International Comparison of Unemployment Compensation Programs: Focus on Recipient Ratio to Unemployed Workers

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This article compares recipient ratios under the unemployment compensation systems of several Western nations, and outlines the results of analysis of factors determining whether these ratios are high or low. Seven countries' figures are analyzed, such as Germany, France, the UK, Sweden, and Denmark. The transition of recipient ratios since 2000 is examined based on data released by governments, and the impact of the specific factors of unemployment compensation systems on these ratios is analyzed. The recipient ratio in Japan's unemployment insurance system is said to be low compared to those of Western nations, but a comparison of the contents of these systems reveals that simple comparison of figures for each country runs a risk of leading to erroneous understanding. In Germany and the UK, generally thought to have high recipient ratios, a large percentage of recipients are receiving unemployment assistance funded by tax revenues, which differs from unemployment insurance. When limited to unemployment insurance only, Germany's ratio is close to that of Japan, and the UK's is in fact lower.

I. Introduction

Within the overall social security system, the role of unemployment compensation programs is by no means large. In monetary terms, they are dwarfed by pension and medical insurance systems. However, it is to unemployment compensation that workers turn when they have lost their employment and source of income for some reason, and the number of workers relying on it is considerable.

The effects and impact of unemployment compensation (in this article, primarily referring to unemployment insurance and unemployment assistance) can be analyzed from several perspectives. First, there is the question of how unemployment benefits as income compensation impact the duration of unemployment, in other words the question of whether unemployment benefits reduce the incentive to seek re-employment. In assessing this, key factors are the amount (level) of income compensation and the duration unemployment benefits are received. The second topic for analysis is the scope of coverage offered by unemployment compensation programs, in other words whether unemployment compensation extends to the unemployed workers in need of compensation. The factors to be analyzed are "income replacement rate" and "recipient ratio," the former being the percentage of prior income level (when employed) covered by unemployment compensation, and the latter being the percentage of all unemployed workers that are receiving unemployment compensation.

In this article, first of all, I examine procedures for calculating percentages of unem-

ployed workers receiving assistance, for the purpose of international comparison. The International Labour Organization (ILO) periodically releases data on international comparisons of the percentages of unemployed workers receiving unemployment compensation.[1] According to these ILO press releases, under Japan's unemployment insurance system, the recipient ratio is extremely low compared to Germany, France and other nations.[2] I examined the definitions used for the ILO data, and based on the results, chronologically plotted data on the unemployment compensation recipient ratio released by the governments of major OECD countries, and clarified differences with the ILO data. Not only the total recipient ratio (including both unemployment insurance funded by insurance premiums collected from labor and management, and unemployment assistance drawn from taxes), but also the recipient ratio limited to unemployment insurance only is reviewed. In addition, an outline of unemployment compensation programs in Germany, France, Denmark, and Sweden is given, based on the JILPT's survey requested by the Ministry of Health, Labour and Welfare (MHLW) in fiscal 2013. Lastly, factors contributing to higher and lower recipient ratios in the four countries are then considered.

II. Previous Studies

As noted above, the economic scale of unemployment compensation programs is small compared to those of pension and medical insurance systems, and the volume of previous research is by no means large.

Meyer (1990) tested the effects of the level and length of unemployment insurance benefits on unemployment durations based on analysis of data from 1978 through 1983 in 12 US states such as Georgia, Ohio, and Louisiana. The study found that high payment amounts had a negative impact on speed of return to employment. Hunt (1995) studied the impact of amendments to unemployment compensation programs, in the form of lowering of payment amounts and shortening of duration of benefits, carried out three times during the 1980s in the former West Germany. His findings showed that the effect of lower compensation amounts on duration of unemployment varied depending on the age group. Shortening of the duration of unemployment benefits due to lowering of payment amounts was more pronounced among workers in their 50s than those in their 40s. Ours and Vodopivec (2006) analyzed amendment of the unemployment insurance system from the 1990s onward in Slovenia, finding that shortening of duration of unemployment insurance benefits had a positive impact on unemployed workers' return to work. Lalive (2007) re-

[1] In the *Annual Report of the Employment Insurance Program* published in Japan, the term "receipt rate" is used to indicate the percentage of insurees who are receiving benefits, but here the object of analysis is the ratio of people who are receiving benefits to unemployed people overall, and thus the term "recipient ratio" is used.

[2] *Nihon Keizai Shimbun*, November 15, 2012, evening edition, p. 3; *Nihon Keizai Shimbun*, March 25, 2009, evening edition, p. 1, etc.

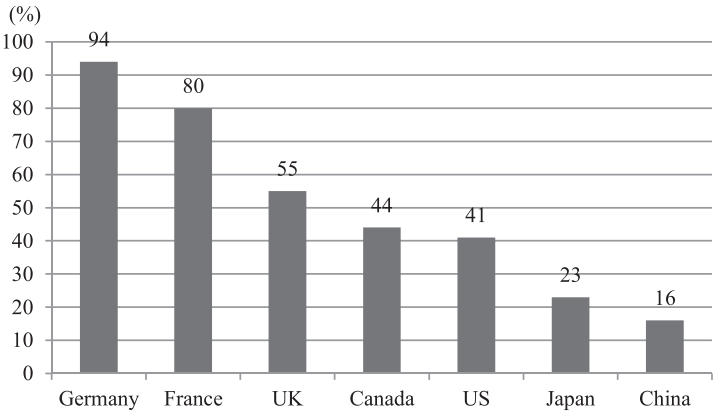
searched at Austrian data from 1989 to 1991, focusing on the impact of duration of benefits on length of unemployment. Meanwhile, Kuhn and Riddell (2010) looked at data from New Brunswick province in eastern Canada and the neighboring US state of Maine from 1940 through 1991, analyzing the unemployment insurance system over the long term. This study examined the impact of unemployment benefit duration on labor force supply and demand, and found that among unemployed workers in Canada, the percentage of partially employed workers was clearly lower than in the neighboring US. A likely contributing factor is the relative generosity of the Canadian unemployment insurance system, compared to that of the US.

In these empirical analyses of the unemployment insurance system, frequently adopted perspectives are (i) a fiscal perspective, involving relational analysis of benefits and rates, (ii) the question of unemployment insurance systems' impact on return to work, involving relational analysis of benefit duration and re-employment rate, and (iii) analysis of the impact of unemployment benefits on unemployed workers' behavior aimed at returning to work. Our research was unable to locate any existing studies focusing on the recipient ratio (percentage of unemployed workers receiving benefits), which will be analyzed in this article.

Sakai (2012) analyzed the reasons for Japan's declining ratio of unemployment insurance benefit recipients. He looked back on the history of revisions of the unemployment insurance system since 1984, and examined these revisions' influence on number of recipients. Sakai also cited Simms and Kuehn (2008) in noting that the unemployment insurance recipient ratio has been trending downward in the US as well, but states that analyses of this ratio in other countries could not be found, and also that no studies could be found that closely scrutinize factors that contribute to declining unemployment insurance recipient ratios. In conducting our survey, as well, we investigated the literature to see if there were any previous studies analyzing recipient ratio, but were unable to identify any. Besides, we were unable to find any literature addressing the question of which factors determine the recipient ratio among unemployed workers, which is the primary objective of this article.

As for research other than empirical analysis, an OECD (2007) research deserves mention as a comprehensive international comparison of unemployment compensation from a systemic perspective. This includes comparisons of the implementation status of unemployment insurance, unemployment assistance, and social assistance programs, as well as housing and family allowances and benefits or tax deductions with work as a prerequisite. However, this data is somewhat outdated, and in the case of some countries does not reflect current conditions (such as duration of benefits in Denmark). Also, some information in the OECD research has the potential to be misleading because detailed explanations of the various countries' systems are omitted (for example, the duration of benefits in France is listed as 60 months, but there is no explanation of age-related and other conditions that apply to this duration.)

As far as we have seen, there are few previous studies analyzing and making international comparisons of factors influencing recipient ratio.



Source: ILO (2009).

Figure 1. Comparison of Unemployment Compensation Recipient Ratios (1)

III. Review of ILO International Comparison Data on Unemployment Compensation Recipient Ratio

1. ILO Data Published in 2009 (Figures for 2008)

The ILO (2009, 16), in a chapter discussing global-scale crises, analyzed expenditures for social protection as a percentage of GDP, and showed the percentage of workers who do not receive any unemployment compensation. Figure 1 indicates, conversely, data on the ratio of workers who do receive some unemployment compensation. The gap between Japan and Germany was 71 percentage points.

2. ILO November 2012 Press Release

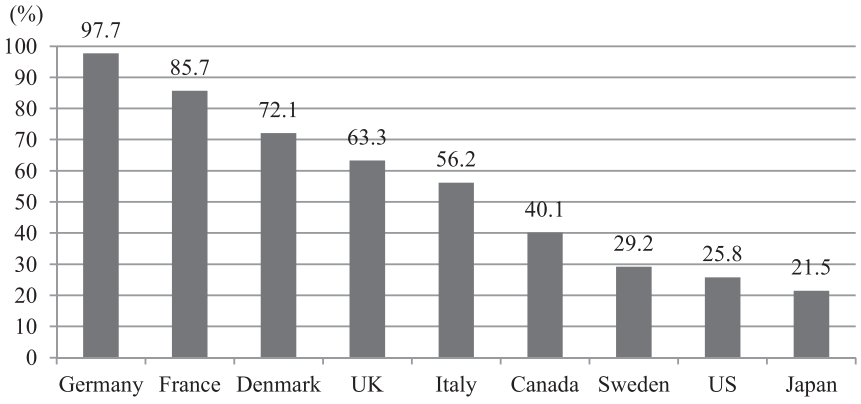
In November 2012, the ILO issued a press release with the heading "More than 70 percent of workers lack unemployment protection," and released the unemployment insurance recipient ratios of various countries on its website.[3] Figure 2 shows these figures for the major OECD countries, and there is a 76-percentage-point difference between Japan and Germany.

3. Data Posted on ILO Website (As of February 2015)

The figures cited in section 2 above have been updated several times since the press release was issued in November 2012. Figure 3 shows the latest data as of February 19, 2015. I have confirmed periodically that it has not been updated since December 2013. The gap between Japan and Germany stands at 70.4 percentage points.

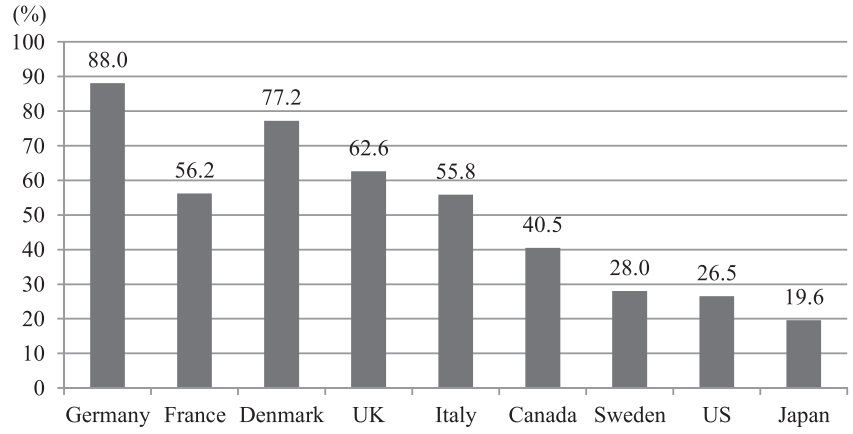
Based on the ILO data, I point out the following three questions. Firstly, figures for

[3] Referred to following website: http://www.ilo.org/washington/WCMS_193133/lang--en/index.htm (accessed February 19, 2015).



Note: Data for each country is dated as follows: Germany (2012), France (2011), Denmark (2012), Sweden (2011), UK (2011), Italy (2010), US (2012), Canada (2012), Japan (2011).

Figure 2. Comparison of Unemployment Compensation Recipient Ratios (2)



Note: Data for each country is dated as follows: Germany (2012), France (2013), Denmark (2013), Sweden (2012), UK (2012), Italy (2011), US (2012), Canada (2013), Japan (2010).
Source: Website of ILO. http://www.ilo.org/dyn/ilossi/ssimaps.mapIndicator2?p_indicator_code=CR-1f+UE (accessed February 19, 2015).

Figure 3. Comparison of Unemployment Compensation Recipient Ratios (3)

Germany and the US are from the same years in both Figure 2 and Figure 3, but the figures differ depending on when they were released. This may be due to the use of different definitions, or to different sources used for calculating ratios. Data for Japan listed through November 2013 was from 2011, but the latest postings show data from 2010. This means that the ostensibly updated data shown in Figure 3 is actually older than the data in Figure 2.

Secondly, there are evident problems with the methods used to calculate these sets of

data released by the ILO, and it is not clear whether they can serve as the basis for valid international comparison. In particular, in the ILO data calculation procedure, it seems that there is no strict consistency among the definitions and conditions used in each country for "unemployed" as the denominator and "recipient" as the numerator.

Thirdly, in the case of France, there is a significant drop in the ratio from over 80% in 2012 to under 60% in 2013, and there is an unusual 29.5 percentage point drop over this one-year period, which may be due to different definitions being used. In fact, in Section IV. 1, I scrutinize data released by the French government to confirm the difference in definition.

IV. Comparison Based on Time-Series Data Released by National Governments

1. Recipient Ratio of Unemployment Compensation Programs

The recipient ratios in ILO data examined in Section III have some problems, in that there is a large fluctuation in France's ratio over the course of a year, the updated values for Japan as of February 2015 are actually based on older data than the previously released values, and so forth. In this section, we look closely into the figures released by governments and study methods to be used for calculation of accurate recipient ratios.

To begin with, let us make an international comparison of recipient ratios in terms of unemployment compensation, which includes unemployment insurance and unemployment assistance. In order to calculate valid (internationally comparable) recipient ratios, it is necessary to be sure that the definition of "unemployed workers" and that of "unemployment compensation recipients" are consistent. However, it is extremely difficult to compare figures based on a consistent definition. To ensure the definition to be used is as consistent as possible, in the case of France, for example, it is necessary to exclude partially employed workers among the unemployed population, as they also are eligible to receive unemployment compensation. However, according to our research, no data has been released on the number of completely unemployed workers receiving compensation. With regard to Japan, as people aged 65 and older are not eligible to receive unemployment insurance benefits, unemployed workers in this age group should be excluded from the scope of the unemployed in order to calculate an accurate recipient ratio. To guarantee consistency of definitions, we turn to the sources shown in Table 1 to obtain data on countries surveyed.

According to Chapter 3 of JILPT (2014), the German Federal Employment Agency (Bundesagentur für Arbeit) releases official statistics on the percentage of unemployed workers who receive unemployment benefits (the "unemployment benefits recipient ratio" or Leistungsempfängerquote). This is calculated by adding the number of recipients of Unemployment Benefits I (Arbeitslosengeld I) (the former Unemployment Benefits [Arbeitlosengeld]) and Unemployment Benefits II (Arbeitslosengeld II) (the former Unemployment Assistance [Albeitslosenhilfe], with some of the former Social Assistance

Table 1. Sources and Scope for Number of Unemployed Workers and Number of Unemployment Compensation Beneficiaries in Each Country

	Number of unemployed people		Number of unemployment compensation beneficiaries	
	Source	Scope	Source	Scope
Denmark	Denmark Satistik (Statistics Denmark)	Unemployed persons	Denmark Satistik (Statistics Denmark)	Unemployment insurance beneficiaries
France	Pôle emploi (Job Centre)	Demandeurs (Job seekers)	Pôle emploi (Job Centre)	ARE (Allocation d'aide au Retour à l'Emploi) and ASS (Allocation de Solidarité Spécifique) recipients, etc.
Germany	Bundesagentur für Arbeit (BA) (Federal employment agency)	Arbeitslose (Unemployed people)	Bundesagentur für Arbeit (BA) (Federal employment agency)	Arbeitslosengeld I (Unemployment Benefits I) and Arbeitslosengeld II (Unemployment Benefits II) recipients
Sweden	Statistiska centralbyrån, SCB (Statistics Sweden): Labor force survey	Arbetslösa (Unemployed)	IAF, Statistikdatabas (Swedish Unemployment Insurance Board)	Recipients in basic compensation scheme and income-related compensation scheme
UK	Office for National Statistics: Labour market statistics	Unemployed people	Department for Work and Pensions	Jobseeker's allowance (contributory and income-based) recipients
US	Bureau of Labor Statistics (BLS): Employment statistics	Unemployed persons	US Department of Labor (Employment & Training Administration)	Unemployment insurance benefit recipients
Canada	Statistics Canada	Unemployed persons	Statistics Canada	Employment insurance benefit recipients

Source: Referred to JILPT (2014), Higuchi (2013), Iwasaki (2002), etc.

[Sozialhilfe] added), then subtracting the number of workers who are receiving both I and II.

According to Chapter 2 of JILPT (2014), statistics on the number of unemployment insurance recipients released by the French government represent not only workers receiving unemployment benefits, but also those receiving support related to vocational training. For France, there are two official statistics related to unemployment, statistics on "unemployment" published by INSEE (L'Institut National de la Statistique et des Études

Économiques; the National Institute of Statistics and Economics Studies) and statistics on "job seekers" released by the Job Centre (Pôle Emploi). The Job Centre classifies job seekers in Categories A to E according to their conditions. In this article, I examine job seekers of Categories A, B, and C. The number of unemployment benefit recipients is calculated by subtracting the number of workers receiving support related to vocational training from the total number released by the Job Centre.

For Denmark, according to Chapter 1 of JILPT (2014), I used the numbers of unemployed workers and unemployment insurance recipients released by Statistics Denmark, which are calculated after subtracting the number of social assistance recipients. For Sweden, according to Chapter 4 of JILPT (2014), the figure was calculated using the "number of unemployed workers" from a Statistics Sweden (Statistiska Centralbyrån, SCB) labor force survey, and the "number of unemployment insurance recipients" from the Swedish Unemployment Insurance Board (IAF, Statistikdatabas). For the UK, the US, and Canada, refer to Table 1.

The countries and years for which data could be obtained are Germany (2000–2012), France (2000–2013), Denmark (2007–2013), Sweden (2005–2013), the US (2001–2013), Canada (2006–2013), and Japan (2000–2013).

Specifically, figures for Germany are official statistics released for each year. For France, Denmark, and Canada, I used the annual averages of monthly data; for Sweden, annual data on the number of unemployed workers and number of unemployment insurance recipients; for the UK, the annual averages of figures released quarterly; and for the US, annual data was employed for the years 2000 through 2012, while the annual average of monthly data was used for 2013 as no annual statistics had been released by the government.

Figure 4 and Figure 5 show recipient ratios calculated based on data released by governments and plotted chronologically. The data was divided into two graphs for convenience of comparison. Time-series data like this reveals changes in recipient ratios over time based on a larger set of information, and presents a more accurate picture compared to an international comparison at one particular point in time, like the one done by the ILO.

A rising trend can be seen for Germany, while Denmark and France remain more or less flat. Ratios trended downward in the UK, Canada, the US, and Japan. Table 2 and Figure 6 show the highest, lowest, and latest figures for each country. Figure 6 reveals that the latest ratios are close to the lowest ones, showing the downward trend in most countries.

When I compare these sets of data to the ILO figures cited in Section III, differences are evident, which are especially glaring in the cases of France and Denmark. With regard to France, I assume two different figures shown were respectively based on data from the INSEE and that from the Job Centre, each being calculated with its own definition. For Denmark, the ILO figures probably include people receiving social assistance. Some other countries have welfare programs (social assistance, public assistance) as well, but judging by the levels of the ratios, these numbers are not included. For purposes of international

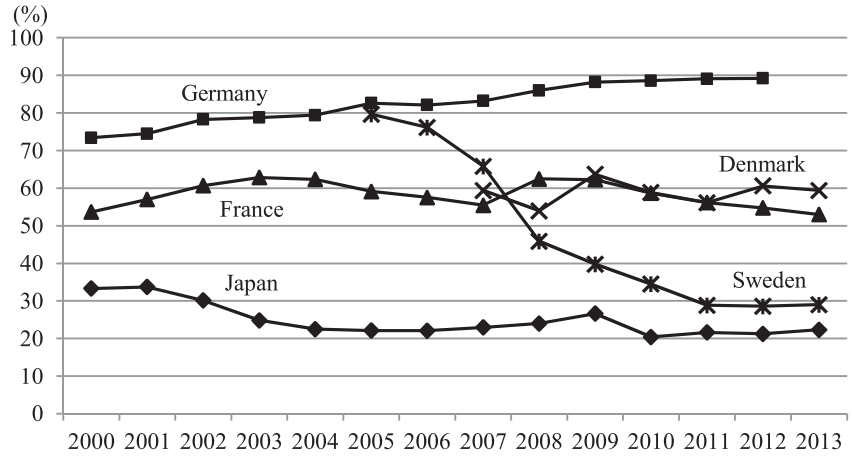


Figure 4. Changes in Unemployment Compensation Recipient Ratios (1)

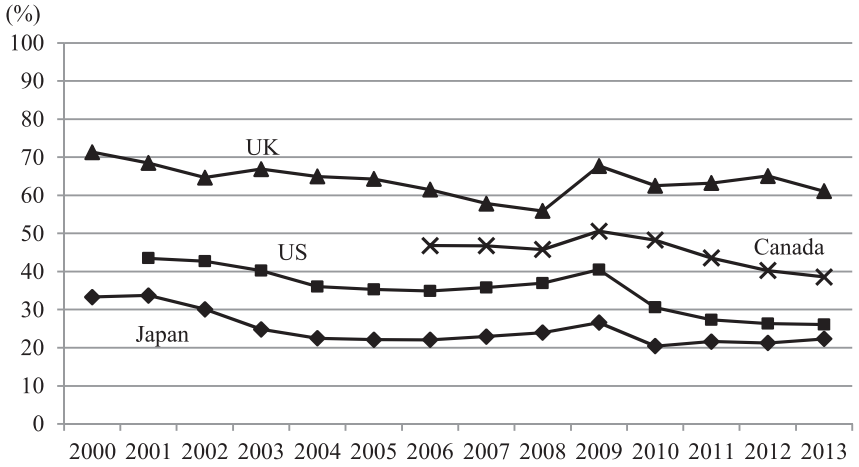
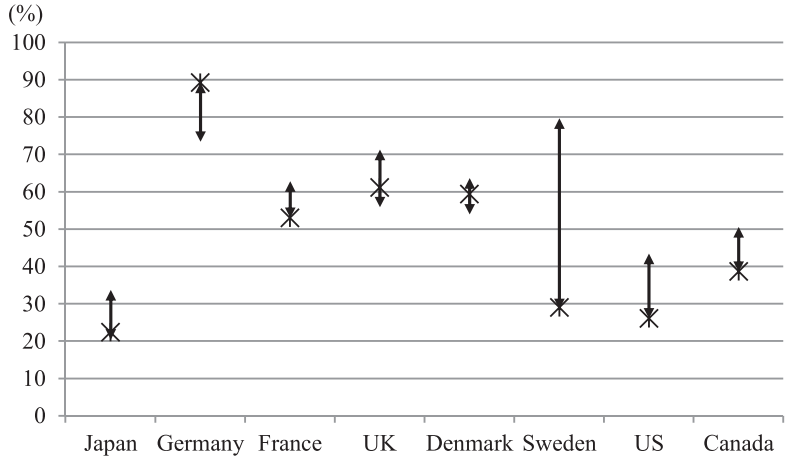


Figure 5. Changes in Unemployment Compensation Recipient Ratios (2)

Table 2. Comparison of Unemployment Compensation Recipient Ratios
(Based on time-series data released by governments)

(Year)

	Japan	Germany	France	UK	Denmark	Sweden	US	Canada
Highest	33.7 (2001)	89.2 (2012)	62.8 (2003)	71.3 (2000)	63.7 (2009)	79.7 (2005)	43.5 (2001)	50.6 (2009)
Lowest	20.4 (2010)	73.4 (2000)	53.0 (2013)	55.9 (2008)	54.0 (2008)	28.6 (2012)	26.1 (2013)	38.6 (2013)
Latest	22.3 (2013)	89.2 (2012)	53.0 (2013)	61.1 (2013)	59.4 (2013)	29.0 (2013)	26.1 (2013)	38.6 (2013)



Note: Arrows show gap between the highest and lowest values, and × indicates the latest value.

Figure 6. Comparison of Unemployment Compensation Recipient Ratios (Highest, Lowest and Latest Values)

comparison, consistent definitions and conditions should be used, and in this sense it is necessary to omit social assistance recipients from the figures for Denmark as well.

One particularly notable change shown in Figure 4 is the drastic drop in the ratio in Sweden. We will provide an outline of Sweden's unemployment compensation programs later in Section V. According to Chapter 4 of JILPT (2014, 95, 101), unemployment insurance program enrollment is not mandatory in the country. In 2006 the number of workers enrolled was approximately 3.79 million, accounting for over 80% of the labour force (workers aged 16 to 64), but as of September 2013 it had fallen to around 3.44 million, about 70% of the labour force. This is probably due to a major drop in the number of enrollees resulting from a revision of the unemployment insurance system in 2007. This revision reduced the amount of national government funding for unemployment insurance and increased the amount covered by individual fees paid by the workers. For the purpose of strengthening the effectiveness of the insurance function, "unemployment contributions" (fees to unemployment funds) were introduced, and the amount that unemployment insurance funds must pay to the government was increased. The increase in insurance premiums paid by workers apparently had the effect of reducing rates of enrollment in unemployment insurance (however, the unemployment contributions were abolished in a 2013 amendment of the LAK (Law on Unemployment Funds), effective as of January 2014).

The number of unemployment insurance beneficiaries likely decreased as a result of the drastic drop in unemployment insurance system enrollment caused by the 2007 revision. However, in 2007 labor market policy was revised at the same time the unemployment insurance law was amended, and it should be noted that a considerable number of workers

began receiving activity grants (*aktivitetsstöd*) instead of unemployment insurance (JILPT 2014, 101).

For a strict comparison between Sweden's unemployment compensation recipient ratio and those of other countries, the number of activity grant recipients eligible to receive unemployment insurance benefits should be extracted from the total number of activity grant and development allowance recipients, but detailed statistics for this could not be found.

2. Recipient Ratio of Unemployment Insurance Only

In this section, I compare recipient ratios limited to insurance programs only, omitting the number of assistance program beneficiaries. The results showed much lower recipient ratios for Germany and the UK compared to unemployment compensation programs as a whole. In other words, there was little difference between Japan and Germany, as shown in Figure 7, and the figure for the UK was actually lower than that for Japan (Figure 8). It is evident that recipient ratios for unemployment compensation as a whole were vastly higher for Germany and the UK than for Japan due to underlying support from nationally funded unemployment benefit programs.

From 2002 to 2007, Germany showed a downward trend, while France and the UK remained basically flat. The fact that Germany trended upward for unemployment compensation as a whole while trending downward for insurance programs only indicates an increase in the number of assistance program recipients (see Table 3 and Figure 9).

In this section, I analyzed data chronologically rather than focusing on figures for a certain fixed point in time, and clarified trends in the recipient ratios of each country. It is conceivable that revisions to compensation systems alter the scope of eligibility and applicability, and impact recipient ratios as a result. In Denmark, the duration of benefits was shortened from seven years to six in 1996, to five in 1998, to four years and nine months in 1999, to four years and three months in 2000, to four years in 2001, and to two years in 2010. As a result of these amendments, duration of benefits was shortened in this way in countries with a large number of long-term unemployed, and it is assumed that a large number of workers lost eligibility for unemployment compensation programs, resulting in a decline in recipient ratios.

I also found the trends for recipient ratios for unemployment insurance only, which has not featured in the ILO data. In Germany, the Hartz Reforms[4] of the early 2000s were intended to overhaul the labor market, and in terms of the unemployment insurance system in particular, it is significant that it was a shift from an income-compensation program to one that actively encouraged re-employment. The number of "Unemployment Benefits I" recipients shrank, while the number of "Unemployment Benefits II" recipients grew.

[4] Hartz reforms are a set of wide-ranging labor market reforms in Germany implemented from 2002 through 2003.

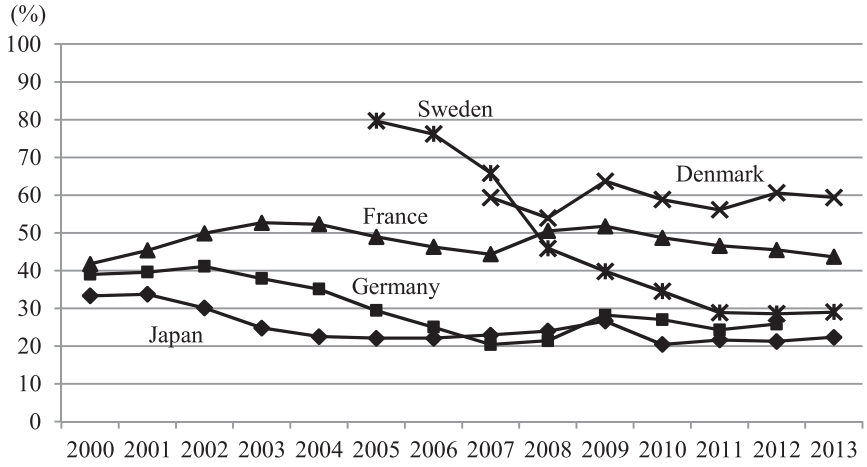


Figure 7. Changes in Unemployment Compensation Recipient Ratios (1)

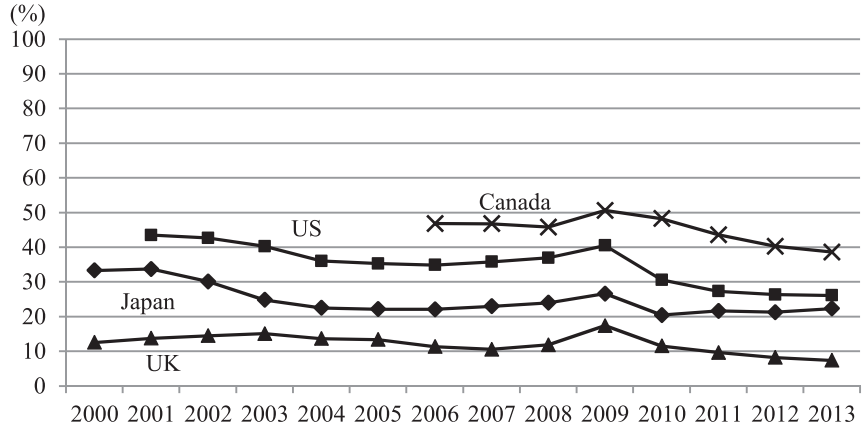
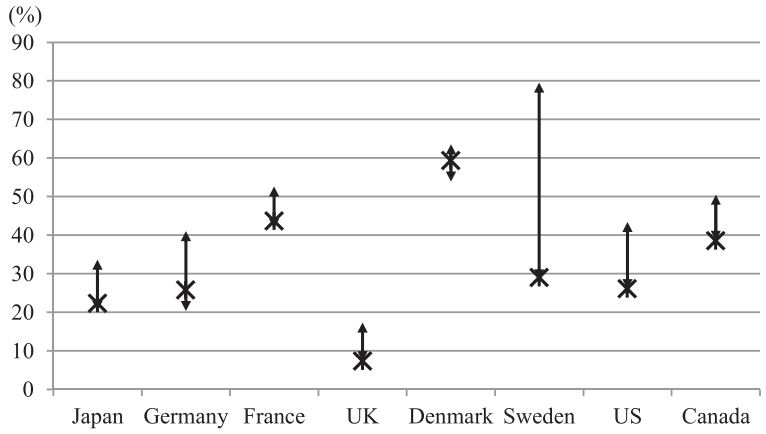


Figure 8. Changes in Unemployment Compensation Recipient Ratios (2)

Table 3. Comparison of Recipient Ratios for Unemployment Insurance Only
(Based on time-series data released by governments)

(Year)

	Japan	Germany	France	UK	Denmark	Sweden	US	Canada
Highest	33.7 (2001)	41.1 (2002)	52.7 (2003)	17.4 (2009)	63.7 (2009)	79.7 (2005)	43.5 (2001)	50.6 (2009)
Lowest	20.4 (2010)	20.4 (2007)	41.7 (2000)	7.4 (2013)	54.0 (2008)	28.6 (2012)	26.1 (2013)	38.6 (2013)
Latest	22.3 (2013)	25.8 (2012)	43.7 (2013)	7.4 (2013)	59.4 (2013)	29.0 (2013)	26.1 (2013)	38.6 (2013)



Note: Arrows show gap between the highest and lowest values, and × indicates the latest value.

Figure 9. Comparison of Recipient Ratios for Unemployment Insurance Only (Highest, Lowest and Latest Values)

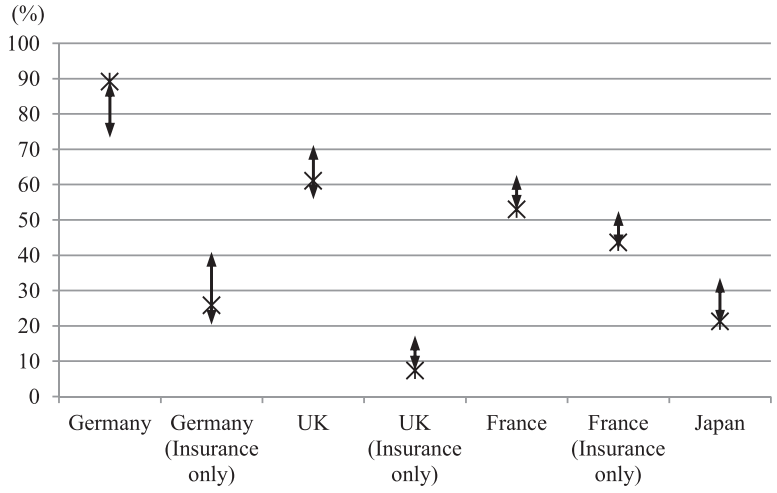
Adding the two together resulted in an extremely high recipient ratio of nearly 90%, but the ratio for insurance benefit recipients only is between 20–30%. As for the UK, the corresponding figure is under 10%, much lower than even that of Japan. Figure 10 shows the recipient ratios for unemployment compensation programs together with unemployment insurance. In terms of recipient ratios for Germany and the UK, we can see a significant difference between those for unemployment insurance only and unemployment compensation programs including assistance programs.

Time-series comparison of official figures released by governments also revealed that recipient ratios were trending downward in most countries. As a trend in systemic reforms, in France, for example, the emphasis has been shifting from the 1990s onward, from unemployment compensation as income compensation to unemployment assistance programs imposing strict requirements on beneficiaries, such as making job-seeking efforts and joining vocational training. The declining trend in recipient ratios thus can be seen as indicative of a shift toward support programs enabling the unemployed to return to work.

V. Outline of Unemployment Compensation Systems in Four European Countries

In this section, we describe an outline of the unemployment insurance and assistant systems of four European countries (Germany, France, Denmark, and Sweden) based on a FY2013 survey[5] conducted by JILPT at the request of the MHLW (Table 4).

[5] The report on the survey results is JILPT (2014).



Note: Arrows show gap between the highest and lowest values, and × indicates the latest value.

Figure 10. Comparison of Recipient Ratios for Unemployment Insurance Only and for Unemployment Compensation (Arranged from time-series data)

Table 4. Outline of Unemployment Insurance Systems in Major OECD Nations

	Conditions for enrollment		Criteria for eligibility	Applicability to partial unemployment
	Procedure	Scope		
Germany	Mandatory	Applies to all employees*	12 months/2 years	
France	Mandatory	Applies to all employees*	4.3 months/28 months*	✓*
Denmark	Non-Mandatory	Applies to part-time employees working under 30 hours a week as well (no minimum working hours)	52 weeks/3 years	
Sweden	Non-Mandatory	Applies to part-time employees as well	6 months/12 months*	✓*
US	Mandatory	Applies to all employees*	Varies from state to state (ex.: in California, a designated income over five quarterly periods)	—
UK	Mandatory	Applies to contributors to national insurance scheme	1 year/2 years	✓*
Japan	Mandatory	Applies to employees who work 20 hours a week or more	12 months/2 years	—

Source: Referred to JILPT (2014), Higuchi (2013), JILPT (2008), etc.
Note: Asterisks are factors seen as raising the recipient ratio in comparison to Japan's.

1. Germany

In Germany, one unemployment insurance program is Unemployment Benefits I (JILPT 2014, chap. 3). In general, an insurance contribution period of 12 months or more out of a 24-month period of employment is a prerequisite for eligibility. There are several durations of benefits ranging from six to 24 months depending on the contribution period and the recipient's age. The duration of benefits is set at half the contribution period, so if the contribution period was the minimum 12 months, the duration of benefits is six months; it was 16 months or more, eight months; 20 months or more, 10 months; and the maximum contribution period, 24 months, has a benefit duration of 12 months. For unemployed workers aged 50 or above, if the contribution period was 30 months, the benefit duration is 15 months; for workers aged 55 and older, with a 36-month contribution period or more, benefits are paid for 18 months; and for workers aged 58 and older, if the contribution period was 48 months or longer, the benefit duration is 24 months. In addition, under a special limited-time measure (until December 31, 2014), workers whose contribution periods were less than 12 months are eligible for benefits, calculated in the same way (three months of benefits for a six-month contribution period, four months for an eight-month contribution period, and five months for a 10-month period). The program is funded by insurance premiums paid evenly by labor and management. Unemployed workers who have exhausted the duration of their unemployment-insurance benefits become eligible for unemployment assistance (Unemployment Benefits II), which is funded entirely by the national government. Unemployment Benefits II are paid in six-month periods with no limit on the number of times they can be renewed as long as the recipients meet the required conditions.

2. France

France has the unemployment insurance programs ARE (Allocation d'aide au Retour à l'Emploi), a support program for workers who are seeking to return to work, and ASS (Allocation de Solidarité Spécifique), a "specific solidarity allowance" for the unemployed (JILPT 2014, chap. 2). Under France's unemployment insurance system, workers become eligible for benefits after a relatively short contribution period, with prerequisites including an insured period of four months (122 days) or more during the 28 months prior to loss of employment, and involuntary loss of employment, etc. The duration of benefits is a maximum of 24 months for workers under the age of 50 and up to 36 months for those aged 50 or above. The program is funded by insurance premiums paid evenly by labor and management. Unemployed workers who have exhausted the duration of their unemployment insurance benefits, ARE, become eligible for unemployment assistance, ASS, funded entirely by the national government. These are paid in six-month periods and can be renewed as long as the recipients meet the required conditions.

3. Denmark

Denmark's unemployment insurance system (Arbejdsløshedsforsikring) has strong

ties to labor unions, and in many cases when workers join labor unions they simultaneously enroll in an unemployment insurance fund administered by the labor union (JILPT 2014, chap. 1). This fund consists entirely of insurance premiums paid by enrollees, with fixed-rate premiums determined by each unemployment insurance fund. To be eligible to receive benefits, workers must have been enrolled in the unemployment fund for one year or more, and must have worked 52 weeks or more during the past three-year period of enrollment (period of insurance premium payment). Until 1994, the duration of unemployment insurance benefits was extremely long at seven years, but a rising unemployment rate drove the program into fiscal insolvency, and the period has grown shorter and shorter, currently standing at two years (see Section IV. 2). This measure is aimed at reducing dependency on the social safety net and strengthening incentives to return to work. For unemployed workers who do not qualify for unemployment insurance, there is no specific system of unemployment assistance, but they are eligible for social assistance guaranteeing a minimum standard of living.

4. Sweden

Sweden has a non-mandatory income-proportional insurance program (Inkomstrelaterad ersättning), as well as nationally funded basic insurance (Grundförsäkringen) (JILPT 2014, chap. 4). To qualify for income-proportional insurance, people must have worked at least 80 hours a month for at least six out of the last 12 months, or must have worked at least 50 hours a month and a total of at least 480 hours over six continuous months. In addition to the work requirements, they must have been enrolled in an unemployment insurance fund for at least 12 months. The duration of benefits for income-proportional insurance is set at a maximum 300 days across the board, but this is extended to 450 days when the recipient has a child less than 18 years of age. This program is funded by insurance premiums paid by enrollees and by national government subsidies. Insurance premiums vary depending on the unemployment insurance fund, while subsidies account for approximately two-thirds of the total amount paid. These subsidies are funded by a labor market tax paid by employers. Unemployed workers who are not enrolled in unemployment insurance funds, or who are enrolled but do not meet the eligibility requirements for the income-proportional insurance program, are eligible to receive basic insurance, although they must be at least 20 years of age. The duration of benefits is the same as that of the income-proportional insurance program.

For unemployed workers not covered by either of the above-described programs, there are activity grants (aktivitetsstöd) and development allowances (utvecklingsersättning) for workers who participate in labor-market policy programs such as “guaranteed employment for young people” and “introduction to working life.” The number of workers receiving activity grants instead of unemployment insurance has risen as a result of legal reforms enacted in 2007 (see Section IV. 1).

Table 5. Duration of Unemployment Compensation Benefits in Major OECD Countries

	Duration of payment	
	Unemployment insurance	Unemployment assistance
Germany	Up to 12 months	Renewable*
France	Up to 24 months (people under 50 yrs. old)*	Renewable*
Denmark	2 years*	—
Sweden	300 days (+150 days)	(Activity grant, development allowance)
US	Up to 25.6 weeks (avg. for 50 states)	—
UK	12 months	Renewable*
Japan	Up to 360 days	(Support System for Job Seekers)

Source: Referred to JILPT (2014), Higuchi (2013), JILPT (2008), etc.
Note: Asterisks are factors seen as raising the recipient ratio in comparison to Japan's.

5. Summary of Comparison of Four Countries

Administrative bodies, sources of funding, scope of eligibility and payment conditions, etc. differ from country to country, reflecting the societal background and historical course of labor-management relations in each country.

Regarding the scope of eligibility for unemployment insurance, the programs in Germany and France are forcibly applied to all workers in the private sector, whereas in Denmark and Sweden these programs are non-mandatory (Table 4). However, the Denmark program is notable for its broad scope of eligibility, applying to self-employed workers, public employees, and new graduates who have completed vocational training programs as well. In terms of administration, in Denmark and Sweden labor unions are heavily involved in unemployment insurance system administration, while in France labor unions and management organizations hold regular consultations for decision-making, and cooperate on organizational administration. Regarding duration of benefits, they tend to be longer in countries that have assistance programs, etc. supplementing the insurance system. Supplementary assistance programs exist in Germany and France (Table 5). In terms of effect on the recipient ratio, comprehensive coverage under assistance programs tends to lengthen the duration of benefits and appears likely to raise the recipient ratio. In addition, Sweden has a basic insurance program supplementing the non-mandatory one, while Denmark guarantees the income of unemployed workers who do not qualify for insurance benefits with social assistance (public assistance).

VI. Discussion

This section examines factors that determine the recipient ratio, based on a comparison of the unemployment compensation programs in four European countries described in Section V and that of Japan.

1. Comparison of European Nations and Japan

In light of the four countries' systems outlined in Section V, factors contributing to a high or low unemployment compensation recipient ratio are as follows:

One factor is whether or not there is comprehensive coverage under assistance programs. France and Germany offer assistance programs as a safety net to workers who are ineligible for unemployment insurance benefits or whose duration of benefits has expired. This is consistent with the fact that the recipient ratio for insurance programs only in Germany is little different than that of Japan (see Figure 7), while the UK's is actually lower than Japan's (see Figure 8).

With regard to the scope of insurance enrollment eligibility, Germany, France, Denmark, etc. have broad scope in the sense of all workers having eligibility without minimum working-hours requirements. By contrast, in Japan people who work less than the prescribed 20 hours per week are not covered by an unemployment insurance scheme.

In terms of conditions for receiving benefits, in France workers who pay insurance premiums for approximately 4.3 months out of 28 months are eligible, while the corresponding term in Sweden is six months out of 12, meaning that workers become eligible earlier than in Japan, where they must pay premiums for at least 51 weeks out of two years. Germany's system is similar to Japan's, and Denmark's does not differ greatly at 52 weeks out of three years. In France, workers qualifying for benefits after a relatively short period of time can be assumed to be a factor boosting the recipient ratio, it is because the number of young workers receiving benefits during recurring periods of cyclical unemployment and re-employment is high compared to other countries.

Duration of benefits in France (24 months for workers under 50 years of age, 36 months for workers aged 50 and over) and Denmark (24 months) is long compared to Japan's 360-day maximum. The durations in Germany and the UK are nearly equivalent to those of Japan, while the duration in the US is shorter. France also has a scheme offering a longer duration of benefits for older workers, which also brings up the recipient ratio by providing assistance to the older long-term unemployed.

Partially employed workers are eligible for benefits in France and Sweden as well as in the UK. Benefit duration and payment amounts are differentiated from those of the completely unemployed, but this coverage is seen as boosting the recipient ratio by offering unemployment insurance benefits to workers who are working part-time (see Table 4).

The items marked with asterisks in Tables 4 and 5 are factors seen as raising the recipient ratio in comparison to Japan's.

Table 6. Recipient Ratio Including Support System for Job Seekers

	Support System for Job Seekers		Differential (% points)
	Not included	Included	
2011	21.6%	23.4%	1.8
2012	21.3%	24.9%	3.6

Source: Calculated besed on to materials released by the MHLW of Japan.

2. Support Program for Job Seekers in Japan

In Japan, the Support System for Job Seekers was launched in 2011 as a relief program for unemployed workers who do not qualify for employment insurance. As this system is intended as a means of unemployment assistance, it is shown in parentheses on Table 5 in the section on unemployment assistance. To calculate the recipient ratio using its strict definition, this population should be added to the total. When the number of recipients in this program are added, the recipient ratio is brought up slightly, by around two to three percentage points (see Table 6).

Incidentally, the activity grants and development allowances institutionalized in Sweden are similar in nature to Japan's Support System for Job Seekers (shown on Table 5 in the section on unemployment assistance). To calculate the Swedish recipient ratio, as well, using its strict definition, this population should be added to the total. However, according to JILPT (2014, chap. 4), figures differentiating between recipients of these vocational training allowances and recipients of unemployment benefits only could not be found, making this calculation impossible.

VII. Conclusion and Suggestions

In this article, I reviewed methods of international comparison of unemployment benefits recipient ratios, by analyzing unemployment compensation programs in major OECD nations. By comparing periodically released ILO data with the figures released by each government, it examined the definitions and conditions of data that ought to be taken into account for purposes of international comparison. It also pointed out misleading results that can be obtained when simply comparing countries without verifying the precise definitions of "number of unemployed workers" and "number of recipients." This article also looked into factors contributing to high or low recipient ratios, by presenting an overview of the systems in place in four European countries. The points clarified and suggestions obtained as a result of these analyses are as follows.

1. The Difficulty of Performing International Data Comparisons

The calculation of recipient ratios, a prerequisite for rigorous international compari-

son, presents a challenge. As the scope and conditions for eligibility differ under the systems of different countries, a simple comparison lacks validity. Even if definitions are made as consistent as possible and conditions affecting the comparison noted, the results of comparative analysis have a high probability of inviting misinterpretation on the part of the reader.

2. Two Factors Contributing to High Recipient Ratios

Examination of data and program contents in Germany, the UK, and France indicated that countries with high recipient ratios offer comprehensive coverage under unemployment assistance programs. In Germany and the UK in particular, the recipient ratios for the insurance system only are comparable to that of Japan. Another factor is a lengthy duration of benefits. In France and Denmark, duration of benefits is comparatively long, and in France it is particularly long for older unemployed workers.

3. Questionability of Japan's Ostensibly Low Recipient Ratio

This study indicates that Japan's recipient ratio could not be as low as the international comparison figures released by the ILO indicate. With regard to unemployment insurance recipients only, the ratio is comparable to those of Germany and the UK. In addition, when the numbers are calculated rigorously, omitting unemployed people aged 65 or older and including beneficiaries of the Support System for Job Seekers, Japan's recipient ratio rises a few percentage points.

4. Declining Trend in Recipient Ratios

When data was examined chronologically, rather than merely comparing figures at a fixed point, it was clear that recipient ratios have changed as a result of revisions of systems. In most countries analyzed, ratios were trending downward. In the past, unemployment benefits were a significant source of income compensation during periods of unemployment. In recent years, however, active job seeking has become a criterion for eligibility, participation in vocational training programs is increasingly made mandatory, and in general there is a paradigm shift toward return to work as the objective of unemployment benefits. This is thought to be a factor contributing to the across-the-board decline in recipient ratios.

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