



**From in-work poverty
to Decent Work –
Think European.
Act in solidarity.**

#inworkNOpoverty

**Conference report
Berlin, 25 September 2019**

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From in-work poverty to Decent Work – Think European. Act in solidarity.

Organiser	Senate Department for Integration, Labour and Social Services
Date	25 September 2019
Location	Hotel Stadtbad Berlin, Oderberger Straße 57, 10435 Berlin
Moderation	Dr Julia Kropf

Throughout the conference (including the workshops), simultaneous translations were provided in English ↔ German.

08.30 am – 09.30 am Arrival and Registration

09.30 am – 09.35 am Conference Welcome
 Dr Julia Kropf, Moderation

09.35 am – 09.45 am Welcome Address
 Michael Müller, Governing Mayor of Berlin

09.45 am – 10.00 am Welcome and Introduction
 Elke Breitenbach, Senator for Integration, Labour and Social Services, Berlin

10.00 am – 10.45 am In-work poverty in comparative theory
 Keynote I
 Prof Dr Heinz Bontrup, Professor of Economics at the Westphalian University of Applied Sciences

10.45 am – 11.15 am Table Talks
 All participants at their tables

11.15 am – 11.30 am Coffee Break

11.30 am – 11.45 am In-work poverty from the perspective of the people affected

Talk in Pairs

Erika Biehn, Verband alleinerziehender Mütter und Väter (VAMV), Berlin (Association of single mothers and fathers)

Sarah Jochmann, Spokeswoman of the Facebook campaign »Liefern am Limit«, Düsseldorf

11.45 am – 12.30 pm In-work poverty – What answers does Europe have?

Panel discussion I

Ignacio Doreste Hernández, European Trade Union Confederation (ETUC), Brussels

Dr Katherine Duffy, European Anti-Poverty Network (EAPN), Brussels

Alexander Friedrich, ASB Germany, AWO Germany and Volkshilfe Austria, Brussels

Prof Dr Henning Lohmann, University of Hamburg

Jeroen Jutte, European Commission DG Employment, Social Affairs and Inclusion, Brussels

12.30 pm – 01.30 pm Lunch

01.30 pm – 02.00 pm In-work poverty – Poor despite work

Keynote II

Dr Wolfgang Strengmann-Kuhn, MdB (Member of Parliament) and author

02.00 pm – 02.15 pm In-work poverty from the perspective of employees and employers

Talk in Pairs

Johannes Jakob, German Trade Union Confederation (DGB), Berlin

Alexander Schirp, Confederation of Employers and Business Associations of Berlin and Brandenburg (UVB e. V.)

02.15 pm – 03.45 pm Parallel Workshops

Workshop 1 – Precarious employment and in-work poverty

Elke Ahlhoff, ArbeitGestalten, Joboption Berlin

Dr Christian Pfeffer-Hoffmann, Minor – Projektkontor für Bildung und Forschung gGmbH, Berlin (Project Office for Education and Research)

Workshop 2 – Digital transformation and in-work poverty

Prof Mark Graham, Oxford University Internet Institute

Sarah Jochmann, Spokeswoman of the Facebook campaign »Liefern am Limit«, Düsseldorf

Workshop 3 – Service sector and in-work poverty

Franziska Baum, ArbeitGestalten, Berlin

Veronika Bohrn Mena, Trade Union of Private Employees, Printing, Journalism, Paper; Vienna

Workshop 4 – Vocational education and training and in-work poverty

Dr Alexandra Bläsche, Ministry of Labour, Social Affairs, Health, Women and Family Affairs, Potsdam

Dr Michael Dörsam, Federal Institute for Vocational Education and Training (BIBB), Bonn

03.45 pm – 04.00 pm Coffee Break

04.00 pm – 04.45 pm In-work poverty – What answers exist for Berlin?

Panel discussion II

Opening statement of Prof Dr Michael Hüther,
German Economic Institute (IW), Köln

Alexander Fischer, Secretary of State for Labour and
Social Services, Senate Department for Integration,
Labour and Social Services, Berlin

Christian Hoßbach, German Trade Union
Federation (DGB), District Berlin-Brandenburg

Lutz Mania, Jobcenter Berlin-Mitte

Kerstin Oster, Berliner Wasserbetriebe
(Water Utilities)

Prof Ingrid Stahmer, Spokeswoman of the
»Landesarmutskonferenz« in Berlin and former
Senator of Berlin

04.45 pm – 05.00 pm Conclusion

Alexander Fischer, Secretary of State for Labour and
Social Services, Senate Department for Integration,
Labour and Social Services, Berlin

From 05.00 pm Get Together at the Chimney Lounge

Abstract

► An increasing number of people in Europe are poor, even though they work. Germany is the European country with the largest increase in in-work poverty over the past years. This is an intolerable situation in a wealthy country where the economy has been booming for years.

Despite continuous economic growth and increasing employment, around 10% of people employed in Germany can be classified as poor. This means that more than four million people and their families receive an income that is not sufficient to provide an appropriate standard of living and are therefore dependent on additional government benefits. Across EU member states the proportion of people living in in-work poverty also amounts to roughly 10%. For these people and their families, in-work poverty is a bitter reality that often ends in old-age poverty.

Women, especially if they are single mothers, are particularly affected by and vulnerable to in-work poverty in Germany. In addition, women are far more likely to work in precarious or atypical employment, such as mini-jobs or (poorly paid or involuntary) part-time work. There is also the ongoing problem of the gender pay gap. The problem of child poverty is closely linked to this. Roughly 21% of all children in Germany live in permanent or recurrent poverty for a period of at least five years. 50% of these children are in single-parent families.

In-work poverty is reaching alarming proportions in large cities such as Berlin. Berlin's growing labour market is home to a comparatively large amount of atypical employ-

ment, and the proportion of people who receive additional benefits in accordance with the SGB II (German Social Code II) is particularly high. At the same time, Berlin-based companies are increasingly searching for employees and skilled workers. Berlin and other major European cities in which the service sector plays a significant role are paying increasing attention to certain industries, professions and jobs that are poorly paid and often feature precarious and atypical working conditions.

The main reasons behind this shift in focus are social inequality and the ever increasing gap between rich and poor, issues that are closely linked in global capitalism. In-work poverty is often blamed on excessively low pay. Nowadays, almost one in four employed people in Germany works in the low-paid sector.

Other factors that contribute to in-work poverty include the increase in atypical employment, in particular part-time and mini-jobs, the pressure on unemployed people to find a job as quickly as possible, inadequate government benefits, strict conditions for obtaining transfer payments, high rents (particularly in major cities), and a low standard of education. These factors play a role in the creation of in-work poverty throughout Europe, and some of them became more acute as a result of structural reforms following the European debt crisis, for example in Greece, Spain and Portugal.

From the German Anti-Poverty Conference to economic and social partners, political parties, European member states and European Union institutions, all relevant stakeholders have been in agreement for years that political

action is required to combat poverty, and especially in-work poverty. However, there is still major progress to be made when it comes to strategic focus, effective policies and the specific implementation of tools and measures.

At its core, this is an issue concerning money and tools and, above all, the value of work and the dignity of people, which in our knowledge- and work-oriented society are best served when the transition from in-work poverty to Decent Work – and thus a self-determined life with a positive outlook and possibilities for development – is achieved.

Better education, fewer mini-jobs, faster wage and salary growth, and an increase in the minimum wage and/or social benefits are all frequently mentioned as possible means of fighting in-work poverty. An increase in employment with mandatory social security contributions and good working conditions (as opposed to precarious or atypical employment), the declaration of the general applicability of collective agreements, the reduction of (involuntary) part-time work, and the construction of more social housing are other recommended remedies.

On a European level, in Germany and particularly in Berlin, there are numerous approaches and tools that have helped and continue to help to combat (in-work) poverty. The task is to keep developing and expanding such approaches, but also to replace or complement them with more radical ones, as it is clear that the existing strategies and approaches are not (yet) sufficient to effectively and sustainably eradicate in-work poverty, and by so doing also put an

end to a socially unacceptable situation with indirect consequences including populism and extremism.

Maximum effort is therefore required to build on what has already been achieved by committed people and initiatives in the areas of politics, public administration and civil society: For years now in Berlin, the Job-centers and the Senate Department for Integration, Labour and Social Services (SenIAS) have been taking active steps to successfully integrate the longterm unemployed in the world of work, to reduce the number of mini-jobs in favour of work with mandatory social contributions, and, as part of the »Work 4.0 – made in Berlin« process, to analyse the positive and negative effects of digitalisation on the labour market and on vocational education and training policies.

The dialogue between social partners also plays an important role in this regard. Such dialogue makes it possible to continually reassess and redefine the possibilities for action between the SenIAS and the social partners with regard to collective agreements and social partnerships.

The coordination unit for tackling illegal employment, also based at the SenIAS, helps to combat in-work poverty by preventing or limiting the permanent loss of legal jobs due to illegal employment, which in turn reduces unemployment, exploitation and human trafficking.

The Office for the Equal Treatment of EU Workers at the Federal Government Commissioner for Migration, Refugees and Integration reaches out to both employers and

employees (and their families) from the EU as well as experts from the existing advisory structures, so that EU employers and employees (and their families) receive equal treatment with regard to employment, pay and other working conditions.

Migrants are also particularly affected by in-work poverty. The Berlin Counselling Centre for Migration and Decent Work (BEMA) offers advice and education to make migrants more aware of their employment and social rights.

The 20 principles of the European Pillar of Social Rights, proclaimed in 2017, are an important foundation and at the same time a support in the fight against in-work poverty on a European level. This is especially true for the requirement for equal opportunity and access to the labour market as well as the implementation of fair employment conditions. These principles provide a framework for binding and non-binding measures for all EU member states in the area of European employment policy and social policy as well as a foundation upon which to build strategies for tackling in-work poverty. The same applies to the United Nations' sustainable development goals, in particular goal 8 (Decent Work and economic growth).

The phenomenon of in-work poverty will be explored in depth at the conference. Current research, which highlights causes and effects, in particular in the context of digitalisation, plays a decisive role. It is necessary to take the perspectives of those affected into account, but most important of all is to elicit and develop practical solutions for overcoming in-work poverty. There are many promising approaches throughout Europe,

and it is important to identify, exchange, and further develop good practice projects from across the continent.

What can the political and administrative organisations, the economy, society as a whole but also each of us as individuals do to help solve this problem?

The following issues and courses of action lie at the heart of the conference. When it comes to these issues, causes and effects as well as possible solutions will be addressed:

1. Precarious employment and in-work poverty

The in-work poverty that many people face is the result of precarious employment in the low-pay sector (for example, mini-jobs, multi-jobbing, solo self-employment, involuntary part-time work, fixed-term contracts). What adjustments are necessary to change, improve or overcome this situation?

2. Digital transformation and in-work poverty

In its »Work 4.0 – made in Berlin« process, the Berlin Senate Department for Integration, Labour and Social Services has long been developing approaches to ensure that the digitalisation of work proceeds in accordance with the concept of »Decent Work 4.0«. What effects does digitalisation have in particular on employed people who are affected by in-work poverty?

3. The service sector and in-work poverty

As in other major European cities, the service sector plays a defining role in Berlin. Of 1.4 million people who had jobs in Berlin with mandatory social contributions in the period 2017/2018, 85% worked in the service sector, with women making up the majority. Which groups are particularly affected by in-work poverty and what needs do they have?

4. Vocational education and training and in-work poverty

Qualifications and educational aspirations, as well as good education and training that is available to as many people as possible are essential if in-work poverty is to be overcome. What role does education and training play in the transition to Decent Work and the prevention or overcoming of in-work poverty?

Welcome

Welcome address to conference opening

Michael Müller



Michael Müller

Governing Mayor of Berlin

► Berlin's Governing Mayor Michael Müller begins by welcoming all German and international guests and stressing that in-work poverty is a key topic. »I consider it important to look at what is happening in other parts of Germany and neighbouring European countries and see what we can learn from one another. That is also the main goal of this conference.«

»Think European. Act in solidarity. As the mayor of a European capital, this idea is very close to my heart.« He also sees a conference on this topic as an expression of the kind of issues Berlin's political actors are concerned with. »Making Decent Work a reality across society is one of the major tasks and one of the most important political objectives of our time. Work is the key to a self-determined life and participation in society. However, too many people cannot survive on the jobs they have, cannot enable their children to participate fully in society, and cannot fund their existence in old-age. They have to claim

additional benefits – an unacceptable situation that should motivate us to carry out improvements,« the Governing Mayor says.

He continues: »Positive economic development is key to tackling poverty in general and in-work poverty. Berlin is ideally positioned in this regard. For years now economic growth has been above the German average. Approximately 40,000 new companies are founded in Berlin each year and we have a strong digital economy. Employment with obligatory social insurance contributions has also risen; in August 2019 around 1.53 million people were working in such jobs.«

Michael Müller emphasises the importance of science and research – in close cooperation with business – and investment. Positive examples include the decisions by Siemens and BMW to invest hundreds of millions of euros in Berlin.

»Unemployment in Berlin is also decreasing,« the Mayor points out. »After the fall of the

Berlin Wall, unemployment in Berlin was as high as 20 percent. In the public sector alone, 100,000 jobs were lost, as well as many jobs in industry. The current unemployment rate in Berlin is 7.8 percent. The number of workers who have to supplement their income with Hartz IV benefits has also fallen. So, there are a lot of encouraging statistics. However, this is no comfort for people who are affected by in-work poverty and who are unable to profit from the current positive developments in Berlin. We cannot accept this situation. Positive economic development must benefit the many, and not just the few.«

Michael Müller stresses the following points as key to tackling in-work poverty:

Greater collective agreement coverage: »This is a key factor in tackling in-work poverty, as a functioning and comprehensive social partnership ensures that not just any work, but Decent Work is created. Berlin is working to ensure that, for example, independent and private providers of social services also commit to collective agreements.«

Minimum wage: »The current minimum wage of EUR 9.19 is lower than in other Western European countries. We need a minimum wage that protects against poverty. A minimum wage of EUR 12.63 would offer protection against old-age poverty. We will start with a minimum wage of EUR 12.50 in all state contracts that we award. This discussion is also currently taking place in the neighbouring State of Brandenburg. The general minimum wage and the minimum wage with respect to state contracts both need to be increased across the country. However, we

cannot wait for the Federal Government to act and as federal states and municipalities we need to proceed with our own ideas.«

Digitalisation: »We know that digital transformation is leading to changes in the world of work. Many occupations are becoming redundant and new ones will emerge. Entire industries need to change how they go about their business. There are many opportunities in Berlin for keeping apace with digitalisation. In certain industries unemployment will increase, and we need to find solutions for those affected.«

Solidarity-based basic income: »In July we launched a project aimed at giving up to 1,000 unemployed people a real chance. The solidarity-based basic income project is designed to help unemployed people find their way back into Decent Work – in the form of jobs with mandatory social insurance contributions and pay based on either a collective agreement or the minimum wage. Every participant in the



project but also the city of Berlin will benefit from these state-supported jobs in residential areas, daycare centres and schools. It is an important building block for a new, urgently required social agenda. We are also very open to hearing new ideas.«

Accommodation: »Accommodation is the major social issue of our time. We are doing everything we can to provide more social housing. With the rent freeze we can guarantee that even people with low and medium incomes can afford to live in the city.«

Education: »From daycare centres to universities, education must be accessible to everyone and should be free of obstacles and barriers.«

The Governing Mayor points out that the recent introduction of free lunches for primary school pupils and the free public transport ticket for school pupils are important measures in the fight against in-work poverty, as they primarily benefit single parents and families.

He appeals for people to make decisive use of the possibilities for policy-based action and to look at employment and social policy in new ways; we should be open to new ideas for tackling in-work poverty and draw on experiences that have been gained in other places. After all, in-work poverty is not a local problem. It is far-reaching, as will be seen during today's conference.

The Governing Mayor wishes everyone involved in the conference a rewarding and positive experience. He congratulates his colleague in the Berlin Senate, Elke Breitenbach, on organising the event and choosing this topic.

Welcome

Welcome and Introduction

Elke Breitenbach



Elke Breitenbach

Senator for Integration,
Labour and Social Services,
Berlin

► Senator Breitenbach begins by talking about the event location on Oderberger Straße. She recalls the long history of the building, which prior to being renovated was officially out of use for thirty years. During this period, concerts and events were held in the building's empty swimming pool.

She refers to the speech given by Governing Mayor Müller, which already emphasised how broad the topic of in-work poverty is.

She stresses how unacceptable it is that working people are unable to survive on their income. The trend in Germany in recent years has been particularly concerning. According to research by the Hans Böckler Foundation, in-work poverty doubled in Germany between 2004 and 2014. In the EU, a total of 9.4% of workers are affected by in-work poverty, while in Germany the figure is 9% (for 2017). This is a massive problem, as the society we live in is becoming increasingly divided. Despite enormous growth in employment with

mandatory social security contributions, we are seeing precarious living conditions and income poverty. »More work clearly does not guarantee less poverty,« says the Senator.

Women and families with many children are particularly vulnerable to in-work poverty. Berlin is a city with a lot of single parents. Women are much more likely than men to be in precarious and atypical employment, for example in so-called mini jobs (with maximum earnings of EUR 450 per month) and poorly paid part-time work. The gender pay gap is unacceptable and this fact needs to be highlighted. One in five children in Berlin lives in poverty – and poor children have poor parents.

Migrants are particularly affected. But migrants are not a homogeneous group. On the one hand, migrants include people who have long suffered from structural discrimination. On the other hand, migrants can also be refugees, who are often victims of labour

exploitation. Thirdly, the group includes EU citizens who make use of their right to freedom of movement and frequently struggle when they get here. There are also many homeless people in Berlin.

»The free movement of workers is a good thing, but it needs to be structured,« says Senator Breitenbach. This is why Berlin needs the Federal Government and Europe. What is needed in this respect is »Decent Work for people with a migration background«. People with disabilities are also particularly at risk of in-work poverty. The risk increases further when several of the above characteristics are combined.

In-work poverty also leads to an increase in old-age poverty. Senator Breitenbach points out that people of her generation frequently have precarious employment histories, which means there are periods in which pension contributions are not paid, resulting in a low retirement pension.

The service sector in particular, which is so predominant in large cities like Berlin, offers a lot of precarious, atypical and poorly paid work – not to mention illegal work and other types of exploitative employment.

Many people who have a right to benefits do not exercise this right, partly due to feelings of shame. They often do several jobs in order to survive, and the Senator stresses that »this is also unacceptable«.

So, what is to be done?

Higher wages and salaries are important, »that is obvious«.

The Berlin Senate is aiming for a higher minimum wage for Berlin as a next step.

Binding collective agreements, including in the area of social work: pressure is required in this area and appropriate framework conditions need to be created. The foundation for these conditions is a resolution of the Berlin parliament requiring independent and private organisations to conform to a collective agreement. However, this is not easy for such organisations, as funding comes from various sources. But they cannot, for example – with the support of the State – pay 20% of their employees in accordance with collective agreements and not the other 80%. »This poses a problem,« that cannot be solved without intervention by the Federal Government. Nevertheless, we must keep fighting for it.

Dialogue among social partners has a strong tradition in Berlin and is an important tool that we can use to help overcome in-work poverty.

Advising and supporting the victims of labour exploitation is an important task. We want Decent Work, which means work from which people can live well and which does not make them sick; work that is secure and offers opportunities for promotion and development.

Training and qualifications for unemployed people, but also for those who already work, play an important role. We need to influence companies so that they offer their employees ongoing training which allows them to emerge from precarious working conditions.

We need binding federal regulations concerning the minimum wage; the state pension has to be increased.

We believe in clear EU-wide regulations concerning social security systems, which need to be better coordinated with one another. And, on a EU-level, we need to finally structure the free movement of workers.

We also face a dramatic and growing problem of young people who are no longer able to afford their own flat.

Overall, we need creative solutions – like the ones that were found for the swimming pool and hotel where we are meeting today.



Follow-up question from the moderator:

How important is this issue in Berlin's labour market policy?

Decent Work is a central aim of our Berlin labour market policies. To achieve it, we need partners, but also an exchange of good ideas and creative solutions, of the sort we are seeing here today. Decent Work is also a task and a source of tension among start-ups in our city, which on the one hand acquire huge investment and on the other hand frequently offer precarious employment conditions.

Keynote I

In-work poverty in comparative theory

Prof Dr rer. pol. Heinz-J. Bontrup



Prof Dr rer. pol. Heinz-J. Bontrup

Professor of Economics at the Westphalian University of Applied Sciences

► Prof Bontrup expresses his dissatisfaction at the current lack of causal reasoning in the area of economic policy and especially among politicians. »We live in a society that only pays attention to symptoms.« People no longer seek to answer »why« – for example, why there are people who depend on long-term unemployment and welfare benefits (Hartz IV). He is also annoyed by his neoliberal colleagues among the macroeconomists who, for example, see labour markets as analogous to »apple markets«. But what is at stake here is labour itself, for which income and wages are in decline, and not just in Germany, but on a global level.

Economists in the mercantile era of the 17th and 18th centuries still assumed that the »best wage« was always the »lowest wage«. Only a low wage forces a worker to accept a job or offer their labour to a company.

However, value only arises from human work. Even adherents of mercantilism knew this.

This stands in contrast to the »dead work« of machines, which only create value in the production process via their depreciation, but never create a new value product. Companies must therefore place human work at the heart of what they do. Owners of capital cannot be the only ones who have a say.

According to figures from the German Institute for Economic Research (DIW), one in four people working in Germany receives an hourly wage under EUR 10.80. This will lead to a huge problem of old-age poverty. The current average gross pension is already just EUR 800. It is nothing short of cynical that a person in Germany, one of the world's richest countries, is expected to survive on this.

Nevertheless, neoliberal mainstream economists and their representatives in the political sphere insist that wage conditions cannot be changed and that Marx's theory of surplus value is a myth. According to these people, when there is an excess of labour, in

other words when unemployment exists, wages ought to sink until the labour markets regain equilibrium. The unemployed people who refuse these lowered equilibrium wages would then be »voluntarily« unemployed and have no right to state support. From this perspective, Hartz IV unemployment benefits are already far too generous. Incidentally, the deeply divided and segmented labour markets do not, according to this theory, contradict the fact that there is a lack of skilled workers. In one segment of the labour market skilled workers are needed, while in another there is a surplus or people are made redundant. All of this is just an economic triviality.

An economic system based on exploitative capitalism cannot be rendered acceptable by using phrases like »social market economy«. Even Adam Smith knew that what one person receives another person can no longer have. His book »The Wealth of Nations« therefore predicted a bad fate for dependent workers: They have to bear the weight of the capitalist structure on their shoulders while the elites at the top of society do not even perceive them. The prediction was accurate, certainly on a global level – but also with regard to the so-called advanced industrial countries.

For neoclassical economists, a fundamental point is that surplus value is attributed to every production factor. This, as already made clear, is »obviously nonsense«.

Nowadays, even the Keynesian idea that falling demand should be replaced by state demand is rejected. Neoliberal philosophy as put forward by people like Milton Friedman (since 1962) is, in contrast, »a perversion«. However, its effects are evident in real life in a form of capitalism that is increasingly

driven by the financial markets, and in which political actors are reduced to an »audience«. But the political sphere must shape society for the benefit of all people. Only politics has democratic legitimacy and a monopoly on power. It is high time that our representatives recognise this and intervene in the economic power processes that have run right out of control.

Prof Bontrup recommends reading the memorandum from the »Arbeitsgruppe alternative Wirtschaftspolitik« (»Working Group Alternative Economic Policy«) (<https://www.alternative-wirtschaftspolitik.de/>). His involvement began back in his student days. Today he is a speaker for the group. The group's origins stretch back to the economic crisis of the 1970s. The alternative economists regularly respond to the report of the German government's Council of Economic Experts, the so-called »Five Wise Men«, with their own counter-report (memorandum). According to Prof Bontrup, all the material that has been dealt with by the »memorandum group« over the years amounts to a huge mass of alternatives to traditional mainstream economic policy.

Where might solutions for fighting in-work poverty be found?

1. The **question of distribution** must again be prioritised. (Prof Bontrup claims that Prof Hüther will see things differently, though he at least no longer clings to the idea of the »black zero«, a balanced budget). With his book »Capital in the 21st Century« (2014), Thomas Piketty really set something in motion. But immediately everyone is attacking him, because he thinks causally. The



distribution between labour and capital has run right out of control. The state needs to take this into account and introduce »brutally high taxes« on the wealthy. »The wealthy and their claqueurs will have a fit,« says Professor Bontrup. But there is no alternative.

A German nationalist party is now sitting in all the country's parliaments. This is only possible because the neoliberal paradigm has led to a deeply divided society. Furthermore, our aggressive export policy is pushing other countries into debt. However, the money entering the country due to these exports is landing in the pockets of only a small number of Germans. The unequal distribution of income and wealth speaks volumes in this regard. But it is not enough to merely pose the question of distribution.

2. We also, according to Prof Bontrup, need to raise the **question of ownership**. Those who have the means of production obtain the surplus value, while everyone else has to

sell themselves to the capitalists (investment monopoly of the owners of capital). Those who own the means of production can let others work for them without having to lift a finger themselves. »Money doesn't work, doesn't sweat, only people work.« The European Central Bank under President Draghi had to set interest rates. This is a necessary »atomistic reduction in capital«. The wealthy lose a little bit of money. But it's not enough. There needs to be brutal and targeted decapitalisation among the world's truly wealthy. Anything else is a ridiculous token gesture, says Prof Bontrup.

3. We need genuinely **equal co-determination** in all economic areas, along the lines of the Coal and Steel Co-Determination Act (Montan-Mitbestimmung), but which needs to be developed further. All parties need to be at the negotiation table. However, merely joining the discussion without participating in ownership is not enough. Oswald von Nell-Breuning, member of the Christian Democratic Union (CDU) and advisor to Konrad Adenauer, argued as far back as 1953 for a pay-as-you-go system regarding pensions and was committed to developing the concept of co-determination. And, in contrast to many people today, he understood economics when he said: »In our economy, both consumer goods and capital goods are produced; the first type, as their name implies, are consumed, while the second have more long-term use, for apartment blocks and so on, or serve themselves for additional production, for factories, machines, etc. The dependent workers are involved in the production of both types of goods; in both branches of production the companies pay wages for the work performed; these wages appear as a

cost in the companies' income statement. If the employees spend their entire wages on purchasing the consumer goods that have been produced, it means the companies get back all the costs in wages while only having to supply the produced consumer goods; they keep the newly created capital goods for free, as it were. This could be rephrased as follows: The dependent workers gift the companies the capital goods and as a reward for their part in the production process are satisfied to receive that portion of produced goods consisting of consumer goods. In this manner, the companies get richer and richer, while the employees never have anything.«

4. Profit participation, capital participation

Prof Bontrup emphasises: Only those who own the capital have »the say« in a capitalist society. Hans-Jürgen Papier, the former President of the Federal Constitutional Court, claims that today's constitutional judges would no longer recognise a co-determination act like the »Montan« one (Coal and Steel Co-Determination Act). The possibilities pursuant to Article 12 of the German Basic Law (occupational freedom and freedom to choose one's place of work) in connection with Article 14 (property) imply, however, a power asymmetry in constitutional law that favours capital owners. Trade unions and left-wing politicians, with the support of left-wing intellectuals, need to bring about a change in the constitution.

Under the investment monopoly of capital owners, alongside the mass unemployment that has existed in Germany for over 40 years, the trade unions were too weak to at least make full use of the distribution-neutral scope for wage increases. In the 50s and 60s through to the mid 70s we still had a »top to

bottom« distribution. The wage rate rose at the cost of an increased rate of surplus value. Under the increasingly dominant neoliberal paradigm that followed, things went in the opposite direction. Following reunification, dependent workers, based on the total wage rate of 1993, lost some EUR 1.8 trillion in income between 1991 and 2018. It was redistributed to the surplus value incomes (interest rates, basic pension, profit). This should give all of us something to think about, and reason to finally act.

Follow-up question from the moderator:

Are there other countries in Europe that offer a better example we could follow?

We need to look at ourselves; we are not only the world's top export country, but also the top savers. In 2018, Germans saved around EUR 248 billion, more than all other EU countries combined. So we have everything that we need to deal with these issues ourselves.

Table Talks

All participants at their tables

1. Question – Effective solutions: In your view and based on your own experience, where does the greatest potential lie for tackling in-work poverty?

2. Question – Urban dimension: What particular approaches are required by major cities?

3. Question – European dimension: How is in-work poverty in other countries different to the situation in Germany? What can we learn from one another? What measures need to be taken on a European level to help overcome in-work poverty?



Talk in Pairs I

In-work poverty from the perspective of the people affected

Erika Biehn and Sarah Jochmann

**Sarah Jochmann**

Spokeswoman of the Facebook campaign »Liefern am Limit« (»Delivering at the Limit«), Düsseldorf

Erika Biehn

Verband alleinerziehender Mütter und Väter (VAMV), Berlin (Association of single mothers and fathers)

Moderator:

- What are the major challenges regarding in-work poverty?
- What changes would you like to see?

► **Erika Biehn**, Verband alleinerziehender Mütter und Väter (VAMV), Berlin (Association of single mothers and fathers)

Childcare is the biggest challenge when it comes to single parents and employment, as 90% of single parents are women and this is also the group most affected by in-work poverty. Childcare, in particular, should be organised in such a way that all women who want to work can work. We need daycare centres to stay open longer, and additional care outside main office hours, similar to what is already the case in nursing, retail and the cleaning industry. This is a pressing need, »so that the desire to work is not lost«. There are,

of course, single parents who earn well, but 40% of all single parents are dependent on social benefits of some kind.

It is not easy to create solidarity in this field, as the individual needs and circumstances of single parents differ greatly. It is difficult to reconcile these varying needs. Ms Biehn primarily represents those with a low income. People with a low income, too, should be able to live in a satisfactory manner and feel that they have a right to do a job that they enjoy. She fights to make this possible. And she advises single parents in the city of Essen on issues including taxation and finance in general, but also e.g. divorces. How can one live a decent life while receiving unemployment benefit (ALG II)? What opportunities, rights and obligations does one have under the German Social Code II (SGB II)? Such topics make up the core of her advisory work.

Single parents often fail to get a job because the employer assumes that the children will



constantly be sick and the person will therefore not be able to come to work. Many single parents want to work and roughly 60% of them do so. But the money is not enough to live on. It would already be a major positive step if single parent households were seen and respected as a »normal« type of family.

► **Sarah Jochmann**, Spokeswoman of the Facebook campaign »Liefern am Limit«, Düsseldorf (campaign for workers' rights in food delivery services)

A major problem is when companies in the platform economy, such as bicycle delivery services, shirk their responsibilities. Employment contracts of 6 to 12 months are »normal« in such companies, along with part-time conditions (up to 30 hours) and often irregular wage payments. People are afraid of joining forces and possibly losing their jobs as a result. They work for the minimum wage. In the case of delivery services, some employees

had to or have to provide their own bicycle.

Since joining the Nahrung-Genuss-Gaststätten (Union for Food, Beverages and Catering, NGG) trade union, the VAMV has seen major benefits when it comes to negotiating collective agreements for couriers. Certainly, education is key to fighting in-work poverty. The reason people do these jobs is often to fund education. But this is not the case for everyone. Many people were not in a position to do other jobs before they began this work, and many actually enjoy the work. Above all, people have to be protected against exploitation. The Deliveroo model was not able to function in this way and so was doomed to failure. Now those who worked for them are out of a job. The delivery services have learned that in Germany you cannot just turn up and do as you please.

I would like to see more »togetherness«. Social occupations, in particular, deserve greater appreciation and better pay for their involvement in society and their willingness to do work that is very demanding and that not everyone wishes to do.

Panel discussion I

In-work poverty – What answers does Europe have?



Ignacio Doreste Hernández

European Trade Union Confederation (ETUC), Brussels

Dr Katherine Duffy, European Anti-Poverty Network (EAPN), Brussels

Alexander Friedrich

ASB Germany, AWO Germany and Volkshilfe Austria, Brussels

Prof Dr Henning Lohmann

University of Hamburg

Jeroen Jutte

European Commission DG Employment, Social Affairs and Inclusion, Brussels

Questions from the moderator:

- What are the challenges for Europe?
- What do you want from the new EU Commission?
- What must be implemented in Europe in order to do something for those who feel lost and what role does the digital transformation play?

► **Ignacio Doreste Hernández**, European Trade Union Confederation (ETUC), Brussels

For many years, the European Trade Union Confederation has been calling for a pay rise in Europe – to combat both the growing inequality in the EU and to fight against in-work poverty and exploitation of the most vulnerable. 10% of workers in the EU live in poverty. European workers deserve a pay rise. There are many reasons for increasing the wages of all European workers: It is first of all a

question of fairness, the productivity of enterprises rocketed already in 2013 while workers have been left behind after the economic crisis. It's a question of human rights and living in dignity. However, there is also an economic aspect: Improving real wages will boost the internal demand and strengthen the European economy. For the ETUC and its member organisations it is vital that this pay rise comes along with strengthening collective bargaining in order to reduce inequalities within and between companies and sectors as well as to combat in-work poverty and removing discriminatory gaps. Ursula von der Leyen, President elect of the European Commission, declared her intention to put forward a proposal for a legal instrument to ensure a minimum wage for every worker in the EU within the first 100 days of her mandate. It may be essential to seize this opportunity to ensure an improvement of working and living conditions for workers in the European Union. Such an initiative should also reinforce collective

bargaining (sectorial and cross-sectorial) and that it should not only focus on minimum wages.

The European Pillar of Social Rights was proclaimed in November 2017 and the ETUC has ever since supported and called for a swift translation into action of its 20 principles. The principle 6 (on wages and salaries) and the principle 8 (on collective bargaining) have the potential to make a relevant contribution to preventing in-work poverty and to boost a more dynamic wage growth. Minimum wages need to be living wages that ensure a decent living standard and satisfaction of the needs of workers and their families. Social partners should be involved in any regulation on minimum wages and national industrial relation practices should be fully respected – some countries (such as the Nordic countries and Italy) don't have a minimum wage as this is negotiated at sectorial level through collective bargaining.

There is a wide divergence in living standards in the EU. Greater convergence in wages is needed to avoid social dumping. Collective bargaining and collective agreements are a sensible strategy for combating in-work poverty. As far as the platform economy is concerned, a European initiative is needed with the aim of improving working conditions in this sector. Existing regulations must be transferred to the platform economy. There must also be clear rules for associations of self-employed workers, as they are often seen as cartel associations. In the case of European competitions, only national competences apply; the EU Commission must address this issue. Furthermore, the digital transformation of work must be guided so that nobody is left behind, and populist trends are counteracted.

We must keep the European social model alive and develop it further. With Nicolas Schmit as a progressive politician, it is conceivable that new life could be breathed into the social model. The integration of migrants in the European labour market must be at the top of the agenda.



► **Dr Katherine Duffy**, European Anti-Poverty Network (EAPN)

What do we actually mean by »in-work poverty«? In-work poverty is not the same as low-wage employment. It is defined at the level of the income of a household, i.e. one that is below the relative poverty threshold of 60% of median income in the country concerned. So we have to look at households and all those who belong to them. A low-paid worker may live in a household that is not poor, because there is sufficient income in the household from other sources.

What is »Decent Work«? It is not only about good pay, but also about good working conditions, social protection and lifelong learning. The risk of in-work poverty is lower in those European countries with a strong combination of trade union coverage and bargaining power, adequate legal minimum wages, strong equalities policies and positive action to support women, young people, ethnic minorities and people with a disability.

There are new risks, including exploitative business models that weaken employment relationships and employment contracts, for example in some kinds of platform work. Overall, digitalisation and artificial intelligence (AI) have an impact on about 50 to 60% of jobs. However, these jobs do not disappear altogether, but the tasks change for most of them. What we need to look at is not technology, but working conditions. The European Union has recently taken steps to »level-up« workers' rights in different forms of work, but more needs to be done. The most exploitative form of work – »modern slavery« – is increasing, where often migrant workers are trafficked, heavily indebted, or their weak



legal status is exploited, to work in unfavourable or illegal jobs and conditions. Some of these workers are from European countries, even including EU member states. Nationally, better enforcement of employment law is required, but also an environment in which people are supported and safe to come out of the shadows. Combatting global poverty must be a high priority.

Amongst the 17 sustainable development goals (SDGs) of the UN Agenda 2030, »ending poverty in all its forms« is the first priority. The EU is mainstreaming the SDGs into all of its policies and priorities. But is there sufficient incentive in Europe to implement them? According to the EU 2020 Strategy (five core targets), 20 million fewer poor people should live in the EU by 2020 than before 2014. Although the number of people in poverty is reducing, in 2019, there are still only 5 million fewer, so the target will be missed. Post-2020, European Social Funding from the EU requires the beneficiaries to present a credible poverty reduction strategy.



The 20 principles of the »European Pillar of Social Rights« were proclaimed in November 2017. They cover equal opportunities and access to the labour market, fair working conditions and social protection and inclusion. The Pillar is a big step forward in recognising and promoting common standards on European social rights. We in EAPN and our partners want to see real action now.

► **Alexander Friedrich**, ASB Germany, AWO Germany and Volkshilfe Austria, Brussels

Clearly, there are major regional differences in the EU. The neighbouring southern European countries have particular problems with in-work poverty due to structural difficulties. In western European countries the causes lie primarily in atypical and precarious employment. »False« self-employment and crowd-working are also factors. It is thus clear that in-work poverty affects all countries. In a

general sense, what we mean is work without a social security net. We need to consider not only those directly affected by in-work poverty, but also the children of such families. The lack of socio-cultural participation resulting from in-work poverty must also be considered. The »child guarantee« which is currently being developed on a European level represents one source of hope.

Nicolas Schmit, the new EU Commissioner for Employment, was the Minister for Social Affairs in Luxembourg. He was involved in the creation of the »European Pillar of Social Rights«. Another important partner is the »EUROCITIES« network. Cities such as Stuttgart, Leipzig and Vienna are already working voluntarily to implement the principles of the »European Pillar of Social Rights« on a local and municipal level. There are additional European initiatives for tackling in-work poverty, such as the Council of Europe Convention on Action against Trafficking in Human Beings, and the Posted Workers Directive, which wants to guarantee the same pay for the same work at the same place, etc. The AWO would like to combine the UN Sustainable Development Goals with the »European Pillar of Social Rights«.

Digitalisation offers great opportunities while also posing major challenges. There are no national borders in the digital world. European countries must therefore work together to establish protective measures.

In order to counteract right-wing populism, the EU, but also local and regional authorities, must tackle the problem in a plausible manner and not pit fringe groups against one another.

► Prof Dr Henning Lohmann, University of Hamburg

On the one hand there is a positive development in the German labour market, on the other hand there is in-work poverty. How are both things possible at the same time? In-work poverty affects households and is not just related to the labour market, as household income includes other forms of income as well as social security benefits. Furthermore, households below the poverty threshold were not the main beneficiaries of the wage and salary growth in recent years. A large proportion of the growth in employment has occurred in households above the poverty threshold. This leads to an additional polarisation in income discrepancies. There was also no increase in wage development among lower income groups from the late 1990s into the mid-2000s. European employment strategy (Treaty of Lisbon, Europe 2020) concentrated on employment as a means of tackling poverty. This is understandable in the sense that people who work are less likely to be poor than those who do not. However, poverty has risen among both the employed and unemployed. As a result, the overall poverty level has increased despite positive employment trends.

There are enormous differences in the living standards of individual EU member states, alongside free movement of workers. In the medium term, these differences must be significantly reduced if we want to successfully tackle in-work poverty on a European level. The EU has become more diverse, which makes it more difficult to combat problems with standardised measures. In some countries the problem is not in-work poverty, but poverty in a much more general sense.



However, a look at the literature shows that over the last few decades there have been regular, far-reaching predictions about how employment will develop in the face of technological change and digitalisation (recently, for example, from Frey/Osborne, in the 1990s from Jeremy Rifkin). In light of earlier predictions about employment crises or the end of work, one can be sceptical regarding current predictions.



► **Jeroen Jutte**, European Commission DG Employment, Social Affairs and Inclusion, Brussels

In Germany, in-work poverty is relatively high compared to comparable European member states (e.g. France, the Netherlands, Sweden). In-work poverty correlates strongly with educational attainment and phenomena such as fixed-term contracts, involuntary part-time work and digital platform work. What needs to be done? Higher wages would be an important factor, especially for lower wage brackets. As part of the European Semester Country Specific Recommendations, Germany has been called upon (by the Council) to do more in support of positive wage developments. The »European Pillar of Social Rights« with its 20 principles provides an important compass in this context, including among other things the combat against in-work poverty.

The EU Treaties lay down the division of responsibilities between the EU and the national level. In the social field, the member states have the main say. But we also need a common European effort. In a time of demographic change and decreasing size of the working age population, challenges to our social benefit systems coming from technological developments (with platform workers largely not covered by social security and labour increasingly treated as a commodity), with our economies increasingly international and interlinked, challenges become more difficult to address in a purely national or regional setting.

The European Pillar of Social Rights, proclaimed by the European Parliament, member states and the European Commission, aims to create a framework, a compass, setting



common goals to make maximum use of the potential that European workers have to offer, to improve Europe's economic and social outcomes. Using this potential, to the benefit of all member states, requires fair working conditions, investing in skills and educational systems, ensuring access to childcare and good healthcare, and so forth.

Ursula von der Leyen has announced that she intends to present an action plan for the implementation of the »European Pillar of Social Rights«. Social partners and civil society should play an important role in this context as key stakeholders – an intensive engagement with them will be essential for making the action plan a success. The European Social Fund (ESF) has, moreover, already contributed a great deal to the fight against in-work poverty and poverty. Combating poverty is one of its essential objectives. We will achieve a

reduction of around 19 million poor people by 2020, with an initial target of 20 million under the EU 2020 strategy. We need however further progress; poverty is still far too high.

The »European Pillar of Social Rights« shows that the EU should not be seen as a neoliberal project. Europe is about the single market and equally about social cohesion; both are essential for the Union to function. Tackling poverty and in-work poverty has therefore also an important European dimension. Germany's economy has a direct benefit when other member states perform better, use their full potential, the same applies to other member states. The interlinkages are strong and getting stronger. The future challenges require moving forward on the Pillar, as a social and an economic project – at European level and also through action at the national level.



Keynote II

In-work poverty –
Poor despite work

Dr Wolfgang Strengmann-Kuhn



Dr Wolfgang Strengmann-Kuhn

MdB (Member of Parliament)
and author

► Dr Strengmann-Kuhn begins by introducing four widespread theories (it is generally the unemployed who are poor; in-work poverty is an exception; those affected by in-work poverty are usually not employed full time; in-work poverty predominantly affects women) which, in his opinion, are false.

In 2017, the poverty rate amongst those who work in Europe was 9.4% (women 9.0%, men 9.8%). In concrete figures this means 20.5 million people with an income below the relative poverty threshold – »it's a huge problem«. Germany scores below average in this respect and performs worse than comparable EU member states.

In political discussions, poverty is generally associated with people who do not work. According to this view, poverty affects pensioners, the unemployed, single parents and children, all of whom generally do not work. But current empirical research demonstrates the falsity of this view.

In Germany, 1.1 million people who work receive unemployment benefits (Arbeitslosengeld II, ALG II). Furthermore, in response to a question by Dr Strengmann-Kuhn, the Federal Government says there are probably 1 to 2 million working people who have a right to unemployment benefit but do not claim it (the »hidden poor«). Based on the generally applied standard for determining poverty, the figures for in-work poverty are even higher: between 3.2 and 4 million.

In other words, in Germany more people are affected by in-work poverty than are unemployed.

Dr Strengmann-Kuhn looks at the following approaches to reducing in-work poverty:

- ➔ Measures for increasing earned income e.g. increasing the minimum wage, reducing incentives for marginal and part-time employment, reducing precarious employment, greater collective wage agreement coverage

- ➔ More women in the workforce, since gender-specific distribution of work is a cause of in-work poverty
- ➔ Child guarantee, so that those affected by in-work poverty do not slip under the poverty line due to having children
- ➔ Better social insurance against in-work poverty

The standard rate for unemployment benefits (EUR 424 per month for single people under ALG II) should be increased. A major problem in Germany is the percentage of income deducted from those who earn money in addition to receiving benefits (up to EUR 100 per month is deduction-free, from EUR 101 income, 80% of the excess is offset against ALG II entitlements, from EUR 1,001 the figure is 90%, and from EUR 1,201 it is 100%). The point he wishes to make is that the percentage of income that is offset against benefits needs to be considerably reduced. In Germany »the poorest, not the richest, are most heavily taxed«.

He also recommends the Green Party's »guaranteed liveable income« to replace all existing basic social benefits. The marginal burden could be reduced to 70%. This would, however, be relatively expensive. A guaranteed liveable income for people who work in the form of negative income tax could represent a first step in this direction. This tax credit system should be designed in such a way that it truly lessens the burden on low-income workers. Implementation should be the responsibility of the tax office rather than the Jobcenter.

In summary, he suggests the following measures as priorities for preventing in-work poverty:

- Higher minimum wage
- Restrictions on precarious employment
- Less gender-specific distribution of work
- Guaranteed liveable income for workers and child guarantee

Follow-up questions from the moderator:

What have been the biggest changes since you obtained your doctorate in the late 1990s?

- Between 1995 and 2005 the low-wage sector dramatically increased in Germany, almost as much as in the USA.
- Hartz IV: The number of people receiving supplementary benefits has greatly increased. Hidden poverty has changed.

What would you like to see from the new EU Commission?

- Establish a comparable minimum wage in all EU member states
- Minimum income directive (far more important): a respectable guaranteed liveable income in all countries
- Europe-wide basic child allowance to tackle child poverty (EUR 30 to EUR 50 per month). Such a sum should be coupled with additional national benefits which even poorer countries can afford.

Talk in Pairs II

In-work poverty from the perspective of employees and employers

Johannes Jakob and Alexander Schirp

**Johannes Jakob**

German Trade Union Confederation (DGB), Berlin

Alexander Schirp

Confederation of Employers and Business Associations of Berlin and Brandenburg (UVB e.V.)

► **Johannes Jakob** from the German Trade Union Confederation in Berlin refers to the development of the labour market over the last 30 years, which is characterised by an increase in atypical employment conditions. Atypical employment conditions encourage low wages. Due to changes in company structures (outsourcing of tasks) and the sub-division of companies, trade unions have fewer opportunities to intervene, as traditional structures are disappearing. Furthermore, the division of companies into small, independent units without works councils reduces solidarity among employees. Collective wage agreement coverage is seeing a drastic decline. If collective agreements cease to be standard, coverage will decrease even further due to competition between companies. In companies bound by collective agreements, new employees receive considerably lower wages. Companies also avoid such agreements by founding subsidiaries. In Berlin, there are many people in solo self-employment who are

affected by in-work poverty. In Berlin, we also have a lot of atypical employment due to the large service sector.

A large proportion of foreign workers also drives down wages. Foreign employees are paid considerably less than locals, do not know their rights and therefore often also accept very low wages. In the lower-income sector rising costs for rent, electricity, water and taxes also contribute to in-work poverty.

Measures are needed on the federal level to tackle in-work poverty. Mr Jakob mentions the elimination of mini-jobs, improved checks and taxation on companies, an appropriate increase in the minimum wage (it is no longer sufficient to tie it to general wage development), the removal of taxation on low incomes, and the regulation of solo self-employment and the gig economy.

► **Alexander Schirp** from the Confederation of Employers and Business Associations of Berlin and Brandenburg (UVB e. V.) confirms changes on the labour market and the lack of binding collective agreements. Company structures have changed, and family-run companies, for example, are now rare. Generally speaking, managers are employees of a company, in which they are often only there in the medium term, and have no personal connection to the company.

On the topic of collective agreements, there are positive examples that show how the position of those in lower wage groups can be strengthened. In the security branch, for example, a new collective agreement was negotiated in which promotion opportunities have been agreed upon once employees have successfully completed training.

Mr Schirp sees low wages as only partly responsible for the increase in in-work poverty. More significant are the changes in working hours. Full time work is becoming less common, and in sectors such as hospitality, trade, cleaning and social professions part-time work is widespread. However, many people actually want to work part-time. There is also evidence that the proportion of people in higher-income employment is rising faster than the proportion of those working in the low-wage sector.

From a government perspective, minimum wages on the state and federal level already provide ways of tackling in-work poverty. From a companies' perspective, the lack of skilled workers should provide an incentive to increase the working hours of part-time employees in the future.



Workshop 1

Precarious employment and in-work poverty

Moderator: Dr Julia Kropf



Elke Ahlhoff

ArbeitGestalten, Joboption Berlin

Dr Christian Pfeffer-Hoffmann

Minor – Projektkontor für Bildung und Forschung (Project Office for Education and Research)

The workshop begins with a brief introduction by Dr Julia Kropf, who draws attention to the workshop's goal; the participants are to develop three possible solutions for preventing or reducing in-work poverty. Elke Ahlhoff and Dr Christian Pfeffer-Hoffmann are also introduced, and both give brief talks that serve as the basis for the discussion.

► **Elke Ahlhoff**, ArbeitGestalten, Joboption Berlin

Precarious atypical employment and in-work poverty in Berlin

The employment rate in Berlin is the highest it has been for decades. However, the rise in employment has been accompanied by an increase in atypical employment. Contract work and temporary work, fixed-term employment, involuntary part-time work, mini- or midi-jobs (with earnings of under EUR 450

or between EUR 450 – 1300 per month respectively), »false« self-employment and solo self-employment are all termed »atypical employment«.

At the same time, those in atypical employment are particularly vulnerable to precarious employment. Precarious employment describes a situation in which workers struggle or are unable to survive on their income and in which the work is not permanent. The term »low wage« is used to describe a monthly income that is below two-thirds of the median income. The low-wage sector includes the retail, hospitality and cleaning industries. People in these three industries very often find themselves in part-time or marginal employment. In addition, many depend on benefits in accordance with the German Social Code II (SGB II). Among atypically employed people, the solo self-employed are especially affected by in-work poverty and have to claim additional transfer payments. In the three industries mentioned, changes in the economic

framework conditions, such as digitalisation, shifts in consumer behaviour, customer expectations, and company expectations regarding flexible working hours, are leading to a continuance or even worsening of the current situation.

Professional development opportunities for low earners must be improved as one means for tackling in-work poverty. Consumer awareness of the value of services also needs to be heightened. It is also important to strengthen in-company co-determination and collective agreement coverage, and to jointly shape the transformation in the world of work caused by digitalisation and the ever-greater role of technology.

► **Dr Christian Pfeffer-Hoffmann,**
Minor – Projektkontor für Bildung und
Forschung (Project Office for Education
and Research)

*Precarious employment and in-work
poverty among EU migrants in Berlin*

EU migration to Berlin has greatly increased over the last decade, accounting for one third of the city's population growth over the period. For EU migrants, who frequently come to Berlin to find work, integration in the labour market plays an important role. EU migrants make up a heterogeneous group.

Dr Pfeffer-Hoffmann compares the labour market integration of migrants from long-standing EU member states with those from the EU's eastwards expansion and southern EU member states. Migrants from older EU member states more commonly work in well-paid, demanding jobs, while migrants from eastern and southern Europe more frequently



work part-time or in mini-jobs, earn less and have higher unemployment rates. As a result, the latter group are much more likely to end up in precarious employment. The official statistics only partially reflect this reality. Many migrants from southern EU member states or countries that joined as part of the EU's expansion eastwards are involved in solo or »false« self-employment. They are at risk of practices such as labour exploitation, either lack or have only limited social insurance, experience precarious living conditions and have limited access to social benefits.

One way of tackling the problem would be improved state checks regarding employment conditions – particularly in industries with high rates of precarious and illegal employment practices, such as retail, catering and construction – by customs authorities and the clearing house of the German pension authorities, etc. Everyone, including migrants, should also have the right to continuing education, though education provision

has to take account of the need to reconcile work and family life. Decent Work – meaning standard employment contracts and collective wage agreements – would act as an incentive to attract, in particular, highly qualified skilled workers to Berlin. The goal of Work-

shop 1, »Precarious employment and in-work poverty«, was to build on the two talks and develop ideas for measures that might improve the untenable situation regarding the high prevalence of in-work poverty, particularly among migrants.

The following three main strategies were agreed upon:

Workshop 1 Precarious employment and in-work poverty

- ➔ *Improved financial checks regarding illegal employment*
- ➔ *Transparency: Create greater awareness of the value of work*
- ➔ *Improve the individual right to tailored initial and continuing education and training.*

#inworkNOPoverty



Von Erwerbsarmut
in Gute Arbeit –
Europäisch denken.
Solidarisch handeln.

From in-work poverty
to Decent Work –
Think European.
Act in solidarity.

Workshop 2

Digital transformation and in-work poverty

Moderator: Franziska Grell, Berlin Senate Department for Integration, Labour and Social Services (SenIAS)



Sarah Jochmann

Sarah Jochmann, Spokeswoman of the Facebook campaign »Liefern am Limit« (»Delivering at the Limit«)

Professor Mark Graham

Oxford University Internet Institute

The workshop begins with a brief introduction by Franziska Grell, who draws attention to the workshop's goal; the participants are to develop three possible solutions for preventing or reducing in-work poverty. In addition, Sarah Jochmann and Prof Mark Graham are introduced, and both give brief talks that serve as the basis for the discussion.

► **Sarah Jochmann**, Spokeswoman of the Facebook campaign »Liefern am Limit«

Sarah Jochmann is committed to improving the working conditions of couriers. She herself was a courier for the company Deliveroo and has direct experience of the effects that platforms have on their workers. She also carried out an academic analysis of the situation in her master's thesis »Precarious Work in the Platform Economy«. She puts forward the thesis that this form of work appeals to many people as it offers fast and uncomplica-

ted access to employment and many couriers enjoy the work. The employees are therefore prepared to work with very limited or no social insurance at all.

Ms Jochmann points out that in-service industries organised via platforms have an unequal power relationship among the participating parties – platform, courier, restaurants, and end customers – which benefits the platforms. The platforms determine the working conditions and work with all other parties on a contract basis. The other parties do not consult with one another concerning, for example, prices or wages that differ from those offered by the platform. In order to improve the working conditions, Ms Jochmann tried to establish a works council with other employees which would tackle issues such as fixed-term contracts and fair remuneration (for example via collective bargaining agreements). The plan did not work out. However, thanks to the Facebook campaign »Liefern am Limit« and other media campaigns, the issues



were brought to the attention of the public. Jochmann wants platform providers to take social responsibility and political actors to establish regulations for this new form of work, so that everyone can benefit from the opportunities offered by digitalisation in this area.

In three key statements Sarah Jochmann summarises what is required to turn platform work into Decent Work:

Self-employed people need to be integrated into the social insurance system, including pension insurance, health insurance, care insurance and unemployment insurance – with contributions from the clients and an equal bearing of the cost by the platforms. Those who work in solo self-employment or whose status is similar to employees in that they are tied to one company via a platform, should be exempt from competition law and granted trade union-based possibilities to engage in collective bargaining and with groups that represent their interests. The Federal Ministry

of Labour and Social Affairs needs to introduce a minimum remuneration regulation so that employees are insured during periods when they do not work, such as during holidays or sick leave. This would make it possible to establish the universal validity of minimum wage agreements. In this regard, the abolition of fixed-term contracts that lack a justifiable reason should also be discussed.

► **Professor Mark Graham**, Oxford University Internet Institute

Prof Mark Graham gives the next brief talk. He presents the results of his research project »Fairwork Foundation«, the aim of which is to analyse working conditions in the global gig economy and help to find solutions by identifying problems. Prof Graham begins by saying that employment via a platform is particularly attractive in the Global South, as unemployment rates tend to be high and prospects poor.

Employees in this area are often exposed to significant risks. Due to the high level of competition for jobs, couriers have to take risks in order to prove their worth to the market. This situation also leads to low wages. In many parts of the world people who work for platforms have no protection against dismissal. Prof Graham and his team interviewed more than 300 affected people in Africa, Asia and Europe in order to evaluate the situation. This research allowed them to define the following principles of fair work: fair pay, fair conditions, fair contracts, fair management and fair representation. These principles enabled them to develop a scale for evaluating individual platforms with respect to their working conditions. This creates a transparent index for

potential customers to see how good or bad the working conditions are for the employees. In the long term, the aim is that the index will encourage platforms, in the interest of gaining good publicity, to improve conditions for their employees, and thus the employees will have better social security.

Prof Mark Graham summarises his main points as follows:

Establishing minimum working standards for the gig economy has the potential to improve wages and working conditions. Furthermore, the public assessment of digital platforms based on standards of fair work has the potential to pressurise platforms into complying with such standards. Platform work should also be geared towards minimum standards, irrespective of the type of employment the workers have.

These two presentations were followed by a short discussion. The participants then worked together in small groups to develop possible solutions. The following results were then presented:

- The insights gained from research must result in regulatory policies
- Be aware of and make use of consumers' power and responsibility
- Reduce workload and enable freedom of choice
- Introduce a digital tax
- Create transparency regarding working conditions
- Universal social insurance
- Introduce works councils or trade unions
- Minimum wage
- Redefine what it means to be an employee

The following three key approaches were agreed upon:

Workshop 2 Digital transformation and in-work poverty

- *Universal social insurance*
- *Develop policies:
People-focused + Decent Work*
- *Right to organise –
new definition of »employee«*

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Von Erwerbsarmut
in Gute Arbeit –
Europäisch denken.
Solidarisch handeln.

From in-work poverty
to Decent Work –
Think European.
Act in solidarity.

Workshop 3

Service sector and in-work poverty

Moderation: Margrit Zauner, Department Head Berlin Senate
Department for Integration, Labour and Social Services (SenIAS)



Veronika Bohrn Mena

The Union of Private Sector Employees,
Printing, Journalism, and Paper; Vienna

Franziska Baum

ArbeitGestalten, Joboption Berlin

Moderator Margrit Zauner starts by describing the current situation in Berlin: Compared to the rest of Germany, Berlin has relatively little industry, a lot of science, a broad service sector and many people in precarious employment. In addition, the two expert speakers Veronika Bohrn Mena and Franziska Baum are introduced, and both give brief talks that serve as the basis for the discussion.

► **Veronika Bohrn Mena**, The Union of Private Sector Employees, Printing, Journalism, and Paper; Vienna

Veronika Bohrn Mena begins with a few words about herself and the Union of Private Sector Employees, Printing, Journalism, and Paper, which is the largest trade union in Austria. In her view, »atypical« is the wrong term to describe the employment conditions, as 51% of women in Austria work in »atypical« employment, making it the norm for them. In total, around a third of Austria's labour force

is atypically employed; among men, the proportion is 25%. A third of the labour force in atypical employment corresponds to the European average, although in some southern European countries the proportion is more than half. There are a total of 4.4 million employed people in Austria. One third of them (1.3 million) are in atypical employment. They earn, on average, 25% less than those who are in stable employment.

Concerning wage structure in Austria, the speaker says that when it comes to full-time work, women currently earn significantly less than men. 98% of jobs are covered by collective agreements. There is no uniform wage development; those aged between 33 and 50 who are in stable employment have seen an 8% increase in their wages in recent years. In contrast, other groups – women and people with a migration background – have seen a 2% decrease. Meanwhile, rents have risen 14% over recent years. In several respects there is a divide in the Austrian labour market:

1. Divide between income groups: The first group (normal working conditions) experienced an 8% increase in earnings in the last ten years, while the second group at the opposite end of the pay scale experienced a 2% decrease, despite rising rent prices.

2. Divide between men and women: Women work an average of 50 hours per week, of which only 20 hours are paid. The remaining hours are devoted to childcare, running the household or unpaid work in a family-owned company. Men, on the other hand, make up a far higher proportion of paid employment.

3. Divide based on seniority: 98% of jobs are covered by collective agreements. However, this also means that those who have been in fixed employment for many years continue to earn more due to the seniority principle, while those who are new, frequently change jobs or have periods of unemployment between jobs do not benefit from this effect.

4. Divide between those with and without a migration background, with women again particularly affected.

Ms Bohrn Mena criticises the contribution from Dr Wolfgang Strengmann-Kuhn in the plenary session, who claimed that more men than women are affected by in-work poverty. The group most affected by in-work poverty in Austria is clearly women, and Dr Strengmann-Kuhn's statement also fails to consider many women's structural dependency on men. Women, on average, earn 40% less than men. Ms Bohrn Mena also strongly refutes the view that women's needs are provided by their men. The service sector is also growing significantly in Austria and is characterised by fragmentation with regard to location. Employees are not at the same place at the same time – this

also makes it harder to represent their interests. 90% of those in retail work part-time, many of them women. A large proportion has 20-hour working week contracts and has to be available for flexible shifts between 8 am and 8 pm. In smaller towns, however, daycare centres are only open until noon, and until 5 pm in cities. Female employees lack the security needed to plan ahead. Companies give them very little notice regarding upcoming shifts. For the first time in 100 years, Austria's last government introduced a 12-hour day (8 am to 8 pm), which, among other things, further complicates childcare.

Ms Bohrn Mena ends with three proposals for solving the problem of in-work poverty which she would like to see discussed:

1. Radical shortening of the working week to 30 hours with neither pay nor staff levels reduced. This would also benefit couples and promote a culture of equality between men and women. It has also been proven that productivity increases when working hours are reduced (and peak at 20 hours).

2. Increase in the minimum wage to EUR 1,700 per month (currently about EUR 1,500) in Austria (although this would not even offset inflation over the last 10 years).

3. New, standardised concept of what an employee is: Although people do the same work, they are categorised differently. All those who work are employees. Categories such as »contract worker« and »false self-employment« should be abandoned and replaced by the new understanding of what it means to be an employee.



► **Franziska Baum** from the Projekt Joboption Berlin looks at the degree to which in-work poverty and precarious employment affect the hotel and hospitality industry.

At present in Germany, around 2 million people work in this field, two-thirds of them atypically i.e. in part-time or marginal employment. A large proportion of those employed lack both expertise in the field and formal qualifications. There are 53,000 trainees. The contract termination rate is roughly 50%, making it the highest among all training occupations. Full-time trainees receive a monthly payment of EUR 746, which is EUR 120 below the average for all industries.

Tourism accounts for 230,000 full-time equivalent jobs in Berlin. Around 110,000 people currently work in the hotel and hospitality industry in Berlin, which is as many as in the city's entire manufacturing industry. The industry has an annual turnover of EUR 89.7 billion, but only around a quarter of employees

work full-time. Many more people in catering are in part-time or marginal employment than is the case with hotels and accommodation. 30,000 people who work in the hotel and hospitality industry in Berlin receive benefits from the Jobcenters. Only 40% of employees are covered by collective wage agreements. The average hourly gross wage in 2014 was EUR 12.32 (only women: EUR 11.54) compared to the service sector average of EUR 20.17. The proportion of non-German employees in 2017 was 30%. And 77% of the average gross wages in the industry are under EUR 10 and can thus be classified as low-wage.

Franziska Baum also discusses the challenges companies are facing. In the catering industry, this generally means small and micro-enterprises. Catering has to deal with problems such as a lack of skilled workers, recruitment, operating costs and staff costs. The companies also complain about the high level of bureaucracy, for example when it comes to documenting the minimum wage or in the case of mini-jobs.

Additional issues were identified in workshops with companies and employees: Companies would like to have more flexibility, but have difficulties finding staff. Many employees do not know their shifts for the following week or whether they have to work at the weekend. Both sides emphasised price wars. Companies feel that prices have to be raised in order to pay employees more. However, there is little room for manoeuvre, as customers are unwilling to pay more. Another problem is the low esteem in which the service industry is held – a campaign was instigated to try and change this.

Ms Baum proposes the following measures to

improve the situation: The training situation and training in general need to be improved. Many trainees are used as cheap labour and many small companies lack the capacities to train staff. Furthermore, consumers need to be made more aware of price structures. Compensating for low prices with tips is not the solution. Workers' rights and representation rights in part-time work also need to be strengthened.

Ms Zauner identifies three topics (working hours, pay, representation) that played an important role in both talks.

In the discussion that follows, the need for greater appreciation for services is emphasised. Service providers are poorly paid in Germany. But the question is also asked as to whether raising the minimum wage will lead to illegal work.

In the view of Christian Hoßbach (German Trade Union Federation, District Chairman for Berlin-Brandenburg), higher wages will lead to the industry being held in higher esteem. He therefore emphasises the importance of collective agreements. Quality in the service sector should be certified with official signs or seals. Customers would then have more understanding regarding prices. Tips are no longer sufficient given the culture we live in. Respect and appreciation should be reflected in higher wages which in return lead to a higher pension in the future.



Following further discussions, the workshop participants agreed that the following three main ideas are key:

Workshop 3 Service sector and in-work poverty

- ➔ *A broader definition of what it means to be an employee, and equal rights for all forms of employment*
- ➔ *Greater material evidence of recognition and appreciation for services, and compliance with regulations*
- ➔ *Bear all work-related costs in mind (social insurance)*

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Workshop 4

Vocational education and training and in-work poverty

Moderator: Stephanie Urbach, gsub mbH



Dr Alexandra Bläsche

Brandenburg Ministry of Labour, Social Affairs, Health, Women and Family Affairs

Dr Michael Dörsam

Federal Institute for Vocational Education and Training (BIBB)

The workshop begins with a brief introduction from Stephanie Urbach, who draws attention to the workshop's goal: the participants are to develop three possible solutions for preventing or reducing in-work poverty. Dr Alexandra Bläsche and Dr Michael Dörsam are also introduced, and both give brief talks that serve as the basis for the discussion.

► **Dr Alexandra Bläsche**, Brandenburg Ministry of Labour, Social Affairs, Health, Women and Family Affairs

The group of people who are affected by in-work poverty is heterogeneous. It includes people without formal qualifications or with very few qualifications, people in low-skilled jobs or with a low income, the long-term unemployed, but also people who are highly qualified though for a long time have not worked in their specialist field. The IAB Establishment Panel (panel wave 23) has pointed out that in companies only people who are

already highly qualified tend to receive continuing education. The Brandenburg study »Einfacharbeit« (»Low-skilled Work«) from 2018 emphasises that low-skilled tasks provide no opportunity for learning.

A glance at the labour market shows that among unemployed people below the age of 25, a large majority (77%) lack formal qualifications. It is vital that these people receive training. Among older unemployed people some 20% lack formal qualifications. There is a need for more programmes along the lines of the Federal Employment Agency's former »WeGebAU« programme. When it comes to single parents, among whom the rate of unemployed people without formal qualifications is also high (40%), consideration needs to be given to the challenges of organising continuing education.

Strategies and approaches for tackling these issues already exist (National Continuing Education Strategy, Alliance for Initial and

Continuing Training, the Federal Employment Agency's Skills Development Opportunities Act, Federal State strategies, Federal Government and state funding programmes, as well as additional funding in accordance with the German Social Code III (SGB III) via the Federal Employment Agency). The Continuing Education Strategy aims to group the interests and offers of all stakeholders and in so doing identify shortcomings. But on its own this is not enough. There also needs to be a right to continuing education. The Federal Employment Agency needs to be restructured as a Federal Employment and Training Agency which also offers life-long advice on work-related matters. To this end, there should be cooperation with established structures such as the »Berliner LernLäden« (»Berlin learning shops«). On the continuing education market there should be higher remuneration for courses and measures in place to ensure that continuing education staff are well paid, and that the quality of training provision improves.

The Alliance for Initial and Continuing Training benefits the dual training system, as do the Upgrading Training Assistance Act (AFBG) and increased permeability between vocational and academic education. The Skills Development Opportunities Act aims, among other things, to help shape the digital transformation. However, due to unfavourable framework conditions within companies, the opportunities offered by this act are not being properly exploited. Other measures, including the ESF-funded continuing education directive in Brandenburg and the »Bildungsprämie« (»learning subsidy«) are not doing enough to reach low-skilled workers. There are hardly any opportunities for gaining further qualifications. It is extremely difficult to attract people to

continuing education if they have had the negative experience of »failing« in the education system. A new continuing education culture is needed. Companies need model projects that can be put to successful everyday use and also need to facilitate upgrading training. Continuing education also needs to be more effective and appealing to unemployed people, including financial incentives. These requirements are not new, but their urgency is undiminished. Bremen can serve as a positive example.

In order to promote participation in vocational education and training as a way of reducing in-work poverty, we need better incentives for people with few qualifications. They must see continuing education as worthwhile. Digital learning in the workplace – including in low-skilled jobs – can encourage poorly qualified people to participate in continuing education. Informal learning and procedures for identifying competences are gaining in importance (learning in small steps) and ought





to be encouraged. To this end, educational support from professional, motivated staff is essential.

► **Dr Michael Dörsam,**

Federal Institute for Vocational Education and Training (BIBB)

A nuanced view is required with regard to participation in continuing education. In the »Adult Education Survey« (AES, data survey of participation and non-participation of adults in life-long learning, since 2007) a distinction is made between formal, non-formal and informal learning activities. In recent years, the participation of employed people in non-formal continuing education has remained steady at around 50%. Participation in in-company continuing education has also stayed at 36%. Participation in individual, work-related continuing education has fallen slightly and in 2017 the figure was 9%. In-company training generally takes place during working hours

or with support from the company. There are significant differences in the level of participation in non-formal continuing education between, for example, employed (56%) and unemployed people (27%) as well as between people without formal qualifications (34%), people with qualifications from an apprenticeship/full-time vocational school (46%), master craftspersons and graduates of trade and technical schools (64%) and graduates of universities of applied science (68%).

In the BIBB project InnovatWB (»Innovative approaches to future-oriented continuing vocational training«) 32 projects received funding over a 3-year period. According to the project, the main reason for continuing education among the workforce is due to changes in the world of work. However, this is not linked to the idea of higher qualifications or promotion. On the whole, a lack of time and lack of benefit from education and training measures are the main reasons given for not participating. For this reason, it is important to do more to facilitate self-organised learning. However, it is first of all necessary to recognise self-organised learning as learning and consider how it can be certified. With regard to unemployed people, unorthodox methods such as synaesthetic approaches or formats oriented towards temporary life phases may help to improve participation in continuing education. For this purpose, appropriate funding and time for continuing education are required. The InnovatWB programme shows the importance of support during the learning process, individual certification including non-formally acquired competences and new spaces for the development of job-related competences (makerspaces, learning factories).

The joint ValiKom project (procedure to assess and validate competences acquired outside the formal education system) helps to identify and certify job-related competences. Experts assess the existing skills and competences on the basis of the requirements of recognised training qualifications. However, this does not guarantee recognition by companies or providers of vocational education and training.

A more differentiated view and individualised provision is needed in order to increase participation in continuing education. This also entails new requirements for providers of continuing education (making use of dialogue to develop their offers, support while learning, etc). New spaces for professional competence development, such as maker-spaces and learning factories, have particular potential to promote continuing education among low-skilled people. In Germany, employment opportunities depend strongly on having a formal qualification. For this reason, the validation of non-formally and informally acquired competences (including partial qualifications) is of vital importance.

The discussion with the workshop participants demonstrated the importance of seeing things from the perspective of Jobcenter-clients. Identifying competences is essential. In addition, Jobcenter-employees who offer advice on education and training should take a more flexible approach and also work more closely with advisers from the field of education.

The workshop participants also complained about the lack of a right to continuing education. The idea for such a right exists, but both the political will and external pressure to implement it are lacking.

There needs to be greater use of formats such as blended learning, and a more differentiated way of classifying jobs, or the creation of requirement profiles that are reflected in the respective salaries.

But the field of continuing education itself also needs Decent Work. Those who provide continuing education require, among other things, the time to further their own education. The field should be more highly valued and, in general, better paid.

The workshop participants agreed on the following three solutions:

Workshop 4 Vocational education and training and in-work poverty

- ➔ *Incentives need to be stronger – continuing education has to be worthwhile (financially and psychologically)*
- ➔ *More space and resources are needed to train people who provide continuing education → Decent Work in the field of continuing education*
- ➔ *It can only succeed with educational support from professional and motivated employees (client's perspective must be central)*

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Panel discussion II

In-work poverty – What answers exist for Berlin?



Introductory statement from Professor Dr Michael Hüther, German Economic Institute (IW), Köln

Asked about Jobcenters, Prof Hüther says that better guidelines are needed for dealing with individual cases, particularly with respect to unemployment benefit (Arbeitslosengeld II). A more individual form of support should be the aim. Expertise, including on the fight against in-work poverty, should be focused in local Jobcenters, as such issues cannot be addressed centrally by the Federal Employment Agency. In-work poverty is a highly complex problem that varies greatly among regions and cities. For example, it is very difficult to make comparisons between the cities of Cologne (industry-based) and Berlin (services and the creative economy), as their economic structures are so different.

The German Social Code II (SGB II) should make EUR 4 billion available for further education and training; the sum is to be used in

Prof Dr Michael Hüther, German Economic Institute (IW), Köln

Alexander Fischer, Secretary of State for Labour and Social Services, Senate Department for Integration, Labour and Social Services, Berlin

Christian Hoßbach, German Trade Union Federation (DGB), District Berlin Brandenburg

Lutz Mania, Jobcenter Berlin-Mitte

Kerstin Oster, Berliner Wasserbetriebe (Water Utilities)

Prof Ingrid Stahmer, Spokeswoman of the »Landesarmutskonferenz« (»State Poverty Conference«) in Berlin and former Senator of Berlin

a decentralised and tailored manner by the Jobcenters. It is important to provide further education and training and promotion opportunities in the low-wage sector.

► **Prof Dr Michael Hüther**, German Economic Institute (IW), Köln

What does Germany need as an impulse from the capital with regard to the issue of in-work poverty?

80% of 16 to 64-year-olds in Germany work – a record within the European Union. Economically speaking, Germany is on a good path and is creating competitive jobs with good wages. An example of an area that would benefit from upgrading skills is the care sector, where the need for skilled labour can be clearly predicted. In one specific project the aim was to train healthcare assistants to become nurses. In practice, it was not that simple. Many do not want this promotion, as they do not

want the additional responsibility involved. This issue also needs to be considered with respect to upgrading within care professions. Free collective bargaining has to establish its own legitimacy without interference from the government.

► **Alexander Fischer**, Secretary of State for Labour and Social Services, Senate Department for Integration, Labour and Social Services, Berlin

The Jobcenters are run by very committed people. One important question is: what do the regulations for fair working conditions look like? This is a question that concerns federal law. The importance of collective agreement coverage cannot be stressed enough, particularly as an anchor in times of crisis. This position may not be radical, but it is necessary. When it comes to awarding contracts, we have to abandon the idea that the cheapest offer is always the best one. We need collective wage agreements for social services and parameters for collective agreement coverage.

What form might this take with regard to Berlin? In this period of digital transformation, what kind of solutions might allow all people who are working to look to the future with confidence?

We should approach the issue of digital transformation calmly and not put ourselves under pressure. Transformations have been frequent throughout history, so in one sense this is nothing new. In terms of shaping the transformation, our task is to support adaptation processes and create the necessary framework conditions. How do you regulate a



platform economy? (Uber, for example). You should implement regulatory steps and also look at other countries which have already done so.



Everyone is capable of doing something for their professional career, but it is essential that political actors improve the framework conditions. Training and qualifications for employees and the unemployed is the key to ensuring participation in Decent Work. Further education and training help to reduce fears about the consequences of digitalisation in professional life and to keep pace with the changing skills required. Coaching and better guidance regarding vocational and study programmes are important ways of supporting career development. Counter-productive is the spread of precarious employment that is not restricted by regulatory policies. On the state level, there are limited possibilities to act. At the very least, therefore, there needs to be more information about precarious forms of employment (as is currently being done by e.g. the »Joboption« project). It is vital to strengthen collective relations. Policy makers and social partners are required for this. Making use of the improved framework conditions for regulations that are consistent with collective agreements is of urgent importance.

What are your strategies as DGB to combat the issue of in-work poverty in Berlin?

And why is everyone's effort to improve the situation yet not enough – what else does it need?

In the era of globalisation and digitalisation, it will be increasingly difficult for those left behind to find their place. In light of the social centrifugal forces that became apparent in recent elections, it is necessary to strengthen

the sense of community and solidarity in society. We need to establish a new »good standard« for normal working conditions. It is also important to discuss the meaning of »employee« (see Workshop 3) and look for new ways to organise decent and secure jobs instead of unemployment and people getting stuck in the system. The »solidarity-based basic income« (SGE) is one intelligent experiment to support people who are unemployed through no fault of their own and unable to get back to work without some help. These people must be able to put their potential for work to use in ways that are beneficial and needed by society.

► **Lutz Mania**, Jobcenter Berlin-Mitte

As managing director of the Jobcenter Berlin-Mitte, Lutz Mania talks about the fact that the joint employer service was restructured last year. The Jobcenters are highly trained and approach each case in a personally tailored, empathy-driven manner. In his Jobcenter, none of the clients have to participate in training or qualification measures that they do not want to do.

An important task, and new in terms of scale, is to prepare and train employees for structural change while they are still working.

A separate team of advisors consults companies on matters relating to training and qualification. Only around 20% of those who work in helping professions participate in training measures, while among academics the figure is 56%. The main question in this field is: How can you upgrade someone in an assistant role to a specialist in their own right?

What possibilities do the Jobcenters (possibly the Federal Employment Agency) have to improve the situation for their clients – e.g. especially in the low-wage sector?

From your point of view, what are the central action steps to reduce in-work poverty in Berlin?

The biggest challenge is that the Federal Employment Agency is now committed to offering life-long advice and support as one of its tasks. This means it will be the point of contact and professional advisor in issues relating to training and qualification for all people before and during their working life. We need to find out which qualifications we require next year and the year after next. The companies themselves are not yet sure.





► **Kerstin Oster**, Berliner Wasserbetriebe
(Water Utilities)

Strong collective bargaining agreements are important. Entry-level training and general training need greater funding so that companies have more possibilities to provide such training. Apprenticeship programmes are well and good, but what employees and applicants want are long-term prospects. The gender pay gap is not an issue in our company. Further education and training must be relevant and appealing to employees. In order to provide suitable further education and training, the Jobcenters and companies must show empathy. There should be transparency regarding offers and Decent Work. We also need to think about working time models, for example part-time work in old-age.

What can companies do from your point of view to improve this situation? And what do you consider to be the biggest challenge in Berlin?

The digital transformation is already very much under way. A collective bargaining agreement must appeal to employees – and, of course, to companies. Companies also have to shape digitalisation in an attractive way. Knowledge in companies must continue to be safeguarded and passed on. In the long-term, wages will continue to rise. Tasks, workload and demands must develop in a corresponding way. Young people must be offered long-term prospects and their curiosity about various tasks must be awoken early.



► **Prof Ingrid Stahmer**, Spokeswoman of the »Landesarmutskonferenz« (»State Poverty Conference«) in Berlin and former Senator of Berlin

Nowadays there are very good ways of dealing with the issue. Although in-work poverty has long been a problem, it seems to be a new topic for many stakeholders. Jobcenter employees focus on getting as many people as possible into work. Empathy is an important skill. Whether at the Jobcenter, social welfare office or other institutions, the task is to »put oneself in the client's shoes«.

Further education and training prescribed from above does not work unless the individual wants it.

What makes the issue of in-work poverty so special in Berlin? What do you see as the central solutions?

Too much power lies with the authorities and too little with the individual. Poverty can affect people in various ways: There are those who are ashamed of their poverty, those who are unashamed of it and those who are made to feel ashamed. I would choose the last term. 60% of people who are entitled to benefits do not make any use of this right. They are intimidated by the bureaucracy. It is important that those who work at the authorities are well trained. The »Landesarmutskonferenz« tries to awaken empathy for poor people. In many cases, this empathy is still lacking.



Conclusion

What can Berlin do – and what has Berlin already done?

Alexander Fischer



Alexander Fischer

Secretary of State for Labour and Social Services, Senate Department for Integration, Labour and Social Services, Berlin

► Berlin experienced major structural changes after the fall of the Berlin Wall and endured many years of austerity. However, in recent years the Berlin labour market has developed very positively, also in comparison to other German states and to the federal level. Nevertheless, as we have already seen, the current positive economic development is by no means a guarantee for Decent Work. The following approaches can help Berlin to effectively tackle in-work poverty and advance the cause of Decent Work. On the one hand, it is about the awarding of contracts: The State of Berlin will only award contracts to companies with collective agreements.

On the other hand, collective agreements are also the guiding principle for beneficiaries, for child and youth welfare, as well as for the service sector in general, which is so prevalent in Berlin. Collective agreement coverage needs to increase. The political decisions on this matter must always be the result of joint discussions.

It is also important to lessen the burden on low-income employees and on families, particularly single parents. Free lunches in primary schools and free public transport tickets for pupils in the State of Berlin already represent an important contribution, as does the abolition of fees for child daycare centres.

The State of Berlin is also committed to providing supplementary benefit payments: 600,000 Berliners receive assistance with their heating and accommodation costs from the State of Berlin. However, the transferred sums often fail to cover the actual costs of renting.

We need to ensure that the Berlin labour market is even more oriented towards the policy of Decent Work. The Federal programme »Participation in the Labour Market« – in which the State of Berlin is also deeply involved with funds of its own – as well as Berlin's »solidarity-based basic income« make important contributions to this goal.

Tackling illegal employment is also crucial. We need to become better at detecting illegal employment, but also at advising and supporting the victims of illegal employment and labour exploitation.

When it comes to attracting new businesses to Berlin, we prioritise knowledge-based technologies and high-quality services in combination with research and development.

The following principle applies to Berlin as a whole: Decent Work takes priority!

At the end of his speech, the Secretary of State gives thanks for the many thought-provoking contributions at the conference, to the expert speakers, the participants, the translators and interpreters and, last but not least, the moderators and conference organisers.





The entrance to the conference at Hotel Stadtbad Oderberger



At the tables



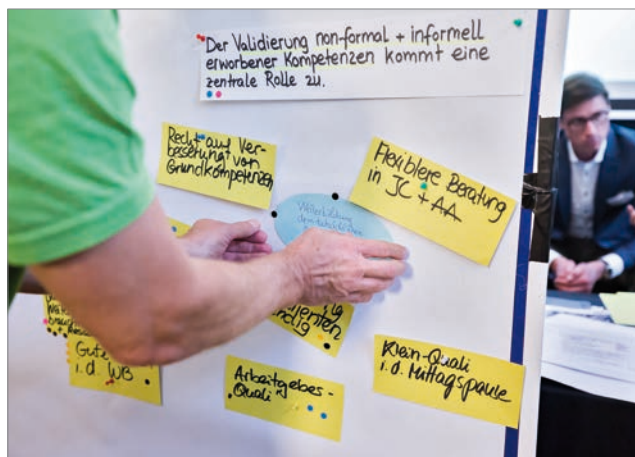
Workshop results



Conference hall from above



Workshop discussion



Workshop evaluation

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Photography: Stephanie von Becker Photodesign

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