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**The politics of social security  
for self-employed (SEs)  
and people working on non-standard  
employment (NSEs):  
Austria**

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### Question of this session (regarding the SYNTHESIS report):

- ▶ Which countries have fewer gaps and why?
- ▶ What have countries done to close gaps?
- ▶ ⇒ Focus on reforms.

### BUT:

- ▶ What is a “gap” and how to measure this?
  - ▶ Questions of methodology and definition. Only formal coverage, or actual access to benefits, generosity/quality of benefits/services, actual social inclusion (outcome indicators)?
  - ▶ How “wide” is the gap: number of people affected?
  - ▶ What is the impact of reforms on this (these) gap(s)?
- ▶ What is meant by “why”?
  - ▶ The “politics” of reforms dedicated at SEs and NSEs?
  - ▶ ⇒ Largely not covered in Country reports (?) and synthesis report.
- ▶ Synthesis report remains on a largely descriptive level, with definitory and methodological problems. Lack of analytical information.
- ▶ ⇒ Difficulties in clustering countries regarding reform trajectories, their reasons (“why”?) and their actual impact.

**From a more analytical perspective, the question WHY some reforms have been decided may in fact be interesting.**

- ▶ Motives and rationalities of reforms.
- ▶ ⇒ Likely impact.
- ▶ Likely future developments.
  
- ▶ “Politics” are interesting.
- ▶ ⇒ Case study AT.

## Austria: Background

- ▶ **Conservative / Bismarckian** welfare state.
- ▶ Plus some important **universal elements**: family cash benefits, long-term care cash benefits (1993), childcare allowance (2002).
- ▶ Centralized “**neo-corporatist**” model of interest representation.
  - ▶ **Mandatory membership** of most types of **self-employed** in “Chamber of Commerce” or other specific professional associations.
- ▶ **Strong increase in NSEs** since 1980s: part-time employment, marginal part-time employment, temporary agency work/personnel leasing, freelance contracts.
- ▶ **Increase** in single-person-businesses (**SPBs**) and so-called “**New Self-employed**” (not registered with the Chamber of Commerce, and not mentioned in the Trade and Industry Code/Gewerbeordnung).
- ▶ Since **mid-1990s**: several reform steps **raising social insurance coverage** of **NSEs** and (specific types of) **SEs**.

## Important steps of reform (and why they happened) (1)

- ▶ **Mid-1990s: “Taking into account all earned income for social insurance”:**
  - ▶ Mandatory health-, pension- and accidents insurance for Freelance Contracts and New Self-Employed;
  - ▶ employers social insurance contributions to health- and pension insurance for marginal-part-time contracts in case of several (“more than 1.5”) such contracts in company;
  - ▶ income from marginal part-time employment subject to employee’s social insurance contributions in old-age and pension insurance if sum of earned income (from different contracts) exceeds the “lower earnings limit”
  - ▶ Opportunity to opt-in to old-age and health insurance only employed on marginal part-time employment.

### **Dominant interests/aims:**

1. Government/social insurance providers: increasing social insurance contributions (young/low risk groups; costs in old-age insurance will only apply in future).
2. Employer’s organisations : See 1. (implementing health- and old-age insurance fund of the self-employed); preventing “unequal competition” by companies excessively using Freelance Contracts, New Self-Employment and marginal part-time employment.
3. Trade unions: Protecting core clientele from “cheap competitors”.

## Important steps of reform (and why they happened) (2)

- ▶ **Introduction of universal childcare allowance (2002):**
  - ▶ Universal childcare allowance replacing earlier parental leave allowance (insurance benefit only accessible for earlier employees with income above the lower earnings limit).

### **Dominant interests/aims:**

1. Government: “Equal treatment” of “male breadwinner families” (caveat: my interpretation!, not the “official” argument).

## Important steps of reform (and why they happened) (3)

### ▶ 2007: “Flexicurity Package”:

- ▶ Integration of Freelance Contracts into Unemployment Insurance, Severance Pay Scheme, Insolvency Payment Scheme and employer’s sick pay.
- ▶ Opting-in for self-employed into unemployment insurance.
- ▶ Tightening of “provisions on reasonable entitlement to unemployment insurance” (*Zumutbarkeitsbestimmungen*).
- ▶ Deregulation regarding the Working Time Act.

### Dominant interests/aims:

1. Government/social insurance providers: increasing social insurance contributions.
2. Employer’s organisations : No complete abolition of Freelance Contracts; opportunity of unemployment insurance for their core clientele; increasing labour market flexibility and conditionality of unemployment insurance.
3. Trade unions: Protecting core clientele from “cheap competitors”; increasing social security for Freelancers.

## Important steps of reform (and why they happened) (4)

- ▶ **Ca. 2012ff.: Incremental adaptation in social insurance for SEs:**
  - ▶ Ceiling of patient's contributions in health insurance;
  - ▶ Reduction of default charges in case that assessment base turns out to be higher than originally expected;
  - ▶ Reduction of the minimum contribution basis for health and pensions insurance;
  - ▶ Introduction of sickness cash benefit (as from the 43th day of sickness).

### **Dominant interests/aims:**

1. Government: Increasing social security for self-employed; making self-employment more attractive.
2. Employer's organisations, which are de facto implementing the social insurance fund for the self-employed: increasing their legitimacy; reducing "internal resistance & unrest" within the Chamber of Commerce; dealing with new interest organisations of SPBs (Amici delle SVA).
  - ▶ NOTE: In Chamber-of-Commerce elections every member has one vote – irrespective of the size of the company, and SPBs now make up for more than 50% of the members of the Chamber of Commerce.



## Conclusions

- ▶ **Increased access to social security** schemes for SEs and NSEs may **result from different logics and strategies**.
- ▶ But in the Austrian case **“social inclusion”** of SEs and NSEs it was **rarely a true “goal in itself”**.
- ▶ As a result **problematic features** of the Austrian system of social insurance (and labour law) remained largely untouched, e.g.:
  - ▶ Precondition of substantial **continuity of insurance** for benefit access (especially problematic regarding unemployment insurance).
  - ▶ The **“principle of equivalency”** (further strengthened in pension reforms of the last 20 years), reproducing inequalities in earned income in inequalities of benefits granted by social insurance (SE and NSE often come with low-wage, low-income and intermittent employment).
  - ▶ **Low “legal certainty”** regarding the **distinction** between **self-employment** and **dependent employment** (problem of bogus self-employment).
  - ▶ Very **complicated rules** on social insurance for the **self-employed**.
- ▶ ⇒ Granting **“access to social protection”** does not guarantee (monetary) **“social inclusion”**.
- ▶ ⇒ What would be **necessary** is a **broadening of the debate**, going beyond “access to/coverage by social insurance”.