

Voices from the Poverty Line:

Jobs and Unemployment in the EU



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Introduction

The European Anti Poverty Network (EAPN) is an independent network representing 21 national networks and 26 European Organisations dedicated to the fight against poverty and social exclusion in the EU. Part of that struggle is a commitment to the empowerment of people in poverty, facilitating the direct expression of their worries, needs, hopes and desires. This book aims to support that process and is dedicated to the eight people who made this book possible: Anja, Ferry, Frédéric, George, Rose, Joanne, Julian and Maria, as well as the Non-Governmental Organisations (NGOs) and EAPN networks that support them.

The EU is currently facing a crisis of credibility as well as direction as it strives to find the answers to key challenges for delivering the Europe that both its citizens and governments need. The original Lisbon Strategy, agreed in 2000 at the Lisbon Council, offered an integrated social and economic vision of Europe which aimed “to make the EU the most competitive and dynamic knowledge based economy in the world capable of sustaining more and better jobs and with greater social cohesion. In March 2005, the Spring Council re-focussed these priorities and gave pride of place to “Jobs and Growth” as the necessary pre-condition for delivering social cohesion and environmental sustainability. EAPN believes that this could be a missed opportunity to re-establish a European Social Model where the economic vision serves to deliver a more just, equal and sustainable society and where equal priority is given to the social, economic and environmental pillars

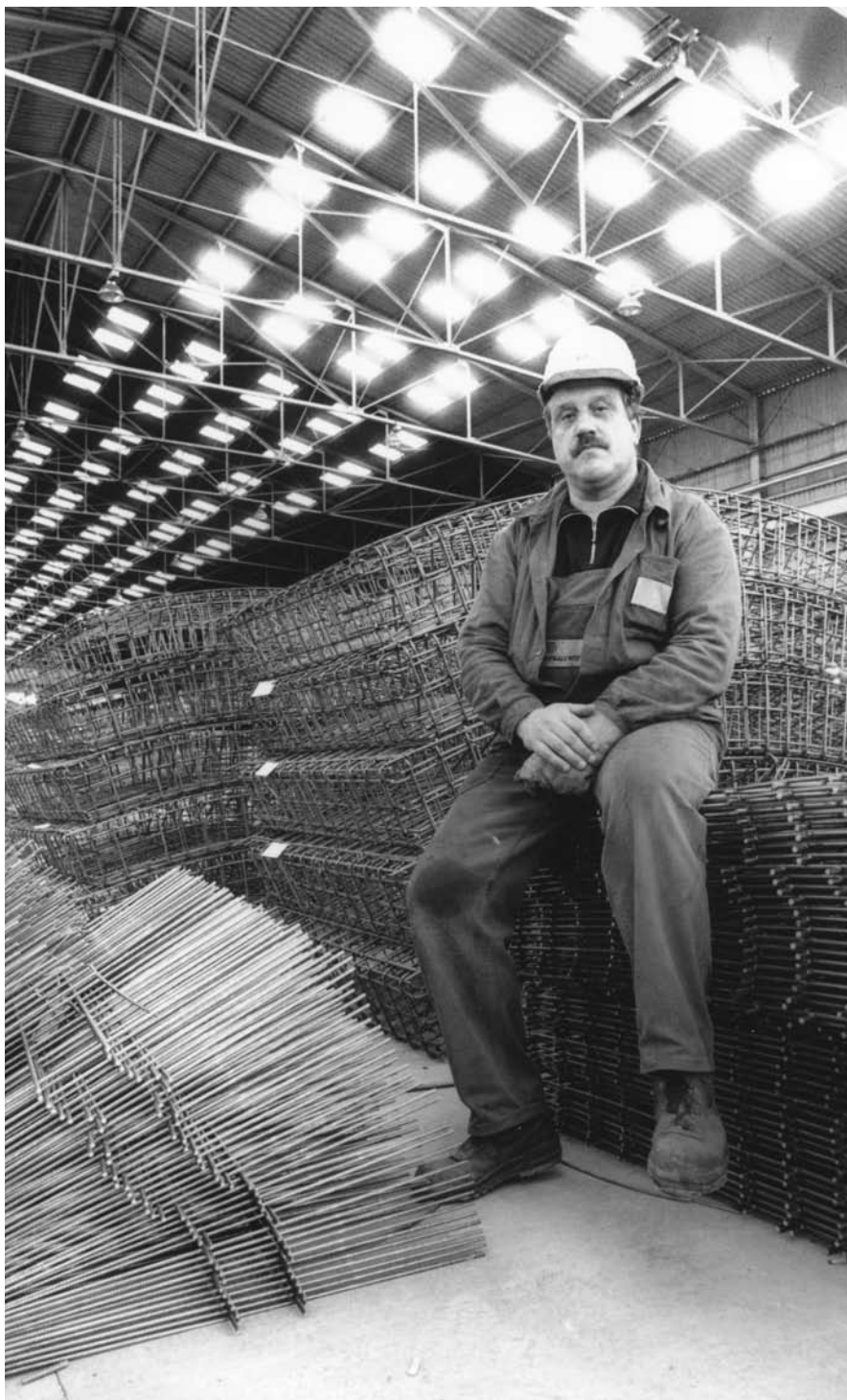
EAPN is particularly concerned about the implications of a narrow focus on jobs and growth for the 72 million people at risk-of-poverty and 18 million unemployed in the enlarged European Union of 25 Member States.

How will the revised Lisbon Strategy deliver on the promises made to make a decisive impact on the eradication of poverty by 2010? How well will the new Lisbon process be synchronized with the new streamlined Open Method of Coordination for Social Protection and Social Inclusion? Failure to do so will not only mean a criminal “waste” of real human resources that Europe needs if it is to thrive and flourish, but will deceive the hopes and expectations of the poor and socially excluded, as well as the millions of EU citizens and residents who want to be part of a dynamic Social Europe that cares about its most vulnerable citizens.

This booklet is published as we see the first results of the implementation of the revised Lisbon Strategy, and focuses specifically on the consequences of some of these policies on the lives of real men and women in an enlarged European Union. Eight National EAPN Networks have interviewed people they have been working with on a regular basis. Some of these people are working, some are unemployed, and some have never managed to get a job. All of them have been living on or near the poverty line and are experiencing directly the impact of Member States’ strategies to promote jobs and growth. They represent just a small snapshot of how Europe is working or not, for the most vulnerable people experiencing poverty and social exclusion today.

FINTAN FARRELL, EAPN DIRECTOR

OUR STORIES: Eight Testimonials from the EU



NOT TOO OLD TO WORK!

George's story



George is over 50, married with 2 children and the main earner in the family. He was made redundant from a Maltese shipyard in 2003.

Redundancy

The shipyard where George worked closed in 2003. He was selected for early retirement because of his age. He received a redundancy payment amounting to €17000 – €1000 for each year he had worked there. Because he was over 50, George did not qualify for alternative employment. He felt the management criteria for selection for redundancy were unfair.

"Many hard-working people were kicked out" says George

George's history

George began working in Malta Shipbuilding in 1986. He left his father's small firm and thought he had a secure job for life. He had gained new skills and work experience including insulation, wall-panelling, and installation of freezers. Redundancy came as a painful shock to George and turned his life upside down.

Turned down for benefit

George registered as unemployed with the Employment and Training Corporation (ETC). He was willing to try any kind of job. However he was out of work for a year and a half and didn't receive any state benefit. He was refused unemployment benefit because he owned a garage big enough for two cars, which was valued at €25000.

Looking for work

One and a half years of unemployment were tough on George and his family. The ETC put him in contact with almost 90 companies with job vacancies. He followed them up, but got no interviews. Often he didn't even get a letter to tell him that the vacancy had been filled.

"Even a negative answer is better than none when you're unemployed and insecure about the future" says George

He also applied for jobs advertised in the newspapers, without any success. At that time the ETC had no special programme for older workers like George and he wasn't offered any retraining.

Too old to work?

George challenged one employer who said, "Aren't you a bit over the hill?". George replied that he was still in good health and had just painted his home, and wasn't he also the same age, more or less, as the interviewer?

Tough times

The psychological strain on George and his family was severe. He had to use his savings and redundancy pay for the family to survive.

George says "It felt as though everything I had gained in forty years of working life was lost. I would not have got through without the support of my wife and family".

His daughter's marriage made his financial problems more difficult. In Maltese culture marriage is a very expensive affair which is mainly the responsibility of the father of the bride.

George today

George is now working part-time as a maintenance man in a private company. His salary is only €110 net per week - a third of what he used to earn in the shipyard (the minimum wage for a full-time job in Malta is €144 per week). But George is very pleased. Part-time work gives him more flexibility, and he's not under pressure of constant supervision. He would still consider a good full-time job if offered one.

George says "The atmosphere in the family is much happier, and I feel that we have become stronger as a family as a result of going through all this together. Money is not everything – at least I've got some income now".

NATIONAL CONTEXT

Malta's shipyards

During the British colonial period (from the 19th century till 1979) the dockyard was the main industry in Malta, employing a large proportion of Maltese workers. Malta Shipbuilding was set up in the 1970's, during a Socialist administration in government, to create jobs. It became increasingly unviable. In 2003, with EU membership just around the corner, the Malta Drydocks and Malta Shipbuilding were dissolved. 1700 workers from the original workforce of 2600 were given alternative jobs, leaving 900 workers with an uncertain future. In the end, 418 took up early retirement schemes while the rest were absorbed into a new company.

Crisis for older workers

George's story highlights a crisis faced by workers as they reach 50. In Malta, the restructuring of traditional industries forced many older workers, in this case men, into redundancy. The case of Malta Shipbuilding came before EU funded programmes specifically for older workers had been introduced. Many men like George who thought they were in a secure job till pension age, found themselves stranded and out of work. Some fell outside the safety net of benefit support and into the risk of poverty.

Malta has one of the lowest employment rates for over 50's (55-64).

Employment rates for over 50's:

Malta – 52.1% EU average - 57.9%

Activity rate for over 50's

Malta – 31.7% EU average - 43.9%

Average age for leaving work

Malta – 58.8% EU average – 61.4%

In 2005 the Employment and Training Corporation (ETC) introduced a special programme for unemployed workers over 40. The programme is wholly funded by the European Union and has shown very positive results.

KEY CONCERNS

*** Impact assessment of redundancy on older workers**

A more rigorous appraisal needs to be made of the long-term implications of closures and redundancies, particularly for older workers. Management and unions must work together to help each worker prepare for such difficult changes.

*** Need for personalised support services**

The psychological stress that George has been through shows the need for personalised support and training for older workers both before and after a closure.

*** Confronting age discrimination and prejudice**

The Employment Services should insist that employers using their service should not discriminate against older workers and give the minimum courtesy of a reply to job applicants.

*** Rethinking rigid benefit rules**

George lost his right to unemployment benefit because he was the owner of a garage which was defined as a “property not adjacent to his home”. The capital value was included in the means-testing analysis, taking him over the prescribed limit (€25000). Owning a garage however didn’t make up for the loss of a regular income.

*** Flexibility and security**

George appears to be settled right now. But for how long? As a part-time employee he gets less income and enjoys limited job security. He is still raising a son, and as he and his wife grow older their financial needs will increase.

*** Adequate funding for NGOs**

George received support from an NGO working in the field of social exclusion, which is run with the help of volunteers. The NGO is in constant need of funding, as it does not receive regular financial support from any entity. A long awaited law on NGOs would enable NGOs to apply for funding directly rather than through government agencies.

*** Local integrated services**

A Commission-backed seminar on local employment development, held in Malta on 26th June 2005 emphasised the need for better co-operation between government agencies, NGOs, local councils and other stakeholders/entities, at the local level (in Malta’s case – the village level) rather than just centralised government.



DISABILITY, DISCRIMINATION AND POVERTY

Rose's story



Rose is 26. She is highly qualified in office administration. She lives at home with her parents, and wants to set up home with her boyfriend. She has a hearing disability and can't get a job!

Rose's background

Rose lives in a suburb of Dublin, in Ireland, called Tallaght that contains large pockets of poverty and social disadvantage. She left school at 18 years of age after passing the higher secondary level vocational exam known as the Leaving Certificate Applied.

Training

She decided to do further training when she left school. She started a Vocational Skills Foundation course with the National Training and Development Institute (now called the National Learning Network), a large national training organisation. First, she took a course for people who are not sure what they want to do. The work covered skill sampling of courses in the centre including numeracy and literacy, social skills, confidence building and computer skills.

More training

From the skills sampling of other courses, she decided to do a two-year Business Administration course. She wanted to get skills for working in an office environment. She learned more about computers, reception duties, dealing with customers and stock control. At the end of the course she received her European Computer Driving Licence (ECDL) Certificate, an information technology qualification recognised by EU Member States.

Even more training

Next, Rose took a two-year course and in 2003 received a nationally recognised Business Studies qualification.

Benefits

While she was training, Rose received means-tested Unemployment Assistance at €45 plus €12.75. During this time she was dependent on financial support from her parents. About three years later, because of her hearing disability, she applied for and received the means-tested Disability Allowance of €124.80. With the mainstreaming of services for people with disabilities, soon after she got an extra €34 a week on top of her Disability Allowance.

Looking for work

Six months before she finished college in 2003, Rose started to apply for jobs. She had no success in getting a job in those six months, and was unemployed when she finished college. During this time she was living on a Disability Allowance of €134.80 per week.

Community Employment

One day Rose was at her local employment office - Foras Aiseanna Saothair (FAS), and she came across an advertisement for an Administrator in a Community Employment (CE) Scheme in the Tallaght Centre for the Unemployed. Rose decided to see if she was eligible, and it turned out that she was. She applied for the job, went for an interview and about a week later was offered the job. For the past two years she has been working on the CE scheme doing administration and assisting with the accounts.

Rose says "I have gained a lot of experience from working on the CE scheme"

While on a CE Scheme her Disability Allowance is means tested. Her income on the CE scheme is €269.50 per week including her disability allowance, which she feels is very low although higher than the minimum wage which currently is €7.65 per hour.

Disability costs

She has a state means-tested medical card which provides her with free medical care. Her medical card covers most medical costs; however it does not cover all the costs of aids that a person with a disability needs to be able to work.

Rose says "The hearing aid I get on my medical card is not suitable for a work environment. On my low income I have to cover this extra cost"

Discrimination

For the last eight months Rose has been looking for full-time employment in office administration. During this time she has gone to about twenty interviews, but has not received a job offer. This has been very difficult for her. In the short-term she has been given a third year on CE, which has to be her last year. She has also started a new course, which will qualify her as an Accounting Technician. Rose has a range of qualifications and experience but still can't get a job.

Rose says "Employers do not want to employ people with a disability, as they may think it would take longer to train them in or to do the job than it would for a 'normal' person. I have done a large number of courses in administration and accounts, and am fully computer-literate. I have my ECDL, City & Guilds and FETAC Certificate, which are recognised by employers and I have about two years experience working in an office environment. I have applied for so many jobs and been to interviews but still get rejected by employers. I feel that employers do not want to employ me because of my hearing disability. This is not right. We can do the job as well as anyone else. What I am earning at the moment is not enough to have a decent standard of living".

Rose feels very frustrated with the position she is in. Not being able to get a job has a big impact on all areas of her life. Rose is living at home with her parents.

She says "At the age of 26, I cannot move forward and make more of a commitment to my boyfriend as I have not got full-time employment. The banks will not consider us as a couple for a mortgage. I have been with my boyfriend for over four years now. Sometimes I think that he may want to end the relationship with me because of this. Society does not know me or care about my life style and the effects it can have on my well-being as a person. I feel there are more aspects to poverty that need to be taken into account. We have looked at our housing needs and there does not appear to be any option available to us at present".

NATIONAL CONTEXT

FÁS (Foras Aiseanna Saothair) is Ireland's national training and employment authority with responsibility under the National Employment Action Plans for active labour market measures including Community Employment (CE) schemes.

Community Employment (CE) is an active labour market measure. Participants undertake work/training for an average of nineteen and a half hours per week, mainly in local community and voluntary organisations. There is an increasing emphasis on training and development. Participants get a payment which is slightly above the level of their unemployment assistance, and on a means-tested basis

they can maintain a proportion of their secondary benefits e.g. disability allowance, lone parent allowance etc. Participants must generally be over 25 years of age and unemployed 12 months to qualify. Certain categories of people including those in receipt of Disability Allowance can qualify at age 18. Places are for one year but can be retained for up to a maximum of three years. Over 55's can get an extra three years to a maximum of six.

Currently the Government has a range of programmes and supports for people with disabilities, mainly managed by FÁS. Many of these involve offering disability training for employers, workplace adaptation grants and other grants, financial subsidies to employers based on reduced productivity levels, job coaches, etc. FAS itself admits that the voluntary uptake of its disability supports to employers is low. The public service also has a 3% quota for employing people with disabilities, although there is a mixed feedback on the success of this initiative. However, there are still major barriers for people with disabilities to access employment, forcing people to live in poverty.

KEY CONCERNS

*** Disability and poverty closely linked**

Statistics show that Rose's situation is not unique. While Ireland's current employment rate is 67.1% only 40% of those with a longstanding/chronic illness or disability are employed. The remainder are mostly counted as outside the labour force as opposed to being unemployed. Across the whole population 4.7% were experiencing basic deprivation and 21.9% were at risk of poverty. For those households where the referenced person was not in work due to illness or disability 22.5% were experiencing deprivation and 66.5% were at risk of poverty.

*** Disability discrimination**

Employment Equality legislation in Ireland names people with disabilities as one of the nine grounds under which discrimination is prohibited. However, the legislation depends on an individual taking a case against an employer and the employer must show that no discrimination took place. A major gap in Irish employment equality legislation is that it does not require employers to be proactive in putting in place policies and practices to promote equality. Revision of Ireland's equality legislation should include an obligation on employers in all sectors (public, private and community and voluntary) to show how they are proactively promoting equality. FÁS should review its support for people with disabilities to ensure that they achieve their objectives.

*** Benefit levels and disability**

A review of all welfare payments including secondary benefits is required to ensure that they are sufficient for people to live with dignity and that the manner of their removal does not lead to poverty traps. This should include a specific focus on all disability-related payments and supports and must take into account the 'cost of disability' itself. The retention of the full Medical Card is of particular importance for people with disabilities.

*** Complexity of the Irish Social Protection System**

There is a great need to simplify social protection systems so that people moving from unemployment or active labour market programmes can make informed choices and be able to avoid poverty traps.

EAPN IRELAND



WORK, A HUMAN RIGHT! A POLITICAL REFUGEE FIGHTING FOR HIS DIGNITY

Ferry's story

*

Ferry was a University lecturer in Iran. He fled persecution to seek asylum in Sweden.

Escape from Iran

Ferry and his wife escaped persecution in Iran in 1999. They could not get passports and had to travel illegally to Sweden. The journey took a month in difficult conditions.

Ferry says "Political refugees have special difficulties. Unfortunately many of us are unemployed. We have different cultural backgrounds. We have fled because of being in very difficult situations in countries that are often chaotic."

Ferry says "The mental and economic situation is very difficult for us. We think and react differently from those who have work, and little by little we lose focus in our lives."

Living in a refugee camp

Ferry and his wife made an application for political asylum and were placed in a refugee camp. They got a booklet in the Persian language informing them of their rights and duties as seekers of political asylum. Among those rights it was mentioned that if the proceedings lasted longer than four months they had the right to look for work on the open labour market. Ferry was keen to learn Swedish. After

many weeks waiting, at last he was able to attend classes in the mornings. He also started to help the head teacher of the school to translate from French to Persian.

Looking for work

After 3 months Ferry started to think about getting a job.

Ferry says "I told my Swedish teacher that I wanted to give French classes. She offered to talk to a friend of hers who worked at an organisation that offers courses to adults. We went together to the office of her friend."

They were keen to give Ferry a job as a French teacher. But the formal issues had to be arranged with the director of the camp.

Ferry says "It was when I started looking for a job that my problems with the director of the camp started. I told her that I had found a job. I noticed at once that she was not so enthusiastic about it. She called for another person who was responsible for keeping people occupied at the camp. They offered me work in the woods cutting down trees. It was a full-time job. The director said 'Give him the necessary clothes and the equipment to work in the woods'."

"I asked why she wanted me to do that job. She told me that since I wanted to work, that was what I should do. I asked myself why she told me that. I had fixed a job all by myself, why wasn't she pleased with that? Why should I work in the forest when I had another job? I hadn't the necessary muscles needed for the work in the forest. I wanted to work with my brain."

The director of the camp told Ferry that the only work he could do was in the forest. He showed her the booklet about the rights of asylum seekers but this did not help. Ferry discussed his problems with his Swedish teacher.

He says "My Swedish teacher told me that the director of the camp didn't like foreigners, especially not those from Iran."

Ferry decided to fight for his right to do appropriate work. He went to the school that had offered him work. At the school they were disappointed. They told him that the director of the camp had warned them that they had no right to employ him.

Ferry says "I went back to the camp and talked with the director, and a strange thing happened. Before, when she needed my help with the newly arrived Iranians, she understood my English perfectly well. But now, as I wanted to talk to her about my job, she claimed that she couldn't understand me."

Next Ferry took the problem to the head teacher of the school in the camp. She took Ferry's case up with her husband who worked for the municipality. Ferry went to see people at the municipality and told them that he had taught French at University level in Iran. They gave him a job in the school at the camp. After a while he was able to work under the same conditions as the rest of the teachers.

Refused asylum

After about a year, Ferry and his wife were turned down for asylum. They appealed against this decision and left the camp to find a better job in a big town. They arrived in Malmö. They made friends with people in the church near their home and contacted the Iranian-Swedish cultural organisation. The church pastor provided Ferry with some work.

Into hiding

Their application for political asylum was again turned down. To avoid deportation back to Iran they went into hiding.

Ferry says "All my hopes to work more hours a week were crushed. I thought that I might work some more hours in the parish after receiving political asylum. The castle I built up in my dreams fell into the water."

Three years later

They survived with the help of various NGOs, some of them especially dedicated to helping refugees who are hiding from the authorities. Ferry got a new lawyer paid for by an NGO, and at last after 3 years they were granted political asylum. The experiences of these 3 years made it hard for Ferry to work or study.

Today

Ferry takes part in a development partnership called "Holistic work – a way for excluded groups to get access to training, education and work". The goal of this partnership is to find new ways of collaboration between the public, private and NGO sector in order to combat exclusion within the labour market. This is done by working through NGO's that are user organisations or that work alongside the excluded.

Ferry says "Now I am employed in the parish where I worked before, and the parish receives the compensation called "lönebidrag", a benefit for disabled people. I still haven't reached my goal to get totally economically independent from the public authorities. I still suffer from the traumas of my past and this still limits my capacity to work. But I hope that one day I will be able to reach my goal and become free to decide over my own life."

NATIONAL CONTEXT

Swedish employment policy

Swedish employment policy focuses on reducing unemployment. It is closely linked to efforts to establish good conditions for the creation of new jobs on the open labour market. The long-term goal is full employment. The government takes a lot of initiatives that enable unemployed people to take part in activities, work experience and different programmes of education.

Two examples of labour market measures from Ferry's story :

* Political refugees

They have the right to look for a job on the open labour market if the process of seeking political asylum takes more than four months. Ferry was informed of this right as he was appealing for political asylum.

* Subvention of salary to persons who have some sort of disability (lönebidrag).

The employer receives an economic compensation for employing a disabled person. The parish where Ferry works today receives this compensation for the time being. The employee is employed under the same conditions as anyone else. This compensation is renegotiated every year, and can at the most be given for four years.

KEY CONCERNS

* Tackling discrimination against refugees

Even if the formal rights and duties seem to be adequate, they have to be put into practice through collaboration between the authorities and the asylum seeker. Here the asylum seeker has a very weak position. As long as the individual stands alone, she/he is very vulnerable. Ferry's story highlights the necessity of support from organisations that are not public authorities. This is especially urgent considering the existence of discrimination and racism in society. It is a question of empowerment as an essential part of fighting injustice and discrimination.

* Positive action

Positive action policies need to be adapted to the situation of the individual person. Ferry's case shows that NGOs could make an important contribution creating relevant work opportunities offering a social context where the refugee receives support and encouragement.

* Real support from a well-functioning NGO

Ferry's story shows how vulnerable a newly arrived refugee is. According to Swedish law asylum seekers and immigrants have a lot of rights. But in order to "understand the system" you need help. Contact with the public authorities is not enough. It needs to be complemented by help, especially from the user's perspective.

* Resources for NGOs

Ferry and his family are Christian. His wife is Armenian. This church is present in Sweden, but with very poor resources. Ferry was lucky to meet 'friends' that helped him. There are many who are not so lucky. There should be a strategy to involve NGOs in this work, and these organisations should get resources so they can do a good job.

* Closer collaboration

Collaboration between public authorities and NGOs needs to be strengthened.

* A genuine dialogue

Ferry contributes to the work and life of the NGOs he has been in touch with, as well as receiving help. It is a dialogue where both parts are actors. This contribution is essential to re-establish self-confidence in a person who has experienced discrimination and oppression. It is also essential for empowerment of marginalised groups and individuals to create an integrated society.

EAPN SWEDEN



CUTTING BENEFIT CAUSES POVERTY

Anja's story



Anja is 48, divorced and the mother of two adult sons who have now left home. She has back problems, suffers from anxiety and has not had a regular job for 5 years. She lives in Denmark.

Illness and unemployment

Anja worked in a clothes shop. She developed back problems. After being ill for a long time, she lost her job. Anja was insured against unemployment with a trade union unemployment fund. She was just able to manage day to day. Her youngest son was still living with her and she received extra help to pay her rent.

Housing costs

Anja has a flat with three rooms. In Denmark a single person cannot receive maximum help if they live in a flat bigger than two rooms. The housing situation in Copenhagen is very difficult. Cheap rented flats are never advertised on the free market. If you buy a flat it costs more than a countryside house! Anja has registered for a cheaper flat, because she can't make ends meet any longer.

Training

Anja took a lot of educational courses in design and adult education in order to improve her chances of getting another job. Her trade union also sent her for job training. Anja worked hard in the project. They helped her to find a job in another shop. However, she was sacked after six hours without a proper explanation.

Health problems

Anja has a weak back, her lung capacity is reduced by one third, and she has a nervous disposition. She suffers from fear and anxiety when she has to face the world.

Anja says "I've always been a nervous person, but in my youth it never stopped me from finding or keeping a job."

Money troubles

After a year and a half of job training, Anja lost her right to receive monthly payments from her trade union. She was referred for social welfare. Her income was reduced drastically. The first month she only had about €100 to live on after she had paid her regular bills (rent, electricity etc.), because the social security adviser made a mistake. Now she has to live on about €228 a month. She is paid €1221 and has regular bills of €993. Anja has expenses for medicine and transport, on top of food. She is now dependent on free lunch and second-hand clothes from a social institution, which also tries to keep up her spirits. On ordinary social welfare, Anja was just able to keep things together. Then her income was reduced by €134 due to a ceiling on social welfare after six months. The idea behind the reduction of social welfare is that it should encourage unemployed people to look for a job as soon as possible.

Anja says "The reduction means that now I don't have enough money to buy food in the last week of the month. I can't afford a physiotherapist, insurance, television, telephone, hairdressing, clothes, shoes, items for personal care such as cosmetics and deodorant, presents, transport, furniture, or paint. The shower is broken, electric light bulbs are expensive, and I badly need a new mattress because of the problems with my back."

At the beginning of each month, Anja buys food, but no vegetables or fruit. At the end of the month she only buys bread. She often visits her parents for a free meal, which she finds humiliating. Also, she has borrowed money from her parents. New glasses, magazines and newspapers are out of the question. She can't afford to buy vitamin pills. She must visit the dentist every six months, because she has paradentosis.

Anja also has problems with her grown-up children. They don't understand her situation. They ask her why she doesn't just get a job. They don't realise that she is ill, poorly educated and almost 50 years old.

Anja has a dog and her mother pays the vet's bills. The dog of course eats the cheapest kind of dog food and leftovers.

"I will not put the dog down" says Anja.

Anja is now so concerned with making her everyday life function, that she doesn't even mention that she can't invite family and friends for dinner, go to the cinema or on holiday. The last time she invited guests to celebrate her birthday each guest paid his/her own share.

Anja says "I can't be sociable. My self-confidence is ruined, because every day I must worry about the next day".

NATIONAL CONTEXT

Making work pay

Economic incentive is a component of the European labour market policy, called 'Making work pay'. This strategy is widespread in Denmark. The idea is that public benefits are reduced to a level where unemployed people feel the incentive to find a job because they can earn more in the labour market than on reduced benefit. The most vulnerable and marginalised groups pay a heavy price for this general strategy. Their whole life situation is extremely dependent on social assistance. Cuts in social support hit people at the bottom of the income pyramid hardest. The weakest groups will face poverty. They cannot afford participation in ordinary social life because of reduced living standards. For them 'Making work pay' only means poverty and humiliation.

Benefit cuts

The eligibility criteria for social assistance have been tightened. Social benefit has been reduced. Since 2004, the total amount of money which unemployed people can receive from social benefit and housing benefit has been reduced. The ceiling takes effect after six months on social benefit. It can mean a monthly reduction of 1 000 to 2 700 Danish kroner (between €134 and €362) per family.

Reduced benefit for immigrants

'Start-help' is the benefit for people who have not lived in Denmark for 7 of the last 8 years. For a single person, 'start-help' is 35% lower than ordinary social benefit. The rationale is to encourage people to find a job as quickly as possible. However, research shows that success in gaining employment depends on skills, resources, competencies and networks rather than reduced benefits.

Research findings

In 2005, the Danish Social Research Institute studied the effect of the ceiling. The study showed that the ceiling on benefits had no effect on employment among those 18 000 families affected compared to families not affected. The ceiling did not encourage more active job searching.

Who suffers?

Of the families affected by the ceiling:

- * A substantial number had social problems in addition to unemployment
- * More than 50% had never had a proper job
- * Only 10% had had a job within the last year
- * 60% didn't have any vocational education
- * 75% were immigrants or refugees
- * One third had severe problems with the Danish language
- * A considerable number had health problems.

The ceiling causes poverty

The only clear effect of the ceiling was reduction in consumer expenditure.

Those affected by the ceiling had experienced increased difficulties making ends meet:

12%	had stopped paying the rent
6%	had stopped paying for childcare
12%	had stopped paying interest and repayment of loans
13%	had stopped paying for electricity, water, gas or telephone
32%	couldn't buy shoes
50%	had given up using a dentist
13%	had moved to a cheaper flat
65%	had given up holidays

EAPN DENMARK



THE HARD LIFE OF A HARD-WORKING WOMAN

Maria's story



Maria is thirty-nine, married with a daughter. She has worked in many insecure and low paid jobs, and suffered unemployment. She is the main breadwinner for her family. She lives in Portugal.

Maria started work, aged 11, on a pine forest plantation where she lived with her parents. Later, she went to work on a farm where she tended grapes.

Maria says "I only reached the 4th year of school. I know that if I had studied more I might have a better job."

Insecure work

At the age of twenty she met and married her husband. Their work on the farm was seasonal. They were both unemployed in the winters. They decided to move to Lisbon. Maria planned to work in a supermarket and her husband would work on building sites.

Family problems

Maria gave birth to a daughter. She had been experiencing difficulties with her husband for a long time and this got worse. Often he didn't feel like working and didn't keep a job for long. He spent more time out of work than in work and spent his time moving from one thing to another. Because of these difficulties Maria chose to entrust her nine-month-old daughter to her grandfather living in Coimbra. But she couldn't bear to be away from her daughter. So Maria and her husband left Lisbon to live in Coimbra. She found a job with a cleaning company. But the wages were very low, scarcely enough to live on and she decided to resign.

Next she went to work in a restaurant, where she was employed for twelve years. Things were getting better and she took out a loan to buy a home. Then her husband lost his job again and they couldn't keep up the repayments. The house was taken away by the bank. Maria and her husband now live in rented accommodation.

Maria says "My husband was unemployed. I was earning a low salary - little more than the national minimum wage. I just couldn't afford the things I needed. After paying the rent of €150 a month and paying for transport and food, there was almost nothing left over. Help from my family was what got me through then and gets me through now."

Unemployment and a new start

Maria's situation got worse when her father fell ill. And then even worse when she lost her job. She turned to Social Security for help. She was placed on the GMR (Guaranteed Minimum Income). The GMR comes with an Employment and Training Programme for those who receive it. Maria was placed on a programme at the Town Council.

The programme which helped Maria consisted of at least 250 hours training and an activity of social interest for 12 months, with the possibility of an extension of no more than six months.

Most of the people who attended the same training course as Maria did not find employment. Maria was fortunate. She got a secure job. Her dedication and strong desire to succeed in life made all the difference. She has now been employed at the Council since 2001. Her quality of life has improved, but her family income is still very low.

Maria says "I felt ashamed of asking for help, and of being a beneficiary of the GMR. I always wanted to work and I like to feel useful."

Sharing experiences

Maria took part in the 2nd and 3rd European Meeting of People in Poverty, which took place in Brussels. These trips have been the only opportunities that Maria has had to leave Portugal.

Maria says "It was a very good experience. In Brussels there were people in the same, or worse, situations than me. There were people who had ended up sleeping in the street - if I lost my job at the Council that could happen to me"

NATIONAL CONTEXT AND KEY CONCERNS

Increased inequality

Globalisation is causing an increase in social inequality in the fabric of Portuguese society. The result is more serious levels of poverty and social exclusion.

Economic and social poverty

Poverty is not just an economic problem. It is a complex reality. It includes the break-up of families, lack of qualifications, difficulty finding work, problems accessing training and even problems participating in the social and political life of the country. People living below a certain income level cannot reach an acceptable standard of living. They can't access the social rights which they are entitled to.

From generation to generation

Maria was very young when she started work in agriculture. Her life has been difficult from the start. These difficulties get passed on from generation to generation. Maria still doesn't earn enough to cover her basic and essential needs.

Insecure work

Maria is hard-working and is dedicated to improving her life. But she is affected by insecure working conditions, low wages and lack of qualifications.

A vicious circle

Lack of education and poverty form a vicious circle. People are poor because they can't invest in themselves. Low levels of education and lack of knowledge of citizens' rights, increase a person's vulnerability to poverty and social exclusion.

EAPN PORTUGAL



NO LAND AND NO WORK

Julian's story



Julian is 35. He is married and has 3 dependant children. He used to be a driver, but has been unemployed for 2 years. He is Roma and lives in Bulgaria.

After military service Julian worked as a driver and his salary was only 120 leva (€ 62). On this low wage he found it hard to pay the bills and care for his 3 children.

Julian says "I want to give my children a good education - without education they can't find good jobs"

Unemployment

Things got worse two years ago when Julian lost his job. He got unemployment benefits for only six months. Then he had to apply for social help to the local council. He gets only 40 leva (€21) per month.

Julian says "The prices in this country are as high as in other parts of Europe but the salaries and benefits are many times lower. I find it hard to feel European."

Looking back

Julian is constantly comparing the past under socialism and nowadays.

He says "It is good that we have democracy, but salaries are too low to live a normal life - to be able to pay for books for children, for food, for education. The worst thing is that many people lost their jobs. At the beginning of the transition people had reserves from socialism but now all is spent and sold".

"I am willing to work cleaning the streets. I just want enough money to live a normal life".

No land and no work!

In Julian's village the only people who are well-off are those who had land returned to them. The restitution took place at the beginning of the 1990's. People got back the land taken from them in the 1950's as a result of the socialist idea for co-operation. But there are only a few owners. The rest of the people, especially the Roma, have no land. The families where at least one person is working are also better off. The rest of the families, where all the members are unemployed, depend on social help. Their life is very hard.

Julian says "More than 30% of the people in my village rely on social help. In some families parents who are pensioners help if their children are unemployed. My parents are pensioners with low but regular pensions. I also have a brother who is unemployed. My parents help both of us."

Life for the children

For several months of the year Julian's children don't go to school. There are many different reasons for this. They are hungry. They can't afford books, clothes and shoes. They use the time to earn some money. They can't see the point of education, as being educated has not helped their parents to live better. His eldest daughter wants to emigrate to Germany or Norway. She could earn more money as a cleaner there. In Bulgaria even if you have a good profession there is no guarantee you can find a job and earn enough. Julian is unhappy because he doesn't know what his children do or where they go. He is so concerned with how to find enough money to live on that he doesn't have enough time to give attention to his children. When he had a job the family was much happier.

Julian says "Some poor unemployed people force their children to steal. You can see many children looking for food in the rubbish. You see Roma children begging for money on the street, but people just pass by."

Julian says "There are many children with a good education and no jobs. Bulgarian employers do not respect people who have qualifications and abilities. They still pay the minimum salary."

Looking for work

Often the Roma face discrimination when they approach employers. Recently Julian was told directly by an employer that he would not give him a job because he is Roma. Julian suspects that his dialect is different, and that employers can tell he is a Roma even if he doesn't say so.

Julian says "When you are looking for a job the employer asks what you did before. Who did you work for? And for how long? But he doesn't ask what you can do. You may be asked to work 1 or 2 months without pay to see if you can do the work. There are some Turkish tailoring firms opening now – but the work is 15-16 hours a day and the pay is not certain at all."

Being Roma

Julian thinks there is widespread discrimination in Bulgarian society.

He says "The doctors do not want the Roma in the hospitals - they believe we are dirty. A policeman speaking on national TV told people to be careful, and if they see a Roma to call the police. This creates enormous tension in the country."

Rules that make life harder

Julian was robbed and his ID card was taken. A new ID card costs 20 leva (€10) and it takes a month to get. To get social assistance he has to sign every week at the Job centre. But the woman who works there did not allow him to sign, as he didn't have an ID card. Without this signature he could lose the right to social assistance for one year. Once his wife was late with her signature and now she is punished and does not get social assistance for some time.

Caught in the poverty trap

There are lots of problems with the new law on social assistance. For example, if a parent is unemployed they can get support for the children (child allowance). But if they don't sign at the Job Centre they don't get the child allowance. If they have been working and then become unemployed, they have to collect 6 signatures to be able to get the money for the child again. All this takes a lot of time. In the meantime there is no money and the child is hungry. If an adult reaches the minimum wage in social assistance then they are not eligible for child allowances for all their children.

NATIONAL BACKGROUND

Transition and poverty

In the years of transition (after 1989) Bulgaria experienced a severe economic crisis. Gross Domestic Product (GDP) decreased by 30%. Salaries decreased by around 70% and inequalities increased. Basic incomes, minimum and average salary, minimum and average pension, social assistance benefits, unemployment benefits, child allowances, etc have all fallen below the absolute poverty line. Wage levels are the lowest in Europe. There has been a slow recovery of GDP since 2000, but quality of life for large sections of the population continues to worsen.

Labour market and unemployment

Economic restructuring, massive de-industrialization, privatisation, and agricultural reform have led to high unemployment rates and a collapse in the social rights of employees. Low wages and high levels of long-term unemployment are the main causes of poverty.

Since 2001 two kinds of programmes have been introduced to tackle unemployment; training and re-qualification of the unemployed, and financial support to employers to employ registered unemployed people. These policies have made little impact on unemployment and have at best provided only temporary solutions.

Roma minority

The changes in society in Bulgaria have had different effects on different ethnic groups. This is especially true for the Roma minority. Unemployment rates are around 10% for Bulgarians, 3 times higher for Turks and around 8 times higher for Roma people. In some regions 80-90% of the active Roma population are unemployed and the vast majority of them for more than 2 years. On the other hand, regardless of the terms on which they are hired and where they work, the Roma minority are the cheapest workforce in the country.

The most important source of income for most of them is social assistance. Roma children in growing numbers do not attend school. The Roma are at the bottom of the social heap and a vicious circle keeps them there. High rates of unemployment and poverty make it hard to gain access to the educational system. Low levels of education mean reduced opportunities for employment. The poverty of the Roma community leads to social exclusion, social stigma, crime and ethnic conflict.

KEY CONCERNS

* Tackling discrimination

Positive action policies are needed to support the integration of the Roma minority. Urgent action is needed to tackle the exclusion of Roma children from elementary and secondary schooling.

* Social assistance policies

The Roma minority is most reliant on social assistance. Decisions in this area should be carefully evaluated to assess their impact on the Roma minority.

* Participation

A special program is needed to increase the participation of Roma representatives in the wider community, especially in local government and the criminal justice system. This could reduce the level of conflict between the Roma minority and these institutions.

* Independent monitoring and public accountability

Current specialised projects to improve social integration of the Roma minority are not working. The situation of the Roma minority is worsening, and ethnic conflict increasing. Independent monitoring and public accountability of projects would increase their efficiency.

* Tackling poverty

The basic problem of the Bulgarian transition is wide-spread poverty both for those in work on low pay and those unemployed on low levels of social support. Policies to tackle discrimination will not work while this situation prevails.

EAPN BULGARIA



HAPPY XMAS, WE'RE STOPPING YOUR BENEFIT!

Joanne's story

*

Joanne is single, in her 40s, has back problems and is unemployed. She lives in the UK.

4 days before Christmas 2004

Joanne's benefit (Job Seekers Allowance) was stopped. She was told in a letter from the Government Department for Work and Pensions (DWP) that she would not receive any benefit for 9 weeks. The reason they gave was that she had failed to apply for just ONE job which the job centre had referred to her.

Joanne says "I was really keen to find work. I had applied for over 50 jobs in the previous few months. I had always applied for the jobs which the job centre asked me to. I also applied for jobs which I found advertised in the local newspapers."

She forgot to apply for just that one job and was to be punished at Christmas with 9 weeks without money.

Joanne came to the Derbyshire Unemployed Workers' Centre for help. Bob, an advisor at the centre, took up Joanne's case. He helped her to apply to have the decision to stop her money reconsidered. He also arranged for her to apply for a special payment for hardship.

3 days before Christmas

Joanne heard she would not receive any hardship payment for the first 2 weeks, because she was not considered to be in a 'vulnerable' group. She received only €34 as a hardship payment for the rest of the period that her benefit was

stopped. Bob then raised Joanne's case with a more senior manager in the DWP, and with her Member of Parliament. Her case was re-considered that afternoon.

2 days before Christmas

Joanne heard that she would lose her benefit for 6 weeks rather than 9 weeks as a result of her case being reconsidered. Bob helped Joanne to appeal against this decision.

Christmas and Joanne has no money!

"I felt awful. It was a total shock. I didn't know how I would cope. I had no savings and the benefit was my only income. I had no money for food or heating throughout the Christmas holiday. If family members hadn't chipped in I don't know how I would have survived".

2005 – An appeal

In the New Year, Joanne and Bob prepared a case to be heard by an appeal tribunal. They included evidence of 47 more jobs Joanne had applied for between August and December on top of the jobs she was asked to apply for by the DWP. They showed that she was keen to find work and that it was unfair to stop her benefit.

February 2005 – Tribunal supports Joanne

Joanne and Bob attended the Tribunal and made a strong case that Joanne's benefit should not have been stopped. The Tribunal agreed and gave Joanne arrears of €308.

Joanne was left without any money over Christmas because the benefit system punished her. She had a proven record of looking for work and co-operating with the DWP, but one slip-up was enough to cause this punishment. Benefit sanctions are meant to change claimants' behaviour. There was no purpose at all in punishing Joanne. The system is inflexible and once triggered, impossible to stop.

NATIONAL CONTEXT

Government policy

The UK government frames every discussion about benefits in terms of 'rights' and 'responsibilities'. The arguments that claimants should fulfil certain obligations in order to gain the right to benefit sound reasonable. But in reality they are a smokescreen to hide measures that place much harsher conditions on the right to benefit.

Previously it was necessary for a claimant simply to be 'available for work'. The Jobseekers Act 1995 and the Regulations made under it now require that a

person receiving benefit (Jobseekers Allowance) must be actively seeking work and capable of work. The jobseeker must sign up to an 'agreement' determined by the DWP. This is not a voluntary agreement because the threat of withdrawal of benefit hangs over the claimant.

The government claims to be committed to the ending of social exclusion. They have supported strategies at European level and set up a special social exclusion unit at home. But the benefits policy is in contradiction to this work.

Driving people into poverty

Joanne's case is an example of a widespread situation. Organisations who work to help claimants, Unemployed Workers Centres, Citizen's Advice Bureaux and other advice agencies, report thousands of cases where unreasonable conditions are being placed on claimants and thousands of cases where benefit is being withdrawn. These policies drive more people into poverty, insecurity, crime and the 'informal' economy.

Benefit levels are too low to allow a decent life style. To be living on benefits is to be living in poverty. People who are unemployed for long periods suffer physical and mental health problems, which make it hard to return to employment.

The benefit system is too complex. Many people feel powerless when they have to deal with the system. There is too much emphasis on preventing fraud, and not enough on helping the claimant.

KEY CONCERNS

✱ **Government policy** should be focused on creating new jobs and enabling those who have suffered long-term unemployment to overcome the barriers to returning to work.

✱ **Benefit conditions** must be reasonable, relevant and clearly set down. There should be no compulsion or threats.

✱ **Benefit sanctions** must only be used as an absolute last resort.

✱ **Benefit levels** must be increased to take claimants out of poverty and exclusion.

✱ **The benefit system** should be simpler and easier for claimants to use.

✱ **Independent advice** must be available to claimants, especially where a claimant faces the threat of having their benefit withdrawn.



A WAY BACK INTO WORK

Frédéric's story



Frédéric is 32, previously a copy writer and unemployed for five years. Through support and training he was able to get a job. He is French.

Frédéric was unable to get work in the publishing industry. All Frédéric had to live on was money his family sent him from time to time. Because of his situation, he suffered from anxiety, isolation and uncertainty about his own identity.

The French national public employment agency (ANPE) gave him a "Personalised Action Plan" scheme to follow. This gave him funded training "to work on body language, physical appearance, and the negative aspects of speech".

Frédéric says "This training let me break out of isolation for a while, meet young people, rebuild my confidence, start a change of direction, work on my self-image, and regain self-awareness. After years of unemployment I just felt I had nothing to work towards".

Getting support

This training helped Frédéric get ongoing support. He contacted an NGO, "Solidarités Nouvelles face au Chômage" (SNC). SNC found him two volunteer counsellors. Frédéric's counsellors found him a job (with accommodation) in a bookshop and stationers. This didn't work out because he was unable to cope with selling to the public. Next they found him work as a driver with an employment and training firm in the laundry business. SNC paid his wage costs. He started to work part-time, earning very little. But he also received help to pay the high costs of his insecure Bed and Breakfast lodgings. The laundry manager soon saw that Frédéric would be able to cope with longer working hours, and gave him full-time work, standing in for another worker during the 2004 summer holidays.

Psychological and financial help

Frédéric's counsellors urged him to go for psychological and psychiatric counselling. He now attends a specialised centre once a week. They also helped him take advantage of a back-to-work benefit scheme. The scheme allows him to claim combined income support and minimum inclusion income (RMI) for several months after finding a job. They helped him to restore his RMI entitlement and to get back outstanding money from the past. Frédéric was able to pay off his debts.

Success with work

Working full-time during the summer had given Frédéric confidence, but the laundry could only give him a permanent half-time job. So he began to look for another half-time job. He found another part-time job working for a refugee and asylum seeker support group.

The laundry manager then put Frédéric in contact with a recycling firm needing a driver. Frédéric was able to use what he had learned working in the laundry - knowledge of the Paris road network. He needed to boost his physical stamina, as the job involved carrying heavy equipment. He succeeded and proved to be a good worker. He was able to leave the laundry to go full-time (39 hours a week) on an ordinary employment contract (not funded by SNC) in the recycling firm. In June 2005, he signed an unlimited term contract with his new employer.

NATIONAL CONTEXT AND BACKGROUND

Frédéric's story demonstrates the value of good activation approaches to employment involving coordination between different agencies and types of provision:

* the public employment agency

A Back-to-Work Plan was agreed by the two sides of industry on 1 January 2001. This overhauled the unemployment benefit system and created the Personalised Action Programmes, which helped Frédéric. The Plan includes a comprehensive system of support for jobseekers. The most excluded and marginalised are entitled to an in-depth review of their circumstances which includes assessment, and training.

* **a non-publicly-subsidised NGO** - Solidarités Nouvelles face au Chômage (SNC) - working through pairs of employed and retired volunteer counsellors linked together in local groups. In cases like this, funding is provided to temporarily finance employment for people supported in a guaranteed minimum wage job. Jobs are created by non-profit-making organisations. Here SNC shared the cost of the contract with the employment and training firm to the tune of €550 a month for twelve months - a total contribution of €6600.

* **an enterprise specialising in inclusion** for people facing particular difficulties. In this case gradual help was given to a deeply emotionally disturbed person. As a result Frédéric became employable on the open labour market. Frédéric's working hours were adapted to his capacity. This led to a long-term job that matched his abilities and characteristics. This kind of flexibility has not yet been taken on board by the French authorities. Most of the recently created supported jobs are on fixed weekly working hours.

* **benefit income to top up wages.** This scheme enables someone experiencing exclusion to contemplate a return to employment. This scheme was especially helpful in giving Frédéric the confidence to concentrate on his new job.

* **a psychiatric clinic.** Frédéric accepted this help only at the urging of his pathway-to-employment counsellors.

KEY CONCERNS

The good activation approach needs to combine several key elements:

* **subsidised jobs** for people not able to achieve the productivity needed by ordinary jobs. Subsidised jobs were introduced in the late Eighties. They have been a practical success in the French context. These jobs need to be flexible, enabling workers like Frédéric to gradually become integrated in the labour market.

* **financial incentives** to offset the cost and risk of getting back in touch with work. The authorities fear the risk of fraud. They are unwilling to give more resources to those experiencing exclusion than those in paid employment. Policies to get the most excluded into working life don't get enough real support. (Public policy makers are under close scrutiny on this.)

* joined-up support and supervision

The task of those who create and support these jobs is complicated by the lack of joined-up public policies. Each new government team changes the rules that govern these jobs. Government policies and officials underrate inclusion enablers particularly from the NGO sector like social enterprises and community workshops. This makes it very hard to deliver the personal programmes needed to promote inclusion. The support and mediation needed for inclusion work is now recognised. But, in practice, the French authorities still put more trust in paper policies than people.

* NGO's involvement

In this case the organisation provided 2 counsellors so that there was always continuity and a joint approach. It also helped to prevent over-dependency on one counsellor. NGOs are often key in developing innovative, personalised methods that focus on individuals' needs. Keeping costs down is not their prime concern.

THE COMMISSION'S RESPONSE

Employment and an efficient social safety net are legitimate expectations all citizens have of their governments. They constitute the basis for the individual's autonomy and well-being, and thus present an essential foundation for society as a whole. The European Social Model is a successful reconciliation of economic prosperity and social cohesion.

Globalisation and the demographic developments in the European population are changing the conditions under which policy makers are promoting the European Social Model. The Jobs and Growth Strategy represents the European Union's comprehensive response to these challenges. The aim of the Strategy is to create widely shared and sustainable economic prosperity by boosting knowledge and innovation, making Europe a more attractive place to invest and work and creating more and better jobs.

Under the Jobs and Growth Strategy, the European Commission proposes Integrated Guidelines for national reforms which are then adopted by the European Council. All Member States have prepared National Reform Programmes for the period 2005-2008. The Commission analyses and monitors their implementation, and it facilitates Member States' efforts to meet national challenges and helps them to learn from each other and adopt best practices.

The reform processes in Member States will improve the countries' economies. This is not a goal in itself; more jobs, more prosperity, less poverty come with improving economies. The Jobs and Growth Strategy is not only about creating wealth, but giving people a share in it.

As part of the Integrated Guidelines, the Guidelines for Member States' employment policies set three objectives which all clearly make a close link between employment and social cohesion. Member States' policies should foster these three objectives in a balanced manner, reflecting the Strategy. The three objectives are

✱ **Achieving full employment**, which is vital in order to sustain economic growth and reinforce social cohesion;

✱ Efforts to raise employment rates go hand in hand with improving the attractiveness of jobs, **quality at work and labour productivity growth**, and reducing the share of working poor;

✱ **Strengthening social inclusion, preventing exclusion** from the labour market and supporting integration in employment of people at a disadvantage.

In order to pursue these objectives, the Employment Guidelines identify three priority areas for action:

- ✱ to attract and retain more people in employment
- ✱ to improve the adaptability of workers and enterprises, and
- ✱ to increase investment in human capital through better education and skills.

The guidelines set out under these three priorities pay considerable attention to the inclusion of vulnerable groups in the labour market. Increasing employment levels is an effective way of combating poverty. In particular, the employment rates for women and older workers over 55 are considerably lower than for the overall working population.

Youth inactivity and unemployment needs to be reduced through better vocational training and apprenticeships; young unemployed people with low qualifications are at great risk of falling into long-term unemployment and, consequently, social exclusion.

Member States are encouraged to pay special attention to promoting the inclusion in the labour market of disadvantaged people, including low-skilled workers, for example through the expansion of social services and the social economy.

There are a number of common factors which are decisive for the successful improvement of the employment situation of all these target groups. The first – and most important – element is education and training. The stronger an individual's starting position is in terms of educational attainment level and vocational training, the better their prospects are of entering and remaining in the labour market. So special efforts are needed to promote the individual's access to the labour market through active and preventive labour market measures, including for example effective job search assistance, guidance and training as part of personalised action plans and the provision of social services to support the inclusion of those most marginalised in the labour market.

Employment is the key to social inclusion. This becomes particularly clear when looking at the broad negative impact unemployment has on the well-being of individuals and their dependants. Social inclusion policies have a wide focus including housing, education, health and care issues, and consequently may contribute to empowering the individual in their search for a job. At the level of policy-making, social inclusion and social protection policies are closely connected to the Jobs and Growth Strategy in Member States and at EU level.

But it is also clear that the existence of jobs alone is often not enough to overcome the barriers individuals face on entering the labour market. Discrimination is still all too often a major obstacle; discrimination because a person is disabled, deemed too old or too young, belongs to an ethnic minority or has come as a migrant to the country. The European Union provides a clear legal framework prohibiting all sorts of discrimination, but it still has a long way to go before such practices stop entirely. The European Year for Equal Opportunities for All in 2007 will be the European Commission's contribution to an attempt to give a new impetus to the fight against discrimination. The Employment Guidelines explicitly call for action to combat labour market discrimination and to promote the access to employment for disabled people, immigrants and minorities.

Member States have made a firm commitment in pursuing the objectives of the partnership for growth and jobs. Following the Commission's analysis of the first year of that new approach, Heads of State and Governments have reaffirmed the need for action in order to achieve the goals set out in the Strategy package, including a particular emphasis on the link between economic prosperity and social cohesion. The European Commission will continue to accompany Member States and the European Union as a whole in this way.

NIKOLAUS G. VAN DER PAS
EUROPEAN COMMISSION

DIRECTOR-GENERAL FOR EMPLOYMENT, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES

WHEN "MAKING WORK PAY" MISSES THE MARK - A VIEW FROM THE EUROPEAN TRADE UNION CONFEDERATION (ETUC)

Policy makers are very often the prisoner of some economic notion they are pushing forward, without considering what is really happening in society. The economic idea policy makers in Europe have become addicted to over the last five or seven years is that mass unemployment in Europe should be seen in conjunction with unemployment benefit systems that reduce the incentive to work. And 'making work pay' has become the slogan with which policy makers are 'marketing' far-reaching cuts in unemployment benefit systems.

The real life stories the European Anti-Poverty Network has described in this publication vividly testify to the fact that the abstract economic theory of 'making work pay' is completely off the mark. That it is not changing things for the better but for the worse. People get hit by the deregulation of social protection and see the living conditions of their families worsen. On paper, it might be a success to end so-called 'poverty traps'. But in reality however, the effect of 'making work pay' policies is more people ending up in poverty and being excluded from society.

We can already hear the Commission and their 'joint staff' of finance ministers and central bankers object that the method EAPN is using is not 'objective' or not 'scientific'. That 'anecdotic' evidence is not a good basis to provide an overall and complete view.

Unfortunately for these adepts of the 'making work pay' religion (and even more unfortunately for the unemployed), the aggregate figures support what EAPN is describing in this publication. According to European Commission publications, poverty rates in Europe are increasing, in particular in those countries where 'making work pay' strategies have been most strictly applied.

Moreover, labour market research from economists that are still open-minded (thank God there are still some economists around in Europe not serving the particular interest of a small elite!) arrives at conclusions that are devastating for the 'making work pay' policy:

※ Studies※ based on household panel data and following up the social situation of individuals and families over several years find that 'active labour market policies' which often complement 'making work pay' policies actually reduce the chance of escaping from poverty. This reflects the fact that 'active labour market policies' have been abused in a number of cases to organise a 'shake out' in unemployment statistics instead of providing new training for the unemployed and assisting them in finding a new job matching their upgraded skills.

✳️ These studies also focus on the effect of unemployment benefit systems on the probability of escaping from poverty by taking up job offers. The surprising result is, at first sight, that higher benefits increase the likelihood of the unemployed escaping from poverty by moving from social security into work. The explanation this research provides is that unemployment benefits play an 'activating' role and that this role dominates over what narrow economists call 'subsidized leisure'. Higher levels of compensation and longer periods of compensation provide people with the opportunity to invest in decent job search and to prevent their human capital from deteriorating during spells out of work.

✳️ Research✳️ has also been carried out on household members' 'reservation' wage (the wage level that will induce an unemployed person to work) and the actual behaviour when deciding to take up a job offer or not. It appears that unemployment benefits indeed push up the 'reservation wage'. In questionnaires, unemployed rarely indicate they are willing to work for a wage that is below the unemployment benefit. However, when looking at actual behaviour, it appears that unemployed do not hesitate to take up job offers paying wages below their reservation wage and their unemployment benefit. It appears the 'homo economicus' is only one facet of the social beings that humans are. People want to participate in working life, not only to earn money, but also to develop and maintain social contacts.

✳️ Finally, the Organisation for Economic Development (OECD)✳️ itself, which is the economists' international think tank that has given birth to the policy idea of 'making work pay', concludes that many sanctions against the unemployed and their benefits arise from the fact that the bureaucracy of public employment services is too complex. In other words, the problem is not that the unemployed are not willing to seek and take up work: the problem is rather that the framework of jobseeker obligations is not clear. In fact, the UK's story in this publication ('Happy Xmas, we're stopping your benefits') is a good illustration of this. OECD representatives themselves argue that this makes a case not for 'using a nuclear option' (ending benefits altogether) but for better explaining what employment services expect from job-seekers, backed up with small, temporary sanctions.

It is time for a social change. It is time to save the European dream from those that are actively abusing European integration to push forward their 'free market' ideology of 'laissez-faire, laissez-passer'. An ideology creating a few winners but many losers. An ideology that benefits a small elite, while workers and unemployed are left on their own to face the turbulence of a global and European marketplace without institutions such as employment legislation and social security to protect them.

We congratulate EAPN for this publication and for unveiling the social truth that is behind much of the economic rhetoric of too many European policy makers at present. We hope this constitutes another step in constructing a Europe that works for all and a Europe that is supported by all.

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✳️ Groenez S. and Nicaise I. Does the active welfare state foster inclusion ? Paper presented at the conference 'Best practice in labour market programmes', October 2004, Brussels

✳️ Addison, Centeno and Portugal : Three weddings and (maybe) a funeral : Revisiting job search theory, mimeo May 2005

✳️ Martin John, What works among labour market policies : Evidence from OECD countries' experiences, powerpoint projection at the Austrian Presidency Conference 'Innovation in Labour Markets, February 2006, Vienna

SUPPORTING PEOPLE IN POVERTY INTO DECENT JOBS AND A BETTER LIFE

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EAPN CONCLUSIONS AND RECOMMENDATIONS

The issues raised by the testimonials go to the heart of EAPN's concern about the 'Make Work Pay'/'Activation' focus of the EU's Growth and Jobs strategy. These stories do not pretend to offer an objective evaluation. What they do offer is a vital insight into the lives of people dealing with the realities of these policies. A timely reminder of the pain and suffering caused to real lives. An incentive to ensure that the Lisbon strategy is effective in eradicating poverty and social exclusion by genuinely supporting people to rebuild their sense of worth, as well as their opportunities to access decent work.

The poverty/pay trap

Most of the stories highlight the complex interplay of factors which trap vulnerable people in poverty, despite all the fine intentions of the EU and Member State governments. Many of the people interviewed are trapped in a cycle of poverty, whether they are in or out of work. Some, like Maria, have moved in and out of a succession of low-paid, precarious or short-term jobs or survived long periods on minimum income or unemployed benefit. Some have always been on benefits with seemingly no way out despite all their efforts, like Joanne. This is the other side of the story of Lisbon, and of the pressure to promote 'Make Work Pay' policies and a flexible labour market at European level. For most of these people the labour market is already too flexible, and their lives too dominated by insecurity. These concerns must be strongly taken into account, as the European Commission and the Council prepare to develop their joint common principles on a balanced approach to "Flexicurity".

Adequate social protection for a dignified life

Some of the stories raise questions about the justness and effectiveness of social protection systems. These are the cornerstone of the European Social Model, and a fundamental EU value. But in reality, these policies often seem to be failing the people they are most supposed to help. The stories highlight how minimum income levels often do not provide a sufficient income level to cover basic amenities, forcing people into poor housing, and into arrears on rent and other household costs. Benefit levels are not calculated to allow a dignified lifestyle, to invite friends round for a meal, to buy a present for your child... The stories also highlight the multidimensional impact of living on or below the poverty line, where low income impacts on people's health, mental stability as well as limiting their possibilities of having a decent social and family life and supportive friendship networks.

Make Work Pay

Many of the stories talk about the consequences of 'Make Work Pay' strategies. In some of the testimonials, restrictions on benefit access and maintenance have been used as a lever to pressure unemployed and "inactive" people into work. For those at the receiving end this means increasing problems over eligibility to benefits, with new penalties and sanctions being meted out, punishing recipients if they do not strive sufficiently "hard" to get a job, as in the case of Joanne. These measures clearly cause untold hardship to vulnerable people, because of an assumption that people do not work because they do not want to. Most of these people already have enough problems surviving on low income and living with insecurity. Many suffer from low self-esteem and have difficulty planning their lives and developing independent relationships. Any strategy to support these people into work needs to tackle these concerns.

Poor job trap

The other side of the equation is the poor job trap. Several of the stories highlight the difficulties caused by the low-quality work which is offered, either through activation schemes or in the normal labour market. For most of them, persistent low pay is a key characteristic, combined with poor conditions, where they are generally offered short-term, precarious, and often part-time employment. Although legal minimum wages are in force in most EU countries, there are currently few checks made to ensure that these wages prevent poverty. Particular risks arise in temporary jobs and lack of pro-rata rates for part-time jobs. Although, some Member States are experimenting with top-up systems, with income-tested Working Tax Credits, or cuts in taxes, these initiatives are balanced by continuing problems with ensuring security of income during the changes in employment status. Not enough account is also made of the extra employment-related costs like childcare or transport... They do not answer the basic problem of low wages particularly linked to segregated labour markets. However, despite these drawbacks, the stories illustrate how most people are anxious to take advantage of any opportunity to work, even if it means a limited chance of escape from long-term poverty. These concerns strike at the heart of the need to link good levels of minimum income to decent minimum wage levels, and to tackle horizontal and vertical job segregation.

Discrimination and harassment

Many of the testimonials highlight the desolating impact of discrimination, due to gender, race, ethnic origin or immigrant/refugee/asylum status, age and disability. Others face discrimination due to the prejudice against the long-term unemployed. Such discriminatory attitudes often mean that even the best positive activation strategies fail, as employers and employment agencies/services stereotype and undervalue peoples' capabilities, preventing them from accessing or remaining in reasonable jobs. Even with adequate levels of training and skills, some like Rose with a hearing disability or like Ferry as a refugee, were unable to get a satisfactory job, or a job fitting their skills and abilities. With older workers like George, assumptions were made about the decline in their competences, being the first in line for redundancies, despite the supposed commitments to active ageing. These realities hit at the heart of the revised Lisbon Strategy desire to "get and maintain more people in work" Unless more pro-active steps are taken to get employers to change practices, most of these groups are likely to be condemned to being kept outside the labour market, or only accessing the worst jobs. In some cases, like Julian who is Roma, the discrimination is so severe that positive action is vital to tackle both direct and indirect discrimination in accessing work, but also to tackle exclusion of children from elementary and secondary schooling and to promote Roma representation in the government and justice systems.

Positive activation/active inclusion

Not all the stories are negative. Some stories, like Frédéric's, highlight key factors that can make a difference: how to develop comprehensive, integrated active inclusion strategies that can genuinely help people to develop themselves and can provide the vital link into real jobs. These strategies start from the needs of the people themselves and develop pathway approaches which support them to have confidence, develop or validate existing skills and to participate in activities and their communities. This means real empowerment strategies. These provide counselling/advice and mentorship with targeted training and support, but also ensure access to specific, quality support services. Helping people into work is often a long-term aim, not the primary objective. It recognizes that work cannot be a solution for all vulnerable and excluded people. They recognize the need to provide income support at adequate levels which are coordinated effectively with the move into work, so as to provide a real incentive to get decent jobs, without condemning people to insecurity.

Vital role of NGOs

All the stories emphasise the key role of NGOs and the voluntary sector in providing personalised, caring approaches. In most of these organisations a key value-added is the mutual benefits that derive from the relationship between

the organisation and the person. This relationship is based on dialogue. Just as the NGO workers or volunteers actively support the person to deal with his or her problems and get confidence to start the process of getting skills that will help them to get a job, or to become more active, the person often gives back to the organisation through his/her participation. This is what makes so many NGOs such special places. These organisations have a wealth of long-term experience of creative, supportive work empowering vulnerable people. It is essential that this experience is capitalised on. In reality, the opposite often appears to happen, as many NGOs struggle for survival, living with the continual threats of funding cuts.

Recommendations

The testimonials highlight the pressing need to work towards common principles and standards for supporting the most excluded into work and inclusion. This comes at a timely moment, when the Commission has launched a consultation on the role of minimum income schemes and the need for common principles to promote active inclusion in its recent Communication[✱] EAPN has also developed a response to this consultation, drawing upon evidence from the national networks and experiences such as the testimonials[✱].

EAPN networks are clear that the starting point for such strategies should be the person's needs and the right to a secure, adequate income and affordable access to quality services. Active inclusion itself should support integrated pathways where work should be an important focus, but not the only one. The crucial role of NGOs and support organisations in this process is vital, as are employers and social partners in ensuring the quality of employment initiatives, training and jobs.

Without such measures, the EU runs the danger of making no genuine progress towards the eradication of poverty by 2010, and of deceiving the hopes and aspirations of people like Anja, Ferry, Rose, George, Joanna, Frédéric, Maria and Julian to get decent jobs and to have a better life. We trust that the EU won't let them down.

[✱] COM: Concerning a consultation on action at EU level to promote the active inclusion of the people furthest from the labour market.(COM 2006 8 Feb)

[✱] EAPN Response to Commission communication. Available at www.eapn.org.

KEY ELEMENTS OF AN EFFECTIVE ACTIVE INCLUSION STRATEGY:

1. Adequate Minimum Income for a dignified life

Providing sufficient income levels to sustain a decent living standard, regardless of employment status and guaranteeing people in poverty a stable income base to plan their lives and futures.

2. Access to quality services

Ensuring access to quality support services as a social right, as well as a support to access work. (including childcare, health, education, social services and housing/accommodation).

3. Comprehensive, integrated approaches to work and inclusion

Promoting personalized, integrated pathway approaches that provide long-term support for vulnerable people to move into work and/or inclusion, and which recognize the multidimensionality of poverty. Providing diagnostic support, counselling, as well as specialised training and education.

4. Roads to inclusion: empowerment and participation

Recognition that there are other roads to inclusion besides jobs. Active support for personal development, community integration and participation. Recognition of the key role of NGOs as innovative and supportive service providers.

5. Decent, stable and appropriate jobs

Priority given to stimulating the creation of quality jobs particularly for the most vulnerable and jobs adapted to their needs, as through protected labour market or social enterprises.

6. Fundamental rights and effective measures against discrimination

An explicit commitment should be made to the defence of fundamental social rights for all. Pro-active measures and approaches to outlaw discrimination due to sex, racial or ethnic origin, immigrant/refugee status, religion or belief, disability, age or sexual orientation should be introduced, with particular regard to access to jobs and services

7. Governance and participation

Promoting active governance involving NGOs and other key stakeholders including social partners in the design, implementation and monitoring of strategies at regional, national and EU level. Robust mechanisms are needed to engage people experiencing poverty.

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EAPN is an independent coalition of non-governmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States and candidate countries of the European Union. EAPN members aim to empower people and communities facing poverty and social exclusion to exercise their responsibilities and rights, to enable them to break their isolation and counter their social exclusion.

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