

Small States Social Policy

Your country

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Social policy - Welfare/Well-being model

□ What kind of welfare system exists in the country?

- Liechtenstein has a broad system of social insurance and social assistance: compulsory health and accident insurance, state old-age and survivors' insurance, unemployment insurance, occupational pension insurance, social assistance, etc.
- Liechtenstein's social policy is strongly influenced by developments in neighboring countries, especially Switzerland. Corresponding legal regulations in Switzerland are usually autonomously transferred into Liechtenstein law – although monthly contributions, state subsidies etc. may deviate from the Swiss model.
- The state usually sets the legal framework, with implementation being carried out by state institutions (old-age insurance, social assistance, unemployment benefits) or by private insurance companies (health insurance, accident insurance, pension fund).

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Social policy – social (re)distributions (I)

- ❑ Approach to social protection mechanisms (e.g. pensions, health insurance):
 - ❑ Universal – Health insurance obligation;
 - ❑ Selective – Occupational pension insurance and unemployment insurance for employed persons only; old-age pension fees only for employed persons
- ❑ Forms of social (re)distributions, regulations and rights in system of social protection
 - ❑ Universal – Minimum old-age pension even without payment of contributions; child allowance for everybody
 - ❑ Selective – Pension fund benefits dependent on contributions paid

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Social policy – social (re)distributions (II)

☐ Liechtenstein is not included in the OECD social spending table

(public, % of GDP);

Neighboring countries:

Switzerland: 16%;

Austria: 26.6%

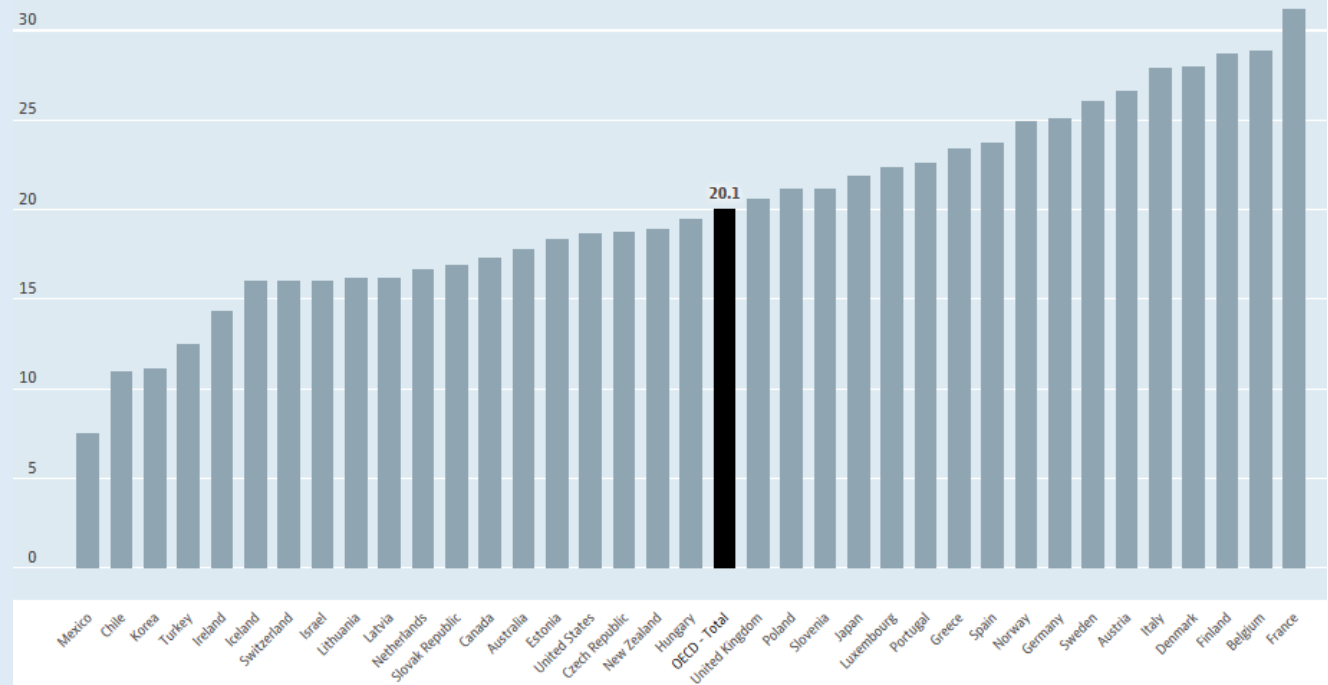
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Iceland: 16%

Estonia: 18.4%

Luxembourg: 22.4%

Sources: OECD (2020), Social spending (indicator). doi: 10.1787/7497563b-en (Accessed on 11 November 2020).



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Social policy – social (re)distributions (III)

□ Social expenditure in **state budget** as a percentage of GDP in Liechtenstein (2018) (GPD 2018 = 6'725 Mio Swiss francs)

	Mio Swiss francs	% GDP	% State Budget
Health Care	37.5	0.6%	4.7%
Old Age Insurance	30.0	0.4%	3.8%
Health Insurance	46.7	0.7%	5.9%
Other Social Insurance	31.6	0.5%	4.0%
Child Protection	7.9	0.1%	1.0%
Invalidity	8.1	0.1%	1.0%
Housing	1.7	0.0%	0.2%
Other social assistance	13.8	0.2%	1.7%
Family help	2.7	0.0%	0.3%
Other contributions	3.2	0.0%	0.4%
TOTAL	183.2	2.7%	23.1%

Sources: National Accounts (GDP), ed. Statistics Office; Annual Report of Government 2019.

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Social policy - Social protection beneficiaries (I)

- ❑ Number and structure of users of social help – long term users,
 - ❑ Support under the Social Assistance Act and other laws
 - ❑ Number and composition of clients (annual report 2019 of Social Services Office).

Service	Clients
Social Service	830
Psychological Service	235
Child and Youth Service	494
Total	1416
Total population	38747

	%
Male	53%
Female	47%
Liechtenstein nationals	55%
EU nationals	19%
Swiss nationals	6%
Other nationals	20%

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Social policy - Social protection beneficiaries (II)

- Social services on national, regional and local level
 - National level leading.
 - No regional level existing.
 - Local level responsible for care and support for the elderly, old age residences and maintaining youth centers.
- Other stakeholders and their position (charity, church...)
 - Private actors in the support of people with disabilities, sheltered workshops and special schools (with state financial support).
 - Caritas, Red Cross, Association for Refugee Aid, etc. for special tasks.
 - Church or religious services of rather minor importance.

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Social policy - Poverty and Social Exclusion (I)

- Poverty reports of 1997 and 2008 – no update so far.
- Government: Due to the system of social security, no one has to live in poverty in Liechtenstein.
- Statistics on persons and households at risk of poverty is not in place.
- It is assumed that the number of people potentially affected by poverty tends to increase.
- Households with a single parent and pensioners in a single household, especially single women, are considered particularly vulnerable.
- A new poverty report is being prepared presently after various aid organizations have insisted on it.

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Social policy - Poverty and Social Exclusion (II)

- Poverty reports mainly focus on the material side of the problem, i.e. income below 60 per cent of median income.
- Other aspects of material and immaterial 'poverty' should also be taken into account:
 - psychological problems
 - social isolation, e.g. of elderly people or migrants and refugees
 - drug abuse
 - disability with social disintegration
 - etc.

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Social policy – Most vulnerable groups

- Who are they?
- The poverty report will probably provide some answers on the question. Presumably the situation is as follows:
 - Rather depending on social status, not on citizenship.
 - Women more vulnerable than men.
 - Elderly, retired people with higher probability to be at risk of poverty, especially single household women.
 - Too much separation of persons with disabilities instead of inclusion (UN-CRPD was signed by Liechtenstein not before 2020).
 - Low salaries without social security transfers not sufficient for life above poverty threshold.
 - Good news: Low unemployment rate.

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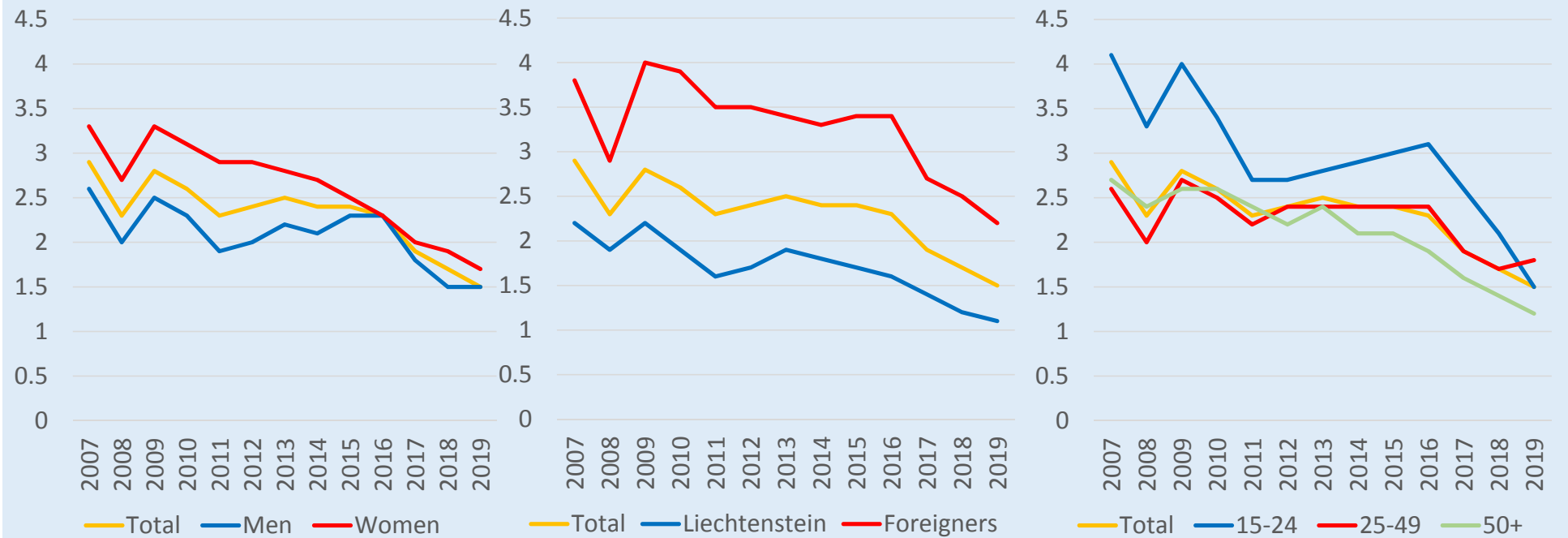
Social policy – Unemployment (I)

- High number of workplaces in Liechtenstein:
 - Population end of 2019: 38'747
 - Employees end of 2019: 40'611
 - Commuters: 22'715 (55.9%)
- High quality of school and vocational education.
- Long-term unemployed moved from unemployment statistics to social assistance statistics – no clear picture about long term unemployment; poverty report will hopefully bring some insight.
- Unemployment of persons with disabilities: no specific statistics; sheltered workplaces more common than inclusion in first labor market.
- Several programs of the Labor Market Service for re-integration of unemployed into economy.

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Social policy – Unemployment (II)

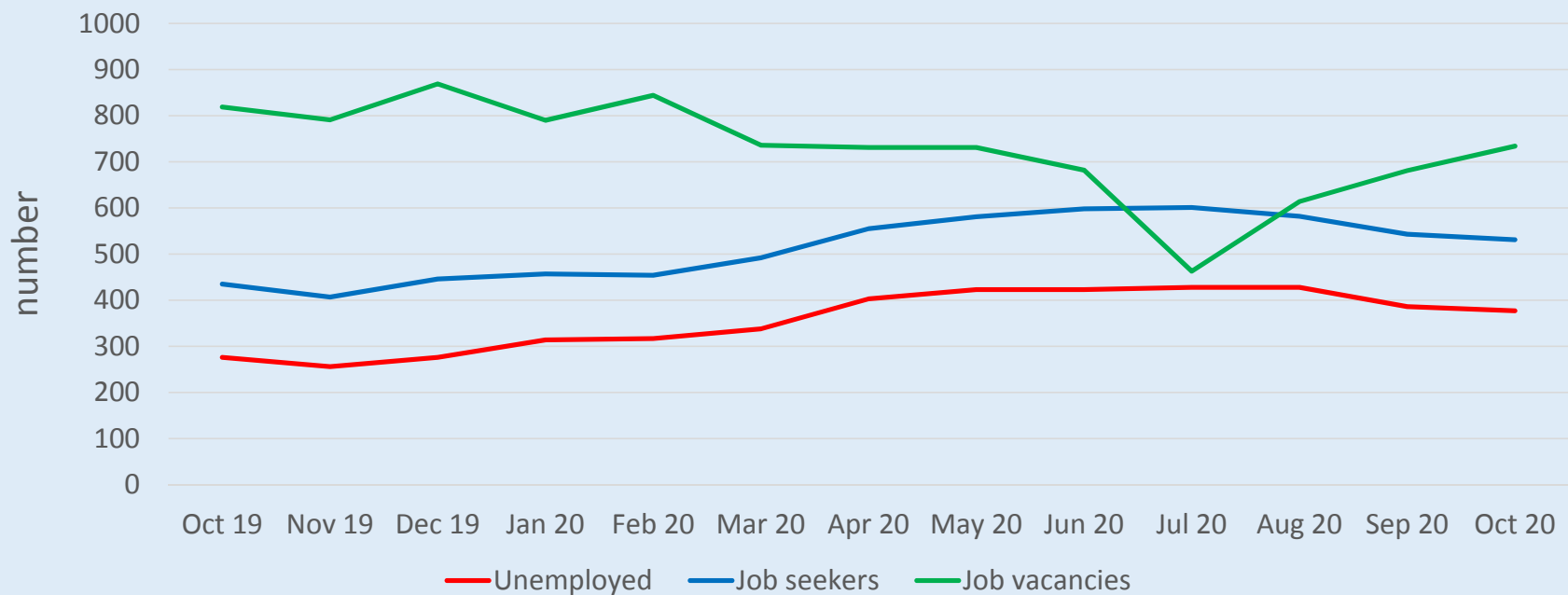
☐ Statistics Office – Unemployment rate in Liechtenstein 2007-2019



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Social policy – Unemployment (III)

❑ Labor Market Service: Number of unemployed, job seekers and job vacancies 10/2019 – 10/2020



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Social policy – Child support

- ❑ How is child support organized in the country?
 - ❑ There are numerous offers for parents to look after children and relieve the burden on parents - from babies to older children (toddlers' group, crèche, nannies, etc.).
 - ❑ Attendance at public compulsory schools is free of charge.
 - ❑ Pregnant women are advised and supported, there is maternity leave and, in implementation of an EU directive, parental leave, which is, however, unpaid paternity leave for men.
 - ❑ The State pays a birth grant and monthly child allowances, depending on the number and age of the children (additional allowance for single parent household).
 - ❑ Vocational training, university studies, etc. are supported with state scholarships and loans, depending on household income.

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Social policy – Response to the COVID-19 pandemic

- How has the system of social protection reacted in light of the pandemic?
Any new measures?
 - No academic analysis regarding impact of Covid-19 on social protection so far.
 - No significant legal changes in the social security system due to Covid-19.
 - Short-time work compensation and other financial Covid-19 measures to mitigate the effects of the pandemic are activated.
 - General challenge for the health system, nursing homes, schools etc. due to Covid-19 (social distance, hygiene, virtual teaching etc.).
 - Risk of disproportionate burden on vulnerable groups (pupils with learning difficulties, elderly people etc.).
 - Long-term impact of Covid-19 on the labor market, employment, bankruptcies, etc. still difficult to assess.
 - Individual economic sectors particularly hard hit (catering, tourism, culture, event organizers etc.) - including many self-employed people with weak social security and uncertain future prospects.