

The case for a European minimum income scheme for jobseekers

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On 13 December, the European Commission put forward a proposal to change the way EU citizens can access social benefits in other EU countries. [Cecilia Bruzelius](#) and [Martin Seeleib-Kaiser](#) argue that the proposal fails to address key weaknesses in the existing system and should be complemented by a European Minimum Income Scheme that is available to all mobile jobseekers.



The European Commission's [proposal](#) for a revision of the EU legislation on social security coordination, comprising of tighter rules on EU citizens' ability to access social benefits in destination member states, is inadequate to address the institutional misfit of the current system. The proposal presented by EU Commissioner Marianne Thyssen fails to address the limits of the current social security coordination, which de facto restricts the freedom of movement for the majority of EU citizens from Central and Eastern as well as Southern European Member States and does not address the risk of exploitation.



On the one hand, the Commission proposal allows Member States to require a maximum of three months of contribution to the tax system before an EU migrant citizen can qualify for unemployment benefits in the country of destination. On the other hand, the minimum period that jobseekers can export unemployment benefits earned in one Member State to another should be extended from the current 3 to at least 6 months. According to the Commission, this proposal "will give them [EU citizens] a better chance to find work, and help tackle EU-wide unemployment and skill mismatches".

However, due to the different levels of economic development, the actual level of unemployment benefits that can be exported differ significantly among Member States and can expose mobile EU jobseekers to exploitation. Table 1 provides an overview of the exportable benefits of mobile jobseekers. We assumed a wage level of 67 percent of the average wage, as the overwhelming majority of jobseekers are young and therefore on average they are very unlikely to have had a higher income.

Table 1: Unemployment benefits (2014)

		Net annual earnings (in €)	Replacement rate (in %)	Weekly unemployment benefit (in €)
Social-democratic	Denmark	22,705	84	367.70
	Sweden	23,490	61	274.99
Conservative	Netherlands	24,430	74	347.99
	Belgium	19,957	89	341.59
	Finland	21,895	71	297.65
	France	18,381	69	244.57

	Germany	20,144	59	227.87
	Austria	20,338	55	215.12
Liberal	Ireland	19,915	49	185.97
	United Kingdom	23,804	20	90.78
Mediterranean	Italy	15,536	73	218.91
	Spain	14,284	78	213.11
	Portugal	9,403	75	135.63
	Malta	11,961	41	93.49
	Greece	10,953	39	81.75
A8	Slovenia	8,533	86	140.42
	Czech Republic	6,134	65	76.68
	Latvia	4,696	84	75.99
	Estonia	6,814	55	71.68
	Slovakia	5,583	62	66.69
	Hungary	4,278	67	55.32
	Poland	5,164	45	44.59
	Lithuania	4,353	52	43.44
A2	Bulgaria	2,668	77	39.27
	Romania	3,146	45	27.21

Note: Cyprus is excluded, as no data on net annual earnings is available; Luxembourg is excluded, as it is an outlier with a disproportionately large EU migrant citizen population.
Source: Annual net earnings for a single person, 67% of average wage from Eurostat; replacement rates from OECD for single person without children, 67% of AW, initial phase of unemployment.

Table 2 shows the absolute difference between the exportable unemployment benefit of the unemployed worker who has moved to another Member State and the unemployment benefit for an equivalent unemployed worker in the respective destination country. The red highlights circumstances where the mobile jobseeker is significantly worse off than jobseekers receiving unemployment benefits in the country of destination (their exportable benefit is

significantly lower than that in the country of destination), whilst the green indicates the occasions where the jobseeker is significantly better off.

Table 2: Absolute net differences of weekly unemployment benefits between country of origin and country of destination (2014, click to enlarge)

		Absolute net difference of weekly unemployment benefits between country of origin and country of destination, 2014																									
		COUNTRY OF ORIGIN																									
		Soc-Dem		Conservative					Liberal		Mediterranean					A8					A2						
		DK	SE	NL	BE	FI	FR	DE	AT	IE	UK	IT	ES	PT	MT	EL	SI	CZ	LV	EE	SK	HU	PL	LT	BG	RO	
COUNTRY OF DESTINATION	SD	DK	-93	-20	-26	-70	-123	-140	-153	-182	-277	-149	-155	-232	-274	-286	-227	-291	-292	-296	-301	-312	-323	-324	-328	-340	
		SE	93	73	67	23	-30	-47	-60	-89	-184	-56	-62	-139	-181	-193	-135	-198	-199	-203	-208	-220	-230	-232	-236	-248	
	Conservative	NL	20	-73	6	-50	-103	-120	-133	-162	-257	-129	-135	-212	-254	-266	-208	-271	-272	-276	-281	-293	-303	-305	-309	-321	
		BE	26	-67	6	-44	-97	-114	-126	-156	-251	-123	-128	-206	-248	-260	-201	-265	-266	-270	-275	-286	-297	-298	-302	-314	
		FI	70	-23	50	44	-53	-70	-83	-112	-207	-79	-85	-162	-204	-216	-157	-221	-222	-226	-231	-242	-253	-254	-258	-270	
		FR	123	30	103	97	53	-17	-29	-59	-154	-26	-31	-109	-151	-163	-104	-168	-169	-173	-178	-189	-200	-201	-205	-217	
		DE	140	47	120	114	70	17	-13	-42	-137	-9	-15	-92	-134	-146	-87	-151	-152	-156	-161	-173	-183	-184	-189	-201	
	AT	153	60	133	126	83	29	13	-29	-124	4	-2	-79	-122	-133	-75	-138	-139	-143	-148	-160	-171	-172	-176	-188		
	Lib	IE	182	89	162	156	112	59	42	29	-95	33	27	-50	-92	-104	-46	-109	-110	-114	-119	-131	-141	-143	-147	-159	
		UK	277	184	257	251	207	154	137	124	95	128	122	45	3	-9	50	-14	-15	-19	-24	-35	-46	-47	-52	-64	
	Mediterr.	IT	149	56	129	123	79	26	9	-4	-33	-128	6	-6	-83	-125	-137	-78	-142	-143	-147	-152	-164	-174	-175	-180	-192
		ES	155	62	135	128	85	31	15	2	-27	-122	6	-77	-120	-131	-73	-136	-137	-141	-146	-158	-169	-170	-174	-186	
		PT	232	139	212	206	162	109	92	79	50	-45	83	77	-42	-54	5	-59	-60	-64	-69	-80	-91	-92	-96	-108	
		MT	274	181	254	248	204	151	134	122	92	-3	125	120	42	-12	47	-17	-18	-22	-27	-38	-49	-50	-54	-66	
		EL	286	193	266	260	216	163	146	133	104	9	137	131	54	12	59	-5	-6	-10	-15	-26	-37	-38	-42	-55	
		SI	227	135	208	201	157	104	87	75	46	-50	78	73	-5	-47	-59	-64	-64	-69	-74	-85	-96	-97	-101	-113	
		A8	LV	291	198	271	265	221	168	151	138	109	14	142	136	59	17	5	64	1	-1	-5	-10	-21	-32	-33	-37
	CZ		292	199	272	266	222	169	152	139	110	15	143	137	60	18	6	64	1	-4	-9	-21	-31	-33	-37	-49	
	EE		296	203	276	270	226	173	156	143	114	19	147	141	64	22	10	69	5	4	-5	-16	-27	-28	-32	-44	
	SK		301	208	281	275	231	178	161	148	119	24	152	146	69	27	15	74	10	9	5	-11	-22	-23	-27	-39	
HU	312		220	293	286	242	189	173	160	131	35	164	158	80	38	26	85	21	21	16	11	-11	-12	-16	-28		
PL	323		230	303	297	253	200	183	171	141	46	174	169	91	49	37	96	32	31	27	22	11	-1	-5	-17		
LT	324		232	305	298	254	201	184	172	143	47	175	170	92	50	38	97	33	33	28	23	12	1	-4	-16		
A2	BG		328	236	309	302	258	205	189	176	147	52	180	174	96	54	42	101	37	37	32	27	16	5	4	-12	
	RO	340	248	321	314	270	217	201	188	159	64	192	186	108	66	55	113	49	49	44	39	28	17	16	12		

higher in origin than in destination country
 up to 25% lower than in the destination country
 25-50% lower than in the destination country
 more than 50% lower than in destination country

Notes: Weekly exportable unemployment benefit calculated for mobile unemployed single EU citizens without children with 67% of AW for the initial period of unemployment; Cyprus excluded as data on net annual earnings is unavailable; Luxembourg excluded as outlier with disproportionately large proportion of EU migrant citizens
 Source: Eurostat (<http://ec.europa.eu/eurostat/web/labour-market/earnings/database>), OECD (<http://www.oecd.org/els/benefits-and-wages-statistics.htm>)

Source: Bruzelius, Reinprecht, Seeleib-Kaiser (2016)

For example, a jobseeker from Romania moving to Denmark in search of a job would be entitled only to a weekly unemployment benefit of €27, whilst someone who lost his/her job in Denmark would receive a weekly benefit of €367. It hardly needs further substantiation to say that a weekly unemployment benefit of €27 is inadequate to survive in any West European country. Moreover, the €27 constitutes the theoretical reservation wage for the jobseeker from Romania without any other resources. As an economically inactive EU citizen also does not have access to any social assistance benefits provided by the Member State of destination (as reinforced in the new proposal) unless they have the right to reside (which for non-active EU citizens is conditioned on having the means of subsistence and comprehensive health insurance), our hypothetical person from Romania will be forced to take up any, even an exploitative, job offer in order to survive. Many will be forced into destitution, reflected for example in [growing numbers](#) of homeless EU migrant citizens across Europe.

The substantive differences in exportable unemployment benefits will clearly hamper attempts by EU citizens to seek work abroad, but they also mean highly unequal opportunities are available to those using freedom of movement. Whilst our theoretical job-seeker from Romania can only be effectively supported by his/her exportable unemployment benefit in a very limited number of Member States, a jobseeker receiving an unemployment benefit from Denmark can comfortably search for work in *any* Member State (consider the green/red divide in table 2). It is thus unclear how the proposal by the EU Commission to extend the time that unemployment benefits can be exported will provide “a better chance to find work, and help tackle EU-wide unemployment and skill mismatches”, nor how it “reflects the political commitment of this Commission to *fair* labour mobility” (authors’ own italics).

A more promising way of addressing the challenges of inadequate social protection for mobile jobseekers could be a European Minimum Income Scheme (EMIS). We suggest an EMI scheme for all mobile jobseekers to be paid at a level of 25 per cent of the equivalised net median income (the level of social assistance in a number of EU member states) in the *country of destination* for a maximum duration of three months within a 24 month period. For instance, for Germany the monthly EMI benefit for an unemployed mobile jobseeker would have been €379 in 2014, only slightly lower than the €391 ALG II (HartzIV) benefit paid to the long-term unemployed, but significantly higher than the monthly average exportable benefit of €112 of a young Romanian jobseeker, should they be entitled to an exportable unemployment benefit. Providing such a benefit for mobile jobseekers would significantly increase the reservation wage, thereby minimising the risk of exploitation.

In contrast to previous suggestions for a means-tested [Euro-Stipendium](#) or a guaranteed income ([‘Euro-Dividend’](#)) for every EU citizen, our proposal would seem – politically – more plausible to achieve in the current climate. From a financing perspective, it is also a rather modest one. Assuming that roughly one million people of working age move within the EU each year and taking [25 per cent of the EU median income](#) for the purpose of calculating the cost, the maximum price tag for such a proposal for mobile jobseekers would be a little more than 1 billion euro.

The new proposal from the Commission does nothing to deal with the shortcomings of a coordination system that was designed for Member States with relatively similar levels of economic development and welfare state arrangements. Addressing the large disparity in exportable unemployment benefits through an EMIS would seem to be more effective in addressing the challenges associated with ‘welfare tourism’ and ‘poverty migration’ – and make labour mobility ‘fairer’ for all EU citizens.

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