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Social Policy or Structure? Income Transfers, Socio-demographic Factors and Poverty in the Nordic Countries and in France

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**Social Policy or Structure?
Income Transfers, Socio-demographic Factors
and Poverty in the Nordic Countries and in France**

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Social Policy or Structure?

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Introduction

In 1990, "The Three Worlds of Welfare Capitalism" by Gøsta Esping-Andersen revised and updated the tripartite division introduced by Titmuss (1974), thus launching a renaissance of socio-political model building. Since that comparative social policy studies have almost without exception involved the question of welfare state models and an immense amount of printer's ink has flowed as disputes have raged about the potentially correct number of welfare state models and the principles on which the differentiation of models should be based. Instead of three models, some discussants have postulated four (Castles & Mitchell 1991; Korpi & Palme 1997), some five (Leibfried 1990; Ferrera 1996), and some even more. A few researchers have found the model approach altogether unproductive, contending that there are as many models as there are countries: welfare states do not evolve in types! (Ringen 1991). Many historians share this opinion and point out that because all countries have arrived at their own systems through special and independent developmental stages, it is imprudent to force the richness of the historical development into a framework of models. Also, emphasising institutional differences between countries may prove misleading, as it is possible that welfare states may be very dissimilar in their institutions, yet result into similar outcomes regarding income distribution and citizens' well-being. Different models, in other words, may lead to similar outcomes and thus converge (see Øverbye 1998 for detailed discussion on this).

The last of these criticisms touches upon the question of how welfare states are to be divided into different groups, i.e., whether it is the socio-political systems or their historical origins or their outcomes that are being investigated. Most discussion on models can in fact be censured for lack of clearly articulated principles of distinguishing the models. Esping-Andersen (1990), for example, used in his above-mentioned work a combination of political and historical developments, the structure of social insurance systems, income distribution outcomes, and labor market effects. The ensuing model, subjected to criticism, has later been variously adjusted, for example by concentrating solely on either the institutional characteristics of social policies (e.g. Korpi 1989; Palme 1990; Kangas 1991; Wennemo 1994; Korpi 1998), or social services (Alber 1995; Abrahamsson 1997; Sipilä 1997), by focusing specifically on the interconnections between the welfare state and gender (e.g. Lewis 1993; Sainsbury 1994), or by investigating income distribution outcomes (Mitchell 1991; Ritakallio 1994). A few studies have tried to combine the institutional structure of social policies and redistributive outcomes (Jäntti, Kangas & Ritakallio 1996; Korpi & Palme 1997; Forssen 1998). Some research has examined the connections between different social policy models

and the opinions citizens have on just income distribution and the legitimacy of redistribution methods (Papadakis & Bean 1993; Svallfors 1997; Forma & Kangas 1998).

Common to all these comparative approaches has been the strategy that the different models have been assessed by concentrating on one particular country that has been seen as most typical of the group – Germany has been deemed to be the purest representative of Continental European social policies; the United States has been judged the most typical liberalist/Anglo-American country; and the Nordic model has been seen to be crystallized in Sweden, sometimes fortified by Norway (e.g. Esping-Andersen 1990). It is interesting in itself that although the so-called Nordic social policy model has become a well established, very few projects have compared income distribution among all the Nordic countries. Gustafsson and Uusitalo (1990 and 1990b) have compared Swedish and Finnish income distribution, whereas Ringen and Uusitalo (1992) included also Norway in their cross-Nordic comparison of income distribution and redistribution. Within a massive project financed by the Nordic Council, Gustafsson (1997) analyzed the income distribution systems of all Nordic countries. Indeed, to be such a famous and celebrated trade mark the contents and the internal homogeneity of the Scandinavian model in terms of income distribution and poverty are seldom analyzed and problematized. The concept is taken as god-, or perhaps more correctly, social democracy-given.

Besides specific countries having representative status, another general feature of international comparisons has been that sovereign states have been used as units of analysis. This has both advantages and disadvantages. The advantages are obvious, as it has been the sovereign state that has traditionally produced social welfare for its citizens. Using the state as the analytical unit is also advantageous as data is compiled using increasingly uniform criteria, so that following changes through time produces fairly reliable results. Also, almost without exception, the concept of so-called relative poverty, acknowledged and accepted by most researchers, is operationalized at the nation level--the criteria of relative poverty vis à vis income distribution have been determined separately for each country. The concept of poverty is thus by definition tied to the context of a national state. This choice is grounded in the notion, based on reference group theory, that deprivation always has to be defined contextually (Runciman 1966; Townsend 1979): poverty equals lack of resources that leads to an inability to participate in the normal way of life of the surrounding society.

There are, however, also problems connected to the nation-centered comparative strategies. The relative poverty figures based on the income distribution of each country are, as the name states, relative, i.e., dependent on the shape of the income distribution of each country, not on the absolute amount of income. If the shape of income distribution for any two countries is the same, the relative degree of poverty will also be the same, when determined by, say, 50 % of the median income. Yet one of the countries could be significantly more prosperous in terms of per capita national product, and the poor people of one country may even be classified as rich in the other. The relative method thus easily loses sight of the connection between poverty and actual subsistence levels (for criticism of the relative poverty measure, see Sen 1981; Ringen 1987). This problem of excessive relativization can be alleviated by considering comparative units that are larger than individual countries. We can, for example, set a common poverty line for all the Nordic countries and then study if the picture of poverty is different compared to that produced by national poverty lines at the national level. Correspondingly, the unit of comparison could easily be extended to the level of the European Union. This approach is pertinent today, as national states are losing their decision-making powers to supra-national bodies, and the comparative perspectives of more and more people are extending beyond national boundaries. In a similar vein, while globalization can justify the use of reference units that are larger than national states (such as Scandinavia, Europe as a whole, or all of the OECD area), it is also justifiable to look for analytical units smaller than that of the national state. Visions of a Europe of regions, i.e., Europe that has been divided in terms of regional affiliation, for example, would support distinguishing as units of analyses some further limited regional areas, such as European capitals or European peripheries. So far, only a handful of studies of this nature have been conducted.

Relative poverty comparisons at the level of individual nations are perhaps faced with even more serious analytical problems with so-called contrafactual comparison strategy, whereby relative poverty rates for each country are calculated, and the figures then are compared and studied in a contrafactual plot assuming that the countries have each other's social policy systems. This approach is too narrow. It pays too little attention to differences in the demographic and socio-economic structures of the countries and the consequent differences in income distribution and poverty rates. It might appear that one country's socio-political system is more effective than that of another in so far that it has fewer poor people; but if poverty is connected with, say, old age, and the proportion of old people is high in one country and low in the other, a direct contrafactual comparison gives a false picture of the effectiveness of each country's social policy schemes. Contrafactual comparisons should therefore account also for the effects of demographic structures.

The present study attempts to answer these methodological issues by comparing poverty in the Nordic countries (Denmark, Finland, Norway, and Sweden) with poverty in France. The choice of countries to be compared derives from our research goals, as specified a bit later. As the institutional features of the different welfare states/countries have already been comprehensively covered in some earlier studies (see Korpi 1989 and 1994; Palme 1990; Kangas 1991; Wennemo 1994) this article does not deal with the institutional differences between the countries. Instead, our comparison concentrates on the outcomes of the social policy systems. Our goals are both descriptive and methodological. Following common procedures in similar projects, we commence with descriptions of poverty in the different countries: How extensive is poverty? What groups are at greatest risk of poverty? How effectively do income redistribution systems reduce poverty?

Methodologically, we are aspiring to overcome some problems inherent in both relative poverty comparisons tied in with national states and those of contrafactual comparisons. We will attempt to find answers to whether it is justifiable to talk about a unified Nordic model or whether it is in fact a hollow concept, not covering the many actually separate and differing national solutions, and outcomes that diverge from country to country. We proceed in two steps: first, we study differences between individual countries. We try to evaluate if France will destroys the picture of the uniform Scandinavian social policy model by placing herself within the range of the Scandinavian countries. Secondly we pool the four Nordic countries into a single larger micro-data-set and then we compare France with this “Scandinavia” where the individual national states are collapsed and seen as one. By doing this we try to specify the characteristics of the Scandinavian poverty.

Without answering outright the question of whether there is a uniform socio-political Scandinavia (we are trying to keep the reader in suspense for the time being), we can at this point acknowledge that the Scandinavian countries comprise a relatively uniform cluster in terms of, say, women's labor market participation and some other socio-demographic indicators (see Appendix 1). In order to overcome the problems inherent in contrafactual comparisons, we looked for an antithesis to Scandinavia, fairly uniform in socio-demographic features, and chose France as being sufficiently different to be a contrast to the Nordic block. Our approach is not only contrastive but involves a previously seldom-used method which transplants a country's socio-demographic structure to another country in order to investigate what proportion of differences (in poverty) can be explained by socio-demographic differences, and what proportion must be ascribable to other factors, such as social policies. Would the indications of the superiority of the Nordic model in alleviating poverty become questionable when controlling for differences in, say, family structure, age profiles, and

gender differences in labor force participation? This strategy is especially beneficial to investigating how effective social policies are in reducing poverty. At a more concrete level, we are attempting to find out how effective the French social policy system would be if combined with Nordic labor market participation levels, and correspondingly, what would happen to the reputedly low Scandinavian rate of poverty if the French socio-economic structure prevailed in Scandinavia?

Data and Methods

The conditions for carrying out comparative research on income distribution have improved greatly with the development of the Luxembourg Income Study (LIS) project. The most pertinent achievement has been the databank made available to the research community (see Smeeding, O'Higgins & Rainwater 1990) that contains commensurate information from over 20 countries. Each country's data-set includes accurate information on 2,000 to 16,000 households' income and income formation, i.e., how much of their income consists of salaries, capital or business income and various kinds of received and paid redistributive sources. Also, for each household, information is available on the essential structural features, such as the type of household, age of provider, number of children, and numbers of wage earners or recipients of other income, as well as educational attainment, profession and social group of the provider. For most countries, there is also a prodigious amount of cross-sectional data (for the United States, for example, there is cross-sectional data from the years 1969, 1974, 1979, 1986, 1991 and 1994). In practice, the LIS databank makes it possible for income distribution, poverty, or, say, income – equalizing effects of socio-political schemes to be compared flexibly and accurately through the use of micro-level data. As recently as ten years ago, such comparisons had to be made at aggregate level, for example between the GDP shares of social expenditure. In this study, we are using income distribution data for the Nordic countries from the early 1990s and the French LIS data from 1989 (see Table 1). Data-sets cover all persons except those living in institutions.

Table 1. The Nordic and French data-sets in LIS.

Country	Data-set and the year	Original data-source	Sample size ¹
Denmark	The Income Tax Survey, 1992	Statistics Denmark	12 895
Finland	The Income Distribution Survey, 1991	Statistics Finland	11 754
Norway	The Income Distribution Survey, 1991	Norwegian Central Bureau of Statistics	8 073
Sweden	The Income Distribution Survey, 1992	Statistics Sweden	12 484
France	Family Budget Survey, 1989	Statistics France	9 038

Despite the efforts to make the different variables as uniform and commensurate as possible, the LIS data are by no means unproblematic. In the Swedish data, for example, a problem is that all people (children) over 18 years of age who live in their parents' homes have been accounted for as separate households. Because of this kind of households are often without personal income, the Swedish data overestimates the extent of Swedish poverty. In this study, we have corrected this by excluding the data on all persons under 30 years of age who live alone and whose income level is below 20 % of the median income of the population (SKR 20,623), which is well below the statutory minimum income security level for a person living alone. This adjustment removed 0,74 % of the cases, and consequently, the poverty situation in Sweden appears less dire, and the Swedish data becomes more commensurate with those of the other countries. Moreover, as a rule, the LIS data contain weights with which the samples of each country can be "raised" to the level of the total population. Denmark constitutes an exception, not having the weights given for population-level information. In this study, we have weighted the Danish data with the sampling ratio (each case in a sample represents 202 Danish households), thus transforming the Danish results to population-level estimates corresponding to the other Nordic countries and France. These examples demonstrate that the LIS data-set is by all means not a perfect one and has serious other weaknesses as well. However, for the time being it is probably the best one available and definitely better than nothing – which unfortunately too often forms the empirical basis of many studies.

¹ Data-sets cover all persons except people living in institutions.

The national micro-level data from the four Nordic countries were combined in such a way that instead of the individual countries, the pooled micro-data represents an area with a population of 23 million, hereafter called Scandinavia². In compiling the research data, each country has been weighted for the size of its population. The Swedes therefore have the greatest weight in Scandinavia, because Sweden is the largest Nordic country in terms of population. The most laborious phase was converting each country's income distribution data to one particular currency (the Swedish crown) and deflating the data from different years to the price level of a particular year (1991).

Because the data for the different countries are from somewhat different years (see Table 1), the income information was converted to 1991's price level. The currency variables of Swedish and Danish 1992 data were deflated to the 1991 currency value, using the consumer price indices (factor= 0,978) for the countries in question (STV 1995). After this, the currencies of the countries under investigation were converted to Swedish crowns, using purchasing power parities (OECD in Figures, Statistics on the Member Countries; Supplement to the OECD Observer No. 176 June/July 1992). Compared with Sweden, the purchasing power parity was 1,043 for Denmark, 1,502 for Finland, and 1,004 for Norway. (For the sake of comparison, the value of the U.S. Dollar in 1991 was about SKR 9,64 (PPP)).

The income concept applied here includes wages/salaries plus income from self-employment and capital income (to all members of the household) which together comprise factor income for the household. Factor income plus all transfers paid to the household form gross income of the household and the concept of disposable income is gross income minus taxes and other transfers the household must pay. Our concept of disposable income does not include the value of social services; the value of which is hard to evaluate (for a closer discussion, see e.g. Saunders 1994). The LIS-data for households were converted into data for individuals by entering the material for each household into the data as many times as the number of household members. So, the research unit used here is the individual and her income is the sum income of the household divided by the number of consumption units in her household (for a closer description of the methods see Gustafsson & Uusitalo 1990a; Forssen 1998).

² Strictly geographically speaking, only Norway and Sweden are Scandinavia, but Denmark is traditionally also included. Finland has often been excluded, but because of the histories of these countries, it is justifiable to talk of Scandinavia as a cultural unit that consists of these four countries. Rokkan (1981), for example, speaks of Western Scandinavia that includes Norway and Denmark, and Eastern Scandinavia comprising Sweden and Finland. In this study, the concepts of Nordic countries and Scandinavia are used as synonyms (although the fifth Nordic country, Iceland, is not included because of unavailable data).

After the above-mentioned adjustments to the data, it was possible to apply the commonly-used methods of poverty research. For the sake of simplicity and space considerations, we restricted ourselves to the most commonly-used definition of poverty, defining as poor those persons whose disposable income falls below 50 % of the median equivalent income (using the OECD equivalence scale) of the population in any given area being investigated. By utilizing these methods we also share the advantages and disadvantages of such approaches (for a closer description, see Mitchell 1991; Saunders 1994; Kangas & Ritakallio 1998). First, we are dealing with income based concept of poverty. Some earlier studies³ have shown that income is one but not the only important factor when studying poverty. However, we lack comparable data of the multidimensionality of poverty in those countries we are interested in here. Second, the defining one single poverty threshold (in our case 50% of the median income) is a more or less arbitrary measure, and should be complemented by a number of sensitivity tests (this is partially done in table 2). Third, our measure concentrates on the number of persons living in poverty not in poverty gaps, i.e. our analysis neglects the depth of poverty. Fourthly, our data are cross-sectional and, consequently, our analysis is a static one. Dynamic analysis of flows in and flows out poverty would imply the use of longitudinal panel data sets which we unfortunately have no access to. Dynamic analysis of poverty, examination of poverty gaps, as well as the study of multidimensional poverty all fall beyond the scope of this paper – they will be studied in detail in subsequent papers.

The methodological goal of this study was to determine what proportion of inter-country poverty differences is caused by differences in socio-demographic structures, and what proportion can be accounted for by socio-political factors. This was done by the method of re-weighting: the actual data on socio-demographic distribution in one country is re-weighted to correspond to the distribution of another country that has been selected as a contrast. (Rainwater & Smeeding 1998)⁴. To put this in another way, we standardize the intermediate demographic variables by using macro-simulation⁵. Until now, the basic method in poverty research has been to compare poverty before and after income transfers. The effectiveness of the income transfer system has thus by definition been the difference in poverty before and after transfers: the greater the difference, the more effec-

³ Kangas and Ritakallio (1998) utilized five conceptually different measures of poverty (low income, reciprocity of social assistance, debtiness, lack of everyday necessities, and inability to pay necessary daily payments) and they find that different measures yield similar poverty rates but the overlap of the measures is poor: they classify different categories of people as poor.

⁴ By utilizing reweighting technique, Rainwater and Smeeding (1998) have indicated in the Dutch case, that it is the income maintenance system, not demography, which produce low rates of poverty in the Netherlands.

⁵ Another method of investigating the effectiveness of socio-political systems would have been so-called micro simulation, in which a country's socio-political system is imputed in the micro level income distribution data of another country (see Haataja 1998).

tive the income transfer system is held to be. (Beckerman 1979; Kakwani 1980 and 1986; Mitchell 1991.) However, the results are greatly affected by the different levels of need to transfer income from some groups to others. If two countries have identical socio-political systems, and if poverty in both is connected to, say, old age, and if there are great differences between the countries in the proportions of the elderly populations, the differences in poverty rates are explained by this very fact of demographics, not by social policies. This is why it is important to try to control for the socio-demographic aspect, as is done by simulating demographic structures of countries in other nations. The re-weighting is especially important when comparing the relative success of different social policies in eliminating poverty. This perspective is particularly interesting when the countries studied are very different in their demographics, as for example the Nordic countries and France, which are being investigated in this article.

Poverty in Scandinavia and France

When income distribution and poverty studies are based on national-level comparisons, the poverty lines and the incidence of poverty are calculated separately from the income distribution of each country. This procedure has been used in Table 2. The purpose of the table is to give a somewhat more detailed picture of income distribution than that afforded by the traditional poor/non-poor dichotomy (c.f. Table 3). In a way Table 2 is an introductory test of sensitivity for results presented later.

To begin with, the median income of each country has been used to determine those whose income remains under 33 % of the median. They were defined as "very poor." Those whose income was 33-50 % of the national median income were defined simply as "poor." The income level of the "near poor" corresponds to 51 to 70 % of the median income. Those whose income was between 71-150 % of the median were determined as middle income earners. The "well-off" were counted as having incomes between 151 and 200 % and the "rich" between 201 and 300 of the median income. The lucky few in the group of "super rich" had incomes at least 3 times that of the median income. Table 2 also shows the Gini-index representing income inequality.

In terms of equality of income distribution, the Nordic countries are all cut from the same cloth: income differences are the smallest in the world and the four nations display pretty similar figures

while the gap between the poor and rich in France is somewhat greater and consequently, the share of middle mass is much lower than in Scandinavia.

Table 2. Income distribution (%) and income differentials in the Nordic countries⁶ and in France at the beginning of 1990s

	Denmark	Finland	Norway	Sweden	Scandinavia	France
Very poor	2,1	1,0	1,3	1,8	1,6	2,8
Poor	3,2	3,1	2,2	2,7	2,9	5,4
Near poor	13,5	13,0	13,6	11,1	12,7	16,0
Middle inc.	69,7	69,1	70,1	70,7	70,4	56,6
Well-off	8,8	9,5	9,5	10,2	9,4	11,4
Rich	2,2	3,5	2,4	3,1	2,5	6,0
Very rich	0,6	0,8	0,9	0,4	0,6	1,9
Inequality, Gini ⁷	,22	,20	,22	,22	,22	,29

The problem with this type of investigation based on national data is that countries that are similar in their income distributions (as are, for example, all the Nordic countries) end up having the same poverty rates even if the national prosperity levels are very different and the absolute poverty lines quite far apart. The LIS data offers the opportunity to assess to what degree the picture attained from national income distribution diverges from one attained from larger, pooled supranational data-sets.

In 1991, there were only minor differences in the Nordic national poverty lines. If 50 % of the median income is taken as the poverty line, those with annual incomes below SKR 51,685 in Denmark, those with annual incomes below 50,850 in Finland, those with incomes below 54,606 in Norway and 50,597 in Sweden were classified as poor. The median incomes and therefore also the national poverty lines are quite similar in the Nordic countries. Norway, with its somewhat higher income level, has also a poverty line that is slightly higher. The fact that the income differences between the Scandinavian countries are so minor means that the all-Scandinavian poverty line for nearly 23 million people, SKR 51,589, is very close to the poverty lines within each Scandinavian nation. In France, the median income is about 16 % lower than in the Nordic countries, making for a 50 % median poverty line (SKR 44,182) that is somewhat lower than that of the Nordic countries. Pooling together the income distribution data-sets of France and all Scandinavia makes for Euro-

⁶ Based on the national poverty lines, 50 % of the median equivalent disposable incomes.

⁷ The inequality indices are sensitive to the equivalence scale used, the use of square root of family size instead of the OECD scale would display a slightly higher inequality: 24,0 for Denmark (1992), 22,3 for Finland (1991), 32,4 for France (1989), 23,4 for Norway (1991), and 22,9 for Sweden (1992) (<http://lissy.ceps.lu/ineq.htm>).

pean income data in which the weight of the French is about two-thirds (51 million Frenchmen and 23 million Scandinavians). Calculated this way, we obtain a European poverty line (SKR 46,554), which naturally enough settles between the Nordic and French poverty lines. This preliminary investigation indicates that in 1991, Scandinavia formed a fairly uniform block, and that, measured in absolute terms, the poor in the different Scandinavian countries were poor much to the same degree. France, however, is different from the fairly homogenous Scandinavian block.

The above investigation of poverty lines indicates that the picture of Scandinavian poverty hardly changes at all upon movement from national income distribution statistics to investigating Scandinavia as a whole (Table 3). Finland's and Sweden's poverty rates as part of Scandinavia are a few decimals higher than they are at the national level, while the poverty rate of Norway--the richest of the Scandinavian countries--goes down somewhat. The Danish situation, on the other hand, stays the same whether the poverty line used is national or Scandinavian. An analysis based on relative national poverty lines shows that the French poverty rate (8,2%), which is close to the OECD median figures (Atkinson, Rainwater & Smeeding 1995), is nearly twice that of the Scandinavian (either national or pooled) figures. Using the "European" (Scandinavia + France) poverty line, the Scandinavian poverty line becomes somewhat lower and the French poverty line somewhat higher. This results from the fact that France has a lower median income than Scandinavia. All in all, the investigations here support the theory according to which Scandinavia from an international perspective is an area of fairly low poverty rates. Moreover, the results preliminarily indicate that the Scandinavian countries are pretty similar in terms of their income distribution.

Table 3. Poverty rates (%) in France and in the Nordic countries 1991.

Poverty line	Denmark	Finland	Norway	Sweden	Scandinavia ⁸	France
National	5,3	4,1	3,5	4,5	4,4	8,2
Scandinavian	5,3	4,3	2,8	4,9	4,5	13,9
European ⁹	4,0	2,9	2,2	3,7	3,3	9,8

The overview of poverty in different countries and groups of countries presented in Tables 2 and 3 may be brought into finer focus by investigating how poverty is distributed among different types of households. Which groups are at the greatest risk of poverty? Table 4 answers this question. First of all, in Scandinavia, the youngest age groups are the poorest in terms of income, whereas in France, those in the age group of 45 to 59 years are the poorest. In Sweden and Norway especially,

⁸ Poverty line is estimated on the basis of pooled Nordic micro data-set.

the poverty risk of the oldest age groups is minimal, but in Finland it is higher than the risk for the total population. In an investigation by age group, Norway and Sweden on the one hand, and Denmark and Finland on the other are similar. France is decidedly different. Comparing the Scandinavian pooled data with the French data by age groups shows that both entities are different to what Rowntree's (1901) classic poverty cycle once depicted for Great Britain. In Scandinavia, poverty follows age along a rather mild u-curve: most poverty is accumulated among the youngest and the oldest, but at low overall risk levels. In France, the connection between age and poverty follows an upside-down u-curve: the risk of poverty is greatest in the middle-aged group.

The connection between family size and poverty follows a u-curve in Scandinavia, with the risk of poverty at its greatest in households with either one person or more than four persons. In this respect, the Nordic countries are a very homogenous group, and France is different in that it has a poverty risk growing more or less linearly with the size of household. There is a mildly similar connection between the number of children and poverty. In Scandinavia, the poverty risk is smallest in families with 1 to 2 children, whereas the households without any or with many children have low incomes. In France, poverty grows along with the number of children. Also in this respect Scandinavia and France are different.

Labor force participation rates have been found to be a key predictor of poverty: the more income earners in a family, the lesser the risk of poverty. Table 4 bears witness to this to some degree. The most evident of these are results for France. Norway and Sweden diverged from the general picture so that there one earner households have a greater risk of poverty compared to the none-earner households. In all the studied countries the two (or more) earner families are in the best position.

⁹ Poverty line is estimated on the basis of pooled French and Nordic micro data-sets

Table 4. Risk of poverty (%) in different population categories in the Nordic countries and in France at the beginning of 1990s

	Denmark	Finland	Norway	Sweden	Scandinavia	France
Whole Population ¹⁰	5,3	4,3	2,8	4,9	4,5	8,2
Age of family head						
-29	14,3	8,5	11,8	12,8	12,1	7,3
30-44	4,0	3,4	2,7	4,3	3,7	7,4
45-59	2,9	3,6	0,8	2,8	2,6	10,5
60-74	3,0	3,6	0,6	2,0	2,2	7,6
75+	5,4	7,9	0,7	2,6	3,6	6,7
No. of persons in family						
1	10,9	10,8	6,4	10,0	9,7	6,8
2	2,6	2,6	2,4	1,4	2,0	6,2
3	2,9	2,5	2,0	2,2	2,4	6,5
4	3,1	2,2	1,4	3,6	2,6	6,8
5+	11,0	7,0	2,7	8,2	6,9	14,2
No. of earners in family						
0	10,3	8,0	5,5	5,8	7,2	19,8
1	8,5	6,5	6,3	9,7	8,2	6,3
2+	2,0	3,0	0,7	1,8	1,9	0,6
No. of children in family						
0	5,6	5,3	2,8	5,6	5,0	6,4
1	2,8	2,5	2,9	2,1	2,5	6,9
2	3,5	2,6	1,7	3,1	2,8	8,8
3+	13,5	7,3	4,9	8,3	8,2	14,1
Type of household						
Single	10,9	10,8	6,4	10,0	9,7	6,8
2A without CH	2,4	2,5	1,1	1,3	1,8	5,7
1A+CH	7,9	4,1	8,5	4,3	5,8	20,1
2A+CH	4,7	3,2	2,6	4,0	3,7	7,2
Other	1,8	4,2	0,4	..	2,0	10,6

Of the different types of households, one-person households in Denmark, Finland and Sweden seem to be in the greatest difficulties, whereas in Norway and particularly in France, single-parenthood constitutes a high poverty risk. The poverty risks in different population groups are similar in Scandinavian countries, but France appears to belong to a different regime.

The homogeneity of the Scandinavian group is mirrored by the fact that only in two of the 22 population categories studied in Table 4 did the French poverty risks locate within the Scandina-

vian range of variation: 1) in the oldest age group the poverty risk of Finnish elderly people is higher than in France, whereas in the other Nordic countries it is clearly lower; 2) in Scandinavia, except Norway, the poverty risk of single persons is clearly higher than in France.

Table 5. Poverty profile¹¹ (%) according to several socio-demographic factors in the Nordic countries and in France at the beginning of 1990s

		Denmark	Finland	Norway	Sweden	Scandinavia	France
Age of family head	-29	42,3	27,4	51,6	45,9	41,7	9,7
	30-44	27,2	33,4	36,3	30,2	30,8	38,2
	45-59	14,3	19,7	7,1	13,3	14,2	32,9
	60-74	8,4	10,8	3,3	6,4	7,5	13,0
	75+	7,8	8,7	1,8	4,3	5,9	6,2
Tot. %		100	100	100	100	100	100
Numb. of persons in a family	1	45,2	39,6	38,8	55,3	47,4	8,7
	2	14,8	15,7	18,8	8,6	12,9	17,7
	3	10,2	10,5	13,3	6,2	9,0	16,0
	4	12,1	11,8	12,0	12,2	12,1	20,5
	5+	17,7	22,4	17,0	17,7	18,6	37,1
Tot. %		100	100	100	100	100	100
No. of earners in family	0	36,3	22,9	25,9	20,4	25,8	69,7
	1	42,5	33,2	58,5	60,3	49,6	27,8
	2+	21,2	43,9	15,6	19,3	24,6	2,5
Tot. %		100	100	100	100	100	100
No. of children in family	0	59,5	58,4	48,2	62,8	59,3	35,7
	1	9,4	10,6	20,1	6,5	9,7	15,6
	2	12,8	11,9	11,8	11,6	12,0	22,6
	3+	18,3	19,1	20,0	19,1	19,0	26,1
Tot. %		100	100	100	100	100	100
Type of household	Single	45,2	39,6	38,8	55,3	47,4	8,7
	2A without CH	12,3	13,8	7,1	7,5	10,0	15,5
	1A+CH	7,9	3,7	19,0	5,8	7,5	9,2
	2A+CH	30,5	28,2	31,9	31,4	30,5	34,9
	Other	4,1	14,8	3,2	..	4,6	31,7
Tot. %		100	100	100	100	100	100

Table 4 sets out poverty risks for different demographic groups, i.e., it indicates how large a proportion of persons in each group had incomes that were lower than the given poverty line. This

¹⁰ The Nordic figures are based on the common Nordic poverty line, calculated on the pooled Nordic micro data-set

¹¹ The Nordic figures are based on the common Nordic poverty line.

situation can also be investigated from another angle, which is perhaps more valid, and certainly more salient from a socio-political point of view. There can be situations in which the poverty risk for a certain group is very high (as indicated in Table 4), yet the size of the group is very small. In this respect, the group has an insignificant weight in the national poverty rates. The misery of a few is not visible. Or vice versa: a group may be running a fairly low risk of poverty, but because it is a very large group, it has become the representative group for those who suffer deprivation. Their poverty is conspicuous and usually demands political actions. Table 5 presents poverty data from this perspective. Because of the differences in labor force participation rates and demographic structures (see Appendix 1), the appearance of poverty is fundamentally different as well. In Scandinavia, the poverty of young and small households is most dominant; in France, poverty is most common in the households of the middle-aged, in large families, and for those without earned income. In comparison with the data presented in table 5, in four out of 22 cases France breaks into the Scandinavian pattern: when it comes to the oldest age group (Denmark and Finland deviate from Norway and Sweden), households with two members, families with one children and, finally, single parents. In all these three cases Norway deviates from the Nordic pattern.

Effectiveness of Social Policies

Above we have described the French and Scandinavian poverty profiles. Such a description does not necessarily say much about the effectiveness of the countries' social policies. Somewhat more advanced analyses are needed. These can be initiated by an investigation which social groups are most vulnerable and in most dire need of socio-political support measures. We will attempt to identify those groups whose market-based income for some reason or other is the lowest and whose dependency on societal support systems – or preferred welfare state dependency – is therefore the strongest (Table 6). After this, we will analyze how social policies in different countries have been able to help these most vulnerable people. (Table 7.)

In all societies, the subsistence of the elderly is of course to a large degree dependent on socio-political measures. In most countries, their market income is very low. The welfare state, naturally, plays a role in this: people retire from their jobs, their market income ceases, and they become by definition market-income poor. This is obvious e.g., when comparing the pre-transfer poverty risks among those in the age brackets over 60 years. Norway clearly deviates from the four other countries. The explanation is pretty simple: in Norway the pension age is higher than in the other coun-

tries and therefore, elderly Norwegians have factor incomes in contrast to greying citizens in the other countries. The same automatic development can be seen by investigating the number of income earners in a household. For example those households in which all income consists of income transfers will of course be defined as poor before income transfers.

According to Table 6, both the smallest and the largest households were in most need of income transfers. The number of children in a household has the same effect: the childless at one end of the scale and those with many children at the other are most heavily reliant on social policies. Also those in one-person households and the single parents belong in the risk groups. There is a rather large variation between the Scandinavian countries, Norway and Sweden being the extreme ends: in the former country the dependency on transfers is the lowest one and in the latter clearly the highest one. Despite this disparity within the Nordic block only in 6 of the all 22 comparisons in table 6 will France be found within the Scandinavian range of variation: in the case of the youngest (France in between Finland and Norway on one hand and Denmark and Sweden on the other), in the two oldest age brackets (with the Finnish and Norwegian deviations), in the case of single earners (Norwegian deviation) and in the case of two earners and childless households (in both cases with the Swedish deviance).

Table 6. Risk of pre-transfer poverty (%) in different population categories in the Nordic countries and in France at the beginning of 1990s

		Denmark	Finland	Norway	Sweden	Scandinavia	France
Whole Population ¹²		29,5	27,1	22,2	34,9	29,6	37,0
Age of family head							
	-29	31,2	21,7	26,2	37,0	31,0	27,6
	30-44	14,9	12,6	8,9	20,1	15,0	23,9
	45-59	12,7	14,7	7,6	12,5	12,1	27,8
	60-74	61,8	76,9	46,7	67,0	63,7	74,3
	75+	90,5	97,8	83,2	96,3	92,6	85,0
No. of persons in family							
	1	57,4	55,7	48,1	54,2	54,3	62,1
	2	35,7	36,8	41,7	38,3	37,9	47,5
	3	14,0	13,9	10,7	16,6	14,1	22,5
	4	8,7	8,9	4,9	14,6	9,7	18,6
	5+	21,5	23,3	9,1	31,4	21,9	48,2
No. of earners in family							
	0	96,6	99,0	95,4	97,8	97,3	83,4
	1	31,6	36,7	27,5	39,5	35,1	31,6
	2+	5,8	9,6	3,8	11,3	8,2	4,4
No. of children in family							
	0	40,7	40,3	33,7	46,5	41,7	45,9
	1	13,3	11,3	11,9	15,5	13,3	17,0
	2	13,2	9,2	8,2	16,9	12,6	22,5
	3+	26,9	27,9	14,2	33,7	27,3	54,8
Type of household							
	Single	57,4	55,7	48,1	54,2	54,3	62,1
	2A without CH	35,7	37,8	40,1	39,0	38,1	48,2
	1A+CH	44,6	34,0	48,1	44,0	43,5	48,8
	2A+CH	12,4	12,5	6,0	16,5	12,9	25,7
	Other	6,0	15,4	6,1	..	9,1	32,6

Table 7 shows how effectively social policies in different countries or groups of countries have been able to aid the groups at risk of poverty. The higher the percentage in Table 7, the larger the proportion of the population that has been lifted above the poverty line by income transfers. The table reveals first of all that the socio-political systems of Norway and Sweden are on the whole somewhat more effective at poverty alleviation than the Danish and Finnish ones, which in their turn are somewhat more effective than the French welfare state.

¹² The Nordic figures are based on the common Nordic poverty line, calculated on the pooled Nordic micro data-set

In age groups, the effectiveness of the income transfers improves the older the age group. Norway and Sweden are better than the others at eliminating old-age poverty. In this comparison, Finland fares worse than the other Scandinavian countries and is clearly closer to France than to the rest of the Scandinavian block.

It is interesting as such that the effectiveness of the income transfer system weakens in all countries as the number of household members increases. This is especially obvious in the case of Denmark, which deviates from the other Scandinavian countries in this respect. France here is more "Scandinavian" than Denmark. Interestingly enough, in Scandinavia the effectiveness of family policy decreases with the number of children, whereas the French trend is the opposite and French social policy eliminates the poverty of large families as effectively as that of the Scandinavian countries. However, in removing single parents' poverty, Scandinavia is clearly more effective – the Finnish and Swedish systems operate very effectively in this category.

In the effectiveness comparisons presented in Table 7 France is placed within the Scandinavian group variation in five cases out of the 22 population groups: in the transfer effectiveness among the very old (Finland deviates), among very large families and three or more children (with Swedish exceptionalism in both cases), in the case of one earner (Finland), and in the case of a couple with two children (France in between Denmark and Norway on one hand and Finland and Sweden on the other).

Table 7. The role of income transfer systems in poverty reduction in different population categories in the Nordic countries and in France at the beginning of 1990s, poverty reduction coefficients, R¹³

		Denmark	Finland	Norway	Sweden	Scandinavia	France
Whole Population ¹⁴		82,0	84,1	87,4	86,0	84,8	77,8
Age of family head							
	-29	54,2	60,8	55,0	65,4	61,0	73,6
	30-44	73,2	73,0	69,7	78,6	75,3	69,0
	45-59	77,2	75,5	89,5	77,6	78,5	62,2
	60-74	95,1	95,3	98,7	97,0	96,5	89,8
	75+	94,0	91,9	99,2	97,3	96,1	92,1
No. of persons in family							
	1	81,0	80,6	86,7	81,5	82,1	89,0
	2	92,7	92,9	94,2	96,3	94,7	86,9
	3	79,3	82,0	81,3	86,7	83,0	71,1
	4	64,4	75,3	71,4	75,3	73,2	63,4
	5+	48,8	70,0	70,3	73,9	68,5	70,5
No. of earners in family							
	0	89,3	91,9	94,2	94,1	92,6	76,3
	1	73,1	82,3	77,1	75,4	76,6	80,1
	2+	65,5	68,8	81,6	84,1	76,8	86,4
No. of children in family							
	0	86,2	86,8	91,7	88,0	88,0	86,1
	1	78,9	77,9	75,6	86,5	81,2	59,4
	2	73,5	71,7	79,3	81,7	77,8	60,9
	3+	49,8	73,8	65,5	75,4	70,0	74,3
Type of household							
	Single	81,0	80,6	86,7	81,5	82,1	89,0
	2A without CH	93,3	93,4	97,3	96,7	95,3	88,2
	1A+CH	82,3	87,9	82,3	90,2	86,7	58,8
	2A+CH	62,1	74,4	56,7	75,8	71,3	72,0
	Other	70,0	72,7	93,4	..	78,0	67,5

¹³ R= pre transfer poverty rate minus post transfer poverty rate divided by pre transfer poverty rate and multiplied by 100

What if France were Scandinavia and Scandinavia were France?

A straightforward contrafactual interpretation of the results presented in tables above would be that the Scandinavian social policy model is better at reducing poverty than its French counterpart. However, the situation is not that simple. Besides social policies, countries' demographic structures and, above all, the structural characteristics of households have an effect on how pervasive poverty is within the country. Poverty risks are different in different demographic groups and different types of households as displayed in Table 4. Certain basic background information on Nordic and French households has been compiled in the Appendix table. The table indicates that the Scandinavian demographic structures and labor force participation rates are relatively homogenous and to a large extent quite different from those in France. The proportion of one-person households in Scandinavia is twice that of France. Correspondingly, the proportion of large families (at least five people) in France is twice that of Scandinavia. One-person households are particularly common and large households uncommon in Sweden and Denmark; Denmark has the fewest families with many children, and Scandinavia on the whole has less of them than France (Appendix 1). In terms of age structure, France does not deviate from Scandinavia to a significant degree. Of the Nordic countries, Finland has the lowest number of elderly households. The most significant factor differentiating France and Scandinavia is that of labor force participation both for men and women: in Scandinavia 85 % of men and 77 % of women belonged in the labor force, while 75 % of French men and only 57 % of French women did so in 1991. The two-earner model is in fact typical for the Nordic countries, while in France, the single earner model, the so-called male breadwinner model, is prevalent. In comparison to Scandinavia, France also has a significantly larger number of households with no earned income at all, which for its part subjects public income redistribution to more potential pressure.

In the following tables (8 and 9), poverty in France and Scandinavia has been investigated first by transposing the Scandinavian socio-demographic structure to France (Table 8) and then by simulating the French demographic structure in Scandinavia (Table 9), and finally by checking how the poverty figures change as a result of such world-restructuring. "Scandinavization" of France would in all instances lower the French poverty rates, but the change in individual factors, e.g., age structure do not alter the situation that much. The only individual factor that would have a more significant impact on poverty measures would be the transplantation of the Scandinavian labor force par-

¹⁴ The Nordic figures are based on the common Nordic poverty line, calculated on the pooled Nordic micro dataset

participation to France: the proportion of households totally dependent on income transfers would fall from 37 % to 24,3 %, causing the poverty rate to fall to nearly 5,2 %, which is in fact close to the Scandinavian level (4,5 %).

Table 8. Poverty (%) in France, if the French socio-demographic structure is replaced with the Scandinavian structure

	Poverty before income transfers	Poverty after income transfers	Absolute poverty-alleviating effect of income transfer system	Relative poverty alleviating effect of income transfer system, R
Real poverty rate in France	37,0	8,2	28,8	77,8
Scandinavian age structure to France	37,4	8,1	29,3	78,3
Scandinavian family size structure to France	40,5	7,5	33,0	81,5
Scandinavian labor force participation pattern to France	24,3	5,2	19,1	78,6
Scandinavian number of children per family to France	37,3	7,8	29,5	79,1
All Scandinavia to France	19,9	2,5	17,4	87,4

More interestingly, despite the fact that the impacts of individual transplantations remain negligible, the simultaneous change of all variables¹⁵ would have major effects. French pre-transfer poverty would drop from the factual 37,0% to 19,9% and the post-transfer poverty rate would be as low as 2,5% which also implies a substantial increase in the poverty alleviation effectiveness (R) of social transfers. In sum, the present French social policy system combined with the Scandinavian

¹⁵ For Scandinavia and France we first defined a socio-demographic matrix involving five variables (age, family structure, labor force participation pattern, number of persons and children in a family) (see variables in appendix 1). Altogether the matrix consisted of 1 800 cells, most of them theoretically impossible combinations. The matrix of the five variables has 163 nonempty cells for Scandinavia and 166 for the France. The share of the total population of each alternative combination of variables was used as a weight when transplanting the one country's structure to another. In

socio-demographic structure would almost totally eradicate poverty from France. This is caused by the fact that the very general population categories in Scandinavia (like working singles) have low poverty rates in France. Otherwise the most common population categories in France (like five member families with one wage earner) have high poverty rates in Scandinavia. However, the increased female labor force participation would increase median income in France and consequently the poverty line would be higher and the incidence of poverty more common as indicated by our static simulations. Unfortunately, we do not have the possibility to evaluate in dynamic simulations how marginal or substantial the changes the increased median income would impose on poverty rates in our hypothetical Scandi-France.

Transposing the French age and family structures to Scandinavia do not cause fundamental changes (Table 9). Making the age and family size structures French lowers poverty both before and after income transfers. Not even the transfer of the French children-per-family structure makes for significant changes. In the "French Scandinavia", there would be fewer families without children and more families with many children, but because the poverty risks in Scandinavia are similar in both of these groups, the transfer of the French model would not have a strong effect on the Nordic poverty figures. The transposal of labor force participation levels again makes for the most discernible and substantial changes. Implanting the French labor force participation levels into Scandinavia results into a significant growth of population that is completely dependent on income transfers. Before income transfers, poverty in this situation would be 14 percentage points higher than nowadays: 43,5 % instead of 29,6 %. In absolute terms, it would be a question of about 3,2 million Scandinavians. Measured in terms of disposable income, the poverty rate in this situation would be 5,7 %, i.e., 1,3 times more than in reality. The simultaneous "Francovication" of Scandinavia displays bigger changes. The effectiveness of the Scandinavian transfer system would drop slightly and because of the substantial increase in pre-transfer poverty the post-transfer poverty rate will also rise to 7,9 %, which is close to the factual French ratio (8,2 %). Here we must remember the static nature of our simulations. The decrease in the female labor force participation would bring the median income and poverty lines down, decreasing poverty rates in our Franco-Scandinavia.

practice it was made simply by weighting every cell's poverty figure by another country's population share in the same specific socio-demographic group.

Table 9. Poverty (%) in Scandinavia, if the Scandinavian socio-demographic structure is replaced by the French structure

	Poverty before income transfers	Poverty after income transfers	Absolute poverty-alleviating effect of income transfer system	Relative poverty alleviating effect of income transfer system, R
Real poverty rate in Scandinavia	29,6	4,5	25,1	84,8
French age structure to Scandinavia	28,6	4,1	24,5	85,7
French family size structure to Scandinavia	24,4	4,1	20,3	83,2
French labor force participation pattern to Scandinavia	43,5	5,7	37,8	86,9
French number of children per family to Scandinavia	28,1	4,6	23,5	83,6
All France to Scandinavia	43,3	7,9	35,4	81,8

The story told by Tables 8 and 9 is a bit of a tricky and confusing one. The transformations of one background variables at a time, no matter whether it is from France to Scandinavia or from Scandinavia to France, seem to result partially in contradictory findings compared to the simultaneous change of all socio-demographic factors. On the basis of single transformations, e.g., changing only one variable at a time shows that the Scandinavian income transfer system, in comparison to that of the French one, is essentially as effective at reducing poverty regardless of whether individual socio-demographic factors are controlled for. The actual French poverty rate was 37 % before and 8,2 % after income transfers. The corresponding Scandinavian rates, when assuming French levels of labor force participation, were 43,5 % and 5,7 %. The Scandinavian model thus produced a lower final poverty rate even though the original rate was higher than that of France. In Scandinavia, the need for income transfers is lessened by the dual-earner labor force participation model. If this model were transferred to France, poverty rates there would be 24,3 % before and 5,3 % after in-

come transfers. The actual Scandinavian figures are 29,6 % and 4,5 %. In this situation, the difference between France and Scandinavia would not be as great as in the earlier comparison in which the Scandinavian labor force behavior was made French. The reason why this difference is small is that the French model is better than the Scandinavian one in guaranteeing the subsistence of dual-earner families. The same goes for working singles. Such households are rather rare in France and have very low poverty risks, whereas in Scandinavia working single person's households are very common and more often exposed to poverty. Because of this kind of differences in the composition of household, labour force participation pattern and the poverty risks the simultaneous change in all socio-demographic background variables and all their interactions would essentially change the picture depicted above. The total Scandinavization of France would yield very low poverty rates in France, even lower than those for Scandinavia. Moreover, the income transfer system in this simulated France would be more effective than the present Scandinavian one. The Francovization of Scandinavia would produce the opposite result and the Nordic poverty rate would increase close to the present French one and transfers would be less effective. In conclusion: according to our simulations the actual differences in French and Scandinavian poverty rates are combined effects of social policy programs and socio-demographic characteristics of households; the emphasis laid more on structural composition of households. However, it is sufficient to keep in mind that the household structure is greatly affected by the institutional set-up of the welfare state.

Conclusion

In this study we have compared the incidence of poverty in Scandinavia and France. We had both descriptive and methodological objectives. In the descriptive section, we looked for answers to the following questions: What is the incidence of poverty in the different countries? Which groups are at greatest risk of poverty? How effectively do the income transfer systems of different countries remove poverty? How justified is the use of the term "Scandinavian model" in this connection?

When poverty lines are based on national incomes, there is very little difference between the Scandinavian countries, with the range being between the Norwegian 3,5 % and the Danish 5,3 %. In France, the national poverty rate was somewhat over 8 %. The Scandinavian countries remain uniform also when Scandinavian or French-Scandinavian income data are used. In the latter case, the difference with France actually grows. It is therefore justified to speak of a uniform Scandinavian model, as far as the incidence of poverty is concerned.

Also in terms of poverty risks in different population groups, the existence of a Scandinavian model is supported. As a whole France is placed outside the Scandinavian range. However, in some cases the Scandinavian block does diverge. In France, the risk of poverty is highest for the middle-aged; in Scandinavia for the youngest (in Finland, the poverty risk is somewhat higher also for the oldest age groups). In France, the risk of poverty grows proportionately as the size of the family grows; in Scandinavia poverty risk is highest for small and large households. As far as the number of wage earners in a family is concerned, the Scandinavian block diverges. In France, Denmark and Finland, persons without factor income are at great risk of poverty, but in Sweden and in Norway, it is rather households with one wage earner that are faced with poverty risk. With the exception of Norway, one-person households in Scandinavia face problems, whereas in Norway and France, single parents' income levels are fairly low. Poverty profiles also point towards the existence of a uniform Scandinavian model that clearly deviates from the French one. In Scandinavia, poverty of young and small households is most dominant; in France, the most typical group in poverty is those without earned income (70 % of the poor Frenchmen). Scandinavian block is not that uniform when studying the pre-transfer poverty, Norway and Sweden being the extreme ends: in the former country the dependency on transfers is the lowest one and in the latter clearly the highest one.

The situation changes somewhat when one looks at the ability of the income transfer systems to remove poverty. At the level of the national populations, the effectiveness of the income transfer systems in removing poverty varies between the Danish 82 % and Norwegian 87 %. In France, the effectiveness value is 78 %, so the differences are fairly small even though the Scandinavian models do function somewhat more effectively than the French one. In different countries or using different "models," the effectiveness is, however, concentrated in different groups. The French systems are more effective than their Scandinavian counterparts in aiding the young and small households, as well as households with one or two wage-earners. The Scandinavian countries are different from France in that old-age poverty in them is eliminated more effectively (Finland is an exception), medium-size households and those without any factor income are being helped more forcefully, and the situation of single parents is being improved significantly. As far as effectiveness in removing poverty is concerned, it is possible to discern a Scandinavian model in certain instances, but in other cases, the countries are either mixed or the differences are so minor vis à vis France that it is not reasonable to talk of a uniform and distinct model. For example, large households are being helped fairly equally in all other countries but Denmark (where the help is somewhat less effective); and in lessening the poverty risk of families with many children, Finland, Sweden, and France clearly do better than Denmark and Norway. Despite these deviations we can

conclude that out of those 88 population comparisons presented only in 17 cases did France break herself into the Scandinavian range of variation. In as many as 71 cases out of 88 cases the four Nordic countries formed their own block.

The methodological objective of our study was to experiment with how the above-described impressions of poverty in Scandinavia and France change if the social structures of the counterparts are controlled for. What would happen if France had the social structure of Scandinavia? What would happen if the French social structure was transposed to Scandinavia? It turned out that the Scandinavization of individual socio-demographic indicators in France would lower the French poverty rates significantly. Especially implanting the Scandinavian labor force participation levels to France would make a big difference, causing the French poverty rates to fall close to the Scandinavian level. Combinations of the composition of household, labour force participation pattern and the poverty risks are so different in Scandinavia and in France that the simultaneous change in all socio-demographic background variables and all their interactions would essentially change the picture depicted above. In this hypothetical France the poverty rate would be even lower than it actually is in Scandinavia and the "Nordic-French" transfer system would be efficient and would almost totally eradicate poverty.

The "Francofication" of the individual macro-characteristics of Scandinavia, in contrast, would not cause major changes. The only exception to this rule would be the change in labor force participation patterns. The implantation of the male-breadwinner model into the Scandinavian context would increase the incidence of poverty somewhat. However, the change of all background variables at the same time and taking into consideration of all possible interactions would cause much more dramatic results in the Scandinavian poverty rates. In this simulation the number of persons totally dependent on social transfers would increase, the effectiveness of transfer systems would decrease and, consequently, the incidence of poverty would rise near to the actual French figures.

All in all, the results of this study give fairly strong evidence to the existence of the so-called Scandinavian model, most of all in terms of socio-demographic characteristics of Nordic societies, the incidence of poverty and poverty profiles. There is also a certain Scandinavian dimension to the effectiveness of income transfer systems, which is not affected by micro-simulating a new world. However, our study hints clearly that the effects of social policies are strongly dependent on socio-demographic factors, especially so on the labor force participation patterns. Our study indicates that big differences in the French and Scandinavian actual poverty rates are not mainly explained by

income transfer programs but differences in the family structure in labor market behavior. But it is important to remember that these patterns are greatly affected by the institutional set-ups of the welfare states or welfare state regimes.

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Appendix Table 1. Structural characteristics of households (%) in the Nordic countries and in France at the beginning of 1990s

		Denmark	Finland	Norway	Sweden	Scandinavia	France
Age of family head	-29	15,7	14,3	12,3	17,7	15,5	10,9
	30-44	35,9	43,3	38,5	34,9	37,6	42,0
	45-59	26,1	24,2	25,9	23,5	24,7	25,6
	60-74	14,8	13,3	16,0	15,8	15,1	14,0
	75+	7,5	4,9	7,3	8,1	7,1	7,5
Total, %		100	100	100	100	100	100
No. of persons in family	1	21,8	16,3	17,1	27,3	21,8	10,4
	2	29,9	27,1	21,7	31,2	28,3	23,3
	3	18,8	18,9	19,1	14,2	17,2	20,1
	4	21,0	23,3	24,5	16,7	20,5	24,8
	5+	8,5	14,3	17,5	10,7	12,2	21,4
Total, %		100	100	100	100	100	100
No. of earners in family	0	18,6	12,7	13,3	17,3	15,9	28,7
	1	26,4	22,7	26,3	30,5	27,1	36,1
	2+	55,0	64,6	60,4	52,2	57,0	35,1
Total, %		100	100	100	100	100	100
No. of children in family	0	55,6	49,3	49,3	55,0	52,9	45,3
	1	17,9	18,5	19,4	15,1	17,3	18,5
	2	19,3	20,6	19,7	18,6	19,4	21,0
	3+	7,2	11,6	11,6	11,2	10,5	15,1
Total, %		100	100	100	100	100	100
Type of household	Single	21,8	16,3	17,1	27,3	21,8	10,4
	2A without CH	27,1	24,7	18,3	27,7	25,2	22,0
	1A+CH	5,3	4,0	6,3	6,7	5,7	3,7
	2A+CH	34,1	39,3	34,0	38,2	36,8	39,5
	Other	11,7	15,7	24,3	..	10,5	24,4
Total, %		100	100	100	100	100	100
Male labor force participation 1990		87,1	80,0	83,4	86,6	84,6	75,0
Female labor force participation 1990		77,6	72,5	70,7	82,3	76,9	57,2

Sources: Authors' calculations from the LIS data files; OECD 1998, 192-193.