

**Minimum Income in Europe.
Some reflections from a German perspective**

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EAPN PT / EAPN**

Outline



- Minimum Income in Germany
- „Hartz IV“ from a comparative perspective
- Activities of EAPN Germany („nak“) with regard to the German presidency (2nd half 2020)
- Recommendations for a European regulation

Minimum income in Germany



- Several minimum income schemes: for employable people („Hartz IV“), older and disabled people and refugees
- social assistance – limited to people in need, means-tested
- In sum: almost 9 per cent of the population in Germany
- Meant to allow for a life in dignity
- Basic social right by constitutional law – no charity, limited discretion at the local level
- Minimum income schemes include: regular benefit („Regelbedarf“), costs of housing and heating, a few top-ups (e.g. for single-parents), and access to some services
- Additional top-ups for children („Bildungs- und Teilhabepaket“, e.g. free lunch at school)
- Regulated and financed mainly by the federal state

Minimum income in Germany



- Introduction of the current system (Hartz IV) in 2005 had been very controversial; regarded as regression / retrenchment of social rights -> step towards „workfare“ instead of „welfare“
 - * reduction in social security of unemployed - > poverty
 - * forced to take up almost any job - > low wage sector, working poor
 - * tightened eligibility criteria -> exclusion from social protection
- Most disputed conflicts: level of benefits, sanctions and discrimination of migrants
poverty (human rights perspective) vs. work disincentive (liberal labour market perspective)

Minimum income in Germany = poverty

2018	Level of minimum income - average -	Poverty threshold	Poverty gap
Single person	770	1.035	265
Two adults, two children	1.960	2.174	214

Minimum income – Activities



EAPN Germany (nak) and beyond: civil society organisations

- Poverty congress (300 and more persons, every second year)
- Regular reports – such as „poverty report“ (Paritätischer) or „Schattenbericht“ (EAPN)
- EAPN – Germany
 - * Policy papers / declarations
 - * Meetings of People experiencing poverty (PEP)
 - * Public interventions

Minimum Income - Activities

Most recently: public declaration by more than 40 CSO, supported by more than 130.000 signatures calling for enhanced public efforts against poverty in times of corona:

- * general increase of benefits; extra bonus because of corona
- * no loss of habitation because of debts (avoid homelessness)





Comparative perspectives

- „Ending poverty is a political choice“!
Minimum income schemes are a potentially effective way to combat and avoid poverty
- diversity of schemes all over Europe, different role of minimum income schemes depending on the inclusiveness of labour markets and the quality of the welfare state
- Up to now these schemes still have a limited effect to avoid poverty – due to different causes, in particular
 - * limited coverage
 - * insufficient level of benefits

Begrenzter Beitrag zur Armutsbekämpfung

Annex 1A: Assessment of minimum income schemes (summary table)

	Assessment			Evolution over time		
Coverage How extensive is the coverage of people in need?	Fairly comprehensive	Partial	Very limited	Positive	Status Quo	Negative
	BE CH CY CZ DE EE DK FI FR IE IS LI LU MT NL NO SE SI SK	AT ES (Basque country) HU IT(BZ/TN) LT MK PL RS UK	BG EL ES HR IT (BA/FG/MO/NSC/PU/SA/SI/VA) LV PT RO	AT BE CY FI LU MT RS SI	BG CH CZ DE EE ES HR IE IS IT LI LT LV NL NO PL SE SK	DK FR HU MK PT RO UK

Annex 1A: Assessment of minimum income schemes (summary table)

	Assessment			Evolution over time		
Adequacy How adequate is the level of MI benefits?	Adequate	Somewhat inadequate	Very inadequate	Positive	Status Quo	Negative
	CH CY IS LI NL	AT BE CZ DK ES FI IE IT (BZ/TN) LT LU MT NO PL SE SI UK	BG DE EE EL FR HR HU IT (BA/ FG/MO/ NSC/PU/SA/ SI/VA) LV MK PT RO RS SK	AT CY EE FI HR IS MT PL RS SI	BG CH CZ DE ES FR IE IT LI LT LU LV MK NL PT RO SK	BE DK HU NO SE UK
Impact on poverty reduction (1) What is the impact of MI provision in reducing the at-risk-of-poverty rate?	Strong impact	Partial impact	Very limited impact	Positive	Status Quo	Negative
	IE IS NL UK	BE CZ DK ES (Basque Country) FI HR HU IT(TN) LI LT LU MT NO RS SE SI	AT BG CY DE EE EL ES FR LV MK PL PT RO SK	AT EE MT PL SI	CY DE FI FR HR IE IS IT LI LU LV MK NL PT RS SK	BE BG CZ DK ES HU LT NO RO SE UK

benefits

In 10 MS

the **self-employed** do not have access to unemployment protection

In 2 MS

the net income of minimum income recipients is **close or above the national poverty threshold**

Net income of minimum income recipients (income year: 2017)



Note: since 2018 a minimum income scheme is also in place in Italy. The low wage earner considered earns 50% of the average wage and works full time.

Source: European Commission analysis based on Eurostat data



- Activities of EAPN Germany with regard to EU
 - * Policy conferences to advocate Social Europe and Minimum Income in particular (March and November 2018)
 - * EMIN 2 – > Bus tour and Policy Paper by [Benjamin Benz](#)
 - * Workshop with German Federal Ministry of Labour and Social Affairs on European regulation of minimum wages and minimum income (may 2019)
-> results sent to the European Commission
 - * Policy paper [EAPN Germany on European Social Policy](#) (june 20)

- Policy paper on European social policy:
[demands to the German presidency]
 - * rising poverty and social inequality needs European social answers
 - * „European green new deal“ (Leyen) has to be expanded into a *social* green deal – no sustainability without social progress
 - * demands
 - *Follow-up to Europe 2020 with ambitious social targets:* reduce poverty by fifty per cent (SDG 1) and abolish homelessness until 2030 (SDG 1: extreme poverty)
 - *directives* on minimum wage and minimum income (not mentioned at that time by von der Leyen)
 - European Child Guarantee
 - EU Structural Funds – minimum quota for social inclusion

What to do at European level?



- no „*European welfare state*“, not *one* European minimum income scheme, but common principles and definitions
- Action Plan in general to be welcomed, but...
- Binding standards for minimum income schemes at European level; directive, soft law is not enough
- The definition of adequacy is crucial
 - > at-risk-of-poverty threshold useful point of reference
- universal coverage, no exclusions from the schemes, neither by age, nor by status
- Social right, the only condition has to be need
- Monitoring and benchmarking framework is important
- Has to be an element of major change in European policy from austerity to social progress

Thank you for your attention

Annex

Table 3: Overall characteristics of a country's MI scheme

Simple and comprehensive scheme open to all with insufficient means to support themselves	Simple and non-categorical scheme but with rather restricted eligibility and coverage	General scheme of last resort with additional categorical benefits which cover most people in need of support	Complex network of different, often categorical schemes and sometimes overlapping schemes which cover most people in need of support	Very limited, partial or piecemeal schemes which are restricted to narrow categories of people and fail to cover many of those in need of support
BE CH CY CZ DK EE ES (Basque country*) FI (BSA***) IS IT (BZ/FG/MO/SA/VA**) LI LU NL NO SE SI SK	AT EL**** ES (Asturias, Cantabria, Castile-Leon, Navarre, Rioja*) HR HU LT PT RS	DE**** FI (BSA***) IT (BA/NSC/PU/SI/TN**) LV MK PL UK	FR IE MT RO	BG

* Spain does not have a single national MI scheme but a series of different regional schemes with varied characteristics. Thus, in this and other tables, ES is followed by a bracket indicating which regions are referred to.

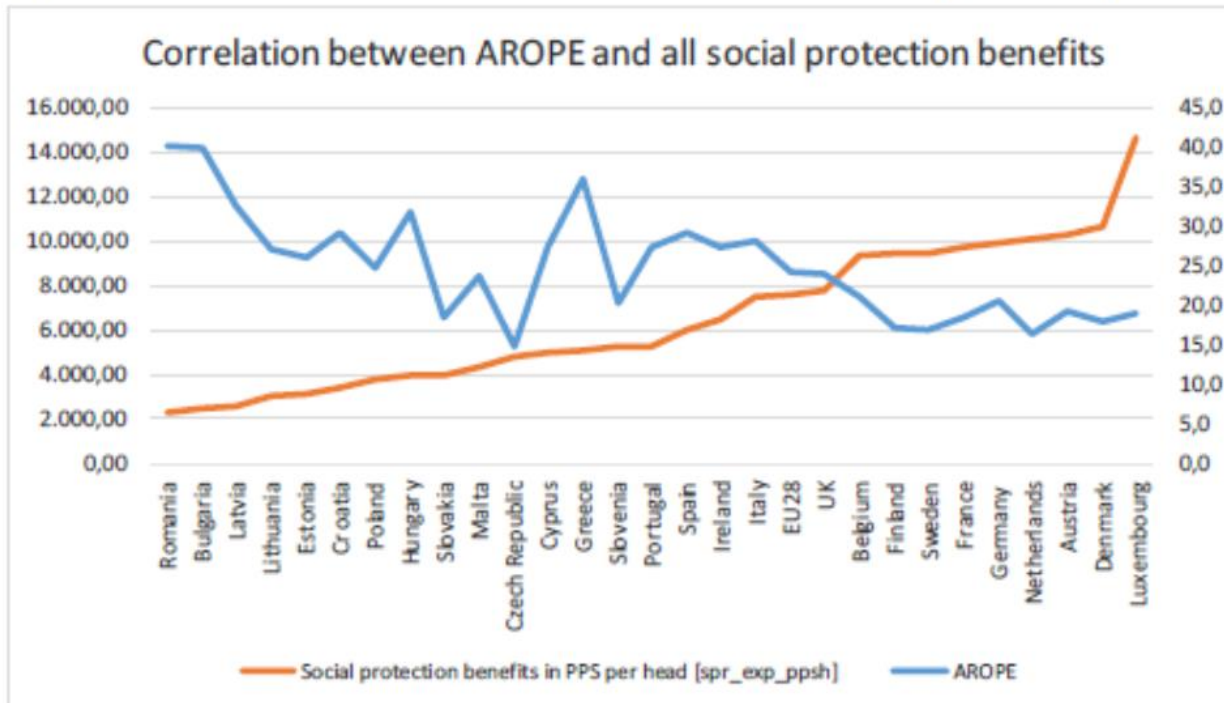
** and *** Acronyms relevant for Finland and Italy: see Table 1.

**** Greece only has a pilot MI scheme which is being implemented in 13 municipalities since November 2014 and is currently being evaluated.

***** In Germany, the traditional general scheme has been transformed in the last decade. It is now a complex and differentiated system of categorical schemes, which are clearly defined and do not overlap in coverage, and which cover in principle (but not in practice) all people in need of support.

- Policy matters: social expenditures reduce poverty

Figure 17: Correlation between AROPE and social expenditure, 2014



Policy matters II

Figure 19: Impact of social transfers in reducing poverty, 2015

