

Do the Statistics Give the Correct Number of Child Supporters. The Case of Finland.

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Introduction

During the past few years there has been discussion especially on the development of family policy and the overall improvement of the position of families with children. Many committees, commissions and working groups have discussed issues relating to family policy. They have also made various proposals concerning the increase of direct income transfers, tax deductions and social services expressly to families supporting children.

During this discussion on the improvement of the economic position of families with children, insufficient attention has been paid to what proportion of the population is composed of supporters of children and what proportion has no maintenance liability. These relationships should be clarified because, when making proposals concerning benefits to families with children, we should be aware of what share of these benefits will be paid for by the supporters of families themselves. When planning an increase in income transfers or in services to families with children, we must determine what part of the population will be providing the necessary funds.

What is meant by supporting children

In official Finnish statistics a »child» in the child allowance statistics and in the tax statistics is a person under 16 years of age. In the census, in family statistics, in household surveys and in labor studies a »child» is a person under 18.¹

The support of a child does not, however, always end when the child turns 16 or 18. Therefore, in this study the support of a child will be defined according to the actual situation and not according to how old the child is.

A child can be supported in two ways: either the supporter helps pay for the child's expenses or the supporter takes care of both the child and household duties. The child can live outside the family, while attending school, for example. The sup-

¹ The data used in this article are based, if not otherwise mentioned, on statistics published by the Central Statistical Office of Finland.

porter may also live away from the family, for example, if he or she is working in another community.

In addition to the child's parents, the supporter can be a married or cohabiting spouse in a new marriage or consensual union or a person with a maintenance liability, who does not live with the child, but who regularly pays child support. Foster parents are also supporters of a child.

It is difficult to determine when support for a child ends. When the young person continues his education, he himself may have earnings from his summer vacation, for example. He may also receive a student grant or student loan, which will cover part of his expenses. Parents will often, however, have to provide their child with at least partial financial support, when he is a student. Often a young person setting up his own home must also turn to his parents for financial support. No studies have been made about how widespread the financial aid of adult children is.

A final mention should be made that, here, supporting a family does not mean supporting one's spouse, if there are no children in the family. The only exception, actually, is when an expectant mother is living solely on her spouse's earned or other income and she is in her last months of pregnancy.

The above definitions have been stated mainly in order to arrive at as exact a picture as possible of that part of the population participating in the support of children and which, therefore, is the »recipient», when we examine income transfers and tax relief. At the same time we will find what segment of the population is solely in the role of »giver».

The proportion of the population living as couples

Married persons

According to the 1980 census, slightly over two million Finns were married.

Table 1. The number of married and their proportion of the entire population aged 18 and over in 1980.

	Total population	Married	
		Number	Percentage of population
Men	1 705 266	1 052 388	61.7
Women	1 889 435	1 054 709	55.8
Total	3 594 701	2 107 097	58.6

Almost 60 % of the »adult population» — aged 18 and over — were married (Table 1).

A more detailed picture of how common marriage is arises when comparing age groups. Table 2 shows the proportion of married, for men and women separately, between the ages of 20 and 65.

Table 2. The proportion of married men and women in the entire population in 1980.

	Proportion of the age group	
	Men	Women
	%	%
20-year-olds	3.2	12.9
25- »	36.1	54.4
30- »	64.1	73.3
35- »	74.8	77.9
40- »	77.5	78.4
45- »	77.7	76.3
50- »	77.9	73.7
55- »	79.5	67.4
60- »	81.1	59.0
65- »	80.2	47.5

The table shows that the major portion of the population marries and stays married for a long time.

The proportion of married men grows constantly until retirement age. The majority of retired men are married. Women around the age of 40 are most frequently married. The differences found between the sexes are due to the fact that men generally marry women younger than themselves. After divorce, or the death of one's spouse men remarry more often than women. The longer life span of women compared to men is also apparent in the tables shown above.

Cohabiting persons

Cohabitation means that a man and a woman are living together in a joint household in a marriage-like relationship, without being legally married.

The Central Statistical Office has gathered information on cohabiting persons in association with a labor survey. The labor force is composed of 15—64-year-olds.

The data on cohabitation is based on information given by the interviewees, themselves, in this survey. They were asked, in addition, if there were any children under 18 living in the same household. Not all persons answered these questions nor were the data on marital status checked in any way.

It is very likely that when the authorities state questions in this manner, completely reliable information will not be obtained when it is not in the interviewee's own best interest to tell the authorities that he or she is cohabiting. If the social authorities are informed about cohabitation, child support prepayments and housing allowance may be decreased. It may be more difficult to get a child into municipal day care and the fee may rise. A widow supporting a child knows that if she were to remarry, she would no longer receive her own pension. Cohabiting does not yet cause this to happen, but many people may have neglected to report that they were cohabiting, just in case.

The labor authorities must also inquire about cohabitation, because when compensation is granted, cohabitation corresponds to marriage. There are also certain cases in taxation where it is more profitable to cohabit than to be married, as a child's supporter is then considered a lone parent. Thus, there may be many reasons for being secretive about cohabitation. There probably are a somewhat greater number of people cohabiting than is shown by the labor survey.

In the 1980 labor survey 200 000 persons reported that they were cohabiting. This is a little less than 7 % of the adult population. Thus there were 100 000 couples cohabiting and 27 % of these were families with a child under 18.

People who cohabit are relatively young. Three out of four are under 35 years of age. This is most likely due to the fact that young people start to cohabit well before the possible birth of a child. When a child is born, it is very usual for the couple to get married. Thus a marked proportion of women giving birth out of wedlock are actually cohabiting.

The labor survey focused on the 15—64-year-old population. Therefore, it does not provide information about cohabitation among the retired. This is not significant here, because the retired have very few children to support.

A summary of persons living as couples

The labor survey divides married persons and cohabiting persons into five age groups. In age groups where people who are raising children are frequent, about 80 % live as couples (Table 3).

Table 3. Proportion of married and cohabiting persons in 1980.

Age	Married %	Cohabiting %	Total %
15—24	10.7	8.8	19.5
25—34	64.7	10.7	75.5
35—44	79.5	3.1	82.6
45—54	74.8	3.2	78.0
55—64	69.4	1.5	70.9

About 68 % of the 18—64-years-old population, are married or are cohabiting.

The size and proportion of the family population in the entire population

The Central Statistical Office has published special family statistics for 1977, 1978 and 1980. In the following, we will examine the latest family statistics. The family statistics data is based on information in the central population register. This register is not quite complete yet. Thus, for example, the number of married persons is slightly lower in the family statistics than in the population statistics. The dif-

ference is not critical, however, to observations made on the basis of family statistics.

A family is defined, according to the recommendation of the UN, as people living together who are joined by marriage, cohabitation or a parent-child relationship. Persons who are cohabiting are considered a family only if they have a common child.

Persons under 18 are considered children. The children of one spouse are also considered children, but his or her foster children are not.

If other relatives, such as grandparents, are living in the family, they are not included in the family. Thus the definition of a family is narrower than that of a household.

Other persons not included under the term »family» are persons who do not live with their spouse or children. If a child under 18 lives in a household of his own, he is not included as a family child. The family statistics do not include persons registered as living under institutional care.

In 1980, according to the family statistics, 81.4 % of the entire population belonged to families. Persons living alone totalled 6 %. The difference of 12 % is composed of persons who lived with the sole supporter of a family with children or with a husband-wife family. Other persons belonging to this group include childless couples, siblings or other relatives living together, among others.

Table 4 shows the family types according to the family statistics at the end of 1980.

T a b l e 4. Families according to family type in 1980.

Married couple without children	301 477
Married couple with children	718 491
Cohabiting couple with children	14 373
Mother with children	160 711
Father with children	23 340
Total number of families	1 218 392

As a clarification, it should be mentioned already at this point that the families mentioned above also include families all of whose children are adults. Thus, in the mother-with-children group the mother may already be retired and the child employed. The supporting relationship in this case is completely different from that of a husband-wife family caring for their underage children.

Taking also into consideration persons living in families who, on the basis of the above restrictions, have not been included in the family statistics, and cohabiting couples without common children, we can conclude that in 1980 an estimated over 85 % of the population belonged to families.

Alterations to be made in the family statistics

As the purpose of this study is to examine the actual number of supporters of children and of supported children, certain alterations should be made in the family statistics. The most notable changes concern lone supporters, cohabiting couples and children who are continuing their studies. Other smaller changes will be considered.

Lone supporter families

All lone supporters do not actually support their children all by themselves.¹ The largest group is composed of persons registered as lone supporters who are cohabiting with a spouse who is not the child's parent.

If the child is not the child of both cohabitants, the child's parent is registered in the family statistics as a lone supporter. The other spouse is left out of the statistics altogether. Although the latter are not officially liable for maintenance or supporters of the child, they do, however, participate in paying for family expenses, just as married spouses living together do when the child is not the child of both spouses.

Population censuses have shown that some of the lone supporters actually are married. The other spouse may be employed in another locality and living there. This may also mean a married couple, planning to be divorced, but who have not yet officially separated. This entry may also be caused by an error in information concerning the individual or housing. In any case, the spouse living away from his family may generally participate in supporting the child.

Persons with a maintenance liability, who do not live with their family, also participate in supporting the child of a lone supporter, but no exact data is available on how many pay the entire amount of child support and how many neglect to do so. Hence the actual number of lone supporters is overestimated.

Children continuing their education

In Finland comprehensive school lasts nine years. It usually ends the year the child turns 16. Schooling does not end here, however, instead the majority continue

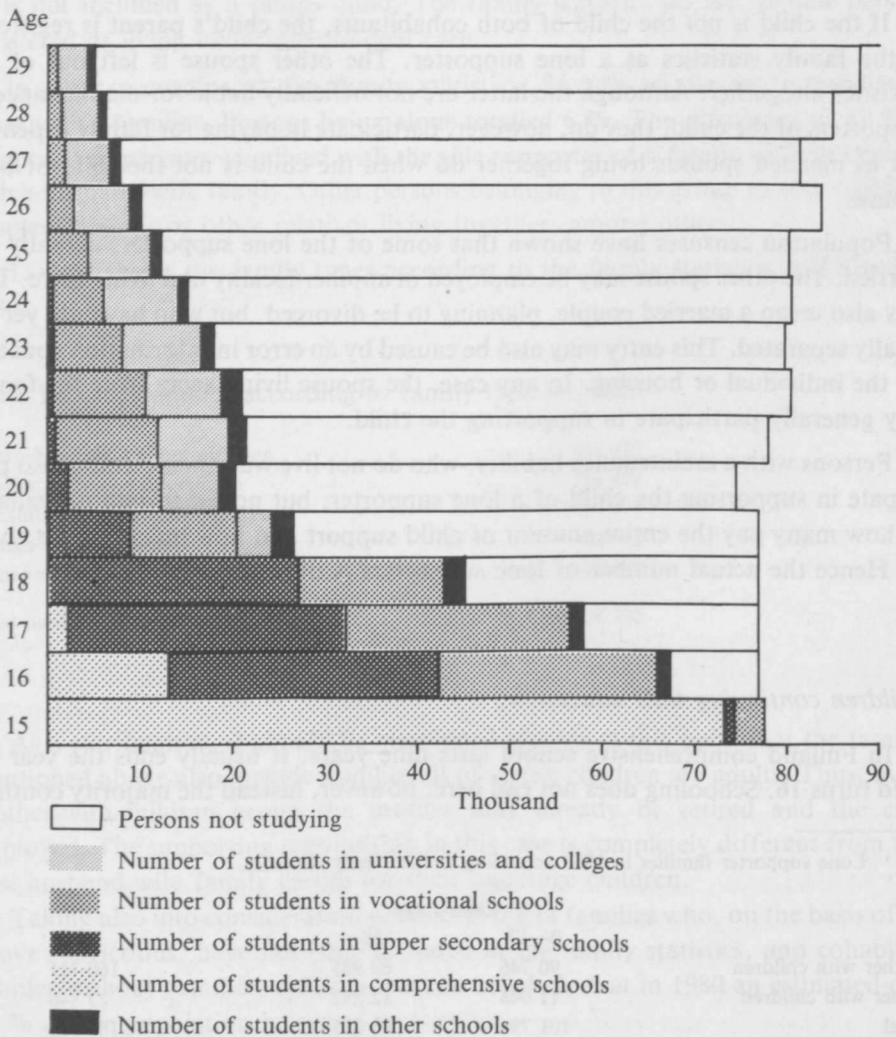
¹ Lone supporter families in 1980 according to the family statistics.

	Child's age		All
	0—17	18—	
Mother with children	90 746	69 965	160 711
Father with children	11 048	12 292	23 340
Total	101 794	82 257	184 051

their education, either immediately or later, at a vocational school or institution, an upper secondary school or a college or university.

The National Board of Vocational Education made a detailed study in the autumn of 1978 of the number of students in different schools according to age group. According to this study all 15-year-olds were in school. The proportion of 16-year-olds attending school was 88 %, among 19-year-olds it was one-third, and among 24-year-olds it was still one-fifth. Figure 1 illustrates the proportions of 15—29-year-olds attending school, in relation to the entire age group in 1978. The

Figure 1. The number of persons attending school among the 15—29-year-olds in 1978, according to age group.



age groups have diminished slightly after this and the opportunities for schooling have improved.

In 1978 about 227 000 16—20-year-olds were attending school. This corresponded quite closely to three age groups in size. By making a slight generalization, we can say that young people who have completed comprehensive school continue their education for three years, on the average. In Finland, people attend school for the average of at least 12 years.

Further education is not yet completed at the age of 20. According to the study mentioned above, almost 100 000 21—29-year-olds are still attending school. Some of them are already married, some are students working part-time or earning most of their income from their own wages, loans or student grants. These children may, nevertheless, incur expenses which their parents will pay. These cases, however, have not been included in this study.

If all actual supporters who have been discluded up to now are added to the family statistics the supporters will rise by about 11 %. If 18-year-old children continuing their schooling are added to the statistics of children, the number of children being supported increase 8 % (Table 5)¹

The total population at the end of 1980 was 4 787 778. Thus, the supporters of families with children and the number of children being supported formed 55 % or slightly over one-half of the total population.

In examining these figures, it should be mentioned that they are more likely a little too low rather than too high. There are more children continuing their education than has been noted here. Some of these children have an income of their own, in addition to student loans and grants, but these are hardly enough to cover all yearly expenses. Parents must give these children partial support. The number of cohabiting spouses may also be higher than shown above. Even adult children at times incur costs their parents pay, for example, during unemployment and when they are setting up their own home.

The proportion of child supporters in the labor force

The Central Statistical Office has compiled an annual survey, beginning in 1978, which provides information on the labor force and the population outside the labor force. The study focuses on the working-age or 15—64-year-old population. The size of the sample is 10 000 persons, and the data is mainly gathered from September to November.

¹ The following supporters of children should be added to the family statistics: 1) 15 000 cohabiting spouses who are supporting their spouse's child, 2) 5 000 married spouses not living with their family but who are supporting their family and 3) 7 000 persons with a maintenance liability who pay child support, but who do not support any other children, making a total of approximately 27 000 persons.

75 000 children who are continuing their schooling and are being supported, 65 000 persons supporting these children and 37 500 families should be added to the family statistics.

T a b l e 5. Families supporting children, supporters and children in 1980.

Official family statistics	Families	Supporters	Children
Married couple with children	576 414	1 152 828	1 005 851
Cohabiting couple with children	14 241	28 482	21 253
Mother with children	90 746	90 746	127 596
Father with children	11 048	11 048	14 964
	692 449	1 283 104	1 169 664
Additions made by the author			
18-year-old children continuing their schooling	37 500	65 000	75 000
Married or cohabiting spouses supporting children and persons with a maintenance liability		27 000	
Other additions	12 000*	18 000	15 000
Total	741 949	1 393 104	1 259 664

* Small groups from the social statistics, disabled adults, foster children.

The working-age population is divided into those belonging to the labor force and those outside the labor force. The labor force includes both the employed and the unemployed. Those not included in the labor force are school children and students, the work-disabled and old-age pensioners, men performing their military service and others.

Persons outside the labor force also include persons caring for their own household. They are, almost without exception, women and especially married women. Housewives in 1980 usually had more children, especially more small children, than women belonging to the labor force. Here, children mean persons under 18.

The employment of mothers was lowest when the youngest child was under four or when there was more than one child under school age in the family. Among all mothers living in couples, 82 % belonged to the labor force; however, the proportion among lone supporters was 89 %.

According to the labor survey, 4.4 percent of the labor force were unemployed in 1980. There were fewer unemployed among supporters of children: 2.3 %. The highest relative proportion of unemployed was found among the 15—24-year-olds. From this we can infer that, although the proportion of unemployed family supporters was lower than average, they may nevertheless have had children living at home who had to be supported.

From the labor survey we can note that the majority of child supporters, 85 %, were employed, and one-half of all employed members of the labor force were supporters or children (Table 6).

Table 6. The main results of the 1980 labor survey.

		All	Supporters of children
Not belonging to the labor force:			
School children and students	402 000		
Work-disabled and pensioners	282 000		
Conscripted soldiers et al.	38 000		
Homemakers	154 000	876 000	165 000
Belonging to the labor force:			
Unemployed		104 000	27 000
Employed		2 256 000	1 131 000
15—64-year-old population		3 236 000	1 323 000

In this context one should note that, in the labor survey, persons caring for their own household are not included in the labor force. Thus, housewives caring for their children are discluded from the labor force, even though housewives, at least those caring for small children or several children, are in fact »fully employed». If these women are included the labor force will increase with 11 %.

The distribution of child supporters into the nonactive and active population

The nonactive population usually includes pensioners, the unemployed and the long-term ill, and supported children. All others belong to the active population.

In Table 7 below we have gathered statistics from the National Pensions Institu-

Table 7. The inactive, child supporters and the children they supported in 1980.¹

	All persons	Inactive Child supporters	Children
Old-age pension	586 192	2 645	2 637
Invalidity pension	243 300	27 264	36 499
Unemployment pension	13 053	714	781
Survivor's pension	5 455	1 171	1 750
Front veteran's pension	4 122	236	310
Long-term ill	41 000	4 500	6 000
Total	880 069	36 530	47 977

¹ In comparing national pension and work pension statistics, we find that about 20 000 persons have received old-age pension before the age of 65 and about 20 000 persons have been recipients of work-disability pension from the Work Pension Institution but not of old-age pension. Some of these persons are employed elsewhere or are among the long-term ill. On the other hand, about 13 000 persons aged 65 and over are employed. These observations do not essentially change the above figures, according to which economically inactive child supporters totalled only a few percent (about 3 %).

tion on recipients of old-age pension, persons on invalidity pension and unemployment pension, widows receiving survivor's pension (full assistance amount), recipients of front veteran's pension and persons who, because of illness, have received a per diem allowance for at least 90 days. The number of unemployed is based on the labor survey. These data are from the end of 1980. The inactive also include child supporters and supported children, separately, when these data have been available in the statistics.

The result: one half of the active population are child supporters

Using the information obtained from the calculations made in this study we find that one half of the active populations are child supporters (Table 8).

T a b l e 8. Number of child supporters.

Total population in 1980	4 788 000
Supported children	— 1 255 000
»Adult population»	3 533 000
Inactive persons	— 880 000
Active persons	2 653 000
Child supporters	— 1 393 100
Inactive child supporters	— 32 000
	1 227 900

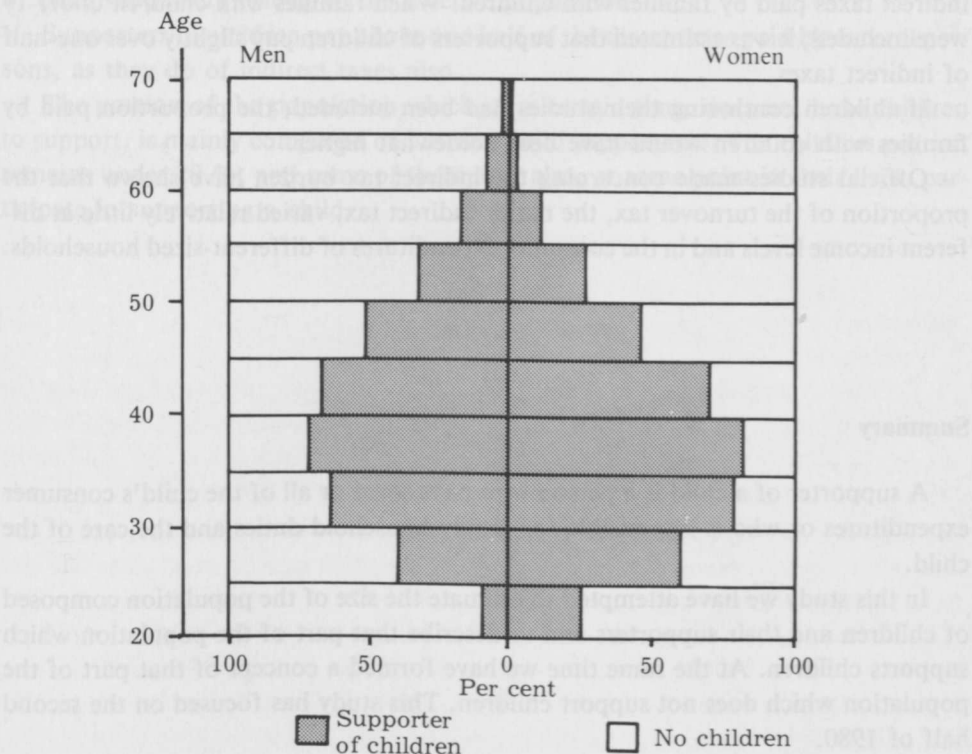
Although this computation is very schematic and inexact in parts, it nevertheless shows in main what portion of the active population is made up of supporters of children. Figure 2 shows the proportion of child supporters by age group.

Child supporters pay their share of the children's maintenance costs

The supporter of a family is granted various tax deductions if he or she has a child under 16 to support. In the state income tax, a supporter deduction for each child is made in one's income tax. If both spouses have an income, the one earning less receives a certain deduction. If only one spouse has an income, he or she is allowed a spouse deduction. In the municipal tax, the child deduction is made from one's income. In addition, there are deductions for lone supporters, persons schooling themselves and for persons with a maintenance liability.

According to an estimate made using tax statistics, tax deductions granted to supporters of children signify about a 9 % — reduction in state income tax revenue.

Figure 2. The proportion of child supporters by age group.



Source: Perheet 1980. Central Statistical Office of Finland, VÄ 1982:4.

In municipal tax revenue the corresponding reduction was small, about one percent.

When tax deductions are compared to child allowances paid to families with children, we find that tax deductions have risen in 1980 by almost as large a sum as the child allowances paid that year.

When we include supporters of children who were continuing their education after the age of 16, persons supporting children paid an estimated one-half, at least, of the direct taxes paid by natural persons.

In Finland information on consumer expenditures in families with children is obtained through household surveys, which are compiled every now and then. The latest study of this kind was made in 1976. This study examined, separately, families with children and lone supporters. Children were defined as being under 18.

According to the household survey, consumer expenditures in families with children, where all children were below 18, formed about 40 % of the consumer expenditures of all households. When children who are continuing their studies are included, it was estimated that the consumer expenditures of families with children totalled slightly over one-half of the consumer expenditures of all households.

On the basis of the household survey, official estimates have been made of the indirect taxes paid by families with children. When families with children under 18 were included, it was estimated that supporters of children pay slightly over one-half of indirect taxes.

If children continuing their studies had been included, the proportion paid by families with children would have been somewhat higher.

Official studies made concerning the indirect tax burden have shown that the proportion of the turnover tax, the major indirect tax, varied relatively little at different income levels and in the consumer expenditures of different-sized households.

Summary

A supporter of a child is a person who pays some or all of the child's consumer expenditures or who is responsible for family household duties and the care of the child.

In this study we have attempted to estimate the size of the population composed of children and their supporters and to describe that part of the population which supports children. At the same time we have formed a concept of that part of the population which does not support children. This study has focused on the second half of 1980.

The majority of the population marries and stays married for a long time. Over 9 % of the persons living in a union are cohabiting, according to their own report; the proportion is actually higher. About 68 % of the 18—64-year-old population, or over two million people, are married or cohabiting.

The major portion — over 85 % — of the population live in families. Families include, in addition to the supporters of children and the children being supported, children continuing their schooling, children already earning their living and other family members. Relatively few people live by themselves, slightly over 10 % of the adult population.

The children who are being supported are children under school age and children attending comprehensive school. Children continuing their post-comprehensive school education correspond, on the average, to a three-age-class group; in other words, in Finland children are schooled for an average of 12 years. After this, about one-fifth of the age class still continue their education, but some are already married by then.

When the official family statistics — where children are defined as being under 18 — are altered to include children continuing their education and some other rather small groups, we find that supporters of children and the children they support form slightly over one-half of the entire population.

The majority of child supporters — 85 % — belong to the economically active labor force. Half of the economically active labor force are child supporters.

One-half of the active population are supporters of children. Only a few percent of child supporters belong to the inactive population.

Supporters of children pay about one-half of the direct taxes paid by natural persons, as they do of indirect taxes also.

The portion of the population which, at a certain time, does not have children to support, is mainly composed of »former child supporters». The childless portion remains under 20 %, and some of them may also, at some point in their lives, participate in supporting a child.