

## **Chapter 3**

### **Social Protection in Old Age in Portugal: a system overview**

#### **Introduction**

All across Europe it is possible to identify mixed feelings about the challenges brought by the ageing population to the existing social protection systems (Jaeger, 2005). On one hand, there is a growing awareness about the risks and limitations it means, especially from a financial perspective, raising worries about the sustainability and the ability to cope with needs of expansion of the existing arrangements. On the other hand, there are growing expectations about the type and the quality of social protection provided. Periodic surveys on attitudes and values of the European population have been showing these dual feelings about the impacts of a growing proportion of older people in Europe on the existing welfare systems, to a large extent irrespective of the degree of maturation and development of the national welfare states (Daatland and Herlofson, 2003).

In this research, I am discussing the issue of familialism in the lives of the Portuguese elderly having chosen to focus on the analysis of their welfare arrangements. These arrangements take place within, and are very much influenced by, the existing formal social protection system. To a certain degree they can be seen simultaneously as a response and a determining factor of the characteristics of the formal social protection system. In fact, if it can be argued, as some scholars have been demonstrating, that the availability of resources within households and families influences the demand for resources from external sources, thus creating pressures on the policy context (Knapp, 1984; Jamieson, 1991; Giarchi, 1996), the other way around is also true. The existing resources from outside the family can influence the allocation of resources within households and trigger arrangements in anticipation of what is available in the policy framework.

In this chapter, the ultimate goal is to offer an overview of the overall social protection system related to old age. Although much of the discussion along the thesis highlights the issue of care provision and its articulation with different living arrangements, this must be understood within the overall social protection system. It is not enough to

demonstrate that the Portuguese system is traditionally characterised by the underdevelopment of its social care services. If this would be compensated by a comprehensive pension system and by other cash benefits targeting the ability of individuals to purchase private care solutions, then it would not necessarily be a problem for the Portuguese elderly. Generally, we have to understand the social protection of dependent elderly within a broader framework that determines their possibilities to address their needs.

The analysis of the existing formal system of social protection in old age in Portugal will demonstrate how familialism is translated into the system and how that affects the real possibilities the elderly have to address their needs within the formal system. The main features highlighted and discussed along the chapter include:

- Demonstrating how the Portuguese system is biased towards income replacement and cash benefits, albeit with very low levels, therefore creating severe problems of poverty among the elder population;
- Showing the clear mismatch between what is theoretically available in the formal system and the real availability/coverage/accessibility of/to social care services;
- Discussing the significance and the implications of the absence of any clear debate on long-term care insurance.

This thesis is about the strategies individuals develop to tackle their needs for welfare provision in a familialist system, particularly in addressing old age related needs. One dimension of familialism is visible in the way the formal social protection system is organised. The starting assumption of this thesis is that the formal state-funded system assumes that families are the main locus of social aid and that they do not fail when performing that role. For that reason the organisation of provision of services not only exacerbates the principle of subsidiarity (which translates into the underdevelopment of the formal network of services), but also puts the responsibility on families to address their elderly members' needs. That can be considered familialism seen from the side of the policy framework. One of the goals of my thesis is to demonstrate the fallacy of this assumption by showing how families are not being able to respond to the pressures the system puts on them.

Adding to these introductory remarks, this chapter is organised in three sections:

The first section puts forward the legally defined policy framework for social protection in old age. Basically, it focuses on identifying what is theoretically available in the Portuguese social protection system and on how the system addresses old age related needs in terms of principles.

The second section is more data based and tries to draw the picture of what is in fact available. The main focus here is on the provision of services itself, identifying what is provided, in what quantity, where and by whom. The discussion unravels the limitations of the formal network of service provision not only in terms of coverage, but also in terms of accessibility and quality.

Finally, the third section critically discusses some of the implications of what is identified in the previous two sections, highlighting the significance of the conspicuously absent debate on long-term care in Portugal.

It is important to clarify that the policy framework discussed in this chapter refers to years 2000 to 2004. It is in that sense more contemporary than the data used in the later chapters of the thesis to discuss family dynamics and normative predispositions. This time-gap is not considered to introduce any serious limitations in the analysis, for two main reasons: firstly, since 1995 there has been no substantial change in the policy framework. If something has changed it has been in the direction of retrenchment of already deficient social programmes. Secondly, by analysing the most recent policy framework, and by demonstrating the resilience of familialism in the formal system, we end up reinforcing the conclusions drawn from the data used for the analysis of family dynamics and of social norms and values. If we identify tensions among families on the basis of data for 1998, the reproduction of the familialist social policy framework in 2004 will only suggest that those tensions should be expected to be increasing.

## **1. The policy framework: social protection mechanisms applicable to old age in Portugal**

We can consider that all formal social protection in old age includes three main systems: income support (pension system); health care; and social services. The Portuguese social protection to old age is often labelled as a Bismark oriented system, based on a social insurance approach targeting income replacement. Similar to other conservative type welfare state regimes, in Portugal the pension system represents the lion share in public social expenditure and definitely the overwhelming part of the social protection applicable to old age<sup>1</sup>. Alongside with a social insurance approach to the pension system, social protection in Portugal shows some traits of universalism in the field of health care. In that sense, health care for the elderly is as accessible as for any other citizen, comprising some features of social assistance in terms of means-tested mechanisms of participation in health related expenses. As for the social services part, the Portuguese social protection is generally recognised as underdeveloped, or more than that as undervaluing that domain.

The next paragraphs address the main features of the three dimensions of social protection applicable to old age in Portugal.

### **1.1. Income support**

Table 3.1 lists the social protection mechanisms that are legally defined in the Portuguese system to address the issue of income support in old age.

The information contained in table 3.1 up to year 2004, means it is more recent than the data used in the empirical analysis (covering the period from 1998 to 2000 in the analysis of family dynamics and 1992 to 1998-9 in the analysis of values). It should therefore be explained that: first, there were no significant changes in the mechanisms applicable to old age in the last 10 years, and most of all between 1998 and 2004; second, I want to offer the reader the possibility of using this document, and this table in particular, as a

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<sup>1</sup> The share of old age pensions in the total public social expenditure was 45.8% in 2001 (Source: Eurostat, available online at [www.eu.int](http://www.eu.int) )

piece of work that summarises the contemporary policy framework and that, as such, can be used by other researchers as a source of up-to-date information.

It is possible to identify two main branches in terms of income support. On one hand, we find mechanisms that are part of the typical social insurance scheme. On the other hand, we have a social assistance scheme, often referred to in Portugal as the non-contributory scheme, following the logics of a means-testing approach.

The coexistence of these two forms of income support is very much linked to the historical path of development of social security in Portugal. Adding to what was already discussed in chapter 2 about the evolution of social policies in Portugal, the social assistance branch, in particular the old-age social pension, more than a “contributing to sufficient resources” approach was initially designed to provide some framework to all those that had spent a significant part of their working lives in the previous political regime and that, for a series of reasons, had never been covered by any social protection system. Among these people, a significant share was made of rural workers for whom a special non-contributory regime was actually created. Having said that, it is easy to predict that as the system matures the relative importance of this non-contributory scheme will decrease, which is already visible if one looks at the share of new claims by scheme. In 1990, the social assistance branch still represented around 18.7% of all new claims. In 2001 that number had decreased to 8.4% (source: *Centro Nacional de Pensões* (CNP)).

Table 3.1. Social protection mechanisms applicable to old age in the Portuguese social security system (as legally defined in 2004)

<b>Benefit</b>	<b>Basic principles</b>	<b>Conditions for entitlement</b>	<b>Persons entitled</b>	<b>Content of benefit</b>	<b>Taxation on benefit</b>
Old-age pension	Compulsory social insurance scheme for the active population, with benefits related to registered earnings and duration of affiliation	Minimum of 15 years paid or credited contributions. Full pension on 40 years paid contributions. Retirement age for both men and women: 65. Early retirement possible in certain conditions. Retirement at 65 not compulsory.	All salaried workers and self-employed people paying contributions.	Minimum pension of 30% of average monthly earnings. € 208.12 per month minimum pension for those with up to 15 years paid contributions. Minimum pension of 65% to 100% of national minimum wage for those with 15 to 40 years or more of paid contributions.	Specific taxation system for old-age pensions.  Taxation only applied for an annual income starting at € 8,121.
Survivors' pension	Compulsory social insurance scheme for the active population, with benefits depending on the pension of the deceased person	Contributions paid or credited for 36 months.	Surviving spouse, aged at least 35, and divorced spouse who is entitled to alimony. Children till the age of 18 (25 or 27 in case of higher education). Parents dependant on the deceased if there is no spouse or children.	Surviving spouse: 60% of the retirement or invalidity pension received by the insured person or to which he would be entitled at time of death. Children: 20% to 40% according to the number of children. Parents: 30% to 80% according to the number of ascendants.	Specific taxation system for survivors' pensions.  Taxation only applied for an annual income starting at € 8,121.
Old-age social pension	Subjective right. Contribution towards sufficient resources. Means-tested.	65 or more years of age. Not entitled to a pension from the contributory system. Income not exceeding 30% (single person) or 50% (couple) of the national minimum wage.	As defined in conditions for entitlement.	€151.84 per month.	No taxation.

<b>Benefit</b>	<b>Basic principles</b>	<b>Conditions for entitlement</b>	<b>Persons entitled</b>	<b>Content of benefit</b>	<b>Taxation on benefit</b>
Extraordinary solidarity supplement	Additional cash benefit paid to those benefiting from the old-age social pension	Being beneficiary of the old-age social pension.		70 or less years of age: €14.46 More than 70 years of age: €28.91	
Widow(er)'s pension	Subjective right. Contribution towards sufficient resources. Means-tested.	65 or more years of age. Widow or widower. Not entitled to a pension from the contributory system. Income not exceeding 30% of the national minimum wage.	Widows or widowers not entitled to any pension under the contributory scheme and without sufficient means.	60% of social pension.	No taxation.
Long-term care assistance	Social insurance: public compulsory insurance scheme; contributory cash benefits.  Guaranteeing sufficient resources: non-contributory cash benefits.	No age limit. No qualifying period. Degree of dependency assessed by social workers.	Persons needing the assistance by a third party to perform the activities of daily life.	Social insurance scheme: €75.92 (1 <sup>st</sup> degree dependency €136.66 (2 <sup>nd</sup> degree dependency)  Guaranteeing sufficient resources scheme: €68.33 (1 <sup>st</sup> degree dependency €129.06 (2 <sup>nd</sup> degree dependency)	No taxation.

Sources: MISSOC. Mutual Information System on Social Protection in the EU Member States and the EEA. European Commission. 2002; Ministry of Solidarity. Direcção Geral de Acção Social

In addition to these purely income related social protection mechanisms, the Portuguese system includes one cash benefit that could be considered more related to care provision.

One should be careful though not to be misled by the designation of the benefit. Portuguese institutions usually designate the “long-term care assistance” as a complement for dependency (*Complemento por Dependência*). This benefit is attributed according to the general social protection scheme that applies to the beneficiary: social insurance or social assistance. In both cases, the amount paid is fixed according to the degree of dependency (1<sup>st</sup> or 2<sup>nd</sup> degree dependency), although it is higher for those covered by the social insurance scheme. One should highlight the fact that, within the Portuguese system, dependency in old age is not determined or measured according to any index like the widely used Katz index (Martin, Meltzer et al., 1988; Humphries, 2000). In Portugal, dependency is assessed according to criteria defined by the social protection authorities and is very much dependent on the assessment carried out by social workers, often based on declarations signed by the doctors assisting the elderly. This is one of the reasons why the Portuguese system is often characterised as a very discretionary system with a marked particularistic-clientelistic profile (Kurth and Petras, 1993; Ferrera, 1996(b)).

This overview of the cash benefits available, however, would be incomplete if I would not consider the real values of the benefits. Table 3.2 summarises the amounts paid in old-age pensions and other old age related cash benefits, as defined in 2004<sup>2</sup>.

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<sup>2</sup> Those unfamiliar with the Portuguese reality may need to relate the figures displayed in table 3.2 to the national minimum wage or the average monthly earnings. In Portugal, in 2004, the national minimum wage was set at € 365.60 (source: MSST, 2004). One other figure comes from INE, the national office for statistics, according to which in Portugal, in October 2000, the average monthly earnings of employees were € 421.90 (source: INE, available on-line at [www.ine.pt](http://www.ine.pt)).

Table 3.2. Old-age pensions and other cash benefits, in 2004

<b>Contributory social insurance scheme</b>	<b>Values in euros (monthly pensions)</b>
Number of years of contribution	(Minimums in the contributory scheme)
Less than 15	208,00
15 and 16	217,65
17 and 18	222,48
19 and 20	227,31
21 and 22	238,43
23 and 24	243,25
25 and 26	248,08
27 and 28	252,90
29 and 30	257,72
31	279,33
32	284,16
33	288,99
34	293,81
35	298,63
36	303,46
37	308,28
38	313,12
39	317,94
40 or more	325,31
<b>Special scheme for agriculture workers</b>	186,16
<b>Non-contributory scheme and equivalents</b>	151,84
<b>Extraordinary solidarity complement (added to the Social Pension of the non-contributory scheme)</b>	
Pensioners aged less than 70 years	14,46
Pensioners aged 70 or more years	28,91
<b>Long term care assistance</b>	
Contributory scheme, 1 <sup>st</sup> degree dependency	75,92
Contributory scheme, 2 <sup>nd</sup> degree dependency	136,66
Other schemes, 1 <sup>st</sup> degree dependency	68,33
Other schemes, 2 <sup>nd</sup> degree dependency	129,06
<b>Complement for dependant spouse</b>	31,45

Source: DGSSS, 2004

One of the main features of Portuguese social protection is the very low level of the benefits paid. This does not necessarily contradict the often mentioned “generosity” of the South European welfare systems (Ferrera and Rhodes, 2000), but appears as the reflex of some structural elements of the Portuguese economy and labour market. In fact, similar to its South European counterparts, Portugal shows a relatively high replacement rate in its old-age pensions, higher than most of the other European

countries<sup>3</sup>. Despite that, Portugal has always based the competitiveness of its economy on a cheap (most of the times not qualified) labour force, paying very low wages. This means that even in a scenario of high replacement rates, the average old-age pension will be very low given the reference income taken for the calculations.

If we focus on the levels of benefits paid under the non-contributory social assistance scheme, we will see that the amounts paid are even lower. On this issue, I consider it particularly interesting to highlight the strategy chosen by the Portuguese state to address the low amounts paid under the non-contributory scheme. The “extraordinary solidarity complement” was introduced precisely to address that problem, instead of a general rise in the amount paid under the social pension. What makes this so interesting is the fact that it does not create any right. In other words, considering this as an extraordinary complement, the state guarantees the flexibility to keep it or not according to the needs in each moment in time, at the same time that keeps the reference value of the social pension at an extremely low level guaranteeing yearly rises equally low. If we consider that the Portuguese system is still undergoing a process of maturation, in the future it is expected that these non-contributory benefits will lose some of their importance in terms of the number of elderly covered. However, and considering that in 2000 the total number of pensioners covered by this scheme was still 5.5%<sup>4</sup>, it is impossible to ignore the implications of what is displayed in table 3.2 in terms of the well being of the Portuguese elderly population. If we add to that figure the pensioners covered by the special scheme for rural workers the proportion rises to 22.8%.

All these figures help us to understand the very high and much generalised levels of poverty among the elderly in Portugal, as well as the distributional problems of income among this group of the population. Table 3.3 displays some data on the number of pensioners of different schemes by pension levels and further enforces more my claim that the Portuguese elderly are in a very difficult financial situation to deal with their normal needs, even more so with special needs emerging from old-age related problems.

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<sup>3</sup> The replacement rate in Portugal was 79.8% in 2004, compared to 54.1% in Denmark, 68.8% in France, 68.2% in Sweden and 47.6% in the UK. Yet, the other South European countries to which usually one finds attributed the inordinately generous bias towards old-age pension, the replacement rates were much higher than in Portugal, with 88.3% in Spain, 88.8% in Italy and 99.9% in Greece. These figures are for the replacement rates of old-age pension in relation to pre-retirement net earnings and considering the average earnings in the country. (Source: OECD, *Pensions at a Glance: 2005 Indicators*, available online at [www.oecd.org](http://www.oecd.org))

<sup>4</sup> Source: *Centro Nacional de Pensões* (National Centre for Pensions), data for December 2000

Table 3.3. Number of pensioners, by pension levels, in 2000

Pension levels	General schemes				Social protection scheme for employees and agents of Public Administration		
	Disability pensioners		Old age pensioners		Pension levels	Pensioners	
	N	%	N	%		N	%
P ≤ 102	13 010	4.42	20 918	1.77	-	-	-
102 < P ≤ 140	24 144	8.20	63 570	5.39	-	-	-
140 < P ≤ 150	6 091	2.07	16 030	1.36	-	-	-
150 < P ≤ 200	106 769	36.27	431 672	36.57	-	-	-
200 < P ≤ 249	82 104	27.89	283 115	23.99	P ≤ 249	51 403	16.25
249 < P ≤ 299	25 487	8.66	145 264	12.31	249 < P ≤ 499	47 664	15.07
299 < P ≤ 349	5 921	2.01	43 408	3.68	499 < P ≤ 748	64 130	20.28
349 < P ≤ 399	6 992	2.38	41 554	3.52	748 < P ≤ 998	39 920	12.62
399 < P ≤ 449	7 143	2.43	39 113	3.31	998 < P ≤ 1496	53 723	16.99
449 < P ≤ 999	13 620	4.63	72 390	6.13	1496 < P ≤ 1995	32 388	10.24
999 < P ≤ 1500	2 100	0.71	15 364	1.30	1995 < P ≤ 2494	17 571	5.56
P > 1500	957	0.33	7 970	0.68	2494 < P ≤ 2993	5 456	1.73
-	-	-	-	-	2993 < P ≤ 3990	2 660	0.84
-	-	-	-	-	P > 3990	1 363	0.43
Total	294338	100.00	1180368	100.00		316 278	100.00

Source: INE, Statistics on Social Protection, 2001 (available online at [www.ine.pt](http://www.ine.pt))

Notes: Under the general schemes the table aggregates those of the contributory scheme, the non-contributory scheme and the special scheme for agriculture workers. Under the scheme for public servants, the table merges disability and old-age pensions (data not available for a disaggregated analysis).

From those covered by the general schemes, I would highlight that around 45% were benefiting in 2001 from monthly old-age pensions equal or lower than €200. This figure increases to almost 70% if we take as reference a pension equal or lower than €249. Alongside the generalised low pension levels, the table also displays evidence of what many consider a fragmented system with marked inner inequalities (Ferrera, 1996(b)). The split between general schemes and the scheme for public servants is just one example of that. If one compares the pension levels paid under each scheme, it becomes apparent the distributional inequalities between the two groups of pensioners, with public servants benefiting from a better off situation. Table 3.3 shows that around 70% of old age pensioners in the general schemes receive a monthly pension equal of lower than €249, while among public servants that figure is less than 17%.

Portugal has been showing systematically the highest rate of poverty in the EU not only in the total population but also, and particularly, among the older population. The table

above clarifies the reasons for that. According to estimates from Eurostat, in 1998 the rate of people at risk of poverty (defined as 60% of median equivalised income) among the Portuguese elderly was 34%, the third highest in the EU15. This is only surpassed by Greece with 36% and the UK with 40%. For that same year, the EU15 at risk of poverty rate was 20%.<sup>5</sup>

## 1.2. Health care

Within the National Health Service (*SNS – Serviço Nacional de Saúde*) the old-age pensioner, like any other resident, has access to health care as a universal right. There are local health centres, regional and central hospitals where the elderly can go similar to all other people. There are no special health units for the elderly or as a matter of fact specialised geriatric services.

Pensioners below a certain threshold are exempt from paying the user fee that was introduced in the health care system after the 1993 reform (until that date health care had remained completely free at the point of use). That threshold is defined by the national minimum wage, which means that a large number of pensioners benefit from this exemption (go back to table 3.3). As for medication, and according to some comparative studies, the co-payment system in Portugal puts a significant burden on pensioners. It is estimated that the amount of money paid by the elderly for medication is around 50% (Pereira, 2000). In Portugal, medicines are classified according to four groups of state co-payment rates (A=100%; B=70%; C=40%; D=20%). For categories B, C and D, and for those elderly pensioners below the threshold mentioned before, the co-payment rate of the state increases 15%. Given the very low levels of pensions the Portuguese elderly are paid this certainly adds up to the argument of incident poverty among that population.

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<sup>5</sup> Source: European Commission. The social situation in the European Union. 2003. [www.europa.eu.int](http://www.europa.eu.int) (last consultation on the 25<sup>th</sup> January 2004)

### 1.3. Benefits in kind: services

Table 3.4 displays the list of services that are in theory available within the Portuguese social protection system. The reason why I say in theory becomes clearer in the next section when I address the real availability and coverage of the network of services and the issue of affordability of the services provided. In any case, it is worth having a look at the list of services available, taking as an assumption that the more varied a care system is the more it recognises the need for differentiation in service provision and the emergence of new needs. Looking at the list of services displayed in the table there is nothing in particular that distinguishes the Portuguese care system from the majority of the systems in place in other European countries. In theory, all these services are 100% available.

Table 3.4. Benefits in kind/support services to older people in the Portuguese social protection system

Service/Benefit	Description
Social counselling	Information, referral and support to individuals and their families in their specific needs.
Home help	Delivery of personal care in the elder person's house to elderly that are not autonomous in their daily activities
Foster care	Temporary or permanent integration of elderly people in foster families, in situations of absence of own family support or insufficient responses from the formal services system.
Get together centre	Establishment that provides support services for leisure and cultural activities organized by older persons in the community.
Day care centre	Centre where different kinds of services are provided to older persons, allowing them to stay in their homes as long as possible. Services provided may include meals, socialization, occupational therapy, personal hygiene, laundry and organized holidays.
Holiday camp	This service is intended for all age groups or for the entire population.
Home	Temporary or permanent accommodation for older persons at major risk of losing their independence and/or autonomy.
Social canteen	Supplies meals to individuals in socio-economic need.
Residential care	Group of flats with common use services for older people with autonomy and who can take care of their own flat.

Source: Source: DEPP/MTS, 2002 (Ministério da Segurança Social e do Trabalho and DEEP, 2002)

In 1996, a special program of action was created to answer what were starting to be recognised as the growing needs of provision of support services to older persons. This program became known as PAII (*Programa de Apoio Integrado a Idosos* – Program for an Integrated Support to the Elderly). It is a broad program that encompasses several types of service provision to elderly people in need of some form of care:

- **Home help.**
- **Centre for care of dependants:** these are small units, intimately linked to home help services, which can provide temporary residential care to elderly people with special needs, but creating the conditions for their return to their families.
- **Human resources centres:** these aim at preparing a broad range of actors, from families and neighbours to professionals, to provide appropriate care for elderly people in need.
- **Service of telealarm:** this is a complementary service that makes use of communications technologies; through their telephones, the elderly in their own houses benefit from a mechanism that can connect them rapidly to their social support network by the simple pushing of an emergency button; this network includes different entities and services, from fire stations to police stations, including different not-for-profit organisations among others; the subsidized part of this service is means-tested.
- **Senior health and spa treatment (senior tourism):** in association with a major national tourism association, it aims at allowing the elderly with the lowest resources to access thermal water treatments, at the same time as it addresses the social isolation affecting many of these elderly.
- **Old age bus passes:** allows for the use of buses at all times, with restricted fares, in Lisbon and Porto.

The particular feature of this program is that it is funded by the revenues of legal gambling, namely 25% of the net profit of the game JOKER, a game played weekly attached to the Lotto draw. Legal gambling is managed by *Santa Casa da Misericórdia de Lisboa* (SCML), which is the biggest not-for-profit organisation in Portugal in the field of social care.

The Ministry of Health and the Ministry of Social Security promote the program jointly, but the implementation of services is to be delegated in several different types of agents:

- Services and institutions directly dependent on one of the two ministries;
- Private not-for-profit institutions intervening in health and social care issues;
- Other NGOs.

The specificity of the funding source of this program is self-revealing. It means that there is no recognition of social rights and no perceived risk to insure and to be born by all the community. On the other hand, the fact that the provision of services under this program can be assured both by non-profits and by public services represents what I consider a very ingenious mechanism to increase the funding of public services, without any effect in terms of taxation or social insurance. Some research has been done on this topic and in several different domains of social assistance, ranging from the more traditional ones like childcare (Hespanha, 1993) to the more recent such as AIDS patients care (Lopes, 2000). The conclusions systematically point in the same direction: in Portugal, social assistance tends to remain outside the realm of social rights and the not-for-profit sector tends to work as a para-governmental sector that responds to a minimum level of demand without enlarging the state bureaucracy.

Regulations on the provision of social care services are entirely defined by the state, irrespective of who is providing for those services. In the case of the private for-profit network, all organisations should be, in theory, licensed to provide the services they do and should be regularly checked by officials from the Social Security Ministry. This is legally defined, but the cases of illegal organisations providing services and of very low standards of provision are common news in the Portuguese media. There are no studies available to give us an estimate of the number of cases in these conditions, but they are certainly not rare.

Most of the provision of services though is carried out by the non-profit sector. To carry out their activities on issues related to social security, IPSS's can establish cooperation agreements (*Acordos de Cooperação*) with the regional centres of solidarity and social security (decentralised bodies of the Ministry of Solidarity and Social Security), through which they provide services to the population. They can also establish management agreements (*Acordos de Gestão*) with the same public bodies in order to take control of the daily management of equipment and facilities that are the property of the state. The agreements between these institutions and the public bodies take the form of direct payments for the provision of services (usually a fixed amount per user) but also the form of technical support and other financial help to invest in the creation of new equipments and facilities or in the modernisation of existing ones.

The next section of this chapter will address in detail the reality of social care services provision for older persons in Portugal. Some of the issues briefly mentioned till now will be discussed more thoroughly.

## **2. Provision of social care services in the Portuguese social protection system**

Research on the provision of social care services has been marked by some difficulties that have not yet been overcome. This is particularly the case when the aim of the research is to produce some type of assessment of the degree of coverage of the services provided.

The major difficulty that researchers experience when analysing social care provision is the lack of reliable data on which to base serious analysis of services availability and coverage. If this problem exists for the majority of the European countries, it is even more so for Portugal.

One other limitation of the analysis of service provision is the fact that we work with existing levels of service supply. This means that we do not get any information about unmet needs, since services supplied reflect only the needs that are being recognised and met at a given moment in time. There are not available any actuarial studies on the risk of dependency and on the needs of the elderly population in Europe, so there is no reliable way to overcome this type of limitation of the data.

Recently, some attempts have been put forward to estimate the risk of dependency among the elderly European population. One such attempt is a study funded by the European Commission on social protection for dependency in old age (Pacolet, Bouten et al., 2000). In this study the authors use the definition of dependency according to the Katz index (Pacolet, Bouten et al., 2000), therefore distinguishing between dependency on personal activities of daily living (PADL: bathing, dressing, toileting, transfer, continence and feeding) and dependency on instrumental activities of daily living (IADL: shopping, cleaning, transportation and cooking). To estimate the risk of dependency in old-age, the authors use information about the number of older persons, their life expectancy and degrees of disability (Pacolet, Bouten et al., 2000). According to generalisations of data to a macro-level, it is concluded in that study that the old-age risk of dependency is currently linked with more or less 15% of the European population,

more or less 20% of whom will be dependent on PADL and IADL after the age of 65. According to the same estimates, approximately 5% of the 65 and older are expected to be severely dependent on PADL (Pacolet, Bouten et al., 2000).

Although this type of estimation may be criticised because of the assumptions on which it is based and of the baseline scenarios on which it draws, it does work as a good alternative to define some kind of reference or benchmark given the lack of reliable actuarial studies.

One other option is to rely on cross-country comparisons, taking as an assumption that what other systems provide is what is needed among the population of elderly people. If one considers that there is a relatively high degree of similarity between European countries in terms of the health status of their elderly populations, one can consider that needs determined by health related hampering conditions are similar. They can be met using different mechanisms, but within this argumentation we would take the country with the highest level of provision as the reference to assess the degree of availability and coverage of the other countries. Obviously we are all aware that the level of need for elderly care mechanisms is determined by a very complex set of factors and in fact shows considerable cross-national variations (Giarchi, 1996). These are just oversimplified arguments on how one can try to assess that need and, particularly, on how one can produce some judgements about the existing provision in a specific country.

Looking at table 3.5 we can draw a picture for Portugal based on this comparative approach.

Table 3.5. Proportion of individuals 65 and over using different types of formal care in EU15 countries

Country	% of older people in institutional care	% of older people using home care services
Austria	4.7	3
Belgium	4	6
Denmark	5.7	17
Finland	7.2	24
France	3	7
Germany	5	3
Greece	0.5	-
Ireland	5	3
Italy	2	1.3
Netherlands	10	8
Norway	7.1	14
Portugal	5	1.5
Spain	2.8	1
Sweden	5.4	13
United Kingdom	5.1	13

Source: European Commission, 1998 in (Pinelli, Hoffman-Nowotny et al., 2001)

From the table there are two elements that are quite illustrative of the overall situation of care for the elderly in Portugal.

Firstly, and looking solely at the column on institutional care, the figures presented seem to remove Portugal from the Mediterranean family of countries to which one usually finds attached a widespread belief in something like a Mediterranean culture favouring care by the family and a low public spending on elderly care facilities. In fact, the percentage of older people in institutional care in Portugal is quite similar to the numbers found in countries such as Germany, the UK, Sweden or Denmark.

At the same time, Portugal shows a very low percentage of older people using home care services, the often called new generation of services (OECD, 1996). On that figure, Portugal shows a trend similar to what one can observe in the rest of the Mediterranean family.

This is a good example of the challenges often involved in cross-national comparative analysis, especially when the interest is on defining typologies. One cannot clearly define the Portuguese case in a comparative perspective given that it shows opposite traits depending on the dimension of analysis one decides to focus on.

These figures, however, are illustrative of the type of development Portugal has followed in terms of the formal network of care services to older persons. Until very recently,

there was a clear privilege of institutional care, determined by different factors such as imperatives of resources allocation but also by a certain philosophy of care. It should suffice to look at the size of the institutions normally found in Portugal and at the type of facilities they provide (e.g. the number of people per room is usually between four and eight). I will get back to this issue some paragraphs ahead and discuss more thoroughly the importance of identifying the philosophy of care behind the investments promoted and the system developed.

Alongside with this privilege of institutional care, the Portuguese system has clearly undervalued the development of services designed to help the elderly (and their families) to stay at home, thus the very low proportion of people using home care services.

Focusing on the Portuguese reality *per se*, table 3.6 offers a relatively clear idea about the real availability and coverage of some social services for older persons in the formal network.

Table 3.6. Number of old people's homes and residential care units in the solidarity network and in the private for-profit sector, in 2000 – capacity, usage rate<sup>a</sup> and coverage<sup>b</sup>

Regions	Solidarity network				Private for-profit sector				Total usage rate	Coverage rate >=65	Coverage rate >=75
	N services	N capacity	N users	Usage rate	N services	N capacity	N users	Usage rate			
North	262	11497	10777	93.7	51	693	620	89.5	93.5	4.0	6.8
Centre	305	13659	14115	103.3	78	1795	1651	92.0	102.0	4.9	11.6
Lisbon & T.V.	255	11955	11782	98.6	342	7103	6648	93.6	96.7	3.6	9.4
Alentejo	122	6152	5990	97.4	12	218	212	97.2	97.4	5.8	13.7
Algarve	43	2295	2279	99.3	8	388	313	80.7	96.6	4.0	9.6
Portugal mainland	977	45558	44973	98.7	491	10197	9444	92.6	97.5	4.2	9.4

Notes: <sup>a</sup> usage rate is the ratio between capacity and users

<sup>b</sup> coverage rate is the ratio between capacity and total number of individuals in the specified age group in the region

Source: DEPP/MTS, 2002 (Ministério da Segurança Social e do Trabalho and DEEP, 2002)

Under the designation of solidarity network, we have the equipment managed by public institutions and by non-profits. It is quite hegemonic the provision of services by this sector (around 81.7% of the total equipments identified). The usage rates in all regions are very high which should be taken as an indicator of shortage of supply. Although there are no studies available, it is a widely recognised problem, both by the general public and by the politicians, the problem of waiting lists of elderly for this type of institutions. According to an audit recently carried out in this sector, the length of the

waiting lists to find a place in old peoples' homes is very long, with an estimated 60 000 individuals enrolled<sup>6</sup>.

Looking at the coverage rates, and focusing on the national value, one should note that the coverage rate is not that low. If we take the estimates of dependency risk mentioned before in this section, one could almost say that the installed facilities are more or less sufficient to answer the needs of a 5% risk of severe dependency in persons aged 65 and older. This is a very crude analysis and would require a different type of research than the one I am presenting in this thesis. However, there are reasons to say that this could never be the case, especially because the facilities providing institutional care in Portugal are not designed to be long-term care facilities. The general public often calls them '*asylums*', which reflects to a large extent the type of care provided, more oriented to housing than to caring. Although they include facilities for severely dependent people, the majority of the users are elderly with a relatively high degree of autonomy and often in institutional care because of economic reasons or lack of social networks, and not necessarily because of dependency.

Some of the results of the audit mentioned before point to a general lack of appropriate facilities in the majority of the homes, ranging from a lack of any system of fire detection (in more than half) to all sorts of architectonic barriers that prevent the mobility of the elderly in the majority of these establishments. This study, even if relatively limited in some dimensions (namely because it leaves out all the facilities that are operational without being legalised), gives us an idea of the real panorama of the provision of services for the elderly and particularly of the gap one often will find between what is formally defined as available and what is in fact operating in the field.

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<sup>6</sup> The audit mentioned in the text was an audit carried out to all old peoples' homes by a team of researchers working for the Institute for Social Development (IDS – *Instituto para o Desenvolvimento Social*). This institute was closed in the beginning of 2003, after the change of government to a centre-right coalition force. It carried out this audit during 2001 in sequence of a plan that had been approved in 2000 by the previous government. That plan was known as Plan Grandfather (*Plano Avô*) and was designed to provide funding for studies that would assess what had been and was being done in the domain of care for the elderly. The results of the studies should then be used to organise for ways to improve the quality of the services provided. This plan was later suspended, after the audit to the old peoples' homes was finished, and it took more than one year after the research was terminated to have the results publicly discussed (available on-line at [www.mtss.gov.pt](http://www.mtss.gov.pt)).

Table 3.7. Evolution of social care services for the elderly (number of services opened each year out of the total services available in 2000)

Services	Until 1974	1975 to 1994	1995	1996	1997	1998	2000	Total in 2000
Get-together centre	20	283	21	21	24	27	42	438
Day centre	25	929	104	81	91	89	201	1520
Old people's home	192	670	57	61	82	81	226	1369
Residential care	7	55	1	2	2	6	12	85
Home help	15	256	133	110	134	108	293	1049
Total in Portugal mainland	259	2193	316	275	333	311	774	4461

Source: DEPP/MTS, 2002 (Ministério da Segurança Social e do Trabalho and DEEP, 2002)

Focusing now on the evolution of social care services (table 3.7) and adding up to what was stated before about table 3.6, we get an even clearer picture of the philosophy of care that has been followed in Portugal in terms of development of social care services for the elderly.

Until the democratic revolution (1974), there was a clear institutionalisation of care, responding largely to the principles of social protection defined under the dictatorship regime. Institutional care was the chosen way to deal with poverty and abandonment and did not necessarily involve real care services. This is why still today many people label old peoples' homes as asylums.

After the 1974 revolution and the setting up of a national social security system, and until the mid 1990's, the priority was still given to institutional care. The public and political visibility of old-age related needs and of the challenges brought by an ageing population were not issues in the agenda. Institutional care was still responding to situations of poverty and abandonment and, for that reason, it was considered as the most efficient social policy instrument. It is in this period that we see the beginning of a move towards community care with a considerable expansion of solutions such as day centres and get-together centres. One must say though that these facilities in those early years of development were still very limited in the type of services provided and were mostly organised by local parishes. The objective was to keep the elderly occupied during the day, in a time when it was becoming clear that the problem of loneliness and isolation was starting to be a reality in a society that until then had been used to consider itself a society of dense informal networks of kinship and neighbourhood where people were never left alone.

From the mid-1990's onwards, it is possible to recognise a shift in terms of philosophy of care with the acknowledgement of the need to diversify responses and to start addressing issues of quality in the provision of services. It is from this moment onwards that we see a boom in the development of home help services. This has corresponded to some efforts towards the upgrading of minimum social services to families, similar to what was experienced in other Southern European countries (Ferrera and Rhodes, 2000).

The system remains very much oriented towards institutional care and towards the less comprehensive forms of community care (day centre and get-together centre), and the shift towards community care was not a question of moving from institutional care to community care but rather a topping-up of residential care with home help care.

This thesis is not on the formal provision of services for older persons therefore it does not aim at giving anything more than a general overview of the formal network of those services within the Portuguese social protection system. The data available and the admittedly superficial analysis developed in this chapter do not allow the capturing of certain realities that are quite crucial to understand the availability and coverage of services. Issues such as the waiting lists in institutional care or the indicators of poor standards of care are left out due to lack of reliable data. Yet, and despite the limitations of my analysis, it is possible to draw some general conclusions about the logics of the system itself and to discuss its most problematic aspects. That is done in the following section.

### **3. Familialism in the formal social protection to old age in Portugal**

At this point it is clear that the Portuguese social protection to old-age composes a picture of a familialist policy framework. At a system level of analysis, it is a system clearly biased towards income replacement and with a marked lack of social care services. This puts the Portuguese case among the family of welfare states that have developed according to the logics of a male breadwinner model, with all the implications that this model has both for the individuals and for households and families.

Adding to that, the Portuguese case is characterised by a very low level of pensions and a very minimal degree of cash assistance in poverty in old-age. The unit of reference in

terms of policy design for old-age is still the household and the family, and not the individual. Despite the very low levels of pensions paid, the absence of mechanisms to clearly address the problem of poverty in old age can only be explained by a continuing trust that deficiencies of the system will be compensated by the household and by within household transfers. This is the clear reflex of considering the family and the household as the object of rights and not the individual. In fact, Portugal is one of the very few EU15 countries that embed in its legal framework the responsibility for the well being of ascendants in case of need and insufficient resources. By keeping this legal principle active, the state clearly declares the reproduction of the subsidiary logics in its functions. If one considers more broadly the logics of the system, attempting to capture its ideological dimension, familialism appears once more as a structural element. To sustain this argument, I would raise three points.

Firstly, we have to recognise the meaning of the absence of any debate on long-term care insurance. Across Europe, irrespective of the welfare state models one finds in place, the debate about how to finance increasing demands for long-term care in old-age is a reality. The discussion on long-term care insurance is the most prominent element in that debate and some mechanisms of that type have already been put in place in some countries (Pacolet and Wilderom, 1991; Karlsson, 2002). The reason why I consider significant the absence of any debate on long-term care insurance in Portugal occurs because it reflects the lack of official recognition about the need for long-term care as an issue of social rights and as a risk that needs to be born by the society as a whole. On the contrary, families are once again called to act as the welfare providers, reinforcing the familialist character of the system.

Secondly, the prominent, if not primordial, role of catholic-based not-for-profit organisations in the field of social care to the elderly has been influencing enormously the terms of the debate on how to address old-age related issues. The catholic ideology reinforces the principle of subsidiarity and as such acts as a powerful force shaping social policies. On top of that, it reproduces a rather assistencialist approach to care therefore contributing to keeping it outside the realm of social rights.

Finally, and at a more general level, it should suffice to analyse the recent ways of social security in Portugal. There as been a growing incorporation of the challenges of old-age in the political discourse, but still very much confined to the issue of pensions and of the

sustainability of the system. Care services remain very low in the political agenda and the political discourses remain permeated by the ideals of familialism. Alongside the constant reference to the importance of the role of families as care providers to old people, it is not possible to identify any significant investment in policy tools that help families, and particularly women, to perform that role. Adding to this, if we look at the tax benefits related to engaging in care it is possible to realise how undervalued is the commitment with aiding families. For example, if a family takes in an elder ascendant it will benefit from a reduction in the taxable income equal to 55% of the national minimum wage, but only if that elder ascendant does not have an income higher than the minimum pension of the general contributory scheme. The means-tested approach could be considered reasonable if it wasn't for the very low levels of both salaries and pensions in Portugal, as I have already demonstrated. This means that in reality the tax benefit ends up not working for many elderly, albeit their low pensions and irrespective of the low income level of the household that takes him or her in. Another example is the tax benefit associated to institutionalisation. A household can present 25% of all expenses with old peoples' homes for tax return purposes but only if the institutionalised person has an income lower than the national minimum wage. Once again this is a means-tested approach that guarantees only a minimum assistance in cases of very extreme financial difficulties.

Having said the above, we can then draw a summary picture of the expected scenarios for the elderly in Portugal and for the Portuguese families.

First, it should not be a surprise to find a high risk of poverty and social exclusion among the Portuguese elderly given the generalised low level of old-age and survivors pensions as well as the meagre possibilities to accumulate wealth along life. Adding to this, there is, as shown before, an insufficient availability of services to support the life of the elderly in their own social environment. All these seem to point to an increased risk of having to resort either to institutionalisation or to help from the family in a situation of need (that does not necessarily involve dependency caused by health problems, but sometimes just financial need that impedes the elder person from keeping up with a minimum level of comfort).

In Portugal, and for a set of reasons that I am not going to expand on in this thesis, institutionalisation is still seen as the last resort. Old-peoples' homes still have associated

to them a very negative image, very well summarised in the term '*asylum*'. They are often associated with loneliness and abandonment by the family and are very much the place for those who have absolutely no means to provide for him or her or a family willing to take them and help them. This is not to say that things are in fact like this, but it is the widespread perception the elderly themselves have of these places. Families, on the other hand, still consider that having a relative in an old-peoples' home is something to be ashamed of, and still feel the social pressure to avoid it. The familialism of the social policy framework in Portugal has been counting on this as a major ally. The chapter on the analysis of the normative framework on old age (chapter 7) will clarify some of my statements.

But things change, society changes and the logical question to ask seems to be: Are families still able and willing to perform a strong role as welfare providers?

## **Conclusion**

Keeping in mind the historical framework that was introduced in the previous chapter, making us look at the issue of social protection to old-age within a broader policy context, and after analysing some of the issues put forward in the previous sections, it is difficult to argue against the fact that social security cash benefits and services available within the Portuguese social protection to old-age are very low and sometimes so inefficient as to generate extreme poverty. It is also difficult to argue against the fact that the drawn picture is probably condemned to not experiencing any significant increase, at least in the forthcoming years. The rhythm of economic growth that has been experienced in the country in recent years and the general argument of economic crisis, alongside a political project that clearly favours the retrenchment of the welfare state, have eliminated any signs of expansion of the public provision of welfare.

A high level of familialisation of welfare provision has marked social policies tackling old-age. Income support policies, although often generous in principle, have been characterised by very low levels of benefits paid. The network of services to the elderly is underdeveloped, shows territorial asymmetries and provides assistance outside the realm of social rights, embedded in a philosophy of charitable help and above all under the principle of subsidiarity.

Given the generalised income related problems of the Portuguese households, market-based solutions do not seem feasible in the near future. Despite some attempts to promote private initiatives in the domain of provision of care to the elderly, the lion share of that is still being delivered by the non-profit sector, clearly under the wings of the state and following a logic of quasi-state expansion. For the public sector, this seems to be the most affordable way to address growing needs in the population without expanding the state apparatus and especially without consolidating social rights that have been kept more or less latent in the Portuguese policy framework. Other studies have been developed on the specificity of the relationship between state and non-profit sector in Portugal, and the conclusions seem to be almost always the same. There is a symbiotic relationship between a non-profit sector under the domain of the Catholic Church (that reproduces its tradition in the field of social assistance and that way keeps its influence in the Portuguese society) and the state (that avoids expansion by financing existing structures that keeps under its regulatory power).

I consider this to be the bulk of familialism in the Portuguese social protection system in general, and in the case of this thesis, in the domain of social responses to old-age. There is no mobilisation around the issue of caring after the elderly as a social right. The discourses remain highly assistencialist and the family is still considered by policy makers as the 'natural' and most desirable mechanism to address old-age related needs.

The following chapter introduces some questions that appeared almost as the logical sequence for the analysis of the policy framework in the Portuguese welfare state system and that became the research questions and hypotheses leading to the thesis.

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