TRAPS, SPRINGBOARDS AND GAPS IN EUROPEAN MINIMUM INCOME SYSTEMS
This chapter examines the gaps in coverage and patterns of mobility on and off minimum income in four EU member countries – Belgium, Denmark, Greece and the UK. The reasons for looking at the operation of minimum income systems are both ethical and policy driven. For the past fifteen years, minimum income standards have been asserted by the various EU institutions to be a key tool in the fight against poverty and social exclusion.

Recommendation (EEC) 441/92 proposed a set of common criteria by which member countries should include a basic right to adequate resources and services into their social protection systems. The Recommendation asserted that the fight against social exclusion must be considered a key part of the social dimension of the internal market and suggested that the member countries should fix “the amount of resources considered sufficient to cover essential needs with regard to respect for human dignity” (EC 1992).

In the context of a changing policy climate, the 1994 White Paper on European Social Policy identified paid work as the “best route” for individuals to secure independence and social inclusion (Guibentif and Bouget 1997).

Work, as the preferred route to human dignity, with minimum income standards as the guarantor, are now incorporated into the common objectives for social inclusion adopted by the European Council in Nice (2000) which, again, invites Member States to include a basic right to adequate resources and services into their social protection systems.

Thus the challenge posed to policy makers is to raise participation in the world of work and to ensure that those who are unable to participate are adequately protected by social security. The UK Government, for example, subscribes to this view which is summed up in their slogan “work for those who can, security for those who cannot” (Department of Social Security 1998).
Social inclusion/exclusion is a multidimensional concept. Policies to address social exclusion are also multidimensional and include social security, minimum wages and tax thresholds as well as education, health and housing policies. Our aim here is not to provide a comprehensive set of performance indicators of minimum income systems, still less a set of indicators of social inclusion. Nevertheless, gaps in and mobility on and off minimum income are two important criteria by which to assess whether and to what extent the minimum income systems of the EU member countries are meeting some of the challenges set at the European Councils of Lisbon and Nice.

THE CONCEPTUAL FRAMEWORK

The conceptual framework on which the project builds is a model that distinguishes between five states: (a) insufficient protection (below minimum income), (b) minimum income, (c) social security, (d) work and (e) other states (mainly protection through family relationships) (Nicaise 2001).

The definitions are:

- **Insufficient protection**: persons whose household reported a monthly income below the national minimum level, irrespective of their activity status;
- **Minimum income**: persons belonging to a household that received minimum income for that month;
- **Social security**: persons whose household income for that month exceeded the minimum income level and whose personal income consisted mainly of social security benefits;
- **Work**: persons whose household income for that month exceeded the minimum income level and whose personal income consisted mainly of income from work; and
- **Other**: individuals without any personal income during the relevant month but whose household income was greater than the monthly minimum income.

The first four states are ranked by some implicit order of preference: *i.e.* work (remunerated above the social assistance level) is considered “better” than dependence on social security; social security is in turn preferred to minimum income, and minimum income is preferred to insufficient protection.

Generally speaking, the ranking of the first four social protection states also reflects different degrees of protection (in terms of income level) although this is not neces-
sarily always the case: some social insurance benefits may be lower than the corresponding national minimum income level, while low pay and part-time or irregular work may as well yield marginal earnings. Hence, our ranking is more “qualitative” than “quantitative”.

The first stage of the project – the “static analysis” – focused on access to minimum income at a point in time, looking in detail at the profiles of sub-populations in states (a) and (b). The analysis aimed to identify the proportion of the active population having no access to minimum income protection and the characteristics of these groups in the four countries.

The second stage of the project – the “dynamic analysis” – examined monthly movements between these states over time, i.e. the mechanisms that contributed to:

• “inclusion” (i.e. upward mobility from insufficient protection to minimum income, from minimum income to social security etc.); versus,
• “exclusion” (from work to social security, minimum income and insufficient protection).

A NOTE ON METHODS

The analysis in this chapter was based on the first three waves of the European Community Household Panel (ECHP), which provide detailed income data for 1993–1995. It should be noted that some marginal groups such as foreigners, travellers and homeless people are under-represented in the ECHP and there are indications of (slight) selective attrition among minimum income recipients.

The concept of minimum income is not straightforward. At the ethical level questions such as what are “basic needs” and what constitutes “human dignity” are contested. (For example, see Doyal and Gough 1991.) National economic, social and cultural variety makes these concepts difficult to operationalise. Variations in living standards and price levels of households and benefit units of different size and composition must be addressed through budget surveys or other cost of living measures and the refinement of equivalence scales.

However, our aim has not been to impose an external standard in order to construct league tables but to examine the role of minimum income guarantees within their institutional context. This is also not straightforward. Not all EU member states have, as yet, a fully implemented system of minimum income. In Greece, for example, there is only a means-tested “national pension” (HCAS), which...
was introduced in 1999. For Greece, therefore, our research used an arbitrary threshold corresponding to 50 per cent of the minimum wage, for a single person, in order to identify a minimum income level.

In other countries, the law refers to “Income Support” (UK) or “social assistance” (Denmark) rather than to a minimum income guarantee. In the UK, the boundary between Income Support and other social security benefits is blurred. Income Support is a hybrid benefit, which acts as social assistance in one of its roles. However, because UK contributory benefits are so low, Income Support is also used to top-up pensions; for people with disabilities and lone parents who are not required to be available for work; and as unemployment benefit for the long-term unemployed. Therefore, Income Support levels were used as the basis for establishing minimum income levels for the UK. Since the minimum income for the UK was a created and not a set figure, no one falls exactly on their minimum income level. People have been defined as on minimum income if their households had incomes of between the created minimum income level and 120 per cent of this level. One hundred and twenty per cent was chosen as it has often been used in the past as an unofficial poverty line in the UK (Atkinson 1983). In Denmark, social assistance is not universal but contingent upon social shocks. Nevertheless, we have taken social assistance to be equivalent to a minimum income guarantee despite not all individuals being eligible.

Finally our sample is purposive; four very different countries have been chosen to illustrate the four different welfare regimes in Europe following the typology developed by Esping-Andersen (1990) and supplemented by Ferrera (1996):

- Belgium is an example of a continental, Bismarckian system based on two pillars (insurance and assistance) with broad access to social insurance and a limited social assistance pillar (Groenez and Nicaise 2001).
- Denmark belongs to the Scandinavian/Nordic social-democratic model. This model is often characterised as “universalistic”, because the income transfer system and social services are based on citizenship/residence and offer widespread coverage and a relatively generous level of cash benefits intended to keep everyone out of poverty. There is a strong emphasis on activation (Groenez, Pedersen and Nicaise 2001).
- Greece is an example of a Southern European model with a social security system based in large part on occupational status. There is no national minimum social
safety net and the role of the family in the provision of social goods is important (Chletsos 2001).

- The United Kingdom is the archetypal example of the Beveridge model founded on national insurance income replacement benefits with social assistance as a supplement or alternative. While Beveridge anticipated only a very modest and residual role for social assistance in his scheme, means-tested social assistance benefits have taken on increased importance so that they are now a mass scheme rather than a residual safety net (Ditch 1999; Adelman, Middleton and Roberts 2001).

The groupings also chime with Lodemel and Schulte’s 1992 classification of social assistance schemes based on four main distinguishing characteristics. These are the balance between:
- generalised and categorical minimum income schemes;
- income maintenance and social integration;
- legal rights to benefit and discretionary access;
- central and local or regional responsibility for legislation, administration and finance (Lodemel and Schulte 1992; Eardley et al. 1996).

Following these criteria, Lodemel and Schulte classified:
- Belgium – Continental;
- Denmark – Nordic;
- Greece – Latin;
- UK – British.

OVERALL MOVEMENTS BETWEEN THE STATES

This section presents the findings from the “dynamic analysis”. It explores:

i) Overall movements between the different states; and

ii) The profiles of people who were in or moved between the different states.

The dynamic analysis is measuring how likely a movement from one state to another is between one month and the month following it. This section therefore presents the proportion of months which people spent remaining in or moving from a given state and not the number of people that have remained or moved from one of the states.

In each of the four countries studied:
- All the states were stable with a large majority of months followed by another month in the same state.
Work was the most secure state – in each country at least 98 per cent of months spent in work were followed by another month in work.

In each of the countries, with the exception of the UK, insufficient protection was the least stable state. In the UK the least stable state was minimum income (Tables 1–4).

<table>
<thead>
<tr>
<th>Country</th>
<th>From insufficient protection to</th>
<th>Insufficient protection</th>
<th>Minimum income</th>
<th>Social security</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>94.8 (0.2)</td>
<td></td>
<td>1.1</td>
<td>2.6</td>
<td>1.3</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>95.1 (0.2)</td>
<td></td>
<td>1.1</td>
<td>3.2</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>94.9</td>
<td></td>
<td>0.5</td>
<td>2.5</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>95.2</td>
<td></td>
<td>1.4</td>
<td>1.8</td>
<td>0.2</td>
<td></td>
</tr>
</tbody>
</table>

Key: brackets between 10 and 30 unweighted cases; *less than 10 unweighted case

Table 2
Movement from minimum income

<table>
<thead>
<tr>
<th>Country</th>
<th>From minimum income to</th>
<th>Insufficient protection</th>
<th>Minimum income</th>
<th>Social security</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>*</td>
<td>95.6 (1.1)</td>
<td></td>
<td>2.1</td>
<td>(0.6)</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>0.7</td>
<td>96.1</td>
<td>0.7</td>
<td>2.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>4.1</td>
<td>91.4</td>
<td>2.0</td>
<td>2.3</td>
<td>(0.1)</td>
<td></td>
</tr>
</tbody>
</table>

Key: brackets between 10 and 30 unweighted cases; *less than 10 unweighted case

Table 3
Movement from social security

<table>
<thead>
<tr>
<th>Country</th>
<th>From social security to</th>
<th>Insufficient protection</th>
<th>Minimum income</th>
<th>Social security</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>0.3 (0.1)</td>
<td></td>
<td>97.8</td>
<td>1.6</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>0.7</td>
<td>0.2</td>
<td>95.9</td>
<td>3.1</td>
<td>(0.1)</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>0.7</td>
<td></td>
<td>96.6</td>
<td>1.2</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>0.8</td>
<td>0.7</td>
<td>95.5</td>
<td>2.8</td>
<td>(0.1)</td>
<td></td>
</tr>
</tbody>
</table>

Key: brackets between 10 and 30 unweighted cases; *less than 10 unweighted case

Table 4
Movement from work

<table>
<thead>
<tr>
<th>Country</th>
<th>From work to</th>
<th>Insufficient protection</th>
<th>Minimum income</th>
<th>Social security</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>0.2</td>
<td>(0.0)</td>
<td>0.6</td>
<td>98.8</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>0.3</td>
<td>0.1</td>
<td>0.9</td>
<td>98.5</td>
<td>0.2</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>0.7</td>
<td></td>
<td>0.2</td>
<td>98.3</td>
<td>0.7</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>0.3</td>
<td>0.2</td>
<td>0.6</td>
<td>98.8</td>
<td>0.2</td>
<td></td>
</tr>
</tbody>
</table>

Key: brackets between 10 and 30 unweighted cases; *less than 10 unweighted case

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Moving to Inclusion

This and the following sections consider movers only. Those who remained in a given state from one month to the next are excluded (Tables 5–8).

<table>
<thead>
<tr>
<th>Country</th>
<th>From insufficient protection to minimum income</th>
<th>Social security</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>5</td>
<td>21</td>
<td>49</td>
<td>25</td>
</tr>
<tr>
<td>Denmark</td>
<td>5</td>
<td>22</td>
<td>66</td>
<td>6</td>
</tr>
<tr>
<td>Greece</td>
<td>2</td>
<td>10</td>
<td>49</td>
<td>41</td>
</tr>
<tr>
<td>UK</td>
<td>29</td>
<td>29</td>
<td>39</td>
<td>3</td>
</tr>
</tbody>
</table>

Key: some rows do not add up to 100 due to rounding

<table>
<thead>
<tr>
<th>Country</th>
<th>From minimum income to insufficient protection</th>
<th>Social security</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>0</td>
<td>25</td>
<td>48</td>
<td>14</td>
</tr>
<tr>
<td>Denmark</td>
<td>17</td>
<td>17</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>UK</td>
<td>47</td>
<td>24</td>
<td>25</td>
<td>1</td>
</tr>
</tbody>
</table>

Key: some rows do not add up to 100 due to rounding

<table>
<thead>
<tr>
<th>Country</th>
<th>From social security to minimum income</th>
<th>Insufficient protection</th>
<th>Minimum income</th>
<th>Work</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
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<td>4</td>
<td>73</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>17</td>
<td>5</td>
<td>76</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>19</td>
<td>–</td>
<td>35</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>18</td>
<td>16</td>
<td>62</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Key: some rows do not add up to 100 due to rounding

<table>
<thead>
<tr>
<th>Country</th>
<th>From work to</th>
<th>Insufficient protection</th>
<th>Minimum income</th>
<th>Social security</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>17</td>
<td>(0)</td>
<td>50</td>
<td>33</td>
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<tr>
<td>Denmark</td>
<td>20</td>
<td>7</td>
<td>60</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Greece</td>
<td>41</td>
<td>–</td>
<td>12</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>25</td>
<td>17</td>
<td>50</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

Key: some rows do not add up to 100 due to rounding

**Upward mobility to work**

In each of the countries, with the exception of the UK, the majority of movements out of a given state were into work. In the UK, this was the case for movements from ins-
sufficient protection and social security but not for move-
ments from minimum income, where most were towards
insufficient protection. This may be explained by the way
the minimum income state was set up in the UK (see UK
Section 3, above). People in low paid jobs could experience
a small deduction in pay – for example, by reducing their
hours, or not receive a pay rise when the Income Support
levels were raised and fall into insufficient protection,
rather than remain in minimum income. In other words,
only a simple income threshold distinguishes them,
whereas in Belgium and Denmark a change of source of
income may also be required to allow such a move to oc-
cur (as noted above, Greece does not have a minimum in-
come state).

Denmark was the most successful of the four coun-
tries in moving people from insufficient protection and
minimum income into work (66 per cent of movements
out of insufficient protection were to work, while 61 per
cent of movements from minimum income were to work).
In Belgium, 49 per cent of movements from insufficient
protection and 48 per cent of movements from minimum
income were to work, while the figures for the UK were 39
per cent and 25 per cent respectively.

The higher figures for movements to work in Den-
mark may be explained by the use of a range of activation
measures (especially for young adults). In Belgium and the
UK, it is unlikely that this is an explanation for this up-
ward movement to work, as activation was not used very
frequently during the observed period. It is more probable
that individuals found jobs without public support. Acti-
vation measures in the UK became stronger with the intro-
duction in 1996 of Jobseeker’s Allowance, which requires
evidence of job search, in place of Unemployment Benefit,
whilst the more proactive New Deal programmes were not
introduced until the late 1990s. In Belgium, activation
measures for minimum income recipients have been sub-
stantially extended since the introduction of the “Spring
Plan” in 2000.

However, since movements from and to insufficient
protection and minimum income are household move-
ments it is difficult to assess whether they were caused by
changes in household members’ income or personal in-
come. These upward movements could be gained by either
the individuals themselves, or their partners or other
household members getting work, receiving a pay rise or
increasing their hours, so that their households were now
above the minimum income level. There is evidence in the
UK to suggest that in households where there is already a
working member, the chances of a non-working member moving into work are increased. In 1997, jobless men with working partners were almost twice as likely to move into work over a three month period than were men living alone or with a non-working partner, and the same pattern was also evident for women (Gregg et al. 1999).

**Upward movements to social security**

On the face of it, the UK was the most effective of the four countries in moving people upward from insufficient protection and minimum income to social security. Twenty-nine per cent of movements out of insufficient protection and 24 per cent of movements out of minimum income were to social security. A plausible explanation for the numbers moving from insufficient protection and minimum income to social security in the UK is that people moved from Income Support to the more highly paid invalidity benefits. The number of people receiving invalidity benefits increased steadily over the observed period. There is anecdotal evidence to suggest that some UK Jobcentres were encouraging people, in particular those who were long-term unemployed, to come off the unemployment register by switching from the means-tested Income Support, paid on the basis of availability for work, to the comparatively generous invalidity benefits. The consequent increase in the numbers claiming these benefits has subsequently caused the Government to be concerned about their cost and a series of measures have since been taken to tighten eligibility rules and reduce the on-flow.

Movements out of insufficient protection and minimum income to social security in Belgium may be explained by the underlying rationale of social employment, which allows municipal welfare centres to offer their clients a job in order to get them socially insured. A survey, conducted by the Ministry of Social Affairs in 1998 showed that at the end of social employment 50 per cent were entitled to unemployment benefits, 30 per cent found a job on the regular labour market and 11 per cent remained dependent on social assistance. Recently, this rationale has gradually transformed to a more work-oriented approach.

In Denmark, public work or job training in the context of activation did not qualify for renewal of entitlement to benefit from 1994 onwards which suggests that most movements to social security were probably due to household member income changes.
Upward movements to minimum income

In Belgium and Denmark 5 per cent of movements out of insufficient protection were to minimum income, while in the UK the figure was 29 per cent. The large proportion of movements in the UK from insufficient protection to minimum income may be explained, once again, by the way the minimum income-state was set up in the UK. The relatively small number of movements from insufficient protection to minimum income in Belgium and Denmark may be accounted for by temporary (frictional) non-take-up.

Moving to Exclusion

Downward movements from work

In Belgium, Denmark and the UK, people who moved down from work were most likely to end up in social security. However, of those falling further down the scale, a move to insufficient protection was more likely than to minimum income in each of these countries.

The protection offered by social security in Denmark was the best of the four countries, with 60 per cent of movements from work being to social security while only eight per cent moved to minimum income. However, 20 per cent fell directly into insufficient protection.

In Belgium, 50 per cent of movements from work were to social security, while very few moved to minimum income (three per cent), but more fell into insufficient protection (17 per cent).

In the UK, half of all movements out of work resulted in a move to social security. Movements to minimum income represented 17 per cent of all movements from work, while movements into insufficient protection made up 25 per cent of movements.

In Greece, the movements from work to social security were the lowest of the four countries (12 per cent) and in the absence of minimum income, equal proportions of moves (41 per cent) were to insufficient protection and to the “other” state.

The reasons for people falling through the social security and minimum income nets in each of the countries reflect the respective qualifying conditions for social security, benefit levels, non-take-up, and sanctions.

Qualifying conditions

Some people may be excluded from social security because they are unable to meet the qualifying conditions. The in-
surance-based model of unemployment compensation requires prior payment of contributions, and thus prior work. This may exclude from the unemployment protection system those people who have not built up an entitlement which, in addition to those working illegally, would include marginal workers with only short experience of employment, women re-entering the labour market after parental leave and people who “churn” between what are often low paid, insecure jobs and unemployment.

The qualifying conditions for unemployment benefit are less stringent in Belgium and Denmark than in Greece and the UK. In Belgium, since 1994, all people aged less than 36 years must have worked 312 days in a period of 18 months preceding unemployment. School leavers have access without prior contributions after a waiting period of six months. In Denmark, unemployment insurance is voluntary – 25 per cent of the workforce does not join an unemployment insurance fund. For those people who are members, eligibility for unemployment benefit in Denmark requires having paid one year’s prior contributions. In order to receive Unemployment Benefit in the UK, it is necessary for a person to have paid two years contributions.

The onerous qualifying conditions may explain why so few people who left work moved to social security in Greece. Of the four countries, Greece had the most stringent conditions for unemployment benefit. Greece required three years prior contributions and following one period of entitlement it was necessary to re-qualify by paying another three years contributions.

**Benefit levels**

Even if entitled, the level of social security payable may necessitate a claim for social assistance. In Belgium and Denmark, benefits are calculated as a proportion of foregone earnings. In Denmark, unemployed persons who have joined an unemployment insurance fund, and whose employment record qualifies them, are able to draw unemployment benefits related to the amount of their prior earnings but unaffected by other sources of current income. Unemployment benefit is paid at 90 per cent of prior earnings, with a payment ceiling. As there is no benefit/earnings top-up in Denmark and benefits are calculated as a proportion of foregone earnings, some people may have benefits below the social assistance level.

Unemployment benefit in the UK is not earnings-related and is paid at a low level. As a result, the minimum
income benefit, Income Support, is often required as a top up for those with families to support. In Greece, unemployment benefit is paid at an even lower rate. However, in Greece, there is no minimum income system to top up social security benefits.

**Non-take-up**

Frictional non-take-up, i.e. for a short time while the claim is being processed, may explain why some people moved directly from work to either minimum income or insufficient protection. Longer term non-take-up may also explain why some people moved from work to insufficient protection, although non-take-up is more often associated with mean-tested benefits.

**Downward movements from social security**

As with movements from work, in Belgium, Denmark and the UK, people who moved down from social security to minimum income or insufficient protection were more likely to end up in the latter than the former.

In Belgium, only four per cent of movements from social security were down to minimum income, but 13 per cent moved to insufficient protection, while in Denmark around five per cent of movements from social security were down to minimum income every month but 17 per cent were to insufficient protection. In the UK, 16 per cent of moves were to minimum income, while slightly more (18 per cent) were to insufficient protection. In Greece, 19 per cent of movements down from social security were to insufficient protection every month. A further 44 per cent were to the “other” state.

**Duration**

One explanation for people moving from social security to minimum income or insufficient protection is the duration for which the benefits are payable. Entitlement may simply come to an end. Although it appears that the current policy is towards limiting the time for which benefits are payable, at the time of the study entitlement to unemployment benefit varied greatly among the four countries. In Belgium, the duration of entitlement to unemployment benefit was theoretically unlimited. However, in practice the unlimited duration of benefits was restricted by a series of conditions, which combined a means-test and a work availability test. Only heads of household kept benefits that were proportional to their previous wage for an
unlimited period. Other people received reduced benefits and lost them altogether after a given period (which varied by region and gender) unless they could prove that they were still actively looking for work.

Although the period 1993–95 was characterised by a substantial tightening of the regulations and controls regarding entitlements for the long-term unemployed in Belgium, groups at risk of poverty such as heads of household and single persons were exempted from automatic suspension for “abnormally long duration of unemployment”. Nevertheless, they could still be suspended if they turned down suitable job or training offers.

In Denmark, since 1994, the maximum duration of benefit, previously about nine years, has been gradually reduced, and in 1999 was four years. After one year in receipt of unemployment benefit, the recipient is placed either in an educational programme or in publicly supported job training.

The duration of entitlement to unemployment benefit in the UK was 12 months, while the duration of unemployment benefit in Greece depended on the number of contribution years. The maximum duration was 12 months, although in some circumstances this could be extended to 14 months.

Non-eligibility

An explanation for the high number of movements to insufficient protection in Denmark may be non-eligibility. In Denmark, it is not sufficient to have low income to be entitled to social assistance. Social assistance can only be claimed by those who have experienced a major social event, or change in circumstances, such as sickness, maternity, unemployment, divorce or separation, death of spouse or military service, which affects or changes their ability to earn the necessary income on which to live.

Non-take-up

Non-take-up may explain people moving to insufficient protection rather than to minimum income. People who are eligible may not take up their entitlement at all or for a certain period of time, or there may be frictional non-take-up due to the time it takes to process a claim.

Research in both the UK (Corden 1999) and Belgium (Vercauteren and Daems 1995) has identified several reasons for non-take-up. These are both attitudinal and administrative and concern lack of knowledge, administra-
tive complexity and the perceived stigma among some who are eligible to claim means-tested benefits.

Low wages

Ironically, one explanation for a move down to insufficient protection in the UK may be that claimants had entered employment which then placed them, and their household, below minimum income. Research has shown that entry wages in the UK for people who have been out of work are well below typical earnings (Gregg et al. 1999). This situation may have improved with the introduction of the minimum wage in 1999.

The role of the family

The large numbers of movements in Greece from social security to insufficient protection and the “other” state may be explained by the lack of a national minimum social safety net and the importance of the role of the family in providing social goods. In the absence of a universal minimum income benefit, the family has functioned as an informal social safety net that pools resources to help the young buy a house or start up a business, provides unpaid female carers to look after children and older relatives, acts as a lending institution in case of emergency, and supplies jobs, either in the family businesses or through kinship networks (Matsaganis 2001).

Downward movements from minimum income

In Belgium, very few people moved down from minimum income to insufficient protection, while in Denmark, on the other hand, 17 per cent of all movements out of minimum income were to insufficient protection. In the UK, approximately 47 per cent of all movements out of minimum income were to insufficient protection.

The very small number of downward movements to insufficient protection in Belgium suggests that suspensions of minimum income were rare, while the greater numbers of movements in Denmark suggests that suspension from social assistance was more common. Two aspects of the Danish social assistance scheme may explain this. One, that social assistance is only intended to be a short-term benefit. Local municipalities are expected to reconsider each case at three-monthly intervals, although assistance may be payable for longer than three months depending on individual circumstances.
Secondly, suspension may result from refusal to participate in an activation scheme. In June 1993, the Municipal Activation Act was introduced in Denmark, which aimed to encourage labour market activity through job training for people up to the age of 66 who are entitled to cash assistance. The Act enables municipalities to offer places on special schemes and if assistance recipients refuse to take part they run the risk of losing their benefit.

It is unlikely that sanctions offer an explanation for the large number of movements from minimum income to insufficient protection in the UK as they were only rarely used during the period under observation. The large proportion moving downward in the UK may partly be explained by the way that the UK states - that of minimum income in particular - were set up as noted earlier. However, this movement could also be explained by deductions from benefit to pay for current and/or past bills - such as those to the utility companies (electricity, gas, water) or others such as social fund repayments or child maintenance, and sanctions. In May 1996, some 21 per cent of claimants had deductions made from their Income Support (DSS 1997). Deductions for these reasons cannot be made from non means-tested benefits. Thus, when recipients moved from social security to means-tested benefits they became eligible for deductions from their benefits. These claimants (and their household members) would fall below minimum income. This may also explain some movements directly from social security to insufficient protection in the UK.

**Movements to and from the “other” state**

In Belgium and Denmark movements from the “other” state into minimum income are almost non-existent, whereas movements to insufficient protection are as large (in Belgium) or greater (in Denmark) as movements to social security. As noted above, this may be explained by the fact that movements into insufficient protection are a household event. Inactive household members move down to insufficient protection together with active household members who lose their job or who lose their social security benefits. In Belgium, movements by school leavers are likely to be limited by their access to unemployment insurance. School leavers have access without prior contributions after a waiting period of six months. However, to qualify, school leavers must have finished the fourth year of secondary school. The effect of this is that those with the most problematic school careers are excluded from
benefits. In addition, some young people who have been in special education may not have access to unemployment benefits as they are deemed not to be oriented to the labour market. Those moving into insufficient protection tend more often to be students, or unprotected marginal workers. In Denmark this would include school leavers not entitled to unemployment benefit.

In Greece, there are more movements to the “other” state than in the other three countries. This may be explained by the lack of a minimum income system, the onerous qualifying conditions for social security and the traditional role of the family.

PROFILE ANALYSIS

Cross tabulation and multiple regressions were used to identify characteristics associated with moves out of insufficient protection, minimum income, social security and work.

Age

Young people (age 16–24) displayed above-average mobility in each of the countries. This was the case both with upward mobility, where young people were more likely to move out of insufficient protection, minimum income and social security into work, as well as downward mobility, where young people were more likely to move from work into social security, minimum income and insufficient protection. This qualifies the aggregate analysis above, where we found little evidence of any substantial impact of activation programmes. The fact that these programmes are mostly targeted at young people may explain their higher chances for re-integration, compared with other age groups. Conversely, the finding that this age group was also more likely to move down from work may suggest that their employment was short-term.

The histories of the oldest age group (age 40–64) were more stable, in that they were more likely to remain in a given state.

Gender

Gender has very complex effects. Broadly speaking, women had a higher risk of exclusion from work and fewer chances for inclusion. However, social security plays an ambiguous role: some of the movements from work into social security were probably due to maternity or family leave schemes rather than unemployment or other so-
cial risks. This may also be a reason why women stayed longer on social security than men. Belgium was the exception here, with a higher probability of exclusion from social security.

Separation, Divorce and Bereavement

Separation, divorce and bereavement increased the risk of downward movement and represented an obstacle to upward movement from insufficient protection and minimum income in each of the countries.

Education

Education was crucial in determining life chances with upward moves to inclusion associated with higher education and downward moves to exclusion with less than second stage secondary education. However, the activation policies in Denmark, the only country to have activation in place during the observed period, continued to exclude those people with lower educational achievements.

Health

In each of the four countries, better health was clearly associated with upward movements to work, while poor health was associated, either with immobility or downward movements to exclusion and poverty. Although it appeared that social security offered better protection for those who left work because of poor health in Belgium and Denmark than in Greece and the UK it was nevertheless clear that the social security and minimum income systems were failing many people with poor health in each of the four countries.

Labour Market Position

Although there was variation reflecting, in part, the different job markets in the countries during the observed period, those with previous work experience and higher occupational skills were more likely to move into work while those with no previous work experience or lower occupational status were more likely to move to and remain within exclusion and poverty. Again it appears that Denmark, despite the emphasis given to activation programmes during the observed period, failed to “mobilise” some of those with no previous work experience.
CONCLUSIONS AND POLICY RECOMMENDATIONS

“Work For Those Who Can”

The analysis showed that “work” was the most stable state in terms of social protection in each of the countries. Upward mobility from insufficient protection or minimum income occurred mainly through work. Although the data do not tell us what part of the movements into work was attributable to activation programmes it may be significant that the only country of the four that had activation programmes in place at the time – Denmark – achieved the highest movements to work from both minimum income and social security, as well as from insufficient protection. However, on the other hand, it is perhaps surprising that Denmark did not perform comparatively better given the emphasis placed on activation during the observed period.

The analysis largely confirms the expectations about selectivity in upward and downward mobility. Movements into work were typically associated with younger age, male gender, higher education, better health, previous work experience, and higher occupational status.

The profiles of people becoming or remaining excluded and in poverty were associated with the female gender, lower educational qualifications, no previous work experience, and lower occupational status. The older age group was more likely to remain in the given state.

Employment Sustainability

Mobility both into and out of work, particularly among young people, suggests that there was a degree of “churning” among this age group. This suggests that some jobs were precarious and did not give access to social security: this is the case with illegal work, but also with low-paid, insecure, non-unionised work and to some extent with self-employment.

If the “welfare to work” strategy is to be successful the “low pay, no pay” cycle, in which those people with low-level qualifications “churn” between insecure, low-paid, low-skilled jobs and unemployment, must be broken. Policies and programmes such as the Spring Programme in Belgium and the “New Deal” in the UK will only work in the long-term if moves into work are “permanent” and involve progression to reasonably well paid jobs.

“Employment sustainability” is best defined as “the maintenance of a stable or upward employment trajectory in the longer-term” (Walker and Kellard 2000) towards
self-sufficiency, defined alternatively as income above poverty or benefit levels, or the ability to prosper in the labour market without government intervention. The policy focus therefore extends beyond short-term job stability.

The issue of employment sustainability was first raised in the US. The first US workfare programme was introduced by the 1981 Omnibus Budget Reconciliation Act. Since then, policymakers in the US have debated the merits of two different approaches to helping people move from welfare-to-work: one emphasises rapid job entry; the other focuses on initially providing education and training/skills (MDRC 2000).

Our findings that people with elementary occupations (and with lower educational qualifications) were least likely to remain in work and most likely to move to minimum income and insufficient protection lends support to the “human capital development” approach to employment sustainability. It is notable that, even in Denmark, those with lower educational qualifications and labour market skills were less likely to be integrated into work. Further analysis using a similar methodology, but allowing the tracking of individual’s movements between the various states would add significantly to our current knowledge of employment sustainability issues and the effectiveness of activation policies. As it is clear that work of itself is not the issue for policy, but rather sustainable employment at wage levels sufficient to maintain individuals above minimum income.

Social Security and Safety Nets

Although the risk of exclusion from mainstream social security (into minimum income or insufficient protection) was substantial in each of the countries, it was lower in Belgium than Denmark, Greece and the UK. This can probably be explained by the fact that there was no absolute duration limit in the Belgian unemployment benefit system. Unemployed people who fell into poverty after suspension of their unemployment benefits were likely to have been sanctioned rather than excluded and their number was limited in Belgium.

With the exception of Greece, where there is no minimum income system, the risk of falling into insufficient protection was much higher than the corresponding risk of entering minimum income. This suggests that the capacity of the minimum income systems to prevent poverty in each of the three countries is unreliable for many groups of people, particularly those who are separated and divorced, in bad health and lower occupational status.
The analysis has identified a number of causes for moving downward into exclusion, insufficient protection and poverty. These are the partial or total loss of earnings from work, failure to meet the qualifying conditions attached to social security benefits, inadequacy of benefits, non-eligibility for minimum income, exhaustion of entitlement, sanctions and suspensions, non-take-up, and deductions (especially from Income Support in the UK).

In Greece, the lack of a universal safety net may lead to over-reliance on the family as a provider of welfare. This may lead to serious difficulties in that those who are excluded from family solidarity may find themselves extremely vulnerable and have to rely on the informal market and even begging and crime to survive. Demographic change in Greece is likely to mean smaller families having to look after an increasing number of older relatives. Migration from the countryside to the towns may exacerbate demographic change and undermine traditional support networks. Remote and depopulated villages that are almost exclusively inhabited by the elderly will not be in a position to offer practical and financial support (Matsaganis 2001).

Demographic change, coupled with urbanisation, will mean that Greece will need to implement recommendation (92/441/CEE), now incorporated into the common objectives for social inclusion adopted by the European Council in Nice (2000), inviting Member States to include a basic right to adequate resources and services into their social protection systems according to a set of common criteria so as to help, in particular, "to guarantee that everyone has the resources necessary to live in accordance with human dignity..."

However, even in countries with well-established minimum income schemes – Belgium, Denmark and the UK – there can be no grounds for complacency as the extent of movement down into inadequate protection and poverty is high. At least one in two people who had experienced insufficient protection had lived below the minimum threshold for more than 12 months and with the exception of the UK, between 50-70 per cent have had income of less than 75 per cent of the minimum income level. The profile of both those who had experienced lengthy periods on minimum income and those who had received income of less than 75 per cent of the threshold was fairly similar. Youngsters, the elderly, women, broken families, single persons, individuals with low levels of education, foreigners, and workers in elementary occupations were over represented. Large proportions of people who fell
through the safety nets into “insufficient protection” had previously been in work. The tightening of eligibility rules for unemployment benefits since the observed period (1993–1995) may mean that the circumstances of these people have further deteriorated. This should cause concern to policy makers.

NOTE

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