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Limited Social Rights and the Case for a European Minimum Income Scheme

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Introduction

- Argument:

Social security coordination no longer effectively works in supporting EU citizens make use of their fundamental right of freedom of movement.

A relatively modest European Minimum Income Scheme (EMIS) is proposed in order to **strengthen individual social rights as part of EU citizenship.**

EU Citizenship and Social Rights

- Since the ratification of the Maastricht Treaty (1993), **European citizenship** has *formally* become a reality and citizens of European Union Member States are no longer *only* citizens of the respective Member States, but also ‘multinational citizens’ (Aron 1974) of the EU.
- The main accomplishment of EU citizenship is the institutionalisation of the **fundamental right of freedom of movement for *all* EU citizens.**

Legal Social Rights

- **Workers** have the **same rights** as nationals
- **Economically inactive EU citizens** -- jobseekers, students, retired persons, and accompanying family members -- must have **comprehensive sickness insurance and sufficient resources** for themselves and their family members in order not to become an 'unreasonable burden' for the social assistance system of the Member State; after five years same rights.
- Importance of **social security coordination**

Legal Social Rights

	3 month or less	3 - 6 months	1 - 5 years	+ 5 years
Worker	full access	full access	full access	full access
Jobseeker	<ul style="list-style-type: none"> - export/import of unemployment benefits - family benefits 	<ul style="list-style-type: none"> - family benefits 	<ul style="list-style-type: none"> - family benefits 	<ul style="list-style-type: none"> - full access, <i>if</i> legal resident for a minimum of five years
Student	<ul style="list-style-type: none"> - export/import of sickness insurance - family benefits 	<ul style="list-style-type: none"> - export/import of sickness insurance - family benefits 	<ul style="list-style-type: none"> - export/import of sickness insurance - family benefits 	<ul style="list-style-type: none"> - full access, <i>if</i> legal resident for a minimum of five years
Pensioner	<ul style="list-style-type: none"> - export/import of pension - export/import of sickness insurance 	<ul style="list-style-type: none"> - export/import of pension - export/import of sickness insurance 	<ul style="list-style-type: none"> - export/import of pension - export/import of sickness insurance 	<ul style="list-style-type: none"> - export/import of pension - export/import of sickness insurance

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	-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
	A8	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
		CZ	291	198	271	265	221	168	151	138	109	14	142	136	59	17	5	64		-1	-5	-10	-21	-32	-33	-37	-49
		LV	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>)

EU Citizenship and Social Rights

- The ability to settle in any Member State is clearly **stratified** according to **economic status** and **Member State of origin**, which undermines the notion of EU citizenship.
- As Marshall observed in his classical account, **social rights** are crucial for the ability of all citizens, irrespective of class, **to more fully participate in the community** and to enjoy their political and civil rights (Marshall 1950). They are a precondition to full citizenship, or the “the final stone in the arch which holds up the roof of citizenship” (Dahrendorf 1985: 94).
- Jobseekers without substantive social rights: **second class EU citizens?**

The Case for a European Minimum Income Scheme

- **Every EU citizen** should be **entitled to a basic income guarantee** that would be sufficient to live a life in dignity.
- According to estimates by the EU Commission/Eurostat **1.1 million people of working age moved from one Member State to another** in 2012.
- Although the majority of EU migrant citizens either have a job offer or find a job quickly when moving to another country in the EU, a minority of EU jobseekers has difficulties finding a job. It is very likely that these jobseekers suffer **exploitation** by rogue employers or have to **live in abject poverty**.

The Case for a European Minimum Income Scheme

- The current discussion and development of a **Social Rights Pillar** might provide an opportunity to improve the substantive social rights of EU migrant citizens – extending the right to export unemployment benefits to six months from the country of origin, as proposed by EU Commissioner Marianne Thyssen, is insufficient to address the fundamental problem of the system of social security coordination, i.e. a lack of substantive rights by a large group of mobile EU jobseekers.
- **Categorical minimum income scheme** for mobile jobseekers.

The Case for a European Minimum Income Scheme

- An EMI for jobseekers should be paid at **25 percent of the equivalized net median income in the *country of destination*** for a maximum duration of **three months (within a 24 months period)**.
- These **benefits should be administered by the local employment offices** in a similar way as unemployment benefits within the realm of social security coordination.
- E.g. 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.

The Case for a European Minimum Income Scheme

- Providing an EMI for mobile jobseekers would significantly increase the decommodification potential or the reservation wage and significantly **reduce the risk of exploitation** and as such enhance EU citizenship.
- Furthermore, an EMI would provide an EU policy instrument to effectively **minimise any real or alleged undercutting of working conditions** in the country of destination.
- The EU would seem to have the **legal competence** to enact such a scheme based on Article 153 TFEU.
- **Modest costs:** € 1.1 billion per annum (based on 1.1 million mobile workers)

Conclusion

- **Social security coordination no longer effectively works** in supporting EU citizens make use of their fundamental right of freedom of movement.
- Examples of EU workers being paid below local (statutory) minimum wage – partially a consequence of an **absolute lack of de-commodifiaction** – fuel xenophobic and right-wing populism.
- Providing mobile EU jobseekers with an **effective minimum social protection floor** during the first three months in the destination country could effectively minimise the risk of exploitation and undercutting local working conditions.
- Social Europe must have a tangible meaning to Europeans, if the aim is to effectively balance market integration!

Thank you very much for your attention

Further reading:

Stratified Social Rights Limiting EU Citizenship

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Forthcoming in the *Journal of Common Market Studies*
available on Research Gate

[https://www.researchgate.net/publication/
312892004_Stratified_Social_Rights_Limiting_EU_Citizenship](https://www.researchgate.net/publication/312892004_Stratified_Social_Rights_Limiting_EU_Citizenship)