings down the average figure.

Apart from the generous (Denmark) and not generous (Greece, Italy, and the UK[18]) countries, youth unemployment and the associated low level of state support influences the average support figure. The small proportion in this situation explains the higher average figure in Belgium and Germany; while higher youth unemployment explains the higher average figure in France, Portugal and Spain.

There is a great deal of diversity in state support. Apart from the traditional distinction between generous Northern countries and less generous Southern countries, there is dispersion in support within countries, differing rates of youth unemployment playing a role. In a number of countries, the weight of the unemployed living with their parents and their low level of support brings down the average level of state support. These younger unemployed living at home do not necessarily

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[18] In the UK, the low level of unemployment benefits is partly compensated by other benefits, such as housing benefit.

suffer from a sharp drop in quality of life, and are arguably taken care of by their family. The evaluation of family support is the subject of the next section.

III. Does the Family substitute for State Support of the Unemployed?

Family support

Living in a family allows fixed costs to be shared, but also a certain amount of resource-sharing[19]. We suppose that the unemployed receive family support to the extent that they benefit from the resources of other household members. It would be interesting to explicitly model the determination of the level of support via intra-household bargaining, but current data do not allow us to do so. Family support is then considered to be zero if the individual lives alone or is the only breadwinner in the household (it is possible that these individuals receive transfers from outside the household, but such transfers are very imprecisely measured). For those who do not live alone, we consider the resources of those who have not experienced unemployment (Y_{-i}), and divide by the number of equivalent adults[20] (e_i) to estimate family support to the unemployed. As above, this figure is divided by the potential salary that the unemployed could earn in the labour market. This calculation allows us to appreciate the level of "economic" family support, and to compare to her standard of living if she had a job and lived alone.

For every person in the panel having experienced unemployment (i), the family support index (bf_i) is defined by: $bf_i = Y_{-i}/e_i/w_i$. Family support is higher if other household members earn more, and falls with the potential salary that the unemployed can earn, and with household size.

A High Level of Family Support

Across Europe, the level of family support is consequential (56%). In most European countries, the family provide the unemployed with over half of what they could earn on the labour market. Again, there are disparities across countries, but less so than for state support above. Family support varies from 35% in Ireland to 72% in Portugal (Table 3.1), compared to a range of 4% to 64% for state support.

Table 3.1 Family support of the unemployed

Country	All	Men	Women
Belgium	55.9%	44.9%	60.3%
Denmark	53.2%	39.6%	61.7%
Germany	46.9%	37.2%	56.4%
Greece	56.7%	38.2%	71.1%
Spain	48.8%	37.8%	61.9%
France	70.7%	53.3%	84.2%
Ireland	34.7%	25.5%	61.8%
Italy	63.6%	51.4%	79.2%
Portugal	71.8%	58.6%	83.3%
UK	43.7%	38.4%	51.9%
EU–10	55.6%	42.7%	69.2%

Source: ECHP. Base: Individuals having a period of unemployment during the panel.

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[19] It is usual to split resources equally between household members, although this is sometimes contested (Jenkins, 1991).

[20] We use the modified OECD scale: 1 for the first adult, 0.5 for other members aged over 14, and 0.3 for those under 14. The sensitivity of the results to the choice of equivalence scale will be examined.

With the exception of Spain, family support in Southern Europe is over the European average. More surprisingly, family support is also very high in France (71%), driven by the high level of family support for French women. At the other extreme, family support is lower in Ireland (35%) and the UK (44%)[21].

The sex differences in family support reflect differences in labour market activity and wages (Altonji and Blank, 1999; and Weichselbaumer and Winter-Ebmer, 2003). Within couples, women are less active on the labour market and earn less, and thus have higher levels of family support than their partners. This stands out clearly when we decompose family support by household position[22] (Table 3.2)

Table 3.2 Family Support and Household Position

Household Position	Weight	Bf
Living Alone	6.7%	-
Single-parent family	3.4%	15.9%
Household Head	25.1%	29.8%
Spouse	23.2%	78.4%
Adult children	36.6%	75.3%
Other	2.5%	67.2%

Source: ECHP. Base: Individuals having a period of unemployment during the panel.

The household head in unemployment (the man by definition) benefits far less than his spouse from other income in the household (29.8% against 75.3%). Apart from the differences in wages already evoked, an unemployed man is more likely to live with an unemployed or inactive partner, whereas an unemployed woman is more likely to live with an active partner[23].

The unemployed living with their parents benefit from family support
Individuals still living with their parents benefit from a high level of family support when unemployed, representing over three-quarters of their potential salary. Their standard of living while unemployed is therefore close to that while employed, which, according to some authors, may reduce the incentive to leave home[24] (Cordon, 1997, Chambaz, 2000, Holdsworth, 2000, and Aasve *et al.*, 2001). As noted above, the proportion of the unemployed still living with their parents is particularly high in Italy, Greece and Spain.

Even though the unemployed still living with their parents are over-represented in Southern Europe, the family support they receive there is less than in other European countries. Family support (*Appendix C*) is lowest in Ireland (60%), Greece (66%), Spain (67%) and, to some extent, in Italy (77%); it is highest in Denmark (96%), France (92%) and Germany (92%). This reflects cross-country patterns in female activity rates, which are higher in this latter group of countries than in Southern Europe. A lower female activity rate translates mechanically into a lower level of household resources, and thus less support for the unemployed still living with their parents.

Family Support and Household Type

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[21] The country ranking of family support does not depend on the equivalence scale: modified OECD, OECD, or number of household members.

[22] We use the same six-level classification of household position as above.

[23] Across the EU, 52% of household heads have an active wife, as against 41% of household heads who have experienced unemployment. For women living in a couple, the percentages are inverted: 76% have an active husband against 79% for those who have experienced unemployment.

[24] It is not clear whether this reflects different levels of social protection or different social habits, as the percentage of children who work and still live at home is very similar across EU countries.

A low average level of family support by and large reflects a greater proportion of unemployed groups for whom the level of family support is low. In Ireland, for example, unemployment is concentrated among household heads, who are the main breadwinners. Female activity rates are low, so the unemployed receive little family support. In the UK, a low level of family support is explained by the concentration of unemployment amongst those living alone, single-parent families, and household heads. Last, in Denmark and Germany, unemployment is concentrated amongst those living on their own, and relatively rare amongst adults still living at home.

The high level of family support in Southern Europe reflects to a large extent the concentration of unemployment amongst adults still living at home. This is particularly the case in Italy, where the percentage of unemployment accounted for by adults living with their family (60%) is the highest in Europe, and accounts for three-quarters of the level of family support. In Spain, despite the percentage of unemployment accounted for by adults living with their family (42%) and their high level of family support, the overall level of support is under the European average, due largely to lower levels of support for unemployed spouses.

On the other hand, the high levels of family support in France and Portugal are found for all household types, and are thus not explained by the composition of unemployment; they do depend however on the potential salary of the unemployed. The resources of other household members are the same as in other countries, but lower potential earnings in Portugal explain the high level of support. In France, the high level of support is explained to an extent by family support for spouses who have low levels of potential earnings.

Apart from France and Portugal, family support depends on the distribution of unemployment. The percentage of unemployment accounted for by those living alone and adults still living at home are key for explaining the average generosity of family support.

Complements or Substitutes?

On average, family support is high in Southern Europe, where state support is lower; it is lower in Denmark, Germany and Ireland, where state support is higher. Does family support fill the gap left by state support? Note that the causality of any correlation is open to debate: which level of support replaces the other? The question is open[25], but the substitutability of family and state support is apparent in a number of European countries (Table 3.3).

Table 3.3. Correlation between family and state support, by household position

Country	Single-Parent	Household Head	Spouse	Child	Other	All
Belgium	-0.15022	**0.09402**	**0.10228**			-0.17450
Denmark			**0.09550**	-0.33071		
Germany	**0.22103**	**0.06603**	-0.05317	-0.09923		-0.06782
Greece				-0.05865		-0.03768
Spain		-0.07155	-0.06010	-0.08999		-0.19204
France	-0.17698		**0.07195**	**0.09156**	-0.38014	-0.04379
Ireland			**0.24963**		**0.30511**	
Italy		-0.06828	-0.09914			-0.12416
Portugal				-0.07362		-0.10021
UK						

Source: ECHP. Base: Individuals having a period of unemployment during the panel. Only significant correlations are shown; bold entries indicate complementarity.

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[25] A deeper analysis of the question would take into account the endogeneity of family structure.

In Denmark, Ireland and the UK, there are no significant correlations between family and state support. Elsewhere, these are substitutes across the population of unemployed: state support is high when family support is low, and vice versa. This correlation is particularly strong in Spain (-0.19), Belgium (-0.17), Italy (-0.12) and Portugal (-0.10); it is weaker in Germany, France and (surprisingly) in Greece.

Apart from the situations in which the family, by definition, cannot provide any support for the unemployed (individual living alone, single-parent family), this overall diagnostic differs according to household position. Unemployed women have higher levels of family support when their state support is higher in in Northern and Continental (Belgium, Denmark, France and Ireland). On the contrary, sources of support are substitutes in Southern Europe and Germany, which are more traditional in terms of gender roles. In general, with the exception of France, the unemployed living at home are supported by the family if state support is low; this negative correlation is significant in a number of European countries.

Where should the unemployed live?
The level of family support in Southern Europe is relative. While the family may be more important than the State, it does not imply that total support is particularly high. Family support in Denmark is, on average, less than that from the State, but the overall level of support is the highest in Europe (*Figure 3.1*).

Figure 3.1. Total Support for the Unemployed
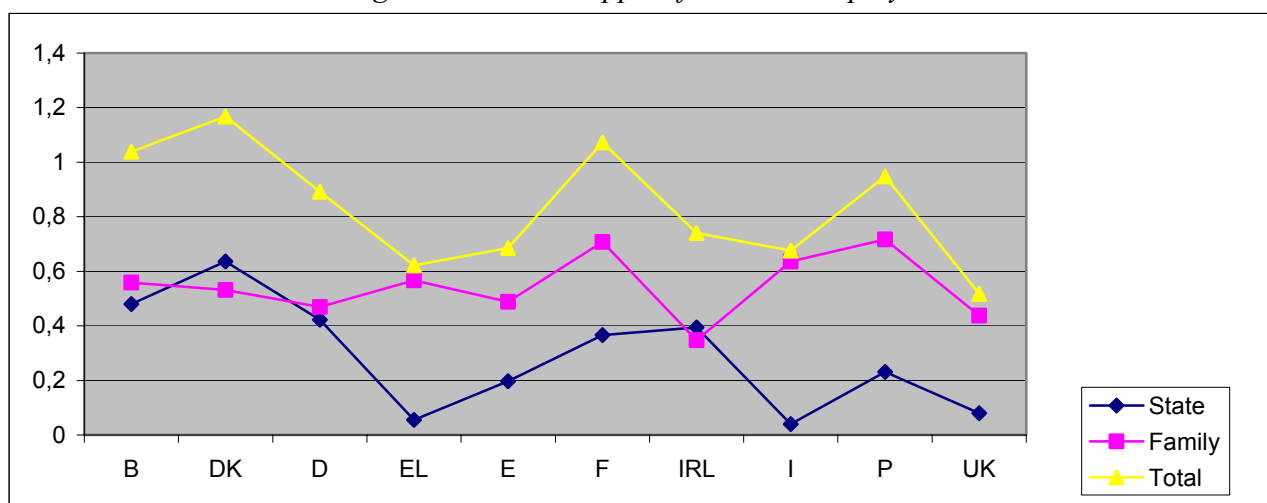
Independently of the question of which household position is best for the unemployed (should those still living at home leave or not?) the highest level of support for the unemployed is found in Denmark, France and Belgium, and the lowest levels in the UK and Southern Europe. In the first group of countries, the unemployed receive in total more than their potential earnings, while in the UK total support for the unemployed is barely half of the level of potential earnings. In Southern Europe and Ireland, family and state support total two-thirds of potential earnings, while this figure is around 90% in Germany and Portugal.

What kind of workers are left to one side by the system of family and State support? What proportion receive total support of under 50% of their potential wage?

Amongst those living with others, and thus who potentially have both forms of support, Denmark and Belgium are? the most generous countries. In Denmark, less than one per cent of the

unemployed living with their parents receive total support under half of their potential wage, with a comparable figure of 8% for those living in a couple. The Belgian figures are also low, although that for the unemployed living in a couple is somewhat closer to that found in the second group of countries. The figure for male unemployed living in a couple in France, Ireland, Germany and Portugal is under 20%, with comparable rates for women living in a couple and unemployed living with their parents of 15% and 10% respectively. These same three figures in the final group (Spain, Greece, Italy and the UK) are over 50%, 25% and 15%.

This global typology is similar to that found for State support: only Spain and Portugal change group between the two. Portugal joins the middle group, while Spain moves closer to the UK position. However, in all countries, family support cuts in half the percentage of household heads who receive less than half of their potential wage, and divides by four the percentage for spouses; the figure for unemployed still living with their parents is lower by 15%.

Certain groups of those with no family have low levels of total support. In Greece, Italy and the UK, over 90% of those living alone receive less than 50% of their potential salary, with corresponding figures of over 80% in Ireland and Spain, and over 50% in Portugal, France and Germany. In the group of least generous countries, over half of those living alone receive less than ten per cent of their potential salary from unemployment benefits.

CONCLUSION

The family and the State by and large substitute for each other in support of the unemployed in Europe. With the exception of Denmark, Ireland and the UK, State support is stronger when family support is weaker. This relation holds for unemployed living with their parents in almost every country. However, the correlation is positive for unemployed spouses, for whom State and family support are complements. This could reflect social homogamy, in that those who are the best supported by the State also have a spouse with higher earnings.

Despite the co-movement of State and family support, the overall support for the unemployed varies widely across European countries. The distribution of overall support mirrors that of State support. The unemployed receive the highest level of support in Belgium and Denmark, with a second group consisting of France, Ireland, Germany and Portugal. Within this second group, family support is very important in France and Portugal. Last, the higher level of family support in Southern Europe cannot compensate for the generally low level of State support. With the exception of Portugal, overall support for the unemployed is lowest in Southern Europe. The United Kingdom also figures in this last group, with low levels of both family and State support.

Apart from these global patterns, family support is particularly important for certain classes of the unemployed, such as those still living with their parents, and spouses. This is particularly true for the former group, who receive particularly low levels of State support in every European country.

Europe is far from being harmonised in this area of social policy, and even more so to the extent that differences in State support are not evened out by differences in family support. Our analysis of this heterogeneity could be taken further by considering the potential link between State support for the unemployed and cultural differences in children leaving the family home. In addition, our hypothesis of the equal sharing of income within the household is debatable. Further work could consider family support in the context of household bargaining, although the data requirements for the robust modelling of this process will likely restrict its current empirical application.

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Appendix A.1. Determinants of inactivity or attrition in the ECHP in 1996: Men.

Variable	A. Northern and Continental Europe					B. Mediterranean Countries and Ireland				
	Belgium	Denmark	France	Germany	UK	Greece	Ireland	Italy	Portugal	Spain
Constant	2.1973***	**0.7891***	**2.6697***	1.7773***	0.8095***	3.501***	-1.3272**	2.4925***	-0.9889***	1.3418***
Education < Baccalauréat	0.3491**	**0.2782***	0.2213***	0.3***	0.1516***	-0.1326***	0.5880***	0.151	0.0524***	0.0319***
Higher Education	-0.0765	-0.3406**	-0.3697***	-0.4677***	-0.3012***	-0.0493	-0.5252***	-0.2892*	-0.9265***	-0.2873***
Age	-0.2179***	-0.1129***	-0.2409***	-0.1959***	-0.1284***	-0.2747***	-0.0013	-0.2295***	-0.0506***	-0.1606***
Age-squared	0.0033***	0.0017***	0.0035***	0.0029***	0.0020***	0.0036***	0.0004	0.0032***	0.0011***	0.0024***
Public Sector	-1.0985***	**-0.8365***	-1.2006***	-0.8582***	-1.3704***	-1.1805***	-1.5894***	-1.2719***	-0.7286***	-1.3074***
Number of Children	0.124	0.0314	-0.0567	-0.1352**	0.1219*	-0.1622	-0.0448	-0.0761	-0.1516***	0.0415
Three+ Children	0.202	0.2139	0.3906**	0.3624	0.0098	0.3182	0.4687**	0.5008	0.6858***	0.1745*
Lives with Partner	-0.1727	-0.2634	-0.3016***	-0.0241	0.1297	0.142	-0.1947***	-0.0287	-0.3136*	-0.1947***
Partner Active	-0.4355**	**-0.29***	-0.3277	-0.57***	-0.2671	-0.71***	-0.7774**	-1.01***	-0.79***	-0.30***
Log (partner's salary)	0.002	**-0.0315	0.0018	0.0364***	-0.0678	0.0396***	0.0227	0.0942***	0.0518***	0.0262***
Living at Home	0.0264	0.6189**	0.3412***	-0.1982	-0.1583	0.5037***	0.0613	0.6569***	0.3569***	0.6446***
Other	0.4513	*-4.1288**	0.4748	0.2005	0.4045	0.6174*	0.4192	0.4401***	-1.0091	0.5682***
Log Likelihood	-774	**-555	-1499	-1733	-1170	-14333	-1262	-2248	-2669	-2668
Number of inactive or missing	619	**363	1202	1049	591	969	722	1992	854	1823
Number of active	1597	**1490	3478	3402	2591	3016	2078	4407	3442	3786

Appendix A.2. Determinants of inactivity or attrition in the ECHP in 1996: Women.

Variable	A. North and Continental Europe					B. Mediterranean Countries and Ireland				
	Belgium	Denmark	France	Germany	United Kingdom	Greece	Ireland	Italy	Portugal	Spain
Constant	**2.1761***	**2.4005****	**3.2745****	**1.5138****	**2.0615****	**2.5995****	0.2266	**2.8309****	**1.4717****	**2.2331****
Education < Baccalauréat	**0.3468****	**0.3452****	**0.3522****	0.0471	-0.0005	-0.1398*	**0.4824****	**0.2520****	**-0.2453****	0.0376
Higher Education	**-0.5608****	-0.2276	**-0.2939****	**-0.1864****	**-0.2590****	**-0.4189****	-0.249*	-0.2038*	**-0.8156****	**-0.4645****
Age	**-0.1487****	**-0.1543****	**-0.2410****	**-0.1548****	**-0.1541****	**-0.1534****	**-0.0811****	**-0.2010****	**-0.1241****	**-0.1495****
Age-squared	**0.0022****	**0.0021****	**0.0033****	**0.0023****	**0.0020****	**0.0021****	**0.0015****	**0.0028****	**0.0018****	**0.0021****
Number of children under 3	0.0743	0.3442	**0.4075****	**1.0788****	**0.6346****	**0.5480****	**0.5412****	0.1718*	-0.1637*	**0.2900****
Number of children aged 3-5	0.1425*	-0.0337	0.2459*	**0.5966****	**0.4513****	-0.0704	**0.3401****	**0.3222****	**0.2723****	0.2068*
Number of children aged 6-14	**0.1743****	-0.0671	**0.2382****	**0.3823****	**0.2770****	**0.1879****	**0.2778****	**0.2719****	0.0438*	**0.2410****
Partner active	**-0.7819****	**-0.8314****	-0.3187	**-0.5180****	**-0.9581****	**-0.7964****	**-0.6138****	**-0.5994****	**-0.7122****	-0.1397
Partner's labour market earnings	0.0105	-0.0042	0.0138	0.0376*	0.0062	**0.0492****	0.0152	**0.0457****	**0.0259****	**0.0280****
Three+ Children	0.3246*	0.5003	**0.4573****	-0.1957	0.1121	-0.2650	-0.0769	-0.0932	-0.1937	-0.1313
Lives with partner	0.4234*	0.2700	0.1213	0.2147*	**0.4273****	0.2307*	**0.5344****	**0.6298****	**0.6109****	0.2604*
Public Sector	**-1.8815****	**-1.2620****	**-2.2307****	**-2.1989****	**-1.9124****	**-2.4131****	**-2.8198****	**-3.3512****	**-2.3957****	**-2.9403****
Single Mother	0.0058	-0.2291	-0.1257	0.2009	0.2779*	0.0473	0.1675	-0.0166	0.0138	-0.2375
Living at Home	**0.9492*****	-0.1373	**0.8008****	**0.5318****	0.0785	0.1727	0.2598	**0.6499****	**0.5455****	**0.6288****
Other	1.1302	1.7205	0.4911	0.2121	1.0354*	-0.0217	0.4392	0.0207	0.4960*	**0.7709****
Log Likelihood	-1084	**-610**	-2001	-2311		-2300	-1300	-3100	-2533	-3101

Appendix B: State support by household position

All Waves

| Country | Household Position | | | | | | State Support by Household Position | | | | | | Overall State Support |
	Living Alone	Single-parent family	Household Head	Spouse	Adult children	Other	Living Alone	Single-parent family	Household Head	Spouse	Adult children	Other	
Belgium	0.09797	0.095207	0.19312	0.43564	0.15513	0.001371	0.56425	0.82446	0.56006	0.41082	0.37547	*0.30927*	0.47957
Denmark	0.10656	0.047843	0.26581	0.48341	0.07845	0.000000	0.64987	0.73661	0.61402	0.68084	0.49608	.	0.63575
Germany	0.21448	0.040251	0.26720	0.30410	0.14645	0.007222	0.43928	0.45593	0.51514	0.40215	0.33035	0.25128	0.42270
Greece	0.01859	0.026891	0.18902	0.23634	0.46491	0.045768	0.04055	0.06686	0.06412	0.09611	0.03114	0.07247	0.05518
Spain	0.01626	0.018832	0.26636	0.20147	0.42940	0.040348	0.25477	0.25811	0.33335	0.24504	0.10181	0.15624	0.19718
France	0.08860	0.052026	0.20911	0.31354	0.31835	0.006625	0.42599	0.39988	0.48828	0.43215	0.21457	0.18584	0.36569
Ireland	0.09845	0.043647	0.43458	0.07020	0.30600	0.026557	0.32470	0.12017	0.46077	0.37045	0.38614	0.46213	0.39388
Italy	0.03294	0.010923	0.17702	0.13052	0.60927	0.027969	0.09965	0.08252	0.07623	0.10976	0.01124	0.02271	0.03948
Portugal	0.01967	0.020699	0.23582	0.29306	0.34733	0.029973	0.37220	0.37170	0.37629	0.28127	0.10655	0.26296	0.23107
UK	0.12438	0.083039	0.32952	0.15782	0.24294	0.011612	0.08029	0.05579	0.09834	0.05229	0.09871	0.05037	0.07984
UE-10	0.065435	0.033746	0.24509	0.23139	0.37520	0.025093	0.35067	0.33850	0.32873	0.30911	0.10690	0.14590	0.23023

Note: Insignificant values are not taken into account (2.2% of the distribution); Italic values are insignificant (less than 30 observations).

Appendix C: Family Support

All Waves

Country	Household Position						Family Support by Household Position						Overall Family Support
	Living Alone	Single-parent family	Household Head	Spouse	Adult children	Other	Living Alone	Single-parent family	Household Head	Spouse	Adult children	Other	
Belgium	0.09797	0.095207	0.19312	0.43564	0.15513	0.001371	0	0.04731	0.34126	0.81561	0.86876	*0.7637*	0.55899
Denmark	0.10656	0.047843	0.26581	0.48341	0.07845	0.000000	0	0.07163	0.38888	0.72227	0.96564		0.53186
Germany	0.21448	0.040251	0.26720	0.30410	0.14645	0.007222	0	0.16205	0.38125	0.75688	0.91853	0.60055	0.46918
Greece	0.01859	0.026891	0.18902	0.23634	0.46491	0.045768	0	0.21512	0.2434	0.72061	0.6789	0.67186	0.56657
Spain	0.01626	0.018832	0.26636	0.20147	0.42940	0.040348	0	0.21104	0.21109	0.60322	0.66232	0.6082	0.48769
France	0.08860	0.052026	0.20911	0.31354	0.31835	0.006625	0	0.19503	0.42199	1.00573	0.92082	1.09499	0.70728
Ireland	0.09845	0.043647	0.43458	0.07020	0.30600	0.026557	0	0.06542	0.19861	0.96129	0.6014	0.43479	0.34687
Italy	0.03294	0.010923	0.17702	0.13052	0.60927	0.027969	0	0.11169	0.2628	0.74983	0.77229	0.81363	0.63637
Portugal	0.01967	0.020699	0.23582	0.29306	0.34733	0.029973	0	0.5366	0.47645	0.95875	0.86176	0.71647	0.71755
UK	0.12438	0.083039	0.32952	0.15782	0.24294	0.011612	0	0.11397	0.31407	0.80101	0.80357	0.5171	0.43744
UE-10	0.065435	0.033746	0.24509	0.23139	0.37520	0.025093	0	0.15994	0.29837	0.78423	0.75337	0.67179	0.5555

Note: Insignificant values are not taken into account (2.2% of the distribution); Italic values are insignificant (less than 30 observations).