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)
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)

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

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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