



Retrofitting social security to new ways of working: OECD's Monika Queisser

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working: OECD's Monika Queisser**

Intro [00:00:02] Thank you for choosing OECD podcasts.

Kate Lancaster [00:00:08] If you've ever taken paid sick leave, used parental leave, collected unemployment, or received a pension, then you've benefited from your country's social protection system. Traditionally, this protection has been tied to work.

Kate Lancaster [00:00:22] You've benefited because you and your employer contributed to the system. But today, increasing numbers of people have non-standard jobs, and with that, less access to traditional social protections. Welcome to OECD Podcasts. I'm Kate Lancaster. I'm speaking with Monika Queisser, head of social policy at the OECD, about social protection in the new world of work. Hello, Monika.

Monika Queisser [00:00:45] Hi, Kate.

Kate Lancaster [00:00:46] Thank you for being here. I'd like to start with a look at the big picture. What is changing in the world of work today?

Monika Queisser [00:00:54] With digitalisation and automation, we have, in a lot of countries, we see that there's more [of] what we call non-standard work. Now, non-standard work is can be all kinds of different things. It can be part-time work, temporary work, but also more self-employment. And many people refer to self-employment when they think about gig work or platform work, Uber drivers and other—Amazon, Turks, and Fedora and other services which work mostly with people who are self-employed. Now there's this part of self-employed people. But then there's also all these traditional self-employed people which have always existed. For example, farmers, lawyers, doctors, artisans, so your plumber, carpenter, people who run their little businesses. And if we look at the overall numbers, then, contrary to what people think in general, it's actually been quite stable how many self-employed are in the economy. On average, We have about 10% of people being self-employed, but that doesn't necessarily count people who have [a] normal job, but then use in their free time those extra hours to do some gigs—to either to some graphic design, to drive, or do other things in a self-employed fashion. So it's kind of hard to determine exactly who's self-employed—proper self-employed—and who is employed with additional self-employed hours.

Kate Lancaster [00:02:19] So using temporary part-time self-employed work to make ends meet or add a little extra income,

Monika Queisser [00:02:28] That's exactly what's happening.

Monika Queisser [00:02:27] But I think overall, we can say that in all the OECD countries over past years, what we call the “non-standard work” has increased, encompassing all these different types of more flexible working conditions. And one of the reasons is also that we have more women working. And women often prefer to work part time because it's easier working part time to combine work and family responsibilities.

Kate Lancaster [00:02:51] How are these changes affecting how people participate in the social protection systems? What are the key issues?

Monika Queisser [00:02:57] The social protection systems in many OECD countries were originally built on this idea that people start working early in a permanent job, they work all the time, they work through until retirement. Mostly it was built for male breadwinners and who were head of household, and who had the permanent job. And women, if they worked at all, they would work only a few hours, and basically be the spouse at home, and who would then benefit also from the husband's social security coverage. So that's the old world. In the new world, we have people who move in and out of employment, self employment-dependent employment. They switch over their career. Sometimes they work for the public sector, then they work for the private sector. They have intermittent periods of maybe education or doing other things. So there's much more fluidity. But that means that the social-protection system is really not adapted to their needs anymore, and to their careers. Because they only get benefits if they contribute to the systems and the contributions are usually linked to their salaried status. So if you don't contribute throughout your career all the time, then you have much less benefits. And in some cases, people have no coverage at all.

Kate Lancaster [00:04:10] So then if I'm understanding correctly, typically people who are non-standard work aren't contributing at all, or they are contributing less. How does that work?

Monika Queisser [00:04:19] It depends a little bit on the type of non-standard work they're doing. If they're just working in it for a few hours in a salaried job, they have to contribute like everybody else. So they would get coverage, for example, of health insurance. They would have some coverage of unemployment insurance. But for pensions, for example, it matters not only how long you contribute throughout your career, but also how much you contribute. And if you work only a few hours, you're going to have very few contributions and very few pension rights. So probably pensions is [are] the area where people are the most worried. Another area where people are worried is unemployment. Because if you're salaried, you're covered by unemployment insurance. But if you're not salaried, you stop working or your business dries up, your clients disappear—you have no unemployment insurance. Now, doing this, giving this type of protection, is a little bit complicated. Because self-employed people, of course, have some degree of flexibility—how much they work and how much they don't work. And for the government or the benefit[s] office, it's kind of hard to find out whether these people have been making an effort to find work and they just haven't had any chance to get any, or whether they haven't even tried. And because, for example, salaried people have to prove that in order to get unemployment benefits, that they've actually been looking for a job.

Kate Lancaster [00:05:40] So then that does ask then, who should be who should be liable for providing this protection to the non-standard workers? Should it be the workers themselves? Who's going to offer the typically employer contribution?

Monika Queisser [00:05:53] That is the biggest question of all of them, which everybody is struggling with. Ideally, you could say that self-employed people should be paying the same contributions as employed people. And if they don't have an employer, well, they are their own employer, so they have to cover both the employer's and the employee's contribution.

Kate Lancaster [00:06:15] I would imagine that would be an enormous part of the salary the person is making, though.

Monika Queisser [00:06:19] That is true. And that's why in many cases it's actually quite complicated to ask self-employed people, who are often not having such great salaries, to cough up such a large amount for social security or social protection. So some countries have been coming up with innovative solutions to this. One of them is Germany. They have a social insurance which is mandatory for artists, and people who provide artistic services. And so the artists, they have to pay their own contribution, and all the people who use artistic services, and books, and written pieces, for example—so theatres, cinemas, libraries, all kinds of places that that use artistic services need to pay a social security contribution on the basis of all those services that they use. So it's not connected to one particular person, but it's connected to the overall amount of cultural services used.

Kate Lancaster [00:07:18] The cost is spread out, then. So maybe your theatre ticket costs 50 centimes more, or something like that, I imagine.

Monika Queisser [00:07:25] Yes, it's spread out, but then the government is also helping. You have the users. You have the artists themselves, and you have the government contributing. And that provides a nice package of social protection, including pension coverage.

Kate Lancaster [00:07:40] So you mentioned that's a mandatory scheme. If you're a poet in Germany, you have to sign up. What about voluntary schemes for non-standard workers?

Monika Queisser [00:07:47] Voluntary schemes exist in a few countries, but usually people don't really like to use them that much, for several reasons. Voluntary pension schemes suffer from what we call myopia, meaning short-sightedness. Yes, most people really don't want to think about their pension. I think we all can relate to that. It's not nice to—you know that you should be saving, and you know you should be putting money aside. But there's so many other important things in life in the short term you want to spend your money on. And so if it's voluntary, people always want to postpone until tomorrow. So pensions is really the single biggest challenge for everybody who doesn't work regularly and doesn't contribute regularly. For unemployment, it exists in a few countries. But there we have also what we call the “moral hazard” problem, that often people who think that they're not going to need the social protection, they won't go. So you will have only the people who have [a] very high risk of either being sick or unemployed would join this system.

Kate Lancaster [00:08:48] It's like any insurance scheme, you need everyone to participate to spread the risk.

Monika Queisser [00:08:53] Exactly. You can't do any risk pooling if you have only the bad risks, and the good risks are somewhere else.

Kate Lancaster [00:08:58] So the answer, then, is closer to a scheme that's more mandatory? Is this what the countries are showing us?

Monika Queisser [00:09:06] There's a wide variety of solutions in OECD countries. Some countries have universal protection anyway. So take a country like the Netherlands that has a basic pensions. New Zealand has that as well. So everybody has that basic amount of protection just because they live in the country. So that, of course, is different in a country that gives pensions only to people who have contributed—like Germany, for example. So depending on the country you're in, you will have different degrees of protection. Same for health insurance. Some countries, like the UK, have National Health Service where everybody gets covered automatically, whereas in other countries you can only have health insurance if you contribute. So depending on which country you're in, the solutions will be different. But what is very clear is whatever solution is found needs to be affordable for the self-employed. It needs to not give the wrong incentives, as we were discussing earlier, it should not be so much cheaper that everybody has an incentive to become self-employed, and it should also be portable. Meaning that people keep their rights as they switch between different employment situations.

Kate Lancaster [00:10:19] So it won't be tied to your job anymore. A big break with the old way of doing it.

Monika Queisser [00:10:22] Yes.

Kate Lancaster [00:10:23] What about universal basic income? Some countries seem to talk about UBI as a way to end all the confusion around benefits and packages and who has access to what; a simple and, people would say, fair solution. What do you think?

Monika Queisser [00:10:38] Universal basic income is indeed being discussed very intensely at the moment. And the interesting point about this is that it's coming from all political sides. You have both the very left more Socialist kind of current saying that this is a good thing to do, and the very free-market and liberal current saying it's a good thing to do. Now, what does it mean? It means everybody gets the same amount, as money paid. And whether you work, whether you don't work, whether you're rich, whether you're poor—

Kate Lancaster [00:11:11] whether you're a worker or a permanent worker.

Monika Queisser [00:11:14] Exactly.

Monika Queisser [00:11:15] And it would not be conditional on a social situation, like being sick or unemployed or old. It just would be basic for everybody.

Kate Lancaster [00:11:23] Well, that sounds like a dream.

Monika Queisser [00:11:25] It is a dream. It is a dream. But the problem is, if—we've done some simulations—if you take the money that is currently being spent on benefits, and redistribute it in a different way, so everybody gets the same, you will have very low amounts.

Kate Lancaster [00:11:38] So people who are currently receiving some benefits may receive less benefits under a scheme like that. Or that's what the modeling shows.

Monika Queisser [00:11:45] Some people would receive more and some people would receive less.

Monika Queisser [00:11:48] But since you would pay for everybody, you would also pay for children. So you could, in some cases, some households could have quite a sizeable amount, whereas others would have very little money.

Kate Lancaster [00:11:58] And it's based not on the need of those households.

Monika Queisser [00:12:01] No, it would not be based on the need. But what would really give you a substantial amount of money to redistribute is if you included pensions in this. Because [in] many countries, the single largest item of social spending in most countries is pension spending. Now, if you took all of the pensions money and redistribute that to everybody, along with all the other social benefits that are being paid, then you could have a critical mass to redistribute. However, in most countries, there is a link between contributions and benefits, and I think a lot of seniors would find it extremely hard to understand why, after years of working and paying contributions, they would get the same amount as their grandchildren.

Kate Lancaster [00:12:40] Yes.

Kate Lancaster [00:12:41] Well, thank you so much. I could talk all afternoon, but we have to stop. I'm Kate Lancaster and you've been listening to OECD podcasts. To find out more about the issues we've been discussing today, go to www.oecd.org. Thank you for choosing OECD Podcasts. To hear more, go to soundcloud.com/oecd.