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# **Unemployment Poverty and Social Policy in Europe**



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# UNEMPLOYMENT, POVERTY AND SOCIAL POLICY IN EUROPE

## A comparative study in Britain, France and Germany

Roger Mitton  
Peter Willmott  
Phyllis Willmott

Bedford Square Press / NCVO

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SOCIAL POLICY IN EUROPE  
a comparative study in  
Britain, France and Germany

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## PREFACE

This study was funded between 1978 and 1981 by the Commission of the European Communities as part of its Poverty Programme. The focus is on unemployment, which had emerged as Europe's biggest challenge when the study started and has since become even more critical. In 1970 the unemployment rate in Europe as a whole was two per cent. By March 1983 it was eleven per cent and, given the economic and demographic trends, likely to go on rising. What can governments do by way of policy to prevent or reduce the poverty that unemployment is likely to cause? What can three governments in particular learn from each other, and what are the lessons for the European Community? These are the main questions to which this book is addressed.

It is now two years since this report was written, and there have been changes in social benefits and services. We have not tried to take account of these, though we touch on the implications of some. The picture we present is of the experience of people - and the impact of policies upon them - in Bristol, Rheims and Saarbrücken in the summer of 1979, when the survey fieldwork was done. We believe, nevertheless, that the cross-national comparisons we draw are of value, since the basic differences between the three countries still hold. We also think that some of the methods we have devised for studying poverty can be used more widely, and therefore deserve to be reported.

The research was carried out by the Institute of Community Studies (ICS) in London, the Centre de Recherche pour l'Étude et l'Observation des Conditions de Vie (CREDOC) in Paris and the Institut für angewandte Sozialwissenschaft (INFAS) in Bonn. ICS was responsible for co-ordinating the study, analysing the data and reporting to the Commission.

Peter Willmott directed the research, Phyllis Willmott worked on the comparison of social policies and Roger Mitton carried the main responsibility for running and co-ordinating the study as a whole. Marie-France Valetas and Michèle Tallard, at CREDOC, were in charge of the French part of the research, and Reinhard Rudat, at INFAS, of the German part.

The household survey in Bristol was carried out by ICS, the one in Rheims by SOFRES, a fieldwork agency, and the one in Saarbrücken by INFAS. In Bristol, ICS also conducted intensive interviews and a study of local services. In Rheims these were done by CREDOC. In Saarbrücken the intensive interviews were done by INFAS and the study of local services by the Institut für Sozialforschung und Sozialwirtschaft (ISO).

Wyn Tucker supervised the Bristol survey and also the checking and correcting of the data from all three countries. Rose Deakin did the computing on the pilot surveys and Roger Mitton on the main surveys, with Ian Cullen as consultant on programming and Mary Sparrow as research assistant. Helen Bolderson and Barbara Rodgers acted as consultants to ICS on social policy. Apart from those already mentioned, the following people commented on draft versions of the report: Edward James, Charles Madge, Jörg Münstermann, David Piachaud, Graham Room, Adrian Sinfield, Chris Trinder and Michael Young.

Technical details have been kept to a minimum in this report. Additional material on the household surveys and their analysis (together with copies of questionnaires) and on the local services study can be obtained at cost from the Institute of Community Studies (see Appendix). A complete set of documents and a copy of the household survey data for the three towns have been lodged with the SSRC Archive at the University of Essex.

We should clarify a small point of terminology at the outset. We mainly use the name 'Britain' in preference to 'the United Kingdom' when referring to the United Kingdom of Great Britain and Northern Ireland, partly because 'Britain' is shorter and partly because it has an adjectival form, 'British'.

June, 1983

## 1 INTRODUCTION

Britain, Germany and France have much in common. Though they vary in economic performance, they are at broadly similar stages of industrial development. They are roughly the same size, in area and population. They are all democracies. All three acknowledge that it is the duty of governments to protect people against poverty. They face similar problems, including the rising unemployment that is the main focus of this study.

Each country has, however, developed its own set of institutions and policies to deal with the threat of poverty. This difference presents an opportunity to learn by way of comparison. Does one country reduce the impact of unemployment by facilitating early retirement? Does another do more to help with retraining for new kinds of job or with job placement? Does another have more generous support than its neighbours for families with children, for the disabled, for people who are unemployed for long periods? Our research was intended to explore questions like these.

Until the mid-1970s most of the member states of the European Community did not see unemployment as a major issue. The level varied from country to country, that in Germany in particular being low. Within most countries, Germany again being an exception, some regions suffered relatively high levels of unemployment either because technological change had outdated traditional industries (for example, Clydeside, Merseyside and Tyneside in Britain) or because of rural backwardness (examples being Southern Italy and parts of Southern France). In 1975 unemployment started to rise in all Community countries, and it has remained at relatively high levels in all except Germany.

Unemployment is not numerically the major cause of poverty. But there are three reasons for being specially concerned. First, relatively high rates of unemployment outside traditional high-unemployment regions means that many thousands of ordinary families, with no previous experience of poverty, have been plunged into it by changes in the economic climate. Secondly, it is generally agreed that unemployment will continue to rise throughout the European Community during the next two or three decades. Thirdly, because European countries have had so little recent experience of industrial unemployment, their social policies may be ill-equipped to deal with the consequences and may need adjustment. In particular, more people are likely to be out of work for longer periods, and this long-term unemployment poses major policy problems. Short-term income support for the unemployed may, at least in some countries, have been adequate in the past. But commonly schemes for unemployment insurance and assistance have provided lower rates after specified periods. As more people are out of work for longer, these lower rates are likely to lead to much more poverty - or to generate keen arguments about the appropriate level of support for those chronically affected by unemployment.

This study is about poverty in all its forms but it focusses on the unemployed people and their families. The central interest is in income, because that is so crucial to the standard of living. In addition to studying incomes and policies to maintain them, we have also given attention to other relevant policies. Job placement is one; if there are jobs available that would suit the unemployed, then it is crucial to ensure that people are matched to vacancies. Similarly, if people are out of work because they lack skills that are needed, then retraining can help solve their problem.

The study includes some examination of other dimensions of 'poverty' - other 'disadvantages', as they might be called. These include housing, ill-health and disability (the link between physical and mental handicap and unemployment is well

established), leisure activities and social contacts. We wanted to find out not only about income poverty, but also about people's housing, the extent to which their range of leisure activities was limited, the extent to which they were socially isolated or in contact with friends and relatives, and the extent to which illness or disability had caused unemployment or contributed to people's problems.

### Methods of research

The research was conducted in one place in each country - a part of Rheims in France, a part of Saarbrücken in Germany and a part of Bristol in Britain. In the next chapter we describe these three areas and explain briefly why we chose them.

The largest research element in each study area was a sample survey of the general population. Over 2,500 interviews were carried out in Rheims and Bristol, and over 3,000 in Saarbrücken (where a larger household sample was needed in order to find more unemployed people - the unemployment rate in Saarbrücken, as in Germany generally, being lower than in France or Britain). In each place we selected a random sample of households and interviewed their heads (the term is defined later). If any other member of the same household turned out to be unemployed, an additional interview was carried out with him or her (or them).

There were several reasons for starting with a general sample. The first was that, even if we had found it easy to get access to those officially recognised as unemployed, we did not wish to confine the research to them. Some people not registered as unemployed might still be looking for work, examples being some married women and some men or women who have retired early. Conversely, some people who are formally registered as unemployed are not actually seeking a job, as we found in the course of the research. We were also interested in people who, though still in jobs, were working shorter hours - and therefore earning lower incomes - than previously.

A further reason for starting with a general sample was to make it possible to compare the circumstances of the unemployed with those of others vulnerable to poverty, such as the retired and low-earning families with children. The subject of the study is therefore not just unemployment, but poverty, with special emphasis on unemployment as one cause of it. The policies with which we are concerned are all those that are intended to combat poverty, but again with special emphasis on those relevant to unemployment.

One advantage of a local study is that it provides a context within which the relationship between people and policies can be more readily understood than at a national - and necessarily highly generalised - level. We included in the research a series of interviews with representatives of the relevant services in the three areas. We concentrated on agencies providing services for the unemployed, although we also looked at some other services. We have not drawn extensively on the local services studies in this report, but the knowledge gained about how policies relate to practice in each of the study areas has enabled us to make more sense of some of the survey findings than we could otherwise have done.

As well as background information about the geographical area covered by each agency or local office, the administrative structure and current official policies, we sought statistics on numbers and categories of users, and information on procedures by means of which users were offered services. Other topics explored were services to meet special needs (e.g. those of the disabled, school leavers, the unskilled) and the opinions of those working in relevant agencies on the effects of rising unemployment and on the effectiveness of existing policies

and services. The views of officials about how the services operate locally, and about the ways they are used by members of the public, were useful complements to the experience of people using the services, as reported in interviews with them.

In addition to the statistics gathered from the household survey and the information from the studies of local services, we wanted to get a more detailed understanding of people's experience of unemployment or poverty, and their own perceptions of their circumstances and of their dealings with official agencies. We therefore carried out a number of semi-structured and tape-recorded interviews with respondents drawn from particular groups at risk of poverty - single parents and large families, long-term sick or disabled, retired, and above all unemployed.

Thus the study is based on several elements. First and most important, we have data from the sample survey in each study area, with a range of information about all households and their heads, and with additional information from heads of households who were or had been unemployed and from other unemployed household members. Secondly, we have some material gathered from the studies of local services in each area, to set in the context of our knowledge of the national policies. Thirdly, we have a more detailed picture from the intensive interviews with certain households experiencing poverty or unemployment.

#### Some research problems

As already indicated, the study is based upon surveys in the three countries. An initial question is why fieldwork is needed in order to study social policy. It could be argued that policies are, after all, set out in policy documents. If you want to know the earnings-related system for unemployment benefit in Germany, the standard rate of state retirement pension in Britain or the prenatal maternity grant in France, you need only consult the documents. Why go to the trouble of interviewing thousands of people?

The answer is that the documents only say what is supposed to happen; they do not necessarily show what really happens. Many people put together their income from several sources. Pensioners in France, for example, often draw small pensions from three or four separate funds; each fund has its own regulations, but no policy document tells you the total amount of money that these pensioners are actually getting. There are, furthermore, many people who are entitled to benefits but who, for all sorts of reasons, do not receive them. And there are people who, though apparently covered by a particular official scheme, do not in practice qualify for benefit. Again, the policy documents do not show how many of these different kinds of people there are, or what their incomes are. A study of the documents may show the intentions of social policy but a study of the people is necessary to reveal its effectiveness.

A second point that we have to deal with is one already touched on, when we mentioned the similarities and differences between the three countries. A critic might say that, ideally, to draw conclusions about social policy from comparing nations you would want nations that were identical in all respects except for their social policies; if you found a difference between the living standards of, say, the unemployed in country A and country B, you could then conclude with confidence that this was due to the difference in their social policies. In the real world, however, nations come nowhere near to being identical; a difference between country A and country B in the living standards of the unemployed could be caused by some other factor totally unconnected with social policy. In short, a study like ours is not comparing like with like.

This argument obviously has some force. The differences between Britain, France and Germany become apparent as soon as one attempts to do the same survey in each country. The questionnaires, obviously, have to be in different languages; even with good translation, a sentence in one language may not mean exactly the same as a sentence in another. The social security systems of the three countries are different, so questions about, say, unemployment insurance or family benefits have to be adapted. Lists of households are not drawn up in the same way in each country, so the method of drawing a random sample of households has to be different. And so on. The best that can be done in practice is to conduct surveys that are equivalent rather than identical.

But, taken to its logical conclusion, this criticism implies that any study that falls short of the ideal experimental design is not worth doing. Since social policy is not normally susceptible to study by carefully controlled experiments, it seems to rule out any attempt to use social science to study social policy. We would argue that the countries involved in a cross-national study do not have to be identical, merely similar, and that, as we said at the beginning of this chapter, Britain, France and Germany are similar enough to make the comparison worthwhile.

A third question is raised by the fact that in this particular enquiry we have not interviewed national samples, but have studied just one place in each country - part of Rheims in France, part of Saarbrücken in Germany and part of Bristol in Britain. There were some advantages in this; it enabled us to look at the operation of services at a local level in a way that would not have been possible in a national study. Nonetheless, our samples are not statistically representative of the populations of the three countries. When we consider any difference between the results of the three surveys, does it reflect a difference between the three countries or is it only a difference between our study areas?

Any sample drawn from a small area is bound to differ to some extent from the national population, but one of the factors we had in mind in choosing our study areas was that they should be not too atypical of their countries, and a comparison of our survey results with national figures suggests that, though our samples depart from the national populations in some ways, certain prominent features in the national figures are clearly reflected in our samples, such as the smaller numbers of children in German households, the large proportion of women in Britain with paid jobs, and the high level of unemployment among young women in France.

Furthermore, most of the findings that we present concern the different levels of income of various groups in the samples, such as the unemployed or the retired. These groups depend for most of their income on social benefits, and the regulations that determine these benefits operate nationally. Retired people in our Bristol sample, for instance, were markedly poorer than the average. Their income came mainly from state retirement pensions and supplementary pensions, and the levels of these pensions are the same throughout the country. There is no reason to suppose that our findings about the incomes of pensioners reflect some peculiarity of the Bristol study area. Even when our results were more strongly influenced by local circumstances, as we found with one-parent families in Bristol and unemployed men in Saarbrücken, our conclusions are not necessarily of merely local interest; the analysis can still reveal aspects of national policy.

A final criticism that could be made of the study is that the surveys were carried out by three different institutions. The great advantage of this was that each survey was carried out by an organisation with experience of conducting surveys in its own country. The disadvantage was that it opened up a poss-

ible source of error. Every survey organisation has its own ways of doing things - recruiting interviewers, training them, supervising them, paying them, checking questionnaires and so on - and these differences can affect the results they get. In this cross-national study, we tried to make sure that the surveys were carried out in the same way, as far as possible - we tried to have the interviewers briefed in a similar way, we applied the same checks to the three data tapes, and so on - but there remained many differences in detail in the way the three surveys were actually conducted. So this gives rise to another anxiety when looking at a difference between our three sets of results - does it reflect a difference between the three countries or does it only show that we did our surveys differently?

Again, the weakness appears more serious in theory than it turns out to be in practice. Our samples were quite large - about 3000 households in each place - and the conclusions that we draw from them are not generally based on small differences of detail but on prominent features of the results. Retired people in our Saarbrücken sample, for instance, were not much poorer than younger people, whereas in the Bristol and Rheims samples they were. The difference is large and is based on data from several hundred households. It also tallies with earlier findings and with what is known about the three countries' pension schemes. Differences of that size are obviously not due to discrepancies in the conduct of the surveys.

Despite the difficulties, then, we believe that our results paint a sufficiently accurate picture of the circumstances of people such as the unemployed, the disabled and the retired, to provide a basis for judgements about the effectiveness of policies. In the next chapter we briefly describe the study areas and the survey samples. Subsequent chapters deal with poverty, unemployment and disadvantage. The aim throughout is to draw conclusions about policies, mainly those concerned with income maintenance, training and job placement. Since the study was locally based, there are important aspects of government policy on employment to which we cannot usefully contribute, such as regional policies on industrial location or policies at the macro-economic level to save or create jobs.

Finally, we should explain that in interpreting the figures we have followed the normal conventions on statistical significance. In general, we have drawn attention to differences only where the probability was less than one in 20 that they could have arisen by chance. But all our other warnings about the research need to be borne in mind.

## 2 THE STUDY AREAS AND THE SAMPLES

Like the three countries, Bristol, Rheims and Saarbrücken are similar in several respects. All have historic centres; all suffered heavy war damage; all have prospered, both between the wars and after 1945, with new housing and new industry developing around the established town; all have experienced higher unemployment in recent years. There are less important similarities as well. Each is a regional centre; each is traversed by water. Saarbrücken has grown up around the Saar; the river and valley dominate the town and the region around. Bristol is on the Avon; the waterways and old docks still constitute a unique feature of the town centre and part of the town overlooks a giant gorge. Rheims is on a much smaller river, the Vesle, but is also served by the more important canal linking the Aisne to the Marne.

But of course the towns are different in many ways. Bristol is about 200 kilometres (120 miles) west of London, to which it is linked by the new high-speed rail service and the M4 motorway. Its population is 420,000. The industry is varied, including tobacco, packaging materials, printing, aerospace, chocolate and metal manufacture. There is a large modern dock complex nearby at Avonmouth.

Rheims, in the département of the Marne, lies 200 kilometres east of Paris and, like Bristol, is linked to the capital both by rail and motorway, the same motorway that continues east to Metz and thence on to Saarbrücken. The Rheims agglomération is smaller than Bristol, with a population of 200,000. Rheims is the leading town, if not the geographical centre, of the Champagne country, and its industry includes some of the activities ancillary to the wine trade, including the production of bottles, corks and packages. Formerly a thriving textile centre, it retains some textile production, mainly employing women, but its other main industries are engineering, including locomotive and vehicle components, and food manufacture.

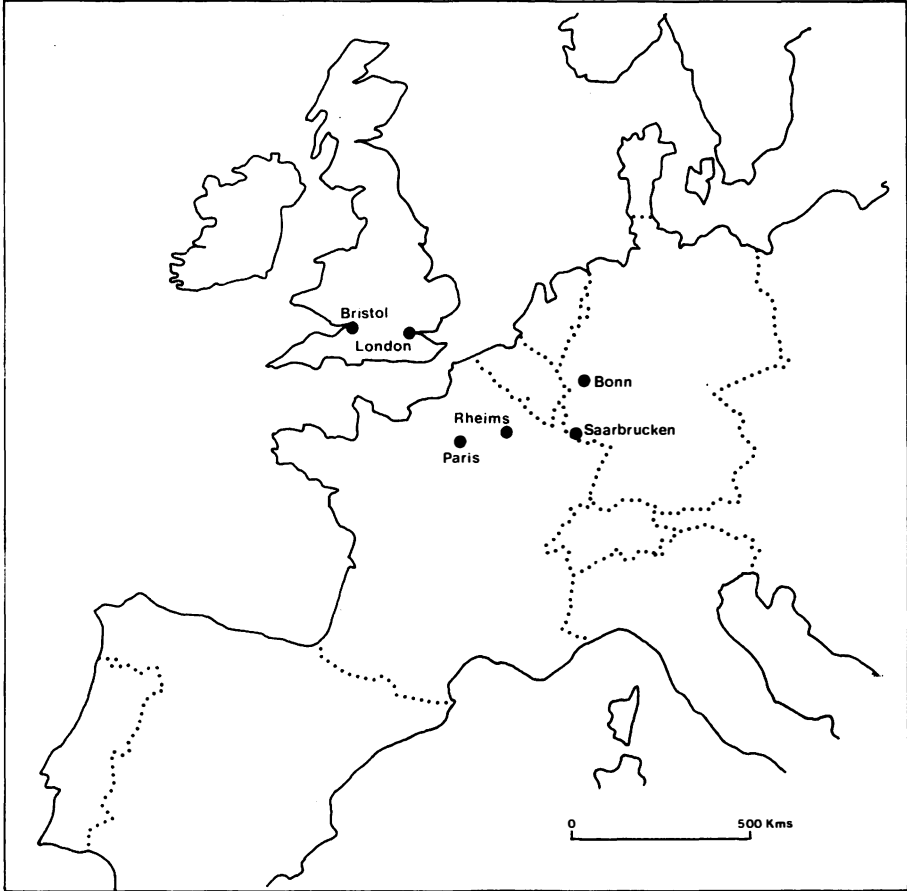
Saarbrücken, the capital of the Saar, is close to the border with France (the Saar has been part of France for various periods in history, including a short spell after the end of the second world war). It is not so accessible to Bonn as its counterparts in Britain and France are to their capital cities. The Saar is a steel and mining region, and Saarbrücken's own industry is dominated by smelting works, engineering and (even within its boundaries) some mining. Its population, just under 200,000, is closer to that of Rheims than of Bristol, but its area is larger than even that of Bristol; the town boundaries include forests and fields.

How and why did we choose these towns? In each country we wanted towns which were, if not 'typical' (since no one town can be), at least not too atypical of their respective countries, but at the same time with some characteristics in common. We did not set out to choose towns with a history of chronic unemployment: we were less interested in traditional high-unemployment areas, important though the problems of such areas are, than in towns which had suffered increases in unemployment in the five years or so before the study. Since the areas of chronic unemployment are commonly further hit by economic decline, the levels of unemployment within them are higher than in those of the towns we chose. But we expressly did not, for instance, select Glasgow, Liverpool, Tyneside or Teesside in Britain - all areas with declining industry and all in the north of the country. Likewise, we did not choose the high unemployment areas in the south of France, such as Marseilles, Toulon and Toulouse.

So we were looking for towns which were somewhat alike, which had experienced recent increases in unemployment and which would provide an adequate number of unemployed respondents in a general sample of about 2,500 to 3,000. The towns



**Map1. The three cities – Bristol, Rheims and Saarbrucken – where the surveys were conducted**



had to be above a certain minimum size, in order to ensure that we could pick study areas within them with relatively large concentrations of the semi-skilled and unskilled workers among whom we knew unemployment was likely to be high. We sought places where a high proportion worked in manufacturing industry, but where no single industry was wholly dominant. We excluded towns which had proportions of immigrants or ethnic minorities much higher than the national average; for example Bradford, with 21 per cent of its residents born in the 'new Commonwealth', was judged to have a proportion too high compared with the national average of two per cent; Bristol's was four per cent but, as shown by the disturbances among black youths in part of the study area in April 1980, there are black minorities concentrated in particular parts of Bristol.

Bristol was chosen because, with an unemployment rate in April 1978 above the national average and with a comparable increase to that nationally during the previous decade, it seemed likely to provide a sample on the scale, and of the kind, needed. Rheims was chosen on the same reasoning, despite its smaller scale. Saarbrücken's rate of unemployment was lower than that of Bristol or Rheims, but it was, in April 1978, double the German average and larger than that of any other town of comparable or larger size. It was also the town where the institute that was to carry out the local services study (ISO) was based. We cannot pretend that the selection procedure produced towns that met all of our requirements. The choices inevitably represent something of a compromise. But we believe that our choices were reasonable ones.

#### The study areas

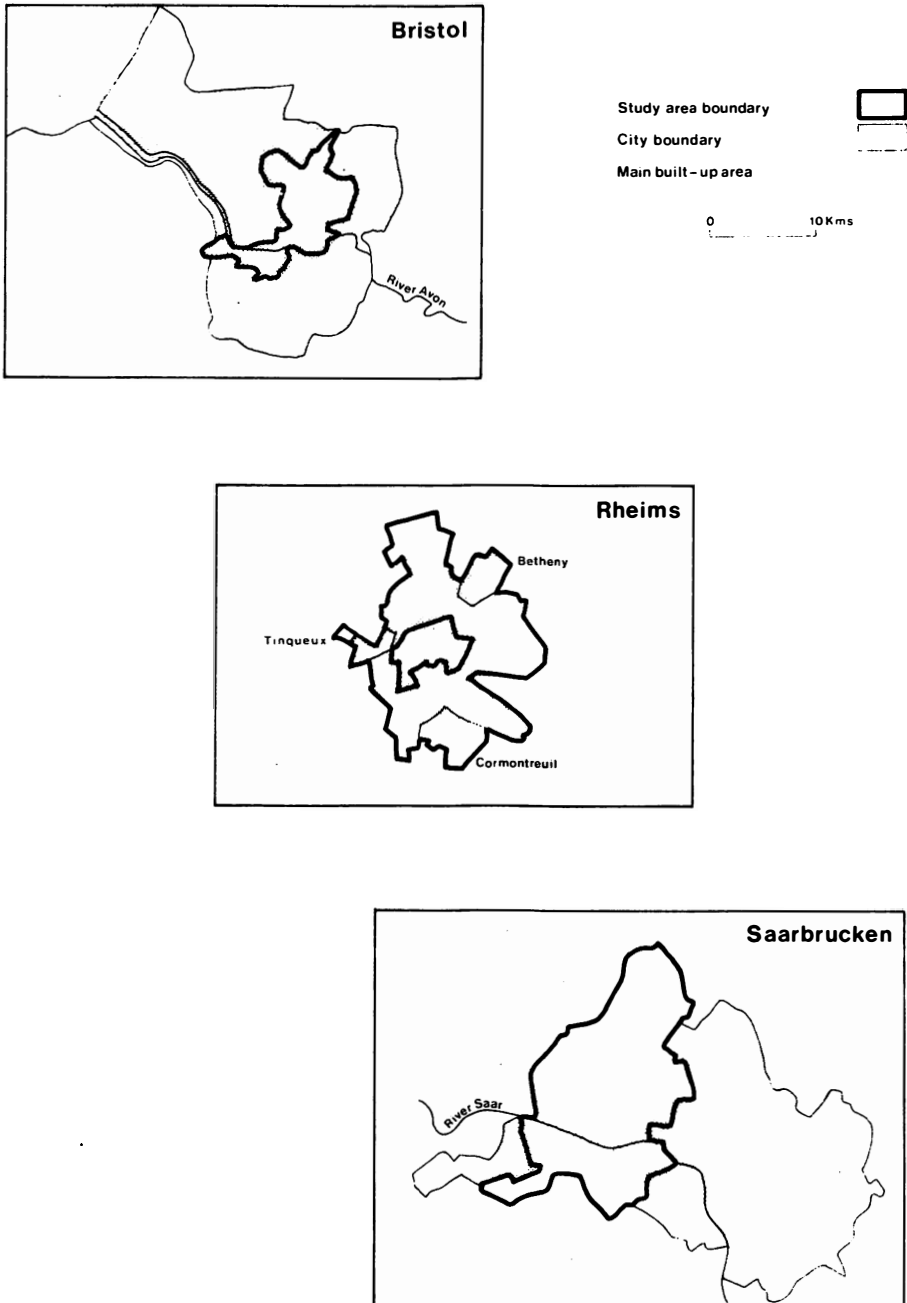
Within each town we selected a study area likely to contain a relatively large proportion of unemployed people. We were guided in this, as in the selection of each town, by the proportions of semi-skilled and unskilled people in the working population, and also by any information available on local levels of unemployment.

The areas varied in their shape and in the relationship to the town of which they were part, as can be seen from the maps. The Bristol study area contained about 95,000 people - between a fifth and a quarter of the town's population. The area is, in essence, Bristol's 'inner city', including the town centre. Much of the housing was built in the nineteenth century or the earlier part of the twentieth, though it includes some estates, mainly publicly-owned, built between the wars and after 1945. Most of Bristol's new housing is of course in the suburbs, though the 'higher class' districts closer to the centre contain some elegant Georgian and Victorian houses.

Because in Rheims the higher-status people are concentrated near the centre, the selected study area is all of the town itself outside the central area, together with three adjacent communes in the agglomération. The study area population, 140,000, was almost three-quarters of that of the agglomération. Again there is a mixture of housing, with private single-family homes of various dates and also a number of large estates of 'social housing' (HLM or Habitations à Loyers Modérés).

Saarbrücken's study area, with a population of 83,000, contained just over two-fifths of the town's population. It is a large part of the western side of the town, where industry is concentrated, including the major steelworks. The town centre is not in the study area. The housing is again a mixture, with some single-family houses but mainly in the form of three and four-storey blocks of flats, most of them built after 1945 following the heavy destruction of the war.

**Map 2. The study areas in the three cities**



In choosing the areas we were, as we have said, guided by the occupational balance in seeking contiguous districts likely to contain relatively large proportions of unemployed. In retrospect we recognise that it might have been better to have tried to balance this criterion against others concerned with the population structures of our study areas. Had we done this, we might have been able to ensure that the populations of the three study areas were less different in structure than they turned out to be. Bristol's inner area, for instance, includes relatively large proportions of old people, as does the Saarbrücken study area, whereas the population of the Rheims study area is dominated by the families with young children living on the large HLM estates. In analysing the results, we try to take account of such differences.

### Response

Mainly because of differences in the available sampling frames, the three samples of households were not drawn in the same way and it is therefore not possible to make direct comparisons. In broad terms, the proportion of households in which interviews were successfully carried out amounted to just over 60 per cent in Bristol and Rheims, and about 45 per cent in Saarbrücken. Among the additional unemployed people identified, over four-fifths were successfully interviewed in each town.

To the numbers successfully interviewed in 1979 we have for most analyses included data from the pilot surveys carried out a few months before the main surveys. The advantage of combining in this way is that it provides a larger data base and in particular rather more unemployed. The disadvantage is that a few questions were not the same.

The total numbers of households in the combined samples are: Bristol, 2,819; Rheims, 2,984; Saarbrücken, 3,544. The numbers in tables are sometimes lower, because some households did not supply information on all items.

### Household structure and working status

The rest of this chapter presents some information about the structure of the three samples, by way of background to the findings subsequently presented. We have already mentioned that there were variations in the population and household structures of the three study areas. We now look more closely at household types. Since these are defined in relation to the head of household (and his or her spouse, if any), we need to explain briefly how heads were defined. In Bristol and Rheims we took the person considered by the members of the household to be the head; if there was any doubt we took the person who owned the accommodation or who was responsible for paying the rent or was entitled to the accommodation on other grounds. In Saarbrücken it was the person named as the head on the list from which the sample was drawn.

Table 2.1 divides the three samples into household types. All men aged 65 or over and all women aged 60 or over were counted as retired unless they had a job. Below those ages they were counted as retired if they described themselves as retired and if they were without a job and neither seeking a job nor registered as unemployed. 'Children' were defined as people aged 15 or under, 'adults' 16 or over.

Table 2.1: Household Type

|   | Bristol<br>% | Rheims<br>% | Saarbrücken<br>% |
|---|--------------|-------------|------------------|
| <u>Head not retired</u>                     |              |             |                  |
| 1. One person only                          | 11           | 8           | 12               |
| 2. Couple only, no children                 | 17           | 14          | 14               |
| 3. Head and other adult(s), no children     | 14           | 11          | 12               |
| 4. Couple with child(ren)                   | 18           | 34          | 19               |
| 5. Lone parent with child(ren)              | 4            | 3           | 2                |
| 6. Head and other adult(s), with child(ren) | 8            | 11          | 8                |
| <u>Head retired</u>                         |              |             |                  |
| 7. One person only                          | 15           | 7           | 16               |
| 8. Couple only                              | 8            | 9           | 11               |
| 9. Other household with retired head        | 5            | 3           | 6                |
| Total                                       | 100          | 100         | 100              |
| Number                                      | 2818         | 2984        | 3541             |

Three points can be noted from Table 2.1. The first is the one already mentioned: that the Rheims sample differed from the other two in containing more couples with children and fewer heads over retirement age. The second point is that there were few one-parent family households - a potentially vulnerable category - in any town: four per cent in Bristol, three per cent in Rheims and two per cent in Saarbrücken. It should be noted that these percentages do not include all single-parent families, some of which live in multiple households with, for example, grandparents or friends. The third point is that the proportions of households containing more than one basic family unit (types 3, 6 and 9) amounted to a total of about a quarter in each place: 27 per cent in Bristol, 25 per cent in Rheims and 26 per cent in Saarbrücken.

Among households with children aged 15 or under, the numbers were as shown in Table 2.2. There were more small families in Saarbrücken and more large in Rheims. Our samples reflect, to a large extent, the particular characteristics of the areas they were drawn from - the low proportion of retired people in the Rheims sample, for instance - but they also reflect differences between the national populations; small families, for example, are a characteristic of Germany in general, not just of the Saarbrücken study area.

Table 2.2: Numbers of children in household

|              | Bristol<br>% | Rheims<br>% | Saarbrücken<br>% |
|--------------|--------------|-------------|------------------|
| One          | 45           | 41          | 60               |
| Two          | 37           | 35          | 31               |
| Three        | 14           | 15          | 7                |
| Four or more | 4            | 9           | 2                |
| Total        | 100          | 100         | 100              |
| Number       | 844          | 1422        | 1031             |

'Children' were defined as aged 15 or under.

Table 2.3 shows the heads' working status. We have already explained our definition of 'retired'. 'Unemployed' heads were men aged under 65 and women aged under 60 who were without a job and either registered unemployed or seeking a job. The category 'other' would include, for example, a one-parent mother who, because of her family responsibilities, was neither working nor available for work.

Table 2.3: Working status of head of household

|   | Bristol     | Rheims      | Saarbrücken |
|---|-------------|-------------|-------------|
|   | %           | %           | %           |
| Had a job   | 57          | 68          | 56          |
| Unemployed  | 6           | 4           | 4           |
| Retired   | 28          | 20          | 33          |
| Unable to work because of long-term illness or disability | 2           | 3           | 1           |
| Full-time student   | 2           | 3           | 2           |
| Other   | 5           | 2           | 4           |
| <b>Total</b>  | <b>100</b>  | <b>100</b>  | <b>100</b>  |
| <b>Number</b>   | <b>2819</b> | <b>2984</b> | <b>3544</b> |

Table 2.4 shows the number of unemployed people that we interviewed, both heads of households and other members whom the head reported as unemployed. We had hoped to interview a total of at least 250 unemployed in each town. We exceeded that number in Bristol and Rheims but fell short in Saarbrücken, despite taking a larger sample of households there.

Table 2.4: Numbers of unemployed heads of households and other unemployed people additionally interviewed

|                              | Bristol    | Rheims     | Saarbrücken |
|------------------------------|------------|------------|-------------|
| Unemployed heads interviewed | 162        | 111        | 128         |
| Other unemployed interviewed | 103        | 185        | 88          |
| <b>All unemployed people</b> | <b>265</b> | <b>296</b> | <b>216</b>  |

Now that we have briefly described the towns, the study areas and the samples, we move on to our main subjects. Chapter 3 discusses poverty among the samples; Chapters 4 and 5 are about unemployment and relevant policies; Chapter 6 looks at poverty among other vulnerable categories; Chapter 7 examines the relationship between income poverty, unemployment and disadvantage; and Chapter 8 brings together some of the implications for policy.

## 3 POVERTY

In this chapter we compare incomes in the three places in order to see what sort of people were poor and how poor they were. But before presenting the results we explain how we have measured people's incomes and defined poverty.

### Measuring incomes

One can collect information on income at the level of the individual person, the family or the household. The first is clearly unsuitable for a study of poverty because members of a family generally share their income; a doctor's wife or an architect's children may have no personal income of their own but this does not mean they are in poverty. The choice between the family and the household is not so easy to make.

A 'family', as commonly defined for analysing income, can be a single person, a married couple or a lone parent and any dependent children aged under 18 living with them. On this definition, a household can contain more than one 'family' - a couple with an 18-year-old son would count as two 'families', for instance - though most households contain only one. A 'household' is all the people who live regularly at the same address sharing at least their cooking and eating arrangements. Those living in the same household need not necessarily be related by blood or marriage, though they usually are.

Collecting income information at the level of the 'family' disregards the extent to which families in the same household pool their resources, and this sometimes gives a wrong impression. For example, two widows - one who lived alone and another who lived with her son and his wife - would both count as one-person 'families'; they might both be getting the same pension and therefore, on the family analysis, would be considered as having the same income. If this was a low income, the family analysis would consider them both as being in poverty. But if the son was, say, a prosperous businessman with a large and comfortable home, it would be contrary to common sense to describe the second widow as being in poverty. The household analysis, taking account of her son's income as well as her own, would describe her position better.

Analysing income at the household level has the opposite fault; it assumes that members of a household pool their resources completely whereas in fact they may not do so. If four young women shared a flat and three of them were working, the total household income might be well above any poverty line. But if the fourth was an unmarried mother, and she had to pay her full share of the rent and the bills, she could be in poverty even though her friends were not. The family analysis would present her situation more accurately.

In this study we decided to use the household as the unit for measuring income. One reason was that the members of a household are bound to share resources to some extent; they probably share some food, since the definition of a household is based on common cooking arrangements, and they also share amenities, such as hot water and central heating and most household durables, like refrigerators and television sets. A further argument was that in France and Germany the obligations for maintenance imposed upon relatives are wider than in Britain; for example the earnings of relatives may be taken into account when deciding on people's entitlement to certain means-tested benefits, and in France households containing retired parents and adult children can choose to be assessed together for income tax.

Using the household as the unit, we collected information from the head on a wide range of items of income coming into the household - the earnings of those

who had jobs, social security benefits, regular income from investments and so on. Most of the questions asked about amounts of money being received per week or per month; the self-employed were asked about their income over the previous year. We took account of lump-sum benefits and redundancy payments received in the last three months, but we did not ask about capital or about exceptional items of income such as legacies or winnings from gambling, nor did we ask - and this was an oversight - about tax refunds. What we were trying to arrive at was the current, regular income of the household. For Bristol and Saarbrücken, the amounts collected on the questionnaire were amounts from which income tax had already been deducted; for Rheims, we collected details of income tax with a separate set of questions and deducted the tax from the household income. This gave us the current, regular monthly income of the whole household after tax and social security contributions had been deducted.

The next question was whether to exclude housing costs in assessing a household's income. Housing costs are already committed and therefore, it can be argued, only the remaining income is the household's real 'spending money'. An old couple who own their home may have more to spend, out of the same pension, than an old couple who have to pay rent. The argument against excluding housing costs is that housing is one of the things that people spend their money on; people with a rising income might choose to spend some of their extra money on moving into better accommodation. They have to spend some of their money on housing - the same applies to food, fuel and clothing - but they can choose how much to spend. We felt that the theoretical arguments were evenly balanced. A further practical argument for not deducting housing costs was that this information had not been collected in the pilot. Had we decided to deduct housing costs, we would have been unable to use the pilot data.

Households vary in size and composition, and this also must be taken into account in a study of poverty; two men might take home the same pay but, if one has a wife and three children to support while the other lives alone, the first will be poorer, financially. This can be taken into account by using an 'equivalence scale'. It might be argued, for example, that if a person living alone needed £100 per month, a man and wife would need £180 per month, and a man and wife with a teenage child would need £230 per month to achieve the same standard of living.

A number of equivalence scales have been devised, some for research and others for calculating social benefits. There is, however, no general agreement about which scale is the most appropriate. We have used the simple formula implied in the example just given: 1.0 for the head, 0.8 for other adults (aged over 16), 0.5 for each child aged 11 to 16 and 0.33 for each child aged ten or under. This represents a reasonable compromise between the various weightings used both for research and for official purposes in the three countries.

Nearly all the analyses of household income presented are adjusted by these equivalence scales to take account of household composition. Our figures therefore refer not to total household income but to 'household income per person-unit', as it might be described. For simplicity, we use the term 'household income per person'.

#### The distribution of household incomes

Table 3.1 shows the pattern of household incomes per person for the three samples. Because we did not collect information about capital, the position of a few households is misrepresented in the tables. A senior executive in the Bristol sample, for instance, was about to leave the country to take up a post



overseas at the time of the interview; he was not being paid but he had not signed on for unemployment benefit or any other kind of benefit. Consequently he appeared on our analysis to have no income, yet he was clearly not in poverty. To reduce the distortion produced by cases like this we have excluded those households which came out as having no income at all, although it is possible that a few of them were genuinely very poor. We have also removed those households where the head was a full-time student, since many of the students, especially in the Rheims sample, appeared as having little or no income and they were presumably living on money they had saved or borrowed. Some more anomalies like this may remain among those households who are apparently very poor, but not enough to make the figures misleading; most of the households who appear as poor in our tables really were poor.

Table 3.1: Distribution of household income per person per month

|  | Bristol |     | Rheims   |     | Saarbrücken |     |
|--|---------|-----|----------|-----|-------------|-----|
| Median   | £143.74 |     | 2114.9 F |     | 1073.3 DM   |     |
| Mean   | £161.13 |     | 2312.3 F |     | 1171.3 DM   |     |
| Standard deviation   | £70.98  |     | 1107.1 F |     | 555.7 DM    |     |
| Std. dev. as % of mean   | 44%     |     | 48%      |     | 47%         |     |
| First (lowest) decile  | £90.2   |     | 1157 F   |     | 614 DM      |     |
| " " as % of median   | 63%     |     | 55%      |     | 57%         |     |
| Second decile  | £104.7  |     | 1409 F   |     | 749.8 DM    |     |
| " " as % of median   | 73%     |     | 67%      |     | 70%         |     |
| Eighth decile  | £210.8  |     | 3081 F   |     | 1525 DM     |     |
| " " as % of median   | 147%    |     | 146%     |     | 142%        |     |
| Ninth (highest) decile   | £254.8  |     | 3644 F   |     | 1833 DM     |     |
| " " as % of median   | 177%    |     | 172%     |     | 171%        |     |
|  |         |     |          |     |             |     |
|  |         |     |          |     |             |     |
| Total number of households   | 2819    | 100 | 2984     | 100 | 3544        | 100 |
| Number for which information on income was incomplete                      | 428)    | 15  | 548)     | 19  | 756)        | 23  |
| Number for which household income was zero or less                         | 3)      |     | 25)      |     | 56)         |     |
| Number for which information was complete but where the head was a student | 40      | 1   | 63       | 2   | 59          | 2   |
| Number of households in these tables                                       | 2348    | 84  | 2348     | 79  | 2673        | 75  |

The median is the middle of the distribution, i.e. half the households had incomes per person below this value and half had incomes above it. The lowest decile is an income per person such that 10% of the households had incomes below it and 90% had incomes above. Twenty per cent had incomes below the second decile, 80% had incomes below the eighth and 90% had incomes below the ninth.

The total distribution of household incomes is broadly similar in the three places. Comparing the lowest decile with the median suggests that poor households in Rheims and Saarbrücken were likely to be relatively poorer than those in Bristol, and a closer inspection of households in the poorest tenth confirms this. Table 3.2 shows the incomes of these households in relation to the lowest decile.

Table 3.2: Distribution of household incomes per person in the poorest tenth

|  | Bristol<br>% | Rheims<br>% | Saarbrücken<br>% |
|--|--------------|-------------|------------------|
|--|--------------|-------------|------------------|

|   |            |            |            |
|---|------------|------------|------------|
| Income greater than 90% of the lowest decile income | 51         | 33         | 28         |
| More than 80% and up to 90%                         | 28         | 18         | 21         |
| More than 50% and up to 80%                         | 15         | 31         | 35         |
| 50% or less of the lowest decile                    | 6          | 18         | 16         |
| <b>Total</b>  | <b>100</b> | <b>100</b> | <b>100</b> |
| <b>Number</b>                                       | <b>235</b> | <b>235</b> | <b>265</b> |

The table shows that, among households in the poorest tenth of the Bristol sample, a large proportion had incomes just below the lowest decile; in Rheims and Saarbrücken, a higher proportion of these poor households were very poor, with about half in each place having incomes less than four-fifths of the lowest decile (less than 926 F per person per month in Rheims and less than 491 DM in Saarbrücken).

### Defining poverty

Calculating household income per person enables one to see which households are richer and which are poorer, but it does not, in itself, define which households are in poverty. People are rich or poor in relation to some standard. We thought the most appropriate standard would be one linked to the prevailing standards of living in the society in question; for the purpose of the study, poverty would be measured in Bristol by British standards, poverty in Rheims by French standards and so on. People shown as poor by these standards might be rich by the standards of completely different societies - those in many developing countries, for example - but that would be the topic of a different study. For most of this report we consider how poorer people are getting on relative to the standards of their own societies. There is also another question, namely how people in each of our samples were getting on relative to people in the other two samples - whether people in Bristol were generally poorer than people in Rheims or Saarbrücken, for instance. We give some attention to this but, for the most part, compare the patterns of poverty in the three places rather than comparing living standards in one directly against living standards in another.

Having decided to use a relative definition of poverty, there were still several options. We could define poor people as those with incomes below some official line such as the minimum income levels laid down in the British Supplementary Benefits scheme or the German regulations for Sozialhilfe (there is no comparable set of levels in France). We could adopt one system and attempt to analyse all three surveys with it, or we could analyse each survey using that country's own system (assuming we could devise something for France based on its main schemes). Neither option appealed to us. The first might be appropriate for a national study - a British audience might find it interesting to have French data analysed by Supplementary Benefits rates, for example - but not a European study. The second would detract from the purpose of the study, which was to compare the effectiveness of social policy. If people in one place were in more severe poverty because of less generous income-support policies, we wanted this to show up in the results; it would not do so if we used the levels enshrined in those policies as our definition of poverty.

A second option was to use published figures on income for the three countries. Unfortunately, there is no regular collection of comparable data on household income in the three countries. We would have to have taken some

other set of figures, such as the average pre-tax earnings of male manual workers in industry, and then to have computed a household income for, say, an average male manual worker with a wife and two children, making simple assumptions about his income tax and social security benefits. There were two problems with this. One was that, because of defects in the available figures, it would have been necessary to make some guesses in order to compute the monthly income of such an imaginary household. The second was that, in all three surveys, only a minority of heads of households were male manual workers in industry and we were not confident that the estimated income of this imaginary household was equally appropriate, as a standard, to all three samples.

This left us with the third option - to calculate a standard from the survey results themselves. A simple way to divide poorer households from the rest is to cut the distribution at the lowest quintile income; by 'poor households' one then simply means 'those households that made up the poorest fifth'. This is adequate if one just wants to look at the characteristics of poorer households, but it can be misleading to imply that they are in poverty since this definition takes no account of the actual size of their incomes; the poorest fifth might be only slightly poorer than the average of they might be much poorer. Relating incomes to the median of the income distribution is better on this score, but it is still not entirely satisfactory for comparing three samples that differ in composition because the median income of a sample is itself affected by the extent of poverty in the sample, which is what we are trying to measure. If one of the three samples contained a high proportion of the sort of households likely to be poor (households in Britain with elderly heads, for example), their presence in the sample would lower the median income and this would make them seem less poor.

The compromise that we adopted was to calculate a standard income from a certain group of the sample households, namely those in which the head was under retirement age and had a full-time job (30 hours or more per week); there were 1399 of these households in the Bristol sample, 1860 in Rheims and 1832 in Saarbrücken, making up 50 per cent, 62 per cent and 52 per cent respectively of the three samples. In other words we decided to assess the incomes of other sorts of household, such as those where the head was unemployed or retired, by comparing them with an income based on households in the same sample in which the head was under retirement age and had a full-time job.

The standard incomes were £168.40 per person per month in Bristol, 2531 F in Rheims and 1139 DM in Saarbrücken. These three incomes are equivalent in the sense that, while a typical household with a head in full-time work was getting £168.40 per person per month in Bristol, the French and German counterparts of this household were getting 2531 F in Rheims and 1139 DM in Saarbrücken. (They are not equivalent in purchasing power, as we explain later.) Throughout the book, we assess people's incomes in terms of these standards. For instance, if an unemployed single man in Bristol had an income of £84.20 per month (exactly half of £168.40), we would consider him to be equally poor - that is, in the same position on the income scale of his own society - as a man in Rheims getting 1265.5 F (half of 2531 F) or a man in Saarbrücken getting 569.5 DM (half of 1139 DM).

Households where the head has a full-time job are generally better off than other households, so our three standard incomes are higher than the median incomes of the total samples. The standard income is 1.17 of the median income in Bristol, 1.20 in Rheims and 1.06 in Saarbrücken. (The lower figure for Saarbrücken reflects the fact, to which we shall return later, that retired people, who form a large proportion of households without an earner, were relatively

better off in the Saarbrücken sample than in the Rheims and Bristol samples).

Diagram 3.3 presents the income distributions of the three samples in terms of the standard incomes. The figures above the columns are percentages; for instance, 1.5 per cent of the Bristol households had incomes equal to 0.4 (two-fifths) or less of the standard income (£67.36 per person per month, or less).

The patterns in Diagram 3.3 reflect partly the distribution of income in the societies and partly the composition of the three samples. The standard income came about two-thirds up the distribution in Rheims and Bristol and a little lower in Saarbrücken. The distribution of incomes above the standard was similar in the three places though slightly more of the Saarbrücken households were in the richest section. Below the standard, however, the differences were somewhat larger, with more households in Rheims and Saarbrücken falling into the poorest section, as noted earlier.

In tables where we need to use a single level to divide the poor from the rest, we take three-fifths of the standard income; the 'poor' households in Diagram 3.3, on this definition, are all those to the left of the 0.6 line. That is to say, we define a household as poor if its monthly income per person was equal to three-fifths or less of an income that was typical of households in which the head had a full-time job. We define as 'very poor' those households with incomes equal to two-fifths or less of the standard (those in Diagram 3.3 labelled '0.4 or less'). In the rest of this report we use the terms 'poor' and 'very poor' in these ways; likewise, when we talk about 'poverty' and 'severe poverty', it is on the basis of the same definitions.

The households we have defined as poor fall in the shaded sections of Diagram 3.3. Seventeen per cent of the households in the Bristol sample were poor and two per cent were very poor; in Rheims 24 per cent were poor and six per cent very poor; in Saarbrücken, 14 per cent were poor and four per cent very poor. So, comparing the three study areas, there was rather more poverty overall in Rheims than in Bristol, and more in Bristol than in Saarbrücken, but more extreme poverty in Rheims and Saarbrücken than in Bristol.

To give some idea of what our levels mean in terms of total household income at 1979 prices, Table 3.4 presents incomes equal to three-fifths and two-fifths of the standard for various households. (In all our calculations we used amounts per month. Incomes are also presented in weekly amounts in Table 3.4 since figures on earnings and benefits in Britain are more often given in this form). One should bear in mind that housing costs have not been deducted; households would have to pay for their housing out of these amounts.

Diagram 3.3: The distribution of household income per person, expressed in terms of the standard incomes (marked S).

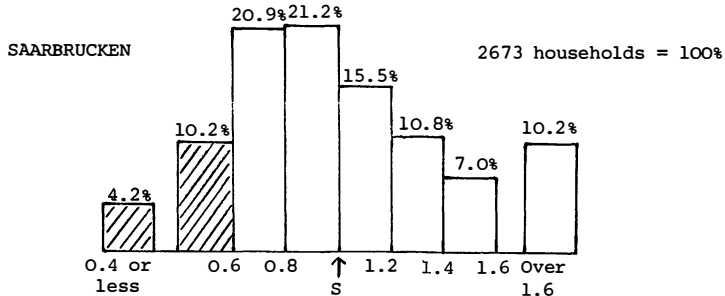
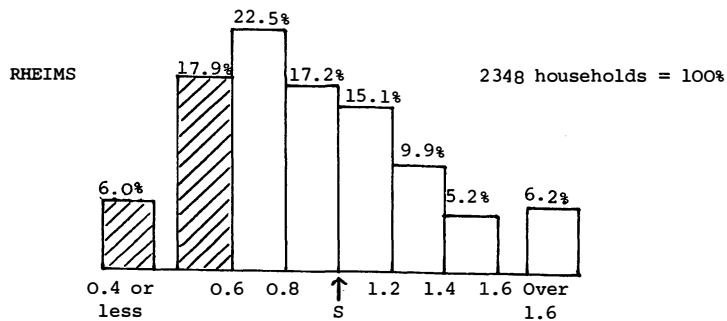
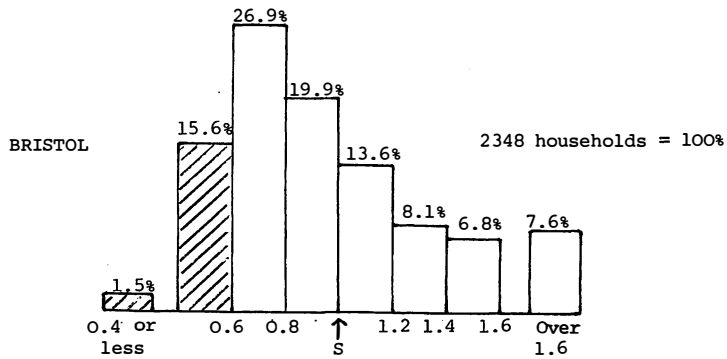


Table 3.4: Some examples of total household incomes, after tax, at the '0.6' and '0.4' levels

| <u>Bristol</u> (£)                         | <u>Per week</u> |       | <u>Per month</u> |        |
|--|-----------------|-------|------------------|--------|
|  | '0.6'           | '0.4' | '0.6'            | '0.4'  |
| One adult, living alone                    | 23.50           | 15.70 | 101.00           | 67.40  |
| Couple only, no children                   | 42.30           | 28.20 | 181.90           | 121.20 |
| Couple with two children aged 16 and 10    | 61.80           | 41.20 | 265.70           | 177.20 |
| Couple with four children aged 11,7, 5 & 4 | 77.30           | 51.50 | 332.40           | 221.60 |
| <u>Rheims</u> (F)                          |                 |       |                  |        |
| One adult, living alone                    | 353             | 235   | 1519             | 1012   |
| Couple only, no children                   | 636             | 424   | 2733             | 1822   |
| Couple with two children aged 16 and 10    | 929             | 620   | 3994             | 2665   |
| Couple with four children aged 11,7,5 & 4  | 1162            | 775   | 4996             | 3331   |
| <u>Saarbrücken</u> (DM)                    |                 |       |                  |        |
| One adult, living alone                    | 159             | 106   | 683              | 456    |
| Couple only, no children                   | 286             | 191   | 1230             | 820    |
| Couple with two children aged 16 and 10    | 418             | 279   | 1797             | 1198   |
| Couple with four children aged 11,7,5 & 4  | 523             | 349   | 2248             | 1499   |

An objection sometimes raised against definitions of poverty like the one we have adopted is that they are purely statistical. Except in the unlikely event of every household having the same income, there are bound to be households at the bottom end of the income distribution; they may be poorer than the average, but can you really describe them as being in poverty? Poverty, so defined, could never be eliminated.

While this may be true of some definitions of poverty, it does not apply to ours because we have not simply cut off the bottom end of the income distribution. We have calculated a standard income and we have defined a household as poor if its income is less than three-fifths of that. If social benefits in one of our three cities had been sufficiently generous, they could have supported every household above this level, in which case we would have said that there were, on our definition, no poor households there.

But a more important point is that many of the people we have defined as poor were experiencing hardship on account of their low incomes. We found few who were going seriously short of food, but there were many who were economising on heating and clothes, or putting up with bad housing conditions, or getting into debt. The following quotations give some idea, in human terms, of what we are talking about when we speak of poverty. We have changed names and other minor details in order to conceal the identity of our respondents.

M. Batiste was a young married man with three young children. He was a graphic designer in the printing trade, but had been made redundant. For a year, because he was receiving 90 per cent of his salary, he was not in difficulties. As things got worse his wife got a job, but even so at the time of the survey the household income was down to 0.46 of the standard:

'How did my life change? Well, at first it was all right. For the first year I couldn't complain because with redundancy pay I was no worse off. But at the end of the first year I was left with 2000F a month. With three children, a wife and all the other commitments - my car, the rent and everything - it was impossible. I had to get into debt to pay the rent.'

M. Harki was a Moroccan aged 30 who had been made redundant from his job as a skilled worker in the steel industry two years earlier. He had a wife and one son. His wife was also unemployed. Apart from occasional temporary work he had found it impossible to get even an unskilled job. He was hoping to go on a retraining course. The household income was 0.28 of the standard:

'At first it was all right - I could at least afford to pay the rent, to buy food like everyone else, even though I had to start buying clothes on credit. But now, it's impossible. People think of suicide, of killing themselves - I haven't yet, that's not me. But until I was unemployed I never suffered from nerves. Now I keep going on tranquillisers. Everything's pressing on me. You've got to tighten your belt all round. It's just impossible.'

Herr Braun was an unemployed lorry driver in his fifties who lived with his wife and three grown-up children. His wife worked as a cleaner and two of the children also had jobs, but they did not earn much. His health was poor and he was not getting unemployment benefit or unemployment assistance. He had decided not to apply for social aid because the officials would take into account the earnings of his wife and children. Their income was 0.39 of the standard:

'We are not short of food, but, when everything has been paid - tax, rubbish disposal, insurance, house repairs - and the family has more or less eaten, there is absolutely nothing left. Then, if anything further crops up, we may even have to overdraw our bank account. My bank is pretty generous in this respect as I have had an account there for twenty years. But to go on holiday or do anything special is impossible, and I no longer have a car.'

Ms. Price was a single parent with two children. She used to work as a waitress but had given this up to look after the children. Her income, from child benefit and supplementary benefit, was 0.42 of the standard:

'Life is miserable and depressing. I can't go anywhere. I get invited out but I can't go because I've no money. I can't afford a baby-sitter, I've nothing to wear and I can't afford to drink. I'm stuck in the house twenty-four hours a day. The kids want money for this or that and I can't afford it. I had a row with the teacher the other week. There was a puppet show at school. It was 40p, and I told my little boy I couldn't afford it. He told his teacher he wasn't going and the teacher said he'd got to go. I went to the school and told her I couldn't afford it. I said, "When the puppet show starts, send him home". They didn't send him home. When he did come home, he said there were another six like him and they were given some work to do while the puppet show was on.'

Mr. Singh, a man in his mid-fifties, lived in a basement flat with his wife and seven children aged between six and 19. He used to work on a production line but had been made redundant when the factory closed. At the time of the interview he had been unemployed for four years. Household income 0.50 of the standard:

'Times are very, very hard. The problem is nowadays with old people ... even though you've got qualifications, they still don't want you. Everything's gone up. Light gone up. Fares gone up. General rate gone up. Water rate gone up. I've had to borrow money, you see. My relations live in Birmingham, Glasgow, Manchester. I get money - borrow - a little from somebody, then somebody else. If

I get job, then I pay back. We don't go out. If you go out in the sunshine and look around and you fancy something, you can't buy it. You're tempted but you've got no money so there's no point really. Anybody got money is happy, you see. Anybody got no money, must be a worry.'

Mrs. Newell was in her mid-thirties, with three children all at school. Her husband had left her two years earlier. She was living on supplementary benefit. Household income 0.42 of the standard:

'With that amount of money coming in each week, you've just enough to eat. It's not enough to clothe the children. My mother has to clothe them most of the time, and most of my clothes are given to me. So, although we eat - we don't go short of food, I make sure of that - there is just nothing left to replace and repair. I've got my boots at the repairers being soled and heeled. They've been there for a fortnight because I just can't afford to go and get them out. It will be £2. Do you know, I was listening to a programme - I think it was on Woman's Hour - about prostitutes. And for the first time in my life I can understand why some women get so desperate they go out and sell themselves. There was a girl being interviewed - she was only about twenty - and she said, "I can get £20 a night". You know, she makes £80 to £100 a week and has a couple of nights off. She said, "Half an hour each - five quid each". And there were several women on the streets in my position, with children, living on supplementary benefit. Mind you, I don't think I could do it really.'

#### Incomes in real terms

As further background to the discussion in the rest of this chapter and in others, we now briefly compare differences in real income between the three samples. We can do this by using 'purchasing power parities'. These conversion rates between different currencies are more realistic than exchange rates, because they are calculated on the basis of the cost to a household in each country of a standard 'shopping basket' of goods and services. The rates that we used were an average for the whole of 1979: £1 = 11F = 5.25DM.\*

Using these rates, the Rheims standard income of 2513F was equivalent to £230.10 - 1.37 of the Bristol standard - and the Saarbrücken standard of 1139DM comes to £217 - 1.29 of the Bristol standard. So, in absolute terms, the wage-earning households of Rheims and Saarbrücken were substantially richer than those of Bristol. Table 3.5 shows the income distributions of the three samples, all in relation to the Bristol standard.

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\* For an explanation, see J. Hibbert, 'International comparisons on the basis of purchasing power parities', *Economic Trends*, 1975, No.265, HMSO, London. Parities for the year 1978 were given in House of Commons, *Official Report*, Vol. 980, No.135, 11 March 1980; we updated these to the year 1979 using changes in retail prices in the three countries from 1978 to 1979 (Statistical Office of the European Communities, *Eurostatistics*, Edition B, 7 - 1980).



Table 3.5: Household incomes, adjusted by purchasing power parities, in terms of the Bristol standard

|  | Bristol | Rheims | Saarbrücken |
|--|---------|--------|-------------|
|  | %       | %      | %           |
| Two fifths of Bristol standard or less   | 2       | 3      | 2           |
| More than two fifths, up to three fifths | 16      | 6      | 4           |
| More than three fifths, up to standard   | 47      | 29     | 26          |
| More than the standard                   | 35      | 62     | 68          |
| Total                                    | 100     | 100    | 100         |
| Number                                   | 2348    | 2341   | 2673        |

Three fifths of the Bristol standard was £101 per person per month, equal in purchasing power to 1111F and 530DM. Judged by this level, only nine per cent of the Rheims sample and six per cent of the Saarbrücken sample were poor, against 18 per cent of the Bristol sample. So, in real living standards, there was most poverty in the Bristol sample and least in Saarbrücken, and a similar, small amount of extreme poverty in all three. Though our main interest is in relative poverty - in how the standards of the poor compare with those of 'average' or 'typical' households in the same country - the differences in real incomes should be borne in mind.

#### Poverty, household type and the importance of earnings

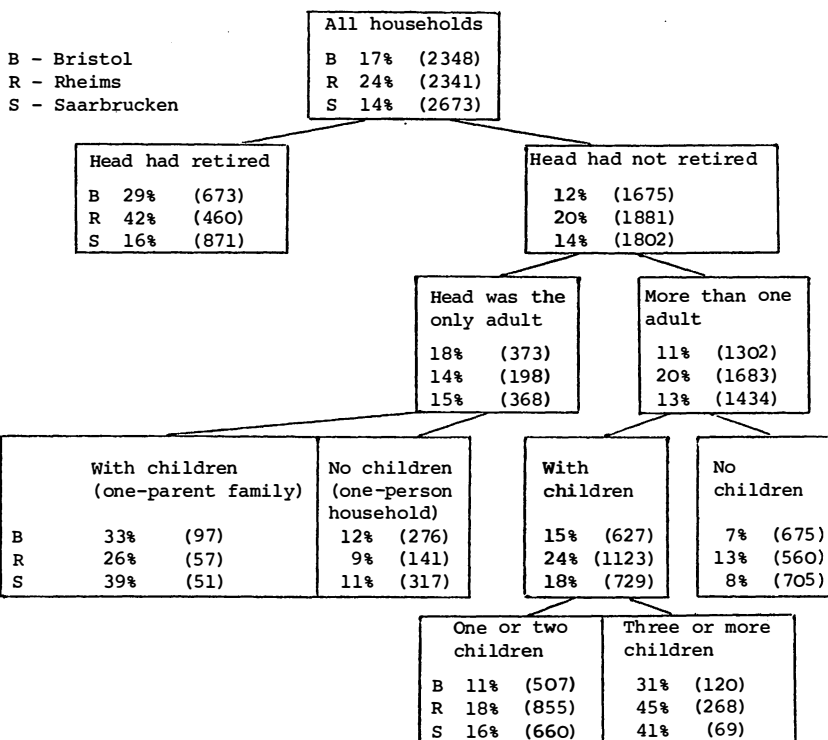
For the rest of this chapter we look at various groups of households to see which types were more likely to be in poverty. Our purpose at this stage is simply to describe the findings; in later chapters we investigate the policy implications. In Diagram 3.6 we divide the samples according to basic household characteristics - the number of adults, the number of children and whether or not the head had retired. Each percentage in this diagram shows the proportion of households of a given type that were in poverty according to the definition already given; for example, of the 673 households in the Bristol sample where the head had retired, 29 per cent were in poverty.

The types of household in this diagram that were more likely to be poor were those where the head had retired (in Rheims and Bristol), those that consisted of a one-parent family and those with three or more children. Over a quarter of the households in these groups were in poverty. We look at the incomes of these groups in more detail in a later chapter.

Leaving aside households whose heads had retired, earnings were easily the largest single source of income, forming well over two thirds of the average household's income in all three samples. Not surprisingly, a household's income was greatly affected by whether anyone in the household had a job and, in households with more than one adult, by whether more than one person had a job. Diagram 3.7 shows the relationship between earnings and poverty for various types of household.

In households with more than one earner, poverty was rare, affecting less than one household in twenty in all three places. Poverty was more common in households with only one earner, but it still touched only a minority, though in Rheims this was a large minority. Of households with no income from earnings, over half were in poverty.

Diagram 3.6: The incidence of poverty in various types of household



Each percentage shows the proportion of households in the cell that were in poverty i.e. with an income equal to three-fifths of the standard or less. In brackets is the number of households out of which the percentage was calculated. 'Retired' includes men aged 65 or over and women aged 60 or over who did not have a job, and those under 60/65 who said they had retired and who were not registered as unemployed or looking for a job.

Diagram 3.7: The importance of earnings

Households whose heads had not retired

|   | With earner(s) | No earner |
|---|----------------|-----------|
| B | 6% (1475)      | 57% (200) |
| R | 17% (1768)     | 66% (113) |
| S | 10% (1665)     | 58% (137) |

| Households with only one adult |          |             |
|--------------------------------|----------|-------------|
|                                | Earning  | Not earning |
| B                              | 3% (253) | 48% (120)   |
| R                              | 6% (166) | 56% (32)    |
| S                              | 6% (291) | 49% (77)    |

| Households with more than one adult |                      |                 |           |
|-------------------------------------|----------------------|-----------------|-----------|
|                                     | More than one earner | Only one earner | No earner |
| B                                   | 2% (762)             | 15% (460)       | 69% (80)  |
| R                                   | 4% (855)             | 34% (747)       | 70% (81)  |
| S                                   | 4% (647)             | 17% (727)       | 68% (60)  |

Each percentage shows the proportion of households in poverty. In brackets is the number of households out of which the percentage was calculated.

In later chapters we concentrate mainly on people who were not working, such as the unemployed, the disabled and the retired. For those who were in work, household income obviously depended on the level of pay they were getting. Part-time workers, not surprisingly, earned less than full-time workers, and most of the part-timers were women. Allowing for differences in weekly hours of work, low earnings were more common among women and among people doing low-status jobs. Women doing semi-skilled and unskilled work, even full-time, were particularly badly paid in all three places.

Table 3.8: The position of low earners in their households

|  | People whose earnings were: |            |            |            |             |            |
|--|-----------------------------|------------|------------|------------|-------------|------------|
|  | Bristol                     |            | Rheims     |            | Saarbrücken |            |
|  | Low %                       | Not low %  | Low %      | Not low %  | Low %       | Not low %  |
| The person earning was:  |                             |            |            |            |             |            |
| The only adult in the household  | 8                           | 10         | 7          | 6          | 11          | 11         |
| The only earner in a household of two or more adults                                       | 10                          | 25         | 6          | 32         | 15          | 39         |
| The main earner in a household of two or more adults in which more than one was earning    | 10                          | 44         | 9          | 40         | 10          | 35         |
| A secondary earner in a household of two or more adults in which more than one was earning | 72                          | 21         | 65         | 22         | 64          | 15         |
| Total  | <u>100</u>                  | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u>  | <u>100</u> |
| Number of earners  | 909                         | 1897       | 906        | 2400       | 770         | 2001       |

This table includes all the working adults in the sample households whose earnings were reported. In a household with more than one earner, the person with the highest earnings was counted as the main earner. Low earnings were defined for this analysis as three-quarters of median earnings.

The relationship between low earnings and household poverty, however, is not as straightforward as one might at first imagine. This is because many households in all three samples had more than one earner, and people with low earnings tended to be secondary earners in their household rather than the principal breadwinners. This is shown in Table 3.8.

Putting these figures the other way round, more than half of the secondary earners in each place had monthly earnings that were low by our definition. Though their earnings were low, however, their contribution to the household income was important; as we have just shown, households with more than one earner were rarely in poverty.

Households with just one breadwinner relied for almost all their income on his earnings, and the level of his earnings depended very much on the sort of job he had. This is shown in Table 3.9.

Table 3.9: Median earnings after deduction of tax and social security contributions, of male heads working 40 hours per week or more, by occupational status

|   | Bristol |        | Rheims |        | Saarbrücken |        |
|---|---------|--------|--------|--------|-------------|--------|
| All male heads working 40 hours or more | £260    | = 1.00 | 3600F  | = 1.00 | 1875DM      | = 1.00 |
|   | (380)   |        | (621)  |        | (602)       |        |
| Higher managerial and professional      | £320    | 1.23   | 8000F  | 2.22   | 3200DM      | 1.71   |
|   | (43)    |        | (51)   |        | (72)        |        |
| Other managerial and professional       | £285    | 1.10   | 5250F  | 1.46   | 2120DM      | 1.13   |
|   | (58)    |        | (112)  |        | (138)       |        |
| Clerical and sales                      | £245    | 0.94   | 3200F  | 0.89   | 1820DM      | 0.97   |
|   | (47)    |        | (57)   |        | (84)        |        |
| Skilled manual                          | £265    | 1.02   | 3500F  | 0.97   | 1680DM      | 0.90   |
|   | (142)   |        | (199)  |        | (175)       |        |
| Semi-skilled, unskilled                 | £235    | 0.90   | 2950F  | 0.82   | 1600DM      | 0.85   |
|   | (92)    |        | (201)  |        | (37)        |        |

This table is confined to heads who were the only members of their households who were earning. The numbers in brackets are the numbers of men from whose earnings the medians were estimated. The decimal numbers indicate, for example, that £320 is 1.23 of £260.

The disparities in Bristol between the earnings of different occupational groups, though substantial, seem modest compared to the large disparities in Saarbrücken and the even larger ones in Rheims. These disparities would lead you to expect more poverty among households with heads in low-status jobs, and Table 3.10 confirms this. The greater extent of poverty among low-status households was also due partly to their having more children, especially in Rheims.

Table 3.10: Poverty in households of more than one adult and one or more children where the head was a man working 40 hours per week or more and he was the only earner, by the head's occupational status

|                            | Bristol |      | Rheims |       | Saarbrücken |       |
|----------------------------|---------|------|--------|-------|-------------|-------|
| Non-manual                 | 9%      | (69) | 17%    | (149) | 9%          | (188) |
| Skilled manual             | 14%     | (86) | 33%    | (143) | 28%         | (123) |
| Semi-skilled and unskilled | 35%     | (43) | 61%    | (157) | 44%         | (55)  |

Each percentage shows the proportion of households in poverty. In brackets is the number of households out of which the percentage was calculated.

We have looked at the incidence of poverty in the three samples and have noted certain facts that are clear and perhaps rather obvious. One-parent families were more often in poverty. In Bristol and Rheims, households with retired heads were also more often in poverty. Leaving aside the retired, earnings were the major source of income. Households with more than one worker were rarely in poverty even though the secondary workers often had low earnings, whereas the majority of households without a worker were poor. For households that depended on just one worker, the household income was determined by his level of earnings which, in turn, depended on the sort of job he had. Poverty was not uncommon among households of this type where the head did a semi-skilled or unskilled job.

In the next two chapters we concentrate on one of the groups of people without a job - the unemployed. In a later chapter we look in more detail at the other groups whom we have found in this chapter to be at risk of poverty.

## 4 UNEMPLOYMENT

Defining unemployment is not as difficult as defining poverty, but it is not completely straightforward. We defined people as unemployed if they were of working age without a job and either registered as unemployed or looking for a job. By including all the registered unemployed we took in those who figure in official statistics, but we also took in jobseekers who were not registered.

'Looking for a job' is a rather vague phrase. It included people who were devoting great effort to getting a job - regularly calling at the employment office, contacting possible employers, attending interviews and so on. (One man in Bristol, when asked if he was looking for a job, replied, 'Not just looking. Desperate.') At the other extreme, it could include someone who occasionally glanced through the 'Situations vacant' column of the local newspaper, on the offchance of finding a suitable part-time job. However, if we tried to exclude some proportion of the jobseekers on the grounds that they were not serious enough, any dividing line we might choose would be somewhat arbitrary, so we decided to include them all.

'Registered as unemployed' is another phrase that calls for explanation. In Germany, the employment service and the benefit service are run by the same office - the *Arbeitsamt*; an unemployed person who signs on for benefit automatically registers with the employment service. In Britain and France, the two are separated. In France, the employment service is the *Agence Nationale pour l'Emploi* (ANPE) and the benefits service is the *Association pour l'Emploi dans l'Industrie et le Commerce* (ASSEDIC); in Britain, the employment service is provided by the Jobcentres of the Manpower Services Commission, while benefits are paid by the benefit offices of the Department of Employment. In Rheims we asked people if they had registered with ANPE; in Bristol we asked if they had signed on at an office of the Department of Employment. It would have been better, in retrospect, to have asked two questions in each survey - one about the employment service and the other about the benefit service. However, unemployed people claiming benefit were required in both countries to register with the employment service. The great majority of those registered with the employment service were claiming benefit, and vice-versa.

We should also explain what we mean by 'working age'. There were a few retired people in the samples who were looking for work, usually part-time work. Should they be counted as unemployed or retired? We decided to count them as unemployed if they had not yet reached retirement age and as retired if they were over retirement age. The problem then was to define 'retirement age'.

For Bristol alone, the choice would have been straightforward. The official retirement age in Britain is 65 for men and 60 for women and, although some people retire below those ages, they proved to be the most common ages of retirement in the Bristol sample. Retirement ages are more flexible in France and Germany, official retirement being possible between 60 and 65, or even before 60. There is no discrimination between the sexes in France and little in Germany, though German women who retire at 60 can qualify more easily than men for full pension. In practice, there were similar age gaps between the sexes in Rheims and Saarbrücken to those in Bristol - in all three places women commonly retired a few years earlier than men - but among both men and women the average age of retirement was lower in the French and German towns. We decided, however, to adopt the British ages of 65 for men and 60 for women on the grounds that, while these ages may not be the most appropriate for France and Germany, any other ages would have been very inappropriate for the Bristol sample. People 'of working age' therefore, for all three surveys, were defined as men aged between 16 and 64 and women between 16 and 59.

Using our definition of unemployment, 7.0 per cent of the working age in the Bristol sample were unemployed, 6.2 per cent of those in Rheims and 5.2 per cent of those in Saarbrücken. Even our broad definition probably understates the proportion of people who would like to be working. Husbands whose wives were not looking for a job but were intending to work in the future were asked, 'If a suitable job was available now, would she take it?'. Nine per cent in Bristol and Saarbrücken said she would, and 12 per cent in Rheims.

We also enquired about people working shorter hours than usual - a problem related to unemployment. Three per cent of working heads in Bristol and Rheims and one per cent in Saarbrücken had worked shorter hours than usual over the previous six months because of short-time working, less overtime or slack trade. We also asked whether heads and spouses who were doing part-time work would prefer to work full time; ten per cent in Bristol and Saarbrücken and 28 per cent in Rheims said they would.

#### Registering and seeking work

Most of the unemployed had been in work before their spell of unemployment, but a minority had not; some young people had gone into unemployment straight from full-time education, for instance, while some women were looking for a job (and therefore were unemployed, on our definition) after spending some years out of the labour force as housewives. Of those who had been in work before becoming unemployed - these were mostly men - the great majority had registered, but of the others - who were mostly women - a sizeable proportion had not. This is shown in Table 4.1.

Table 4.1: Proportion of unemployed who had registered

|   | Bristol   | Rheims    | Saarbrücken |
|---|-----------|-----------|-------------|
| <u>Men</u>                                  |           |           |             |
| Were in work before becoming unemployed     | 94% (125) | 95% (111) | 92% (109)   |
| Were not in work before becoming unemployed | 86% (29)  | 90% (30)  | 90% (10)    |
| <u>Women</u>                                |           |           |             |
| Were in work before becoming unemployed     | 71% (65)  | 96% (102) | 89% (74)    |
| Were not in work before becoming unemployed | 49% (45)  | 75% (51)  | 57% (21)    |

For Bristol, each percentage shows the proportion of unemployed who had signed on at a benefit office. For Rheims and Saarbrücken, it shows the proportion who had registered with the government employment service. In brackets is the number of people out of which the percentage was calculated.

Women in Bristol were less likely to have signed on, even if they had been in work before becoming unemployed. Most of those were women who were (or had been) married. The explanation is that, under an earlier arrangement (being phased out since 1977), married women could opt out of the national insurance scheme. They were therefore not entitled to unemployment benefit even if they had been working.

As well as those who were looking for work without being registered, there were some who were registered but not looking for work. In principle everyone who registers is available for work and prepared to accept a reasonable job offer, but it is well known that some people register without any serious intention

of taking a job, in order to claim unemployment benefit or to protect their entitlement to other benefits such as retirement pensions. This is not uncommon among people who retire early; hence the pattern of results in Table 4.2.

Table 4.2: Proportion of registered unemployed who were not seeking work

|                   | Bristol  | Rheims   | Saarbrücken |
|-------------------|----------|----------|-------------|
| Men, aged 16-49   | 5% (107) | 5% (109) | 11% (64)    |
| 50-64             | 40% (35) | 36% (25) | 49% (45)    |
| Women, aged 16-49 | 12% (58) | 7% (123) | 8% (63)     |
| 50-59             | 20% (10) | 15% (13) | 27% (15)    |

Each percentage shows the proportion of people who were registered unemployed but were not looking for a job. In brackets is the number of people out of which the percentage was calculated.

The older men in Bristol who were registered but not seeking work were mainly from non-manual occupations. This is because retirement before the age of 65 is generally possible for men in Britain only if they have an adequate occupational pension outside the state scheme, and these pension schemes are more common among men in non-manual jobs. There was no such bias towards non-manual workers among the corresponding groups in Rheims and Saarbrücken.

One might imagine that the registered unemployed who had been out of work for a long time - say more than a year - would be more likely to have given up looking for work, but we found no evidence of this, after allowing for the age difference just noted.

#### Unemployment among young people

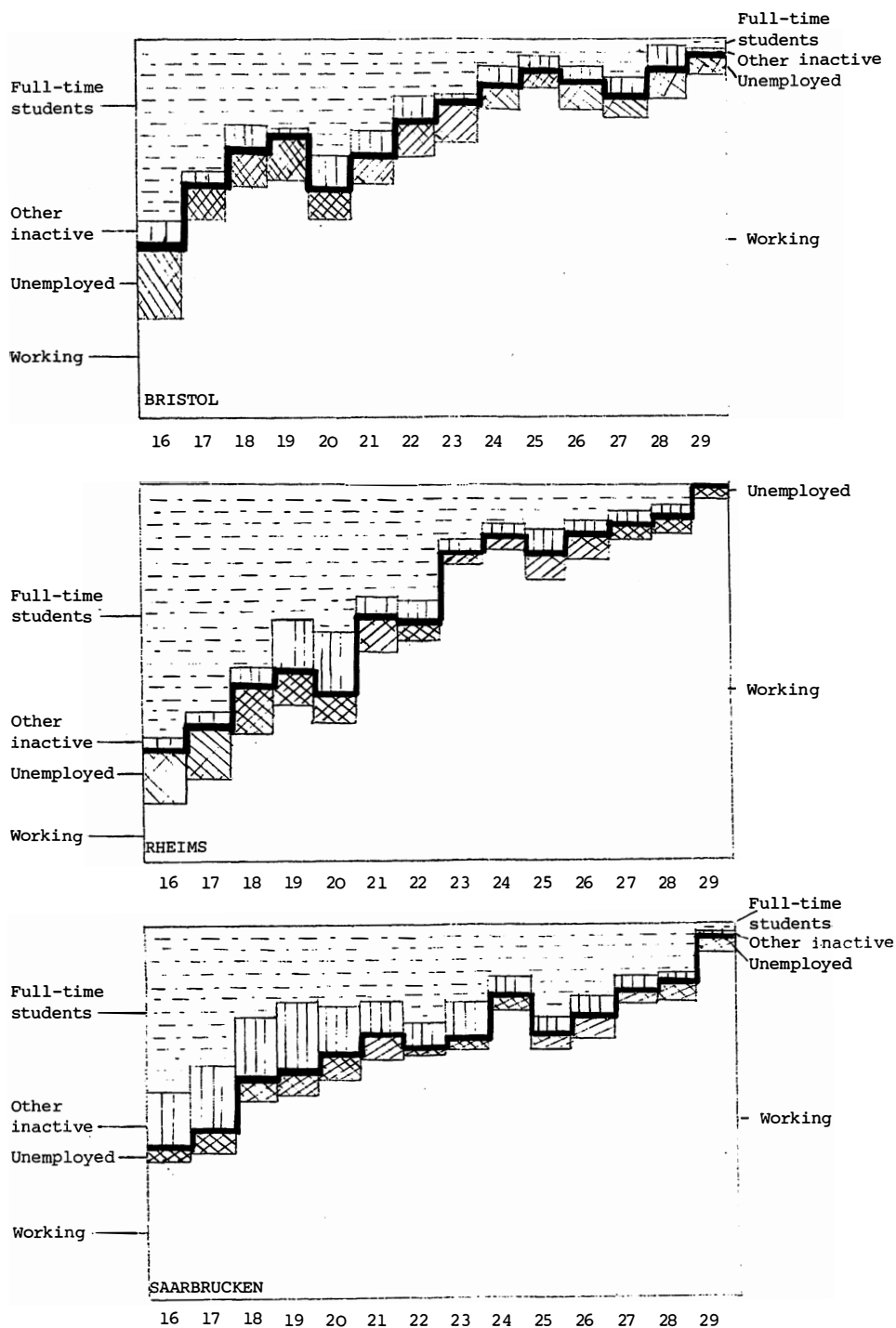
Diagram 4.3 shows the working status of men and single women aged between 16 and 29. (The working status of married women shows a quite different pattern and is discussed in a later chapter.) We took people of a given age and divided them according to their working status. For example, there were 105 people in the Bristol sample aged 16, and they divided into 27 per cent working, 20 per cent unemployed, 48 per cent full-time students (including school pupils) and five per cent other inactive. The extreme left-hand column of the Bristol rectangle presents these proportions in diagram form. The next column presents the pattern for 17-year-olds, and so on. The heavy black line divides the economically active (working plus unemployed) from the rest.

Compulsory schooling continues to age 15 in Germany, age 16 in Britain and France. (We did not collect information on the working status of 15-year-olds.) Some of the 16-year-olds in Saarbrücken, therefore, had presumably left school a year before the survey, but very few of those in Rheims and Bristol would have done so. Our results are also somewhat influenced by the precise timing of the surveys in relation to the end of the school terms. In Rheims many young people were in the final weeks of their full-time education at the time of the survey; more of those in Bristol and Saarbrücken had just completed it.

The proportion in the 'other inactive' category was much lower in Bristol. This category includes a few who were unable to work because of long-term sickness or disability, some unmarried mothers, some who were in work-experience or training schemes and who considered themselves neither as working nor as students, and also men doing military service, which is compulsory in France and Germany but not in Britain. In Rheims the high proportion of 'other inactive' at ages 19 and 20 is probably explained almost entirely by military service. In Saarbrücken the proportion of 'other inactive' was high throughout ages 16 to



Diagram 4.3: The working status of men and single women aged 16 to 29



21 and probably shows the impact of work-experience and training schemes as well as military service.

As for the unemployed, the main contrast was between Bristol and Rheims on the one hand and Saarbrücken on the other. In the age group 16 to 19, 14 per cent were unemployed in Bristol and 13 per cent in Rheims, but only four per cent in Saarbrücken. This difference is largely explained by school leavers. People who had gone straight from full-time education into unemployment formed 6.5 per cent of this age group in Bristol and 8.0 per cent in Rheims but only 0.7 per cent (just four people) in Saarbrücken.

A more detailed look at this group reveals a further difference, this time between Bristol and Rheims. Out of the 29 unemployed school leavers aged 16 to 19 in Bristol, 14 per cent had been unemployed more than six months, but out of the 47 in Rheims, 62 per cent had been unemployed for that long. Even allowing for the differences just mentioned in the timing of the surveys, there was a sizeable group of long-term unemployed school leavers in Rheims and there were hardly any counterparts to them in Bristol.

So far as we can tell from our figures, then, hardly anyone in Saarbrücken had left school and gone straight into unemployment (though we cannot be sure about the 15-year-olds). In Bristol, a sizeable minority had done this but few had been unemployed for long. In Rheims, more had become unemployed on leaving school and had remained unemployed a long time.

Provisions exist in all three countries to help young people avoid unemployment but the local services interviews suggested that there was more concern and action in Saarbrücken. In all three places it was recognised that the risk of unemployment amongst young people (particularly the unqualified young) was increasing, but in Bristol and Rheims some officials felt that their plight could not be regarded as the most serious. 'Unemployment does not seem catastrophic for them', we were told in Rheims, and in Bristol there was more concern over the slightly older group in their twenties.

There were ways in which Saarbrücken's approach, reflecting German policy generally, seemed better. As in Bristol, there was a careers advice service which aimed to place young people in suitable jobs, preferably before leaving school, but more time was given to each individual in Saarbrücken by more highly qualified staff. Beyond that, vocational training was offered to virtually all school leavers until the age of eighteen, and there was extensive use of apprenticeships.\*

In Bristol and Rheims, by contrast, the approach was to offer help by training or temporary work schemes only after a period of unemployment had been experienced. The Manpower Services Commission in Britain guarantees a place in some scheme - training, job creation or work experience - to any school leaver still unemployed six months after leaving school, and our results suggest that this was effective; only four people in the Bristol sample had been unemployed for more than six months since leaving school. France does not favour job creation schemes but relies on an agreement between government and industry whereby the government will subsidise jobs under certain conditions.\*\* It is the employers, however, who decide whether or not to take advantage of this, and the officials in the Rheims employment service told us that employers were increasingly

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\* See Shirley Williams, Politics is for People, Penguin Books, 1981, p.87.

\*\* National Council of Social Service, Inside Europe, October 1979.

reluctant to do so because of the recession. In the absence of any further provision, long-term unemployment among school leavers is the result.

#### Unemployment and retirement among men

Diagram 4.4, in the same manner as Diagram 4.3, shows the working status of men between the ages of 53 and 67. In Rheims and Saarbrücken, the activity rate declined gradually but fairly steadily till about age 57 to 59 and then more rapidly until, by age 65, only a few men were still in the labour force. In Bristol, the activity rate declined only slightly to age 64 and then dropped very sharply.

The striking difference between Bristol and the other two places in the working status of men aged 60-64 reflects a difference between the three countries, and it is caused by differences in pension schemes. As we remarked earlier when discussing retirement ages, men in Britain are not normally allowed to draw a pension before the age of 65; only men in certain occupational schemes can do so, and these form a small minority of all working men. Pension schemes in France and Germany are more varied and more flexible, allowing men to retire between 60 and 65, or even under 60 in certain cases.

Because more of the men in this age group in Rheims and Saarbrücken had retired, it follows that there were fewer of them in the other categories of working status. In Bristol, 15 per cent of the men aged 60 to 64 were unable to work because of long-term illness or disability, but only four per cent in Rheims and Saarbrücken. Presumably the counterparts of these Bristol men were present in Rheims and Saarbrücken but were retired rather than unfit for work. The same goes for the unemployed; many of Bristol's older unemployed men would have retired if they had been living in Rheims or Saarbrücken.

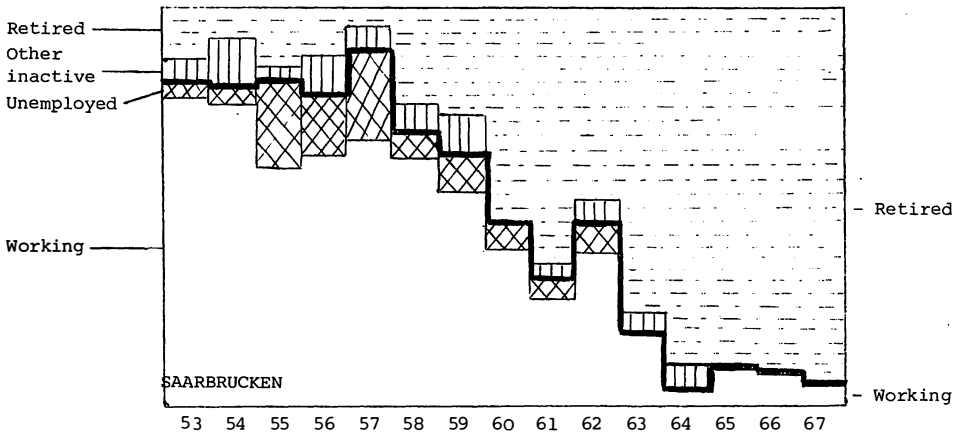
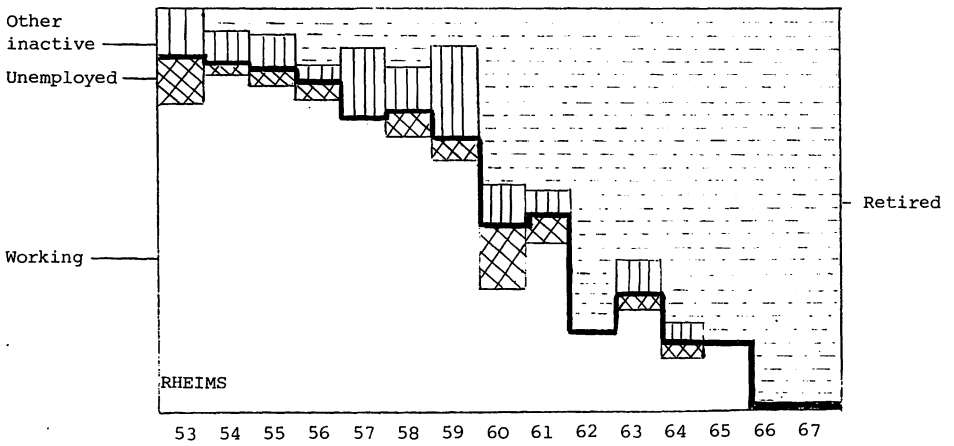
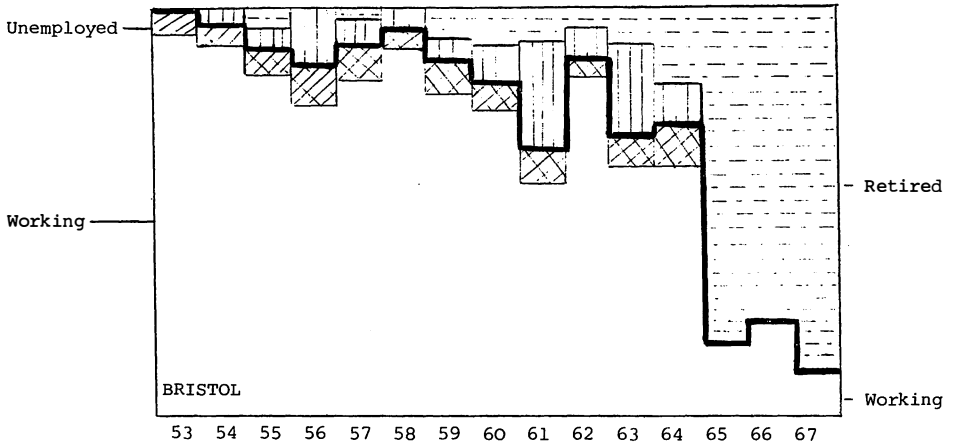
Pension regulations did not only influence the working status of men who had reached pensionable age; men approaching pensionable age were also affected. We noted earlier the high proportion of unemployed aged 50 or over who were registered but not looking for work. Although we have included them with the unemployed, they had in effect retired and were using unemployment benefit as a kind of early-retirement pension. In Germany, men who have been unemployed for over a year when they reach the age of 60 can retire with a pension. Some firms who want to reduce their workforce take advantage of this by offering men who are approaching 60 the option of leaving their job with a payment from the firm to supplement their unemployment benefit till they reach 60. Large firms in the steel industry do this and this probably explains the high proportion of unemployed men in Saarbrücken in their late fifties.

In France, apart from a few men who are made redundant (licencié pour raison économique) it is the long-term sick, rather than the long-term unemployed, who can claim a pension at 60, and this may explain why men in Rheims, in their late fifties and without work, were more likely to consider themselves unfit for work than unemployed. (Another benefit, similar to the one for redundancy, is available to men who become unemployed after reaching 60, and this may account for the higher rate of unemployment in Rheims among men aged 60.)

#### Disability

Being disabled is obviously a disadvantage when trying to get a job. Mr. Moss was a single man in his fifties, living alone. He had suffered from epilepsy in his early childhood but had then been free of it for several years including a spell of active service during the war. After the war he had begun to suffer from it again and had had to give up any job involving machinery. He had

Diagram 4.4: The working status of men aged 53 to 67



had a variety of jobs, the most recent as a salesman, but had been out of work for several years when we interviewed him. He described the difficulty he had in trying to get work:

'I used to buy the paper every dinner time, and adverts appeared in the paper and I used to go round and call on the firms. You'd get interviewed straight away. I used to be very often the first applicant. But my stumbling block is the application form. They say, "Do you suffer from epilepsy - Yes or No?" So you've got to say "Yes". Then they want the details. With nearly all the jobs I've been interviewed for, I've had the job, until I filled in the application form. I went for a job down at the fire station and they said, "Right, the job's yours". It was only cleaning - not much of a job. But as soon as I filled in the application form, I wasn't even on the shortlist. There's more stigma attached to epilepsy than there is to VD or anything else. You could be practically riddled with syphilis or something like that and they'd say, "Hard luck, old chap, when can you start?" But as soon as you say epilepsy - "Ah, the devil's going to dance in this chap. We can't have him".'

Disabilities obviously vary in their severity. For the severely disabled, ordinary employment may be out of the question; in our categories of working status they would be in the group 'unfit for work'.

Table 4.5: Labour force participation and level of unemployment among people who suffered from a limiting disability compared with people who did not, by sex and age

|   | Bristol      |               | Rheims       |               | Saarbrücken  |               |
|---|--------------|---------------|--------------|---------------|--------------|---------------|
|   | Disabled     | Not disabled  | Disabled     | Not disabled  | Disabled     | Not disabled  |
| <u>Men aged 20-49</u>                             |              |               |              |               |              |               |
| Not in the labour force (exc. full-time students) | 21%<br>(104) | 2%<br>(1239)  | 27%<br>(165) | 3%<br>(1682)  | 17%<br>(145) | 4%<br>(1543)  |
| Unemployed, out of those in the labour force      | 15%<br>(82)  | 6%<br>(1217)  | 10%<br>(120) | 4%<br>(1631)  | 14%<br>(121) | 3%<br>(1484)  |
| <u>Men aged 50-64</u>                             |              |               |              |               |              |               |
| Not in the labour force                           | 39%<br>(119) | 4%<br>(417)   | 52%<br>(149) | 18%<br>(382)  | 45%<br>(223) | 20%<br>(384)  |
| Unemployed, out of those in the labour force      | 17%<br>(72)  | 6%<br>(400)   | 11%<br>(72)  | 6%<br>(315)   | 15%<br>(122) | 9%<br>(307)   |
| <u>Women aged 20-59</u>                           |              |               |              |               |              |               |
| Not in the labour force (exc. full-time students) | 59%<br>(198) | 31%<br>(1573) | 67%<br>(234) | 41%<br>(2080) | 68%<br>(292) | 50%<br>(2040) |
| Unemployed, out of those in the labour force      | 15%<br>(82)  | 6%<br>(1079)  | 12%<br>(77)  | 8%<br>(1227)  | 16%<br>(93)  | 7%<br>(1021)  |

A 'disabled' person, in this table, was someone who, in the opinion of the head of household, suffered from a long-standing illness, disability or infirmity that limited their activities compared with most people of their age. Numbers in brackets show the numbers of people out of whom the percentages were calculated.

The working status of those with less severe disabilities depends partly on their own opinion of their limitations, since they decide whether or not to apply for jobs, and partly on the opinions of employers, since it is employers who decide whether or not to accept them. The decisions of employers are presumably affected by the number of applications they get - they can be more choosy when unemployment is high - and their decisions in turn affect the attitudes of the disabled, since someone who is repeatedly turned down will eventually be forced to accept that he is considered unfit for work, even if he does not think so himself. Whatever the precise balance of these forces at any one time, one would expect that disabled people would more often be out of the labour force and that those who were in the labour force would more often be unemployed. Table 4.5 shows that this was true, and to a similar extent in the three places.

### Occupation and industry

Officials in the local employment services commented on the deteriorating employment prospects for those without qualifications or skills. Several of the unemployed themselves also expressed anxiety about this, especially those in Rheims. They felt not only that the number of unskilled jobs was decreasing but also that people with qualifications were taking unskilled jobs because of the general increase in unemployment. A man in Rheims who had applied for training as a lorry driver said, 'It's more difficult to find a job now. It was not always like this. I know people who have three CAPs\* and then they have to take a labouring job!'

In looking at occupation and industry we have to confine attention to heads of households since the questionnaire did not collect this information for all the other adults. The pattern of unemployment was similar in the three places. Unemployment was more severe among heads in manual occupations, and this was particularly so for female heads, and it was more severe among heads in manufacturing and construction than among those in service industries. The figures are given in Table 4.6. Construction and metal manufacture were among the industries with higher-than-average rates of unemployment; the highest rates were in textiles, though only a few people in our samples were employed in this industry.

Table 4.6: Incidence of unemployment among heads, by occupation and sex and by industry

|   | Bristol      | Rheims       | Saarbrücken  |
|---|--------------|--------------|--------------|
| Men, non-manual occupations               | 7%<br>(574)  | 2%<br>(748)  | 3%<br>(991)  |
| Men, manual occupations                   | 9%<br>(723)  | 6%<br>(1092) | 8%<br>(734)  |
| Women, non-manual occupations             | 12%<br>(255) | 4%<br>(160)  | 8%<br>(271)  |
| Women, manual occupations                 | 20%<br>(146) | 16%<br>(112) | 18%<br>(89)  |
| All heads, manufacturing and construction | 9%<br>(734)  | 7%<br>(998)  | 9%<br>(609)  |
| All heads, service industries             | 8%<br>(1039) | 2%<br>(928)  | 5%<br>(1080) |

Each percentage shows the proportion unemployed out of the economically active (all those who had a job or were unemployed). In brackets is the number of people out of which the percentage was calculated.

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\* CAP: Certificat d'aptitude professionnelle.

### Ethnic minorities

In each of our three samples there was a minority of people who differed from the rest in country of birth, skin colour or nationality. All three surveys collected information on the head of household's country of birth; the one in Rheims also recorded the head's nationality and the one in Bristol recorded the head's skin colour (in just two categories - 'white' and 'any other colour').

Though each sample contained a mixture of minority groups, there were certain groups who were homogeneous in some respects and also large enough to form the basis for statistical analysis. In Bristol we compare heads who were white and born in Great Britain with non-white people born in the West Indies and with non-white people born on the Indian sub-continent. In Rheims we compare heads of French nationality born in France with those of North African nationality and with those of Spanish, Portuguese or Italian nationality. In Saarbrücken we compare heads born in West Germany with those born in Italy, Turkey or Yugoslavia. Table 4.7 shows the proportion of these groups in the samples.

Table 4.7: Ethnic minorities in the three samples

|   | Numbers | %   |
|---|---------|-----|
| <u>Bristol</u>  |         |     |
| White, born in Great Britain                                    | 2411    | 86  |
| Non-white, born in the West Indies                              | 131     | 5   |
| Non-white, born in India, Pakistan, Bangla Desh<br>or Sri Lanka | 60      | 2   |
| Other   | 208     | 7   |
| Total   | 2810    | 100 |
| <u>Rheims</u>   |         |     |
| French nationality, born in France                              | 2449    | 90  |
| Algerian, Tunisian or Moroccan nationality                      | 55      | 2   |
| Spanish, Portuguese or Italian nationality                      | 68      | 2   |
| Other   | 157     | 6   |
| Total   | 2729    | 100 |
| <u>Saarbrücken</u>  |         |     |
| Born in West Germany (inc. West Berlin)                         | 3096    | 88  |
| Born in Italy, Turkey or Yugoslavia                             | 85      | 2   |
| Other   | 352     | 10  |
| Total   | 3533    | 100 |

These minorities were not recent arrivals. Almost all the West Indians in Bristol and over three-quarters of the members of most of the other groups in the three towns had been in their present country of residence for over ten years. The only exceptions were the North Africans in Rheims, only half of whom had lived in France for that long. The minorities differed from the indigenous majorities in similar ways in the three places; the household heads were younger, less well qualified and in less-skilled occupations, and they had more children.

We showed in the previous chapter that people in less-skilled jobs were less well paid and also that households with more children tended to be poorer, so the minority households, not surprisingly, were generally poorer.

Table 4.8 shows the extent of unemployment among household heads of these ethnic minorities. Since unemployment was related to occupational status, as we

have already shown, the table is confined to heads in manual occupations. It shows that the unemployment rate was higher among the West Indians in Bristol and the North Africans in Rheims.

Table 4.8: Unemployment and ethnic minorities, heads in manual occupations

|   | White, born in<br>Great Britain | Non-white, born<br>in West Indies     | Non-white, born<br>in Asia          |
|---|---------------------------------|---------------------------------------|-------------------------------------|
| <u>Bristol</u>                                  |                                 |                                       |                                     |
| Unemployed heads, out of<br>economically active | 8%<br>(706)                     | 25%<br>(88)                           | 11%<br>(35)                         |
|   | French, born<br>in France       | North<br>Africans                     | Spanish, Portu-<br>guese & Italians |
| <u>Rheims</u>                                   |                                 |                                       |                                     |
| Unemployed heads, out of<br>economically active | 6%<br>(939)                     | 15%<br>(40)                           | 2%<br>(52)                          |
|   | Born in<br>West Germany         | Born in Italy,<br>Turkey & Yugoslavia |                                     |
| <u>Saarbrücken</u>                              |                                 |                                       |                                     |
| Unemployed heads, out of<br>economically active | 9%<br>(693)                     | 9%<br>(70)                            |                                     |

Each percentage shows the proportion of heads unemployed, out of all who were economically active (in work or unemployed). In brackets is the number of people out of whom the percentage was calculated.

#### Job history

We next compare the job history of the unemployed in the few years before the interview with that of comparable groups of people in work. Again, we have to confine attention to household heads and, in order to compare like with like as far as possible, we restrict the analysis to male heads under the age of 50. (These men were mainly between 25 and 49 because, though younger men were often unemployed, especially in Bristol and Rheims, they were generally not household heads.)

Unemployed heads who had had a job immediately before becoming unemployed were asked how long that job had lasted. Heads in work were asked how long they had been in their present job. Those whose job had lasted more than a year are shown in Table 4.9.

Table 4.9: Job had lasted more than a year. Last job of unemployed heads compared with present job of heads in work. Men under 50

|                             | Bristol      | Rheims        | Saarbrücken   |
|-----------------------------|--------------|---------------|---------------|
| Unemployed heads (last job) | 54%<br>(61)  | 80%<br>(55)   | 71%<br>(48)   |
| Heads in work (present job) | 82%<br>(755) | 90%<br>(1310) | 90%<br>(1176) |

Each percentage shows the proportion whose job had lasted more than a year. In brackets is the number of men out of which the percentage was calculated.

When the unemployed were in work, their jobs came to an end, for whatever reason, sooner than most people's did. Having short-lasting jobs is not necessarily the same thing as being recurrently unemployed since it is possible to move straight from one job into another, but one would expect the two things to





In Bristol, there was some indication in the figures that, allowing for age, disabled people, non-white people and people in manual occupations tended to be out of work longer, but these differences did not show up in Rheims and Saarbrücken.

### Finding new jobs

Since, as we showed in the last chapter, earnings form the largest part of the income of most households, an effective way to combat poverty among the unemployed is to find jobs for them. We therefore now look at employment services.

Our questions on the use of these services were confined to those unemployed people who were in fact looking for a job. The majority of these in all three places had made use of the government employment service during their present spell of unemployment. (The question was about using the service to help them find a job, not merely registering with the service.) Those who had not used it tended to be those who were not registered as unemployed, such as married women looking for a paid job after having spent some years as housewives. This is shown in Table 4.12. About one in ten of those who were registered said they had not used the service, even though they were looking for a job.

Table 4.12: Use of the government employment service by unemployed people looking for work, by whether registered unemployed

|                       | Bristol      | Rheims       | Saarbrücken  |
|-----------------------|--------------|--------------|--------------|
| Registered unemployed | 86%<br>(182) | 89%<br>(247) | 88%<br>(147) |
| Not registered        | 41%<br>(54)  | 21%<br>(24)  | 38%<br>(26)  |

Each percentage shows the proportion of people who had used the employment service. In brackets is the number of people out of which the percentage was calculated.

In Britain and France, the offices of the employment service contain displays of job-vacancy cards; people can walk in and read them without having to register with the service. Of those who had used the service, 28 per cent in Bristol and 16 per cent in Rheims said they had just looked at the cards. We asked people in Rheims and Bristol simply whether they had spoken to an official; we did not ask about the amount or quality of advice they had received. But people often told us that the service they received was minimal. An unemployed accountant in Bristol said: 'Jobcentres are most unhelpful. They do no seem to realise you want a job. They seem to think they have done their duty just by registering you. Their attitude is wrong. I don't want charity. I want a job.'

In Germany, by contrast, everyone who uses the service has an interview with a member of the staff. We asked people in Saarbrücken if they felt they had had a full discussion with the official at the employment service, and most of them (two-thirds) said they had. This confirms the impression we formed from the local services interviews that the counsellors in the German service, as well as being better qualified, gave more time and attention to each client than their British and French counterparts.

Of the jobseekers who had spoken to a member of staff at the employment service, slightly over half in each place had been sent for a job at some time during their current spell of unemployment, and roughly a fifth had been sent in the previous four weeks. The sex and occupation of the unemployed did not seem to affect their chances of being sent for a job, but teenagers had been treated differently from older people, as is shown in Table 4.13.

Table 4.13: Proportion of unemployed jobseekers, having spoken with an official at the employment service, who had been sent for a job

|                                | Bristol     | Rheims       | Saarbrücken  |
|--------------------------------|-------------|--------------|--------------|
| Ever sent for a job Age 16-19  | 63%<br>(35) | 30%<br>(44)  | 42%<br>(19)  |
| 20 or over                     | 51%<br>(74) | 60%<br>(126) | 52%<br>(121) |
| Sent in last 4 weeks Age 16-19 | 40%<br>(35) | 5%<br>(44)   | 11%<br>(19)  |
| 20 or over                     | 16%<br>(74) | 17%<br>(126) | 17%<br>(121) |

Numbers in brackets are the numbers of people out of which the percentages were calculated.

The teenagers in Bristol had received more attention from the employment service than older people had, but in Rheims they had received less. The difference in the proportion who had ever been sent for a job is all the more striking when one recalls that the teenagers in Rheims had been unemployed much longer than those in Bristol. There were only a few unemployed teenagers in Saarbrücken; so far as one can tell from these figures, they received much the same service there as older people.

We commented earlier on the ineffectiveness of job creation schemes in Rheims for unemployed school leavers. It appears that this group also got rather little help from the employment service there. It may be that there were very few vacancies for people in this age group, but it may reflect a policy decision by the employment service to give priority to older people. As an official from ANPE told us, 'Unemployment for a young person is a completely different thing. A head of household is obliged to be quick and get another job, whereas the young can shelter under the family roof.'

Whether people had recently been sent for a job was also related to the length of time they had been unemployed. In all three places, the long-term unemployed were less likely to have been sent in the previous four weeks, as shown in Table 4.14. It may be that, as time goes by, an unemployed person gets sent for jobs less often, or perhaps a person who gets sent for jobs less often remains unemployed for longer.

Table 4.14: Men aged 20-49, looking for work and having spoken with an official at the employment service. Proportion sent for a job in the previous four weeks, by length of time unemployed

|                                     | Bristol     | Rheims      | Saarbrücken |
|-------------------------------------|-------------|-------------|-------------|
| Last job ended less than a year ago | 19%<br>(27) | 19%<br>(37) | 32%<br>(25) |
| Last job ended a year or more ago   | 9%<br>(22)  | 6%<br>(17)  | 12%<br>(17) |

Each percentage shows the proportion of men sent for a job in the previous four weeks. In brackets is the number of men out of which the percentage was calculated.

All the men in this table, it should be noted, were looking for work; people do not necessarily stop wanting a job because they have been out of work a long time. An unemployed warehouseman in Bristol, out of work for over two years, said:

'What is going to be done about middle-aged people? We haven't heard a thing about jobs for us, but only about the young ones. I can't sit down and relax. I'm only 47 and I've 18 years left until I retire and it's a hell of a long time. I've been all over the place for jobs. I've been to Gloucester. I've been to Bath. I've been to Dursley. I've been to Avonmouth. If you're living on other people, you're a parasite. That's the way I feel. I feel guilty.'

This was echoed by a man in Saarbrücken:

'I am 57. I get no work from the Employment office. Last time I went there they said, "Relax, you'll be getting your retirement pension in three years". Some consolation!'

The employment services were not always able to ensure that the jobs they sent people for were the kind of jobs they wanted, or even that the jobs were still available when the people got there. Three unemployed men - one from Bristol, two from Rheims - described some of the problems:

'The people there aren't qualified to go sending other people out after work. If I tell them I've done an apprenticeship in engineering they think I'm qualified for all types of engineering. I've been sent after jobs I just couldn't possibly do.'

'You go to ANPE and they send you after a job. When you get there you find they have sent five or six before you. Or they send you to a firm where you find that they haven't needed anyone for six months. It makes you mad. It's absolutely stupid.'

'I am a graphic designer. It's very specialised work, but they had me down as a printer. They just don't know the difference.'

If people had been sent for a job we asked them whether the last job they had been sent for had been, in their opinion, suitable for them. Those who felt it had not been a suitable job formed roughly a third in Bristol and Rheims (28 per cent in Bristol, 38 per cent in Rheims), but two-thirds - 66 per cent - in Saarbrücken. The high figure in Saarbrücken is partly explained by the answers of one particular group, namely women in non-manual occupations, 94 per cent of whom said their last job offer had been unsuitable. We did not ask people why they considered a job unsuitable, but it has been suggested that these women were probably looking for part-time work, which is not widely available in Saarbrücken.

A further explanation for the high proportion of jobseekers in Saarbrücken considering jobs unsuitable is the existence in Germany of an elaborate set of legal regulations that define whether a job is suitable for someone or not. The regulations take account of levels of pay, occupational status, working conditions and so on. If a job is not suitable, in this legal sense, an unemployed person can refuse it without this affecting his unemployment benefit, but if the person refuses a (legally) suitable job, his benefit is stopped for some time. It is possible that some of the people in Saarbrücken had this legal definition in mind.

Many of the unemployed were using other methods, apart from the employment service, to find a job. In Britain private employment agencies exist alongside the government employment service. There are some in France also - sociétés d'intérim - but they are confined to dealing only in temporary work. There are

none in Germany, being banned by law. Only a minority of the unemployed job-seekers in Bristol and Rheims were using private agencies - 15 per cent in Bristol and 27 per cent in Rheims. Judged by the same criteria we have applied to the government employment services, the private agencies were doing no better, perhaps slightly worse. Of those using private agencies, 15 per cent in Bristol and 11 per cent in Rheims had been sent for a job in the previous four weeks. The proportion who considered their last job offer suitable was about half in Bristol and less than a fifth in Rheims.

Other methods included looking through advertisements in the newspaper, speaking to relatives and friends and making a direct approach to an employer. Roughly two-thirds of the unemployed jobseekers in Bristol and Rheims had used these methods, and about half in Saarbrücken. The lower figure for Saarbrücken is partly explained by the higher proportion of older people among the unemployed there - older people were more likely to rely solely on the employment service - but it also confirms our impression from visiting the local services that the German one, being better financed and staffed, is expected to play a larger role in the job market.

As well as asking about how the unemployed were seeking work, we also sought information from heads of households who were in work when interviewed but who had been unemployed in the previous three years. Table 4.15 shows how they had found their present jobs.

Table 4.15: Heads in work who had been unemployed in previous three years.  
How found present job.

|                               | Bristol | Rheims | Saarbrücken |
|-------------------------------|---------|--------|-------------|
|                               | %       | %      | %           |
| Government employment service | 19      | 25     | 41          |
| Private employment agency     | 1       | 14     | -           |
| Newspapers                    | 14      | 9      | 15          |
| Direct approach to employer   | 30      | 20     | 24          |
| Other                         | 36      | 32     | 20          |
| Total                         | 100     | 100    | 100         |
| Number of heads               | (84)    | (65)   | (78)        |

Our conclusion is that the unemployed in Saarbrücken (and probably in Germany generally) were better served by the employment service, that more of them looked to the service as their principal way of getting a job and that more of them did get jobs through the service.

#### Training schemes

Table 4.16 looks at the use made by unemployed people of government training schemes. The table shows that, though most people knew of the existence of such schemes, few had applied for a training course and even fewer were currently taking one. Few likewise had received help to look for work elsewhere. Men had taken up training rather more often than women, and those taking training courses were younger men; no people aged over 45 were doing so in any town.

Table 4.16: Knowledge and use of training courses (heads of household seeking work and other unemployed seeking work)

|  | Bristol<br>1% | Rheims<br>4% | Saarbrücken<br>4% |
|--|---------------|--------------|-------------------|
| Taking a training course   |               |              |                   |
| Not taking a training course but<br>applied in previous six months                                   | 8%            | 26%          | 20%               |
| Total number   | 214           | 262          | 166               |
| <hr/>  |               |              |                   |
| Not taking a training course and not<br>applied, but knew that government<br>gave help with training | 82%           | 79%          | 89%               |
| Total number   | 194           | 177          | 127               |
| <hr/>  |               |              |                   |
| Received government grant to help<br>look for work away from home area                               | 0.5%          | 2%           | 4%                |
| Total number   | 214           | 259          | 151               |

A slightly more encouraging picture emerges from the answers of household heads who were in work when interviewed but who had been unemployed in the previous three years. We asked if they had taken any training course while they had been unemployed. Nine per cent in Bristol had done so, 11 per cent in Rheims and six per cent in Saarbrücken. (The low figures for Saarbrücken, here and in Table 4.16, do not contradict what we said earlier about the German emphasis on training for young people. Most of the German trainees would not appear in these figures at all because someone who had gone from full-time education into training and then into a job would not consider that he had ever been unemployed.) Most of these household heads also said that their training had enabled them to get their present job. Even so, the main finding is that training for the unemployed was having only a small impact in all three places.

This finding, however, should be read in conjunction with what we said earlier about the emphasis in Germany on extending education and encouraging training among the young. It would seem that such a policy could with advantage be adopted more widely and, so far as it already exists in the other countries, applied more vigorously. Apart from its immediate effect - that it withdraws from the labour market young people who would otherwise swell the numbers of unemployed - it could serve a more important long-term purpose: that of ensuring that people's skills are more adequately adapted than they otherwise would be to the economy's needs. It seems sensible to include generous public spending on education and training as part of a strategy to combat unemployment, alongside essential measures to relieve poverty among those who are unemployed.

## 5 INCOME SUPPORT FOR THE UNEMPLOYED

In Chapter 3 we showed that, except for households with retired heads, earnings played the major role in maintaining household income. It follows that unemployed people, being without earnings, are at risk of poverty. This chapter looks at the incomes of the unemployed and particularly at the support they were getting from the benefit systems.

In Diagram 5.1 we compare households that contained an unemployed person with those that did not, excluding households with retired heads. Incomes are shown in relation to the standard, as we explained in Chapter 3. The diagram for households with unemployed people in Bristol shows, for example, that nine per cent had incomes in the 'very poor' bracket (two-fifths of the standard income or less), 35 per cent had incomes between two-fifths and three-fifths of the standard, and so on. The shaded parts contain those households we have defined as being in poverty.

Diagrams of this type help to offset the oversimplified impression that can be given by using only one 'poverty line', such as our three-fifths-of-standard-income. Looking at households with an unemployed person, the proportion in poverty was virtually the same in all three places, and the distribution of incomes above the poverty line was similar, but the distribution of incomes below the line was different, there being less extreme poverty in Bristol.

Households with unemployed people were much poorer than others; over 40 per cent in all three places were in poverty and there was a sizeable minority, especially in Saarbrücken, in extreme poverty.

We showed in the last chapter that unemployed people were more often in low status occupations and recurrently in and out of work, so they would probably be poorer than the average even if they were in work. In Table 5.2 we try to assess the difference that unemployment made to people's incomes, after allowing for some of these factors. Attention is confined to households where the head was a man aged under 65, in a manual occupation; those where someone else in the household had a job are excluded. We compare unemployed heads with heads in work, expressing the mean income of each group in terms of the standard; for example, the average income per person of the households with unemployed heads in the Bristol part of the table was 0.51 of the Bristol standard.

The mean household income for unemployed heads of the type included in this table was virtually the same in the three places - half the standard income. In other words, for the average household where the head was a male manual worker and where no-one else had a job, unemployment meant poverty, to the same extent in the three places. The mean incomes of comparable households where the head was in work varied quite a lot between the three.

It could be argued that the incomes of the unemployed heads were being supported better in Rheims on the grounds that, while unemployment led to a large drop in income in all three places, the drop was smallest in Rheims. But we do not draw that conclusion. In terms of the standard incomes, which form the basis for our analyses of poverty throughout this book, the average level of support for these households with unemployed heads was equally good - or, rather, equally bad - in all three. The variation was in the average incomes of those who were working, the incomes of this group being particularly low in Rheims, as noted in Chapter 3.

Diagram 5.1: Incomes of households that contained an unemployed person compared with incomes of households that did not. Households with retired heads are excluded.

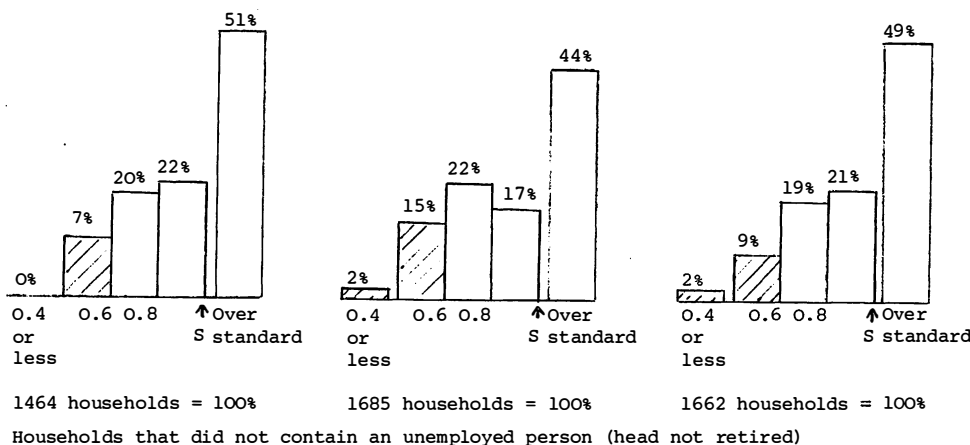
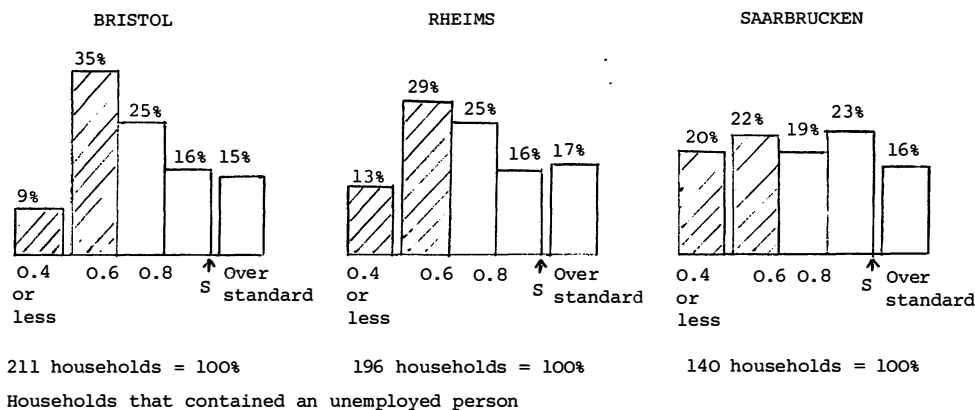




Table 5.2: Mean income per person, unemployed heads compared with heads in work. Male manual workers under 65, excluding households where someone else had a job.

|                               | Bristol       | Rheims        | Saarbrücken   |
|-------------------------------|---------------|---------------|---------------|
| Mean income, unemployed heads | 0.51<br>(38)  | 0.50<br>(28)  | 0.50<br>(24)  |
| Mean income, heads in work    | 0.93<br>(215) | 0.68<br>(410) | 0.84<br>(314) |

Each decimal figure is the mean income per person of a group of households, expressed in relation to the standard income (= 1.00). In brackets is the number of households from which the mean was calculated.

### Economies and debts

Further evidence of the financial effects of unemployment is provided by a series of questions we asked first about debts, then about the economies made by unemployed people. The questions on debts were put to all household heads, and in Tables 5.3 to 5.5 we anticipate a distinction used in a later chapter - between those heads below retirement age who were working, those who were unemployed but not poor and those who were both unemployed and poor.

Table 5.3 shows the proportion in each category buying goods on credit instalments, and also the proportion behind with their payments. Except in Rheims, where fewer of the poor unemployed were buying on credit, there were virtually no differences on this score. But, not surprisingly, among those who were currently buying on credit, the unemployed poor seemed to be behind more often (though the small numbers, particularly in Rheims, should be noted).

Table 5.3: Behind with credit instalments, unemployed poor and non-poor compared with working heads of households

|   | Bristol       |                                |                         | Rheims        |                                |                         | Saarbrücken   |                                |                         |
|---|---------------|--------------------------------|-------------------------|---------------|--------------------------------|-------------------------|---------------|--------------------------------|-------------------------|
|   | Work-<br>ing  | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-<br>ing  | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-<br>ing  | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor |
| Currently paying instalments on credit                        | 31%<br>(1535) | 37%<br>(67)                    | 22%<br>(73)             | 37%<br>(1993) | 23%<br>(48)                    | 14%<br>(37)             | 30%<br>(1949) | 46%<br>(37)                    | 39%<br>(51)             |
| Behind with payments, out of those currently buying on credit | 8%<br>(464)   | 21%<br>(24)                    | 27%<br>(15)             | 4%<br>(720)   | 0%<br>(11)                     | 40%<br>(5)              | 6%<br>(568)   | 0%<br>(17)                     | 32%<br>(19)             |

Numbers in brackets are the numbers of households out of which the percentages were calculated.

Table 5.4 shows those behind with rent payments. (We asked a similar question about mortgage repayments, but the numbers among the unemployed were too small to justify the inclusion of the results.) The picture is not tidy; the general impression from the table is that the unemployed in Bristol and Saarbrücken and the poor unemployed in Rheims were more often behind.

Table 5.4: Proportion behind with rent payments, unemployed poor and non-poor compared with working heads of households

|  | Bristol      |                                |                         | Rheims       |                                |                         | Saarbrücken  |                                |                         |
|--|--------------|--------------------------------|-------------------------|--------------|--------------------------------|-------------------------|--------------|--------------------------------|-------------------------|
|  | Work-<br>ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-<br>ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-<br>ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor |
| Proportion behind<br>with rent in pre-<br>vious 6 months | 8%<br>(502)  | 22%<br>(36)                    | 18%<br>(55)             | 6%<br>(1383) | 7%<br>(27)                     | 16%<br>(32)             | 2%<br>(1350) | 12%<br>(25)                    | 16%<br>(43)             |

Numbers in brackets are the numbers of households out of which the percentages were calculated.

Fuel bills were a problem for some of the unemployed. The wife of an unemployed labourer in Bristol, talking about her electricity bill, said, 'I'm expecting a threatening letter any day now. In fact I shall have to be cut off because no way can I afford to pay the £90 for the last quarter.' Table 5.5 shows the proportions who had got behind with their gas or electricity bills in the previous six months. The impression again is that the unemployed, and the poor among them in particular, were more often in debt on this count.

Table 5.5: Proportion behind with gas or electricity bills, unemployed poor and non-poor compared with working heads of households

|  | Bristol      |                                |                         | Rheims       |                                |                         | Saarbrücken  |                                |                         |
|--|--------------|--------------------------------|-------------------------|--------------|--------------------------------|-------------------------|--------------|--------------------------------|-------------------------|
|  | Work-<br>ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-<br>ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-<br>ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor |
| Proportion behind<br>with gas or elec-<br>tricity bills in<br>previous six<br>months | 3%<br>(1452) | 14%<br>(59)                    | 18%<br>(62)             | 3%<br>(1998) | 6%<br>(47)                     | 11%<br>(37)             | 1%<br>(1942) | 5%<br>(37)                     | 12%<br>(51)             |

Numbers in brackets are the number of households out of which the percentages were calculated.

Getting into debt seemed to be slightly more common in Bristol both among heads in work and among the unemployed. This may indicate that financial hardship, in absolute terms, was more severe in Bristol or it may be that debts were a more serious matter in the other places. In Rheims, for example, people receiving a housing allowance could lose it if they got into rent arrears, and, though we were told by an official of the HLM (the social housing service) that evictions were rare, some unemployed people expressed great anxiety about this. One man living on an HLM estate said:

'I had a few things on credit. I managed by tightening my belt to finish paying them. Then there was the rent. I was two months in arrears and then the third month came. They called me in and I went to see them. I had just got my 700F from ASSEDIC and I paid off a month's arrears. But then I had to go here and there to find money to eat.'

The main finding, however, is that in all three places unemployment led to debt, particularly of course among those with lower incomes. A more direct way of examining the impact of unemployment is by looking at cuts in spending which the unemployed had made since losing their jobs. Table 5.6 presents the replies of all the unemployed (heads of household and others) to these questions.

Table 5.6: Cuts in expenditure since becoming unemployed (heads of households and other unemployed)

| Expenditure cut on:                                     | Bristol      | Rheims       | Saarbrücken  |
|---|--------------|--------------|--------------|
| Food  | 52%<br>(170) | 47%<br>(199) | 39%<br>(124) |
| Own (and spouse's) clothes                              | 76%<br>(170) | 65%<br>(199) | 61%<br>(125) |
| Evenings out  | 68%<br>(170) | 62%<br>(177) | 65%<br>(121) |
| Children's clothes<br>(out of those with children)      | 44%<br>(55)  | 50%<br>(109) | 46%<br>(54)  |
| Children's pocket money<br>(out of those with children) | 32%<br>(53)  | 42%<br>(90)  | 43%<br>(51)  |

Numbers in brackets are the numbers of people out of which the percentages were calculated.

Table 5.6 shows that substantial proportions of unemployed people reported making cuts in their spending, particularly on their own clothes and on evenings out for pleasure. Children suffered as well as adults, though people seemed less likely to make cuts affecting their children than themselves. The table suggests that rather more people were economising in Bristol than in Rheims, and in Rheims than in Saarbrücken. This would be consistent with the differences in the levels of real incomes in the three countries. But the main conclusion is that the analyses on debts and economies confirm the income tables; they leave no doubt that the finances of some families were hit hard by unemployment.

#### Income from earnings and benefits

Chapter 3 showed the importance of earnings in maintaining household income. Table 5.7 shows that the effect of unemployment was less serious - financially at least - if someone else in the household had a job.

Table 5.7: Poverty in households that contained an unemployed person. Households where someone had a job compared with those where no-one had a job

|                                    | Bristol      | Rheims       | Saarbrücken |
|------------------------------------|--------------|--------------|-------------|
| Households where someone had a job | 17%<br>(109) | 34%<br>(139) | 25%<br>(84) |
| Households where no-one had a job  | 70%<br>(109) | 67%<br>(66)  | 64%<br>(69) |

Each percentage shows the proportion of households in poverty (with an income equal to three-fifths of the standard or less). In brackets is the number of households out of which the percentage was calculated.

Many of the unemployed - most of those in Rheims and Saarbrücken - lived in households where someone had a job, and only a minority of these, though quite a large minority, were in poverty. One should bear in mind here that we counted as unemployed anyone who was looking for a job. This could include, for instance, a bank manager's wife looking for part-time work. Obviously that sort of unemployment would not necessarily be associated with poverty.

The greater extent of poverty in Rheims among households where someone had a job probably reflects the lower earnings and the larger families there among households with only one earner - topics covered in Chapter 3. The lower figure for Bristol is partly explained by the fact that unemployed young people in Britain living with their parents can get supplementary benefit in their own right;

40 per cent of the unemployed 16 to 18 year olds in Bristol living in households where someone had a job were getting this benefit.

A different question is whether the unemployed themselves were earning. In all three countries, with few exceptions, it is illegal to hold a normal paid job while drawing unemployment benefits, though very small amounts of earnings may be allowed. It was not easy to ask people about this without causing offence - our French colleagues refused to ask about it at all - but we asked people in Bristol and Saarbrücken if they had any regular income from spare-time work. Only a tiny proportion of the unemployed, less than two per cent in both places, said they did.

Of those households with an unemployed person where no one had a job, about two-thirds were poor in each place. A large minority were very poor - 17 per cent in Bristol, 38 per cent in Rheims and 36 per cent in Saarbrücken. Evidently they were not being protected against poverty. How were the benefit systems failing?

Perhaps the benefits were not reaching the people - the benefits existed but the people who needed them were not getting them. People would naturally be in poverty if they were struggling along on a tiny income from some property, for example, or occasional payments from relatives. Table 5.8 shows the percentage of these households that were in touch with the benefit system in the sense that they were getting at least some regular benefit. It also gives the proportion of their incomes coming from benefits.

Table 5.8: Benefit support for households with an unemployed person and no income from earnings

|  | Bristol | Rheims | Saarbrücken |
|--|---------|--------|-------------|
| Getting any regular benefit                            | 97%     | 96%    | 100%        |
|  | (126)   | (85)   | (95)        |
| Getting over half their income from benefits           | 94%     | 92%    | 97%         |
|  | (109)   | (65)   | (69)        |
| Getting over nine-tenths of their income from benefits | 88%     | 88%    | 83%         |
|  | (109)   | (65)   | (69)        |

Numbers in brackets are the numbers of households out of which the percentages were calculated. These numbers can vary from one item of information to another within a given sample because of the exclusion of households that provided incomplete information.

Regular benefits of all kinds are included in this table, not just those related to unemployment. Almost all these households were getting some kind of benefit; the great majority derived virtually all their income from benefits. So their poverty was not caused by being completely out of touch with the benefit system.

A further possibility is that they were not getting all the benefits they were entitled to. We cannot tackle this question in a thoroughgoing way because the rules governing eligibility for benefits, apart from being very complicated, often took account of factors on which we had no information; insurance-based benefits would depend on people's contribution record, for instance, while some means-tested benefits would take account of savings and the income of relatives. Furthermore, the set of benefits and the regulations governing them were different in the three countries. Our main interest, however, was to see whether households with an unemployed person were getting the type of benefits intended to help the unemployed; for this purpose we were able to select a group of benefits from each country's schemes. Broadly speaking, these included the main in-

insurance-based schemes and also assistance schemes that either supplemented the insurance schemes or came into play for those who remained unemployed a long time.

In all three countries the systems of benefits that aimed to provide financial support during unemployment were complicated. It is necessary to pay some attention to the detail since there is a danger of drawing over-simple conclusions but one also needs to keep the general picture in mind in order to make comparisons. Before presenting more of our survey results we describe briefly the main features of the three systems as they were at the time of the surveys.

### Benefits for the unemployed

Though we have just used the phrase 'systems of benefits', the set of benefits that existed to help the unemployed - and the same is true for other groups such as the disabled and the retired - were not organised in any of the three countries into a single coherent system. They were, rather, a collection of schemes established at different times, perhaps for different purposes and operating on different principles.

In Britain, under the National Insurance scheme, unemployment benefit consisted of a flat-rate payment with allowances for dependents, and it was paid for up to one year. For the first six months there could be an additional payment related to gross earnings of an earlier tax year. The total of the flat-rate benefit and the earnings-related element was not allowed to exceed 85 per cent of the person's average earnings. Unemployed people who had no entitlement to benefit under the National Insurance scheme or who had exhausted their rights or whose unemployment benefit was inadequate for their needs could get supplementary benefit. Payment under this scheme could continue indefinitely. In general anyone aged 16 or over who was not in work and who had little or no income could apply for supplementary benefit to bring their income up to a certain level. A married couple's joint income would be taken into account in deciding how much benefit they were entitled to.

The French system was the most complex of the three. The main part was an earnings-related benefit. It amounted to two-fifths of the person's previous insurable earnings, though there were upper and lower limits to the amount that could be paid; it was paid for between three months and two years. In addition to this there was an assistance element, consisting of a flat-rate payment, paid as of right for the first three months but thereafter subject to a means test. Payment continued for between one year and three years, depending mainly on the person's contribution record. The total of the two parts was not allowed to exceed 90 per cent of previous gross earnings (95 per cent for those with dependents). There were special provisions for older workers. Both the earnings-related payment and the assistance were available only to people who had paid contributions to the social insurance scheme.

Payment of these benefits continued only for a limited time. Those who had exhausted their rights to these benefits could apply to ASSEDIC, the unemployment benefits office, for discretionary help in the form of a grant or loan. Families in need could also apply to the DDASS (Direction Départementale des Affaires Sanitaires et Sociales) for a monthly allowance to ensure a minimum income, but for only a limited period. A further source of some help was the CAF (Caisse d'Allocations Familiales) which could make small increases in people's family benefits, subject to a means test, and sometimes also help with rent and debts. As a last resort, the unemployed could apply to the BAS (Bureau d'Aide Sociale) for financial support, again subject to a means test, but this too was paid only for limited periods.

In Germany, unemployment benefit (Arbeitslosengeld) was set at 68 per cent of previous net earnings and paid for between three months and a year. This was followed by unemployment assistance (Arbeitslosenhilfe) at the lower rate of 58 per cent. Both the benefit and the assistance were available, as in France, only to those who had contributed to the social insurance scheme. Those not entitled to these benefits, or whose resources were insufficient for their needs, could apply for social aid (Sozialhilfe). Payment could be made under this scheme, subject to a means test, to bring people's incomes up to certain levels. Unemployment assistance and social aid, like supplementary benefit in Britain, could continue indefinitely in Germany.

To see how the unemployed in Bristol were being helped by the benefit system, we looked at the proportion getting unemployment benefit or supplementary benefit. For Rheims we took the various payments for the unemployed - allocation supplémentaire d'attente, allocation ASSEDIC, allocation d'aide publique - and also aide sociale (DDASS or BAS). For Saarbrücken we took Arbeitslosengeld, Arbeitslosenhilfe and Sozialhilfe.

Among households with an unemployed person and no income from earnings, the proportion getting at least one of these benefits was 86 per cent in Bristol, 68 per cent in Rheims and 73 per cent in Saarbrücken. This left sizeable minorities, especially in Rheims and Saarbrücken, who were not getting any of these benefits.

We cannot be certain why they were not getting them, for the reasons given earlier. For the insurance-based schemes - unemployment benefit in Britain, the various unemployment payments in France, unemployment benefit and unemployment assistance in Germany - the most likely reason why people were not getting them is that they were not eligible. Some were young people looking for their first job and some were housewives trying to return to paid employment. Either they had never paid contributions to the insurance-based schemes, or they had not done so in the recent past, so they would not qualify for benefit under these schemes. Others had been unemployed a long time and had possibly exhausted their benefit entitlement. Others again had been unemployed for only a short time and had either not yet claimed benefit or had claimed it but not yet received any.

Households not getting unemployment-related benefits were not necessarily poor, since some had income from other sources; for example, a few older unemployed people were getting a pension of some kind. Conversely households who were getting one of these benefits were not necessarily out of poverty. Both these points are shown in Table 5.9.

Table 5.9: Households with an unemployed person and no income from earnings.  
Poverty and whether getting unemployment-related benefits

|   | Bristol | Rheims | Saarbrücken |
|---|---------|--------|-------------|
|   | %       | %      | %           |
| Income 0.4 of standard or less, getting one of the benefits | 14      | 18     | 27          |
| Income 0.4 of standard or less, not getting any             | 4       | 20     | 9           |
| Income 0.4 to 0.6, getting one of the benefits              | 49      | 27     | 23          |
| Income 0.4 to 0.6, not getting any                          | 3       | 2      | 5           |
| Income above 0.6, getting one of the benefits               | 27      | 26     | 27          |
| Income above 0.6, not getting any                           | 3       | 7      | 9           |
| Total   | 100     | 100    | 100         |
| Number of households  | (109)   | (66)   | (69)        |

For Bristol, 'unemployment-related benefits' were unemployment benefit and supplementary benefit; for Rheims, allocation supplémentaire d'attente, allocation ASSEDIC, allocation d'aide publique and aide sociale (DDASS or BAS); for Saarbrücken, arbeitslosengeld, arbeitslosenhilfe and sozialhilfe.

Fewer households in Bristol were doing without any unemployment-related benefit and fewer were very poor. Both these facts reflect the extensive take-up of supplementary benefit; 74 per cent of the Bristol households in the table were getting this. Saarbrücken had a sizeable minority of households who were getting at least one of the selected benefits but who were still very poor, which indicates that the amount of benefit was often low. This is because both unemployment benefit and unemployment assistance were based on previous net earnings, so anyone whose last job had been badly paid would be entitled to only small amounts of benefit. People with low incomes could apply for social aid but only a few were getting this - 11 per cent of the households in the table.

In Rheims there was more extreme poverty caused by people not getting any of the group of benefits we selected. In our brief description of the French system we pointed out that payments under the schemes for the unemployed continued for most people only for limited periods. Further financial help beyond that was provided by a variety of agencies, usually at a low level and still for only limited periods. The local services interviews suggested that a further problem for unemployed people in Rheims was that they often had to wait for payment much longer than in Bristol or Saarbrücken; some of the very poor unemployed in the table had been out of work for several months and had still not received any benefit.

Some of those in extreme poverty may well have been entitled to benefits they were not getting - this seems particularly likely with social aid in Saarbrücken - and this may indicate that some people were reluctant to apply for help of this kind. But the more important finding is that, though most households seemed to be getting the benefits they were entitled to, they were still poor, often very poor. This points to a simple but important conclusion about the failure of the benefit systems for the unemployed: the amounts of benefit paid out by the systems were simply not enough to keep the unemployed out of poverty.

#### Redundancy, length of unemployment and occupational status

Of all the unemployed who had been in work immediately before becoming unemployed, about a third in each place had been made redundant.\* Four-fifths of these in Rheims had received a lump-sum payment but only about a third in Bristol and Saarbrücken. (The redundant in Rheims were also entitled to a special higher rate of unemployment benefit for one year.) Lump-sum payments were larger in Saarbrücken; two-thirds of the payments there exceeded what an average person would earn in three months, as against two-fifths of the payments in Rheims and about a third in Bristol. So, out of all who had been made redundant, only a minority had received a substantial lump sum - roughly a third in Rheims, a fifth in Saarbrücken and a tenth in Bristol.

For those made redundant in the few months before the interview, we took their lump-sum payments into account in calculating their household income. However, when we compared the household incomes of the redundant unemployed with other unemployed, excluding those where someone else had a job, there were similar proportions in poverty.

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\* By 'redundant' we mean, in Rheims, those who were licenciés pour raison économique. In Saarbrücken they were people who had lost their last job wegen Arbeitsmangel, d.h. wegen der schlechten Auftragslage des Betriebs.

Certain features of the benefit system in all three places - the end of the earnings-related element after six months in unemployment benefit in Britain, the limited duration (for most people) of both the earnings-related and the assistance unemployment payments in France, and the step down from unemployment benefit to unemployment assistance in Germany - would lead one to expect more poverty among households where the unemployed member had been out of work a long time. To our surprise, however, this did not show up in our figures, which are given in Table 5.10.

Table 5.10: Households with an unemployed person and no income from earnings.  
Poverty by length of time unemployed

|                                     | Bristol     | Rheims      | Saarbrücken |
|-------------------------------------|-------------|-------------|-------------|
| Last job ended less than a year ago | 69%<br>(39) | 60%<br>(33) | 58%<br>(26) |
| Last job ended over a year ago      | 68%<br>(47) | 57%<br>(30) | 79%<br>(33) |

Each percentage shows the proportion of households in poverty. In brackets is the number of households out of which the percentage was calculated. The table is confined to people who had been in work immediately before becoming unemployed.

Only in Saarbrücken was there the expected link between poverty and the length of unemployment, so these figures require some explanation, and a closer inspection of the benefits that these households were getting, or not getting, provides one.

The majority of the unemployed in this table in Bristol were getting supplementary benefit, the means-tested benefit available generally to people with low incomes. Some were getting a small amount of unemployment benefit topped up by supplementary benefit and some were getting only supplementary benefit, but this would not have affected the amount they received. Of those in the first year of unemployment, only 11 per cent were getting unemployment benefit on its own. In short, the majority of both short-term and long-term unemployed in Bristol were getting the same benefit and therefore being paid at the same level.

In Rheims, it seems likely that some of the poverty of the unemployed in the first year of unemployment was caused by delays in the payment of benefits. The poverty among those unemployed less than a year was concentrated among those in the first months of unemployment, many of whom were not getting any benefit and were therefore very poor. Those who had been unemployed a few months longer were getting benefits and were not in such severe poverty. Beyond a year there were again some who were receiving no benefit, presumably because they had had all they were entitled to, and were very poor.

In Saarbrücken the majority of the unemployed in their first year were getting Arbeitslosengeld and the majority of those unemployed beyond a year Arbeitslosenhilfe. The latter is fixed at a lower rate, and this, along with the low take-up of Sozialhilfe, explains the higher proportion in poverty there among the long-term unemployed.

Finally we look at occupational status and its relation to poverty in unemployment. We still concentrate on households with no income from earnings, restricting attention now to those where the unemployed member was a man.



Table 5.11: Households with an unemployed man and no income from earnings.  
Poverty by the man's occupational status

|            | Bristol     | Rheims      | Saarbrücken |
|------------|-------------|-------------|-------------|
| Non-manual | 60%<br>(20) | 50%<br>(10) | 38%<br>(8)  |
| Manual     | 81%<br>(47) | 74%<br>(31) | 72%<br>(29) |

Each percentage shows the proportion of households in poverty. In brackets is the number of households out of which the percentage was calculated.

In all three systems levels of benefit were based wholly or partly on previous earnings. We showed in Chapter 3 the large disparities in earnings between occupational groups; an earnings-related system naturally preserves those disparities during unemployment. The tie between benefit and previous earnings was weakest in the Bristol system; only a part of unemployment benefit was earnings-related and only for the first six months, and, as we have just explained, few of these people in Bristol were getting unemployment benefit anyway. A more likely explanation for the occupational difference in Bristol is that among the non-manual unemployed were some older men who had retired on occupational pensions.

#### The failure of insurance-based schemes

The general conclusion we draw from this analysis is that the insurance-based schemes, which were intended to be the main source of support for the unemployed in all three countries, were not meeting the needs. Being related to people's record of insured employment, they failed to help people who had not made the necessary contributions, and this included all those who had never had work or who had not worked in recent years. The schemes that related benefits to the previous level of earnings gave only small amounts, of course, to people who had been badly paid when in work, and we showed in the last chapter that people in lower-status occupations were more likely to become unemployed. Finally the schemes provided less help or no help at all to people unemployed for long periods.

In short, the insurance-based schemes were suited to helping people who were generally in well-paid, regular work to survive short and infrequent spells of unemployment. But many of the unemployed were people who had never worked or had been badly paid and whose periods of unemployment were frequent and long; for them the schemes had little or nothing to offer.

In Bristol the unemployed could fall back on supplementary benefit. Though not designed particularly for the unemployed, this scheme did provide support indefinitely, albeit at a low level, and at least prevented extreme poverty. In Saarbrücken, they had to make do with unemployment assistance, often at a very low level. Those in serious need could apply for social aid, though very few did so. These schemes at least had the virtue of continuing payments indefinitely. In Rheims the poorer unemployed perhaps fared worst of all. There was no assistance scheme there that continued payment indefinitely for people in need. One official from a voluntary welfare organisation in Rheims commented:

'There are some possibilities for help. There is help from the DDASS if there is at least one child or a pregnant woman - that help can be quite substantial. Then there is social aid or charitable sources. There is the St. Vincent de Paul organisation, for example, and a number of others like that. But these are absolutely for basic survival.'

And another from the Bureau d'Aide Sociale said:

'We have more coming for help these days who are only recently out of work, as well as others who have been unemployed for many months but not had any benefits at all through ASSEDIC. They are in a real hole.'

As we mentioned earlier, some changes were made to the benefit systems after we carried out the surveys. The main ones were that in Britain the earnings-related element was dropped from unemployment benefit (from 1982) while in France the reverse happened - the assistance element (the means-tested part) was dropped. France also introduced a scheme for families of three or more children (not just those with unemployed parents) whereby, if they were in need, their family benefits were increased to bring their income up to a certain level (revenu minimum familial).

The probable effect of these changes was to accentuate the difference we found between the British and French systems. Even more of the unemployed in Britain were supported wholly or partly by supplementary benefit at a level which we would describe in terms of our standard income as poor but not very poor. In France those with previous high earnings and a good contribution record were well supported at least for the first period of unemployment, and those with three or more children, along with older workers, were assured of a minimum income indefinitely, but for those without children or with just one or two, who had little or no entitlement to unemployment benefit or whose rights were exhausted, the new system was no better than the old.

## 6 INCOME SUPPORT FOR OTHERS

Taking much the same approach as we used for the unemployed in the last chapter, we look in this one at disabled people of working age, one-parent families, couples with several children and retired people. Chapter 3 showed that households in these groups were more often in poverty. Their incomes are now analysed in more detail to see how they were being helped by the benefit systems.

Disabled people of working age

Chapter 4 showed the relation between disability and working status. The categories 'unemployed' and 'unfit for work' are not sharply divided. To some extent, those whose disabilities are not too severe choose which category they go into by deciding whether or not to apply for jobs. Their choice will be affected by how they assess their chances and this will depend on the nature of their disability, their experience of trying to get work and the number and type of jobs available. When it comes to getting benefits, however, the distinction is important since the systems designed for the disabled are different from those for the unemployed. For this analysis we count as disabled those people who were of working age but without a paid job and who considered themselves (or were considered by the head of household) unable to work because of a long-term illness or disability.

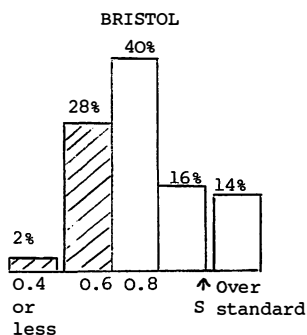
In all three places disability was related to age, older people more often being unable to work because of a disability. Beyond that, however, there were differences between the three, and the pattern of these differences shows that they do not reflect the state of health of the three populations but rather the effect of other things, particularly the benefit systems, on people's working status.

Men aged 50 to 59 were more likely in Rheims to be in the unfit-for-work group - ten per cent there against four per cent in Bristol and Saarbrücken. We suggested in Chapter 4 that this was because of the early retirement option available at age 60 to the long-term sick in France. Beyond the age of 60, only four per cent of the men in Rheims and Saarbrücken were in the unfit-for-work group, but 15 per cent in Bristol. Men of this age in Rheims and Saarbrücken, if their health was poor, would often have retired on a pension whereas in Bristol they were unable to do so until reaching the age of 65. Men aged 60 to 64 accounted for a fifth of the working-age disabled in Bristol. In Saarbrücken few older women - indeed few aged over 30 - were in the unfit-for-work group. This simply reflects the low proportion of women over 30 in the labour force there; in other words, some of the women in Bristol and Rheims who were counted as unable to work were counted as housewives in Saarbrücken.

The group of working-age disabled, then, was not made up of exactly the same sorts of people in the three places. In all three, however, they were mostly older people and they were alike in being out of work and therefore to some extent dependent on benefits for their income. Diagram 6.1 shows the incomes of households containing a disabled person; they are compared with all other households, excluding those where the head had retired.

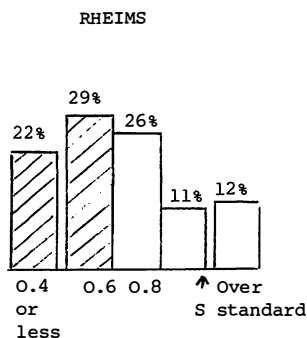
Households containing a disabled person of working age were generally much poorer than others. Only a minority had incomes above the standard and large proportions were in poverty, especially in Rheims. We showed in the previous chapter that households with an unemployed person were less often in poverty if someone else in the household had a job. The same was true of households with a disabled person. Among households where no-one had a job the proportion in

Diagram 6.1: Incomes of households that contained a disabled person of working age compared with incomes of households that did not, excluding households with retired heads.

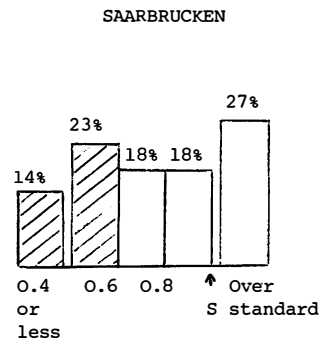


89 households = 100%

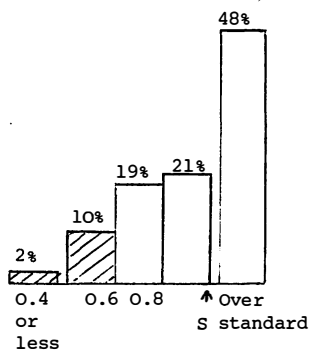
Households containing a disabled person of working age



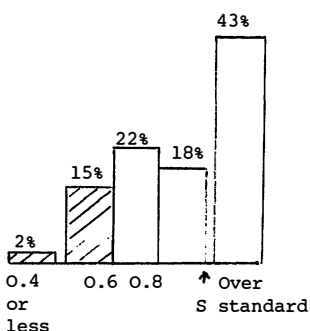
147 households = 100%



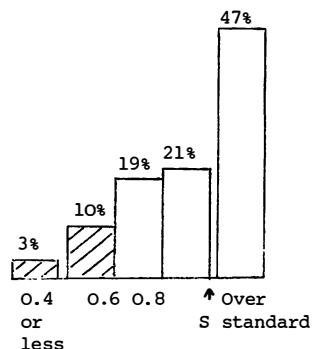
56 households = 100%



1595 households = 100%



1767 households = 100%



1753 households = 100%

Households that did not contain a disabled person of working age (retired heads excluded)

poverty was 42 per cent in Bristol, 66 per cent in Rheims and 44 per cent in Saarbrücken.

In the three towns all households with a disabled member and no income from earnings were getting a regular benefit of some kind, and the great majority derived almost all their income from benefits; households getting over nine-tenths of their income from benefits formed 88 per cent in Bristol, 99 per cent in Rheims and 94 per cent in Saarbrücken. So, as with the unemployed, their income depended almost entirely on the amount of benefit they were getting.

Households of this type contained children more often in Rheims than in the other two places; about a third in Rheims had children but less than a fifth in Bristol and Saarbrücken. This partly explains the greater extent of poverty among these households in Rheims since households with children were generally poorer than those without. Out of 20 households in Rheims with a disabled person, with no income from earnings and with at least one child, 18 were in poverty and 11 of these in extreme poverty.

Households containing a disabled person of working age, even those having no income from earnings, were not necessarily dependent on benefits connected with that person's disability; an unemployed husband and a disabled wife, for instance, would probably be living on benefits connected with the husband's unemployment rather than the wife's disability. But all three countries had benefits that were intended to support disabled people; one would expect most of these households to be getting them and some to be largely dependent on them. To look at this we selected a group of benefits in each country that disabled people of working age might be getting on account of their disability.\* We took benefits for particular categories of the disabled, such as the chronically sick and those disabled through work, and assistance schemes that could either supplement other benefits or support disabled people not eligible for other benefits. We cannot describe the benefit systems for each of the groups in this chapter in the same detail as for the unemployed in the previous one - the descriptions alone could fill a book. The analysis focusses on a few prominent features of the systems that seem to be reflected in the results.

Among households with a disabled person of working age and no income from earnings, four-fifths in each place were getting at least one of our group of disability-related benefits; they depended on them for a substantial part of their income, the majority deriving over half their income from this source.

A prominent feature of the Bristol results is that slightly over half of these households were getting supplementary benefit - the general assistance payment available to families with insufficient income from other sources. This explains the smaller extent of poverty and the virtual absence of extreme poverty in Bristol among households with a disabled person and no income from earnings; less than half of the households getting supplementary benefit were poor and none were very poor. The few households not getting any disability-related benefit were much poorer than the others; there were only nine of them, but eight were poor and two very poor. Perhaps they had not applied for supplementary benefit, or perhaps they had large amounts of savings and were therefore not eligible.

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\* The list of benefits is given in a paper available from the Institute of Community Studies (see Appendix).

Poverty in Rheims for households with a disabled person and no income from earnings depended on the type of benefit they were getting. Households living on sickness and invalidity benefits were particularly poor. Of households getting sickness benefit\* (indemnités journalières de la Sécurité Sociale) 79 per cent were poor and 50 per cent very poor; of those getting invalidity benefit (pension d'invalidité civile) 63 per cent were poor and 33 per cent very poor. Both these benefits are related to the person's average earnings over a period of up to ten years, and this must be disadvantageous to those who are disabled early in life and those who develop chronic illnesses leading, possibly, to a broken work record and low earnings. There was also a means-tested benefit outside social insurance available to disabled people with low incomes - allocation aux adultes handicapés, set up in recent years to remove the need for disabled people to depend on aide sociale - but this was not widely taken up, nor did it provide substantial help for those who did get it. Only seven households with a disabled person and no income from earnings were getting allocation aux adultes handicapés and of these five were poor and two very poor. A further five were getting aide sociale of whom three were poor and one very poor.

In Saarbrücken as in Rheims it was the type of benefit that counted. Poverty was more common among households getting the benefit for total invalidity (Erwerbsunfähigkeitsrente); of the 16 households getting this, seven were poor and three very poor. Social aid (Sozialhilfe), as in Rheims, was not widely taken up nor did it provide substantial support; only ten households were getting it, six of whom were poor and four very poor.

A similar conclusion seems to follow for the disabled as for the unemployed. Insurance-based schemes may be adequate for people who have been in regular, well-paid work for a long time but many of the people who suffer from long-term illness or disability will not have built up this kind of work record. They slip through the holes in the insurance system and they need a safety net if they are not to fall into extreme poverty. In Britain there is a reasonably effective safety net in the form of supplementary benefit. Sozialhilfe in Germany and allocation aux adultes handicapés in France are meant to fill this role but they are not so effective.

### One-parent families

Diagram 6.2 shows the incomes of households consisting of a one-parent family, compared with those of two-parent family households. One-parent families forming part of a larger household are not included.

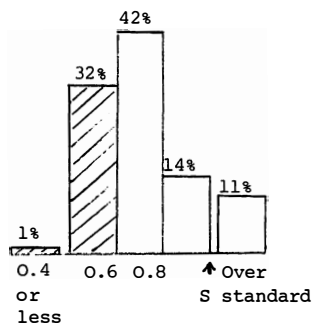
One-parent families were less often in poverty in Rheims; the proportion in poverty there was only slightly higher than for two-parent families. One-parent families in Bristol were middling-to-poor but not very poor. There was most poverty, and extreme poverty, among those in Saarbrücken.

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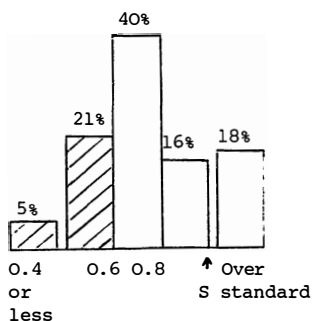
\* Sickness benefit in France could continue for up to three years, or in some cases even four years, before invalidity benefit began. Over half of the people in the Rheims sample who were getting sickness benefit were long-term sick - they had given up their job altogether because of illness - rather than people expecting to return to work after a short-term illness.

Diagram 6.2: Incomes of one-parent families compared with incomes of couples with children

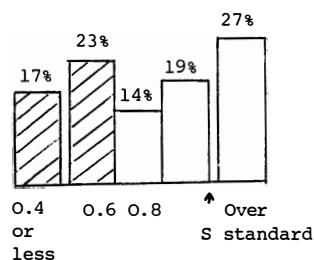
## BRISTOL



## RHEIMS



## SAARBRUCKEN

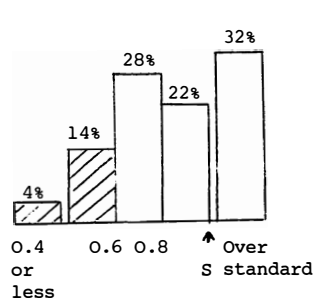
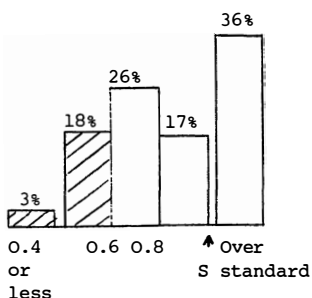
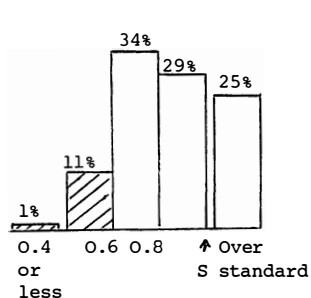


97 households = 100%

57 households = 100%

52 households = 100%

Households consisting of one adult and one or more children (one-parent families)



451 households = 100%

862 households = 100%

552 households = 100%

Households consisting of a couple with one or more children (two-parent families)

Table 6.3 shows how the income of a one-parent family was affected by whether or not the parent had a paid job. The figures come as no surprise after all we have said about the importance of earnings. To make the groups more homogeneous we confine attention to those where the parent was a divorced, separated or single woman; these formed the great majority of one-parent families in all three places.

Table 6.3: Poverty in one-parent family households by whether the parent had a paid job. Single, divorced and separated women only.

|  | Bristol     | Rheims      | Saarbrücken |
|--|-------------|-------------|-------------|
| Households where parent had a job          | 7%<br>(29)  | 15%<br>(33) | 26%<br>(23) |
| Households where parent did not have a job | 47%<br>(55) | 67%<br>(12) | 72%<br>(18) |

Each percentage shows the proportion of households in poverty. In brackets is the number of households out of which the percentage was calculated.

Both for mothers who were working and for mothers who were not there was less poverty in Bristol than in Rheims, yet for one-parent families as a whole there was more poverty in Bristol. The explanation is that fewer of them in Bristol were working - 37 per cent as against 67 per cent in Rheims and 57 per cent in Saarbrücken. There was no such difference between the three places among mothers in two-parent families. In all three, lone mothers were less likely to work if they had a very young child or if they had several children, but the difference between Bristol and the other two places remains even after allowing for this.

All the one-parent families in Bristol and Saarbrücken were getting benefits of some kind but a fifth of those in Rheims were getting none at all. Child benefits in Britain and Germany were paid to all families with children but in France these benefits depended on the number of children and their ages; almost all the lone mothers in Rheims with a child aged two or under were getting some kind of family benefit,\* as were those with two or more children of any age, but only a minority of those with just one child aged three or over. Table 6.4 shows the proportion of household income that was made up of benefits (benefits of all kinds, not just family benefits).

Table 6.4: Proportion of income coming from benefits of all kinds. One-parent families where the parent was a single, divorced or separated woman

|  | Working |      |      | Not Working |      |      |
|--|---------|------|------|-------------|------|------|
|  | B       | R    | S    | B           | R    | S    |
| Getting over half their income from benefits           | 31%     | 6%   | 4%   | 98%         | 64%  | 78%  |
| Getting over nine-tenths of their income from benefits | 3%      | 0%   | 0%   | 89%         | 50%  | 50%  |
| Number of households                                   | (29)    | (33) | (23) | (55)        | (14) | (18) |

For those working and those not working, benefits made up a larger part of household income in Bristol. This partly reflects the lower proportion in Bristol getting maintenance payments - 22 per cent as against 29 per cent in Rheims and 45 per cent in Saarbrücken - and this in turn reflects the presence in the

\* By 'family benefit' we here mean allocations familiales, complément familiale, allocation de parent isolé, allocation d'orphelin and allocation pour frais de garde. The last of these was being phased out at the time of the survey.



Bristol group of a number of West Indian women. Nineteen per cent of the lone mothers in Bristol were West Indian; they were mostly single and none of them was getting maintenance payments. In other respects the West Indian lone mothers did not differ much from the others. (Hardly any of the lone mothers in Rheims and Saarbrücken belonged to ethnic minorities.) Maintenance payments, however, formed only a minor part of household income for the great majority of lone mothers.

Drawing together these figures on the proportion who were working, the level of support from benefits and the extent of poverty, a clear difference emerges between Bristol and the other two places. Two-thirds of the lone mothers in Bristol had no income from earnings and the majority of these were living almost entirely on benefits. The support they were getting was enough to keep about half of them out of poverty and nearly all of them out of extreme poverty. In Rheims and Saarbrücken, less than half were living without earnings and only half of these were living entirely on benefits. The support they were getting was generally not enough to keep them out of poverty; a sizeable minority, especially in Saarbrücken, were in extreme poverty.

In Britain solitary parents can choose to stay at home to look after their children until the youngest is aged 16 rather than go out to work. If they have little or no income they can apply for supplementary benefit; 93 per cent of the lone mothers in Bristol who were not working were getting this benefit. The amount of benefit they received under this scheme kept them at the middling-to-poor but not very poor level, in terms of our standard income. Those who had a job were much better off, but it was at least possible for a lone mother to do without a job even if she had no other income. The idea implicit in the British system is that benefits for this group can be, if necessary, an alternative to earnings.

In France and Germany, by contrast, benefits for one-parent families seem to be seen as a supplement to earnings rather than an alternative; a one-parent family living without earnings and without income of some other kind, such as maintenance payments, would have to get by on a very low income from benefits alone. In France the system of family benefits assures a minimum income to single parents with a child aged two or under, but family benefits for other single parents are not enough to live on.

In Germany, apart from the normal family benefits, which again are not enough to live on, the single parent can turn to social aid (*Sozialhilfe*); of the lone mothers in Saarbrücken without a job, 65 per cent were getting this, but the amount they were getting was generally not enough to lift them out of poverty.

That so many of the lone mothers in Bristol were getting supplementary benefit provides a further explanation for the low proportion who were working. At the time of the survey people getting supplementary benefit were allowed to earn a small amount from paid work (up to £4 per week), but any earnings beyond that led to equivalent reductions in the amount of benefit.\* This could act either as an incentive to cheat or as a disincentive to work. The following quotations are from two single mothers in Bristol:

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\* This was modified in 1980. A single parent, as before, could earn up to £4 per week without any reduction in benefit. Between £4 and £20, half the earnings would be deducted. Someone earning £14 per week, for example, would have £5 deducted from their benefit. Any earnings beyond £20 led to matching deductions in benefit.

'I do a bit of free-lance design work at home - only a couple of hours a day. I've just had a cheque for some work I've been doing. I shut my mouth to the social security about that. I'm afraid they'd say, "Right, we'll knock off two weeks' payments". That would be ridiculous.'

'I have a friend who got herself a part-time job. She started working and two weeks later she decided to go and let them know she was working. And when she got down there they told her that the money she was getting from her job was enough and they weren't going to pay her any extra. I mean that's not really encouraging her to go to work. In the end she had to turn round and give the job up and go back on social security.'

A separate benefit - the Family Income Supplement - is available to low-income families where the head is in work, to bring their income up to a prescribed level. The existence of this benefit might be expected to offset the disincentive effect just noted but it seems to have had only a small impact; just under a fifth of the working single mothers were getting this benefit. Several of the lone mothers also mentioned the shortage of day-care facilities as a reason why it was difficult for them to take a paid job while children were small.

Benefits are less likely to act as a disincentive in the French and German systems since lone mothers without income from other sources are virtually obliged to go out to work. But there is the risk that mothers who are unable for whatever reason to take a paid job are left in severe poverty.

### Larger families

Diagram 6.5 shows the incomes of couples with children, comparing larger families (those with three or more children) with smaller ones. 'Children' are here defined as aged 15 or under. Households that contained extra adults in addition to the couple are excluded.

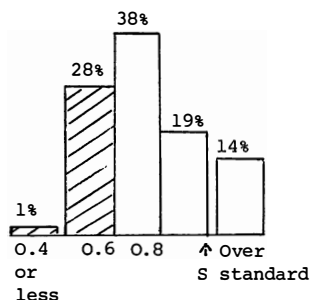
The Rheims sample differed from the other two in having more families with children and in particular more large families; the Saarbrücken sample had the opposite bias. This accounts for the large differences in the base totals in the diagram. As explained in Chapter 2, this partly reflects differences between the national populations - notably the low German birth rate in the late seventies - and also the characteristics of the study areas.

The income distribution of larger families was similar in the three places, though with somewhat less poverty in Bristol. Large families in all three were much worse off than small ones and the difference was particularly sharp in Rheims.

In the context of social policy this is a surprising finding. The French benefit system gives much greater emphasis than the British and German ones to supporting large families, a feature of French policy that dates from between the wars when the government was anxious to encourage population growth. Maternity grants are much larger in France and family benefits are directed mainly to larger families. (Family size is taken into account even in some pension schemes, people who have had more children being entitled to a slightly higher pension.) The system tries to ensure that a couple will not be deterred from having more children by the extra cost; it could even be seen as providing an incentive for a couple with two children to go on and have a third and fourth. All this would lead one to expect large families to be better off in Rheims than in Bristol and Saarbrücken. Why were they not?

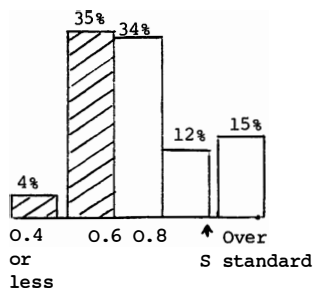
Diagram 6.5: The incomes of couples with three or more children compared with those of couples with just one or two children

## BRISTOL



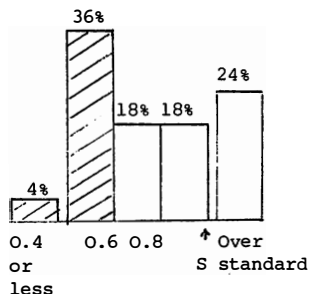
87 households = 100%

## RHEIMS



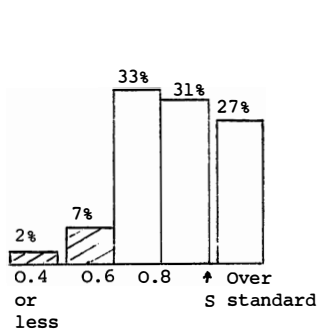
206 households = 100%

## SAARBRUCKEN

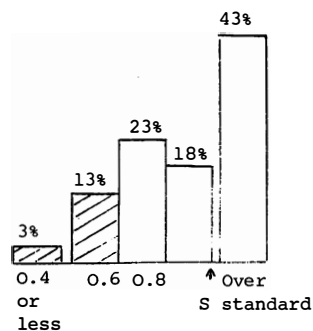


50 households = 100%

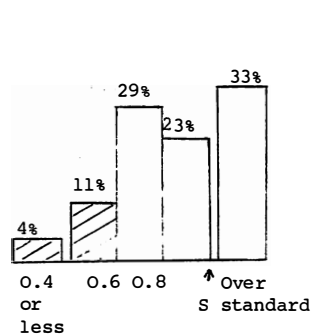
Households consisting of a couple with three or more children



364 households = 100%



656 households = 100%



502 households = 100%

Households consisting of a couple with just one or two children

With the exception, in each place, of four or five per cent of households where neither partner had a job, earnings were the most important part of household income, and the amount of earnings was obviously affected by whether just one partner or both partners had a job. (It was unusual for the wife but not the husband to be working, so in practice the question was whether or not the wife had a paid job.) In all three places the wife was more likely to have a paid job if there were only one or two children than if there were more, and this was particularly so in Rheims. This stands out even more clearly if we confine attention to wives who were doing full-time work - 30 hours or more per week - as in Table 6.6.

Table 6.6: Households consisting of a couple with children. Proportion where husband had a paid job and wife was working 30 hours per week or more, by number of children

|                        | Bristol      | Rheims       | Saarbrücken  |
|------------------------|--------------|--------------|--------------|
| One or two children    | 11%<br>(404) | 41%<br>(767) | 16%<br>(608) |
| Three or more children | 10%<br>(99)  | 8%<br>(247)  | 8%<br>(61)   |

Each percentage shows the proportion of households where the husband had a paid job and the wife was working 30 hours per week or more. In brackets is the number of households out of which the percentage was calculated.

In Rheims, then, couples with one or two children often had two full-time salaries coming into the household while those with three or more children rarely did. This goes a long way to explaining why the difference in incomes of large and small families was sharper in Rheims than in the other two places. In Bristol and Saarbrücken it was unusual for couples with children to have two full-time salaries. In Saarbrücken there was some difference between large and small families but in Bristol virtually none.

The opposite difference between the three emerges when one looks at the age of the youngest child; this made a considerable difference in Bristol to whether the mother had a paid job, but much less in Rheims, as shown in Table 6.7.

Table 6.7: Households consisting of a couple with children. Proportion where both parents were working by age of youngest child

|                       | Bristol      | Rheims       | Saarbrücken  |
|-----------------------|--------------|--------------|--------------|
| Youngest aged 0 - 2   | 16%<br>(201) | 38%<br>(393) | 19%<br>(145) |
| Youngest aged 3 - 9   | 48%<br>(206) | 45%<br>(466) | 32%<br>(324) |
| Youngest aged 10 - 15 | 70%<br>(96)  | 52%<br>(155) | 37%<br>(193) |

Each percentage shows the proportion where both parents had a paid job. In brackets is the number of households out of which the percentage was calculated.

Again these differences were echoed in the proportions of working wives doing full-time jobs; the working wives in Bristol who had a child aged 10 to 15 were more often doing a full-time job than those whose children were younger, but there was no such difference in Rheims. Again, Saarbrücken came between the two.

Young married women without children were mostly working in all three places. In Bristol and Saarbrücken they generally gave up working when they had their

first child, whereas in Rheims they generally did not. Among couples with only one child aged two or under, the proportion where both parents had a paid job was 59 per cent in Rheims - and in most of these cases both parents were working full time - compared with only 17 per cent in Bristol and Saarbrücken. Married women in Bristol went back to work as their children became older but in Saarbrücken they more often remained as housewives. Among married women aged 40 to 54, 70 per cent in Bristol were in paid work compared with 45 per cent in Rheims and only 28 per cent in Saarbrücken.

There are, no doubt, many reasons for these differences. One is that maternity benefit is more generous and maternity (or paternity) leave more flexible in France. Mothers covered by social insurance are entitled to benefits up to 90 per cent of earnings (subject to a ceiling) from six weeks before the birth until ten weeks after (eight weeks before and 18 weeks after for the third child). Many also have the option of taking up to two years' unpaid leave. The great majority of the working mothers in Rheims of children aged two or under, however, were in fact at work and not on extended maternity leave. Presumably this must in part reflect a greater availability of day-care facilities in Rheims than in Bristol or Saarbrücken and in part a greater social acceptability of the use of day care for young children.

If the French system made it easier for a woman to return to her job after having a child - and mothers in Rheims with just one or two children were obviously making use of it - why were the mothers of larger families not taking advantage of it also? One possibility is that some couples disapproved of the mother going out to work, whatever the number of children, and that these same couples also tended to have large families. This could be true of ethnic minority couples, especially North Africans - they often had larger families and it was unusual among them, whatever the family size, for the mother to have a paid job. (The same was true of Asian couples in Bristol.) Another possibility is that mothers who had been working when they had just one or two children stopped working when they had a third.

Whatever the explanation, couples with three or more children in Rheims differed markedly from those with one or two children, and differed to some extent also from their counterparts in Bristol and Saarbrücken, in being less likely to have two salaries coming into the household, and this is one reason why they were poor. A second reason is that heads in semi-skilled and unskilled occupations more often had large families - the pattern was clear in Rheims and Saarbrücken but not so marked in Bristol - and we showed in Chapter 3 that, while less-skilled people received less than average pay in all three places, their pay was particularly low in Rheims.

Table 6.8: Households consisting of a couple with children. Proportion with three or more children by head's occupational status

|                            | Bristol      | Rheims       | Saarbrücken  |
|----------------------------|--------------|--------------|--------------|
| Non-manual                 | 22%<br>(218) | 18%<br>(380) | 6%<br>(282)  |
| Skilled manual             | 13%<br>(166) | 23%<br>(340) | 10%<br>(189) |
| Semi-skilled and unskilled | 26%<br>(113) | 35%<br>(281) | 15%<br>(110) |

Each percentage shows the proportion of households with three or more children. In brackets is the number of households out of which the percentage was calculated.

A third reason for the poverty of large families in Rheims was that, compared to those of Bristol and Saarbrücken, they were larger. Of households consisting of a couple with three or more children, 38 per cent in Rheims had four or more, compared with 22 per cent in Bristol and only 13 per cent in Saarbrücken.

To sum up, the larger families in Rheims had more children; they were more often dependent on just one earner and the earner was more often in a low-paid job. These factors were making them poorer, both by comparison with smaller families in Rheims and by comparison with their counterparts in Bristol and Saarbrücken.

The more generous benefits available to large families in France were, as expected, playing an important part in maintaining the incomes of these households; 60 per cent of the households in Rheims consisting of a couple with three or more children were getting over a fifth of their income from family benefits,\* as against 24 per cent in Bristol and 20 per cent in Saarbrücken. But these larger benefits did not result in the families being better off than those in Bristol and Saarbrücken since their effect was offset by other factors, particularly the lower income from earnings.

### Retired people

As we explained in Chapter 4, we defined retirement age as 65 for men and 60 for women. Below those ages people were counted as retired if they were without a paid job and neither registered as unemployed nor looking for work and if they described themselves as retired (rather than, say, keeping house or unable to work because of disability). Above those ages, anyone without a job was counted as retired. Diagram 6.9 shows the incomes of retired people - or, more precisely, of the households they lived in - compared with the incomes of others.

The pattern of incomes for households with retired people was very different in the three places. In Saarbrücken households with a retired person were only slightly poorer than households without; over a third had incomes above the standard. In Bristol households with a retired person were much poorer than households without, the majority of them falling in the middling-to-poor bracket. In Rheims also they were poorer than other households but, in contrast to Bristol, more were very poor.

Three quotations from pensioners - the first from Saarbrücken, the other two from Bristol - bring out the contrast between their standards of living:

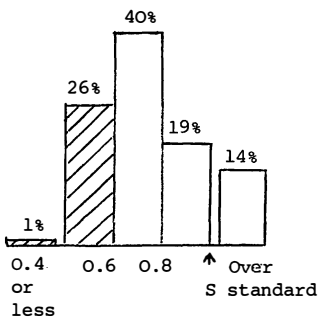
'I manage quite well with the pension. It is raised each year somewhat. It won't go up much next year but from 1982 it will be adjusted to wage levels again. Some people are a bit dissatisfied but they shouldn't deceive themselves. There are pensioners who spend three to four months of the winter in Majorca. That never used to be possible. We have a three-week holiday every year. We have just been to the Riviera, San Remo and Milan. And we sometimes drive to the Black Forest or to relatives in Kiel. I don't understand why people are so dissatisfied.'

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\* The group of 'family benefits' we selected for this analysis is listed in a paper available from the Institute of Community Studies (see Appendix).

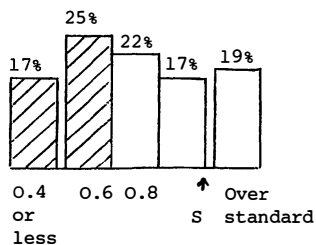
Diagram 6.9 : Incomes of households containing a retired person compared with incomes of all other households

## BRISTOL



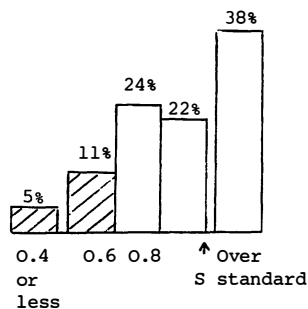
781 households = 100%

## RHEIMS



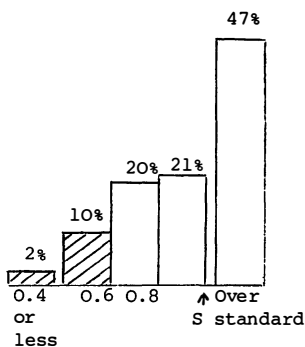
521 households = 100%

## SAARBRUCKEN

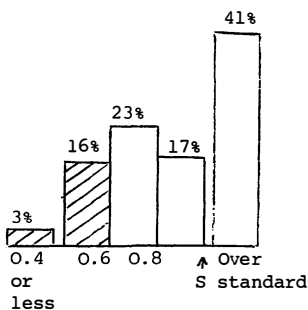


934 households = 100%

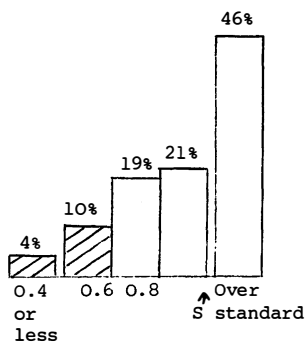
Households that contained a retired person



1567 households = 100%



1827 households = 100%



1739 households = 100%

Households that did not contain a retired person

For my part I'm completely satisfied.'

'Sometimes it's awfully hard to make ends meet, especially with the price of food going up all the time. I sit down to bread and marge during the day - I can't afford butter - or else dripping. A cup of tea. I just enjoy that. Of course I have a cooked meal later. My main worry is, I've been trying to get my roof repaired. When it rains it comes all down the wall, soaks through the wall into the kitchen. I've had to take the carpet up. I've had three or four builders in, made enquiries how much it would be. They said it would be over a thousand pounds to have it done. I can't afford that.'

'I'm supposed to have a special diet - high protein. As near as possible I stick to it but with steak at £1.50 a pound it's too expensive. We haven't any debts but we will do if I switch on the central heating. We won't be able to afford it, not with the diet. The diet takes a lot of my money but I've got to stick to it as well as I can or I might be in my box. I can't see life improving. It will be a duff Christmas this year. We won't be able to afford anything, and I never ask for any charity.'

Some of the households containing a retired person - about a fifth in each place - also contained someone with a paid job, and these households were less often in poverty. The remaining households, which consisted predominantly of retired people living alone and retired couples, depended almost entirely on benefits; 88 per cent in Bristol, 96 per cent in Rheims and 90 per cent in Saarbrücken derived over nine-tenths of their income from benefits.

Retired people in Bristol were mainly dependent on the state retirement pension; some also got an occupational pension and some got either supplementary benefit or some form of housing aid (rent allowance, rent rebate or rate rebate). Out of over 700 households with a retired person and no income from earnings, all but five were getting at least one of these.

Just over 90 per cent were getting a state retirement pension under the National Insurance scheme. This pension is composed of a flat-rate part and an extra part related to earnings. This two-part scheme only came into force in 1978, however, and it will take 20 years for the full rate of additional pension to build up. For most people in 1979 the state retirement pension contained little or no earnings-related element, so the amounts that people were getting did not vary much. About half the households were also getting a pension under an occupational scheme but the amounts being paid out were small, four-fifths being less than £70 per month (roughly equal to what the average working man in the survey was earning in a week). About two-fifths of the households were getting supplementary benefit and about the same proportion getting some form of housing aid. Both these benefits are means-tested.

The minor part played by earnings-related pensions explains why the majority of retired people in Bristol had similar incomes - about 0.5 to 0.7 of the standard. That the amount of pension, apart from being uniform, was also rather low explains why such a high proportion were eligible for means-tested benefits. If the results indicate that the social insurance and occupational pension schemes were doing badly, however, they also indicate that the 'safety-net' schemes were doing well; a high proportion of the retired were benefitting from these schemes and this accounts for the virtual absence of extreme poverty among them.



The French system, for the retired as for other groups, was the most complicated of the three. There is a state system covering some insured workers but there is also a variety of semi-public schemes for different occupational groups. Virtually all workers are in some basic scheme and also a 'complementary' scheme. Pensions under all the schemes are related to earnings and this was reflected in the results. For each of the several types of pension that people in Rheims were getting,\* the amounts being paid out varied considerably, the highest quintile being three to six times higher than the lowest quintile. The smaller amounts were very small - some even less than 100 F per month - but people often drew more than one pension.

As in Bristol, almost all households in Rheims with a retired person and no income from earnings were getting a retirement benefit of some kind. Because of the wide range of amounts within each scheme and because many people drew benefit from more than one, there was no clear relation between poverty and the type of pension that people were getting. Taken as a whole, however, the system left a large minority with inadequate support: 47 per cent were poor and 20 per cent very poor.

There were two schemes for retired people with little or no benefit under social insurance. The first, specifically for the retired, was a special pension - Retraite du Fonds National de Solidarité (FNS) - and the second was the residual assistance scheme for people in need - aide sociale. Very few were getting these benefits. Out of over 500 households with a retired person and no income from earnings only 16 were getting the Retraite du FNS and only four aide sociale. (Fourteen of these 20 were retired people living alone.) The amounts being paid out under these schemes were low, half being less than 400 F per month. The purpose of the Retraite du FNS was to bring people's income up to a minimum which, in 1979, was set at about 1200 F. The average monthly salary of working men in the sample was 3600 F and our standard income for Rheims was 2531 F per person per month. Not surprisingly, then, all but one of the households getting these benefits were still in poverty. The means-tested housing benefits (allocation logement and aide personnalisée au logement) were having more success in reaching and supporting households with retired people and no earnings; 13 per cent were getting one of these benefits, of whom almost a half were out of poverty. The general conclusion on the retired in Rheims, however, is the same as for the unemployed and the disabled: a large minority were not being satisfactorily supported by the insurance system and there was no adequate safety net to prevent them falling into extreme poverty.

Germany's system of social insurance for the retired is the oldest of the three, dating from the 1880's. The basic idea is that a worker makes substantial contributions to a pension fund throughout his working life - and so does his employer - and he benefits in retirement by drawing a substantial pension. A general scheme covers most workers and special schemes cover particular groups such as miners and public servants. Pensions are related to a person's years of contributions, to his own level of earnings and to national averages. They are also 'dynamised' - increased from time to time to keep in line with the average level of earnings.

Our earlier criticisms of insurance schemes for the unemployed and disabled were based on the fact that unemployment and disability were particularly likely to afflict people who had been unable to build up a good contribution record.

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\* The list is given in a paper available from the Institute of Community Studies (see Appendix).

Old age, by contrast, comes to everyone, those with a full work record as well as those with a broken one. If an insurance system can be successful in protecting living standards, it ought to work best for the retired. The German system shows that it can. Households in Saarbrücken with a retired person, even those with no income from earnings, had a spread of incomes very similar to other households. Retirement in Bristol and Rheims meant a substantial drop in income for many people, but this was not so in Saarbrücken.

Pensions in Saarbrücken were, simply, much larger than in Bristol and Rheims. The median amount being paid out in Altersruhegeld - the general pension that most retired people in Saarbrücken were getting - was 1000 DM per month. In purchasing power this was equivalent to £44 per week, as compared with the median amount of state retirement pension in Bristol which was £20 per week. In France it was equivalent to 2100 F per month; the median amount of Retraite de la Sécurité Sociale combined with Retraite Complémentaire (the most widespread of the French schemes) was 1400 F per month. One should bear in mind that pensioners in Bristol and Rheims were often getting extra benefits whereas those in Saarbrücken generally got just the one pension, but the difference is still impressive.

Protection of living standards was the main purpose of the German system and it had great success in this. In preventing poverty, however, it was not so good. The minority with little or no pension under social insurance could apply for means-tested help from social aid (Sozialhilfe), but few did so; out of just over 1000 households with a retired person and no income from earnings, only 47 were getting Sozialhilfe. The amounts being paid out under this scheme were small - 300 DM per month was an average figure - but it made a difference to the households getting it, half of whom were out of poverty and less than a fifth in extreme poverty. The means-tested housing aid (Wohngeld) reached more people; 13 per cent of households with retired people and no earnings were getting this, two-thirds of whom were out of poverty.

There remained, however, an appreciable minority - slightly over one in ten - who were not being supported either by a pension or by social aid. Some of these had an adequate income from other sources such as property or investments, but half were in poverty and 30 per cent in extreme poverty. It is not hard to think of reasons why people may have been reluctant to apply for social aid. The sharp division between social insurance for the worker with a good record and social aid for the rest could well make people feel that applying for social aid was an admission of failure. Potential applicants also face the prospect of their relatives' income being taken into account, and this must be unacceptable to many. Both of the following are retired couples in Saarbrücken; the first had a good pension, the second were less well off (income about 0.6 of the standard).

'The pensions nowadays are pretty adequate if you've contributed. And I can't really help it if someone has lived in such a way that they haven't bothered to contribute. They can't really expect to get a good pension. Young people today have their pension in mind even at the age of 20, but in my day people didn't think that way. In the old days most of the self-employed did absolutely nothing about their pension and they have no right to complain now. They have to be a burden to the social aid.'

'We go shopping wherever it's cheapest. I used to manage on 100 DM or 120 DM a week. Now it's a bit more. Coffee alone is 11 DM. Vegetables are cheap and there are special offers for meat. It's bad in the month when we have to pay the tax and insurance on

the car. When that happens we can't save. We usually put a bit by each month then when the big bills come we draw it out. We never draw out more than we've got. It usually just covers. We have to put a bit away because you never know what's going to happen. We don't want to be a burden to our children. Not that the children have done much for us. I've had nothing from the boy, though I've had something from the girl - OK - but I don't really want this. You can't ask this of the children. You really can't.'

The German system, then, resembled the French one in that the main support for the retired came from social insurance and that the assistance provided for those not covered by insurance schemes was inadequate. But the German insurance schemes were so much more effective than the shortcomings of the assistance schemes, in terms of the number of people affected, were less serious.

We have now looked at the incomes of several groups at risk of poverty and particularly at the way they were being supported by the benefit systems. After the next chapter, which looks at the relation between income poverty and other forms of disadvantage, the final chapter reviews the main findings of the study and draws out some implications for policy.

## 7 LOW INCOME, UNEMPLOYMENT AND DISADVANTAGE

This chapter is about forms of disadvantage other than income poverty. The chapter is in two main parts. The first compares low-income households and better-off households in each town: the question is to what extent households with low incomes also suffer from other disadvantages. The second part of the chapter looks at the unemployed in particular; in terms of these other dimensions, how do their circumstances compare with those of people who are working?

For the first set of comparisons, in order to have large enough numbers of the less well-off, we wanted a measure which would provide a similar-sized minority in each town. So in this set of analyses the poorest fifth are compared with the rest in each sample.

The figures throughout have been weighted to control for type of household. This means that the tables show the effects of low income and do not merely reflect other differences between the three samples or between poorer and better-off households. The tables show the unweighted base numbers.

Housing

Previous comparisons, on the basis of local studies, have suggested that the poor may be better housed in Britain because of the presence of a substantial stock of public housing.\* Because of the importance of public housing, Table 7.1 shows the ways in which patterns of tenure vary between the study areas and their respective countries.

Table 7.1: Housing tenure in study areas (1979) and nationally (1970/71)\*\*

|                          | All<br>U.K. | Bristol | All<br>France | Rheims | All<br>Germany | Saar-<br>brücken |
|--------------------------|-------------|---------|---------------|--------|----------------|------------------|
|                          | %           | %       | %             | %      | %              | %                |
| Owner-occupied           | 51          | 58      | 44            | 30     | 39             | 30               |
| Public or social housing | 31          | 25      | 13            | 53     | 31             | 11               |
| Private rented           | 15          | 16      | 32            | 15     | 29             | 57               |
| Other                    | 3           | 1       | 11            | 2      | 1              | 2                |
| Total                    | 100         | 100     | 100           | 100    | 100            | 100              |
| Number                   | -           | 2819    | -             | 2975   | -              | 3421             |

\*\* Source for national data: Anne Power, 'France, Holland, Belgium and Germany: a Look at their Housing Problems and Policies'. Habitat, 1976, Vol.1, No.1, pp.81-103.

The table shows that the proportion of owner-occupiers was rather higher in Bristol in 1979 than it was in the United Kingdom in 1971, but that the proportion in public housing was lower. (It should be borne in mind that the proportions nationally of owner-occupied and public/social housing are likely to have increased in all three countries since 1970/71.) The differences are, however, not large. Rheims on the other hand shows a great difference in comparison with

\* See e.g. Michael Young (editor), Poverty Report 1975, Temple Smith, 1975; Peter Willmott (editor), Sharing Inflation?, Temple Smith, 1976; Willmott et al, Poverty and Social Policy in Europe: a pilot study in the United Kingdom, Germany and France, Institute of Community Studies, 1978.

France as a whole in that it had a very large proportion of social housing. In the study area over half of all households were in this form of tenure, and correspondingly fewer households were owner-occupiers or in private tenancy. In Saarbrücken social housing is under-represented compared with Germany as a whole, and private renting over-represented.

In all three study areas local authorities had either power to provide housing themselves (as in Bristol) or powers to promote social housing. The enthusiasm with which such powers are used is clearly one influence on the extent of social housing. But this in turn is influenced by the urgency of housing need. Substantial parts of the housing stock had been destroyed in all three towns in the course of the last war. Saarbrücken was occupied by the French in the first war and Rheims had suffered even more severely through being in the main combat zone. We were told that the town was evacuated, then destroyed. 'When the people returned in 1918 they returned to ruins.' The destruction of housing in the other two towns in the second war was more locally concentrated. In Bristol and Saarbrücken the study area included some of the worst affected parts of the towns. On one of our visits to Saarbrücken, we noted:

'As a result of the great destruction in the war a lot of new building had to be put up quickly - the most simple, plain structures of concrete blocks, almost all of three to four storeys, no trimmings or fancy work, just plain walls, some square windows, a pitched roof and brick chimney. We saw two more reminders of war. One was a large concrete bunker which looked down on a railway line; the other was an old redbrick building, now looking like an old tenement block and still inhabited but built, we were told, by the French as a barracks in the First World War.'

In Rheims the study area excluded the central quarter and took in many of the new estates on the outer edge of the town. Thus there were three reasons for the different proportions of social housing, both between the three towns and between each town and the national figures for each country: political pressures, the effects of war and the selection of the study areas.

Against this background, we now compare the housing of the poorest fifth with that of higher-income households. Table 7.2, on floorspace, does not show very marked differences except in Saarbrücken between poorer and less poor households, though in each study area households in the poorest fifth less often had over 80 square metres. Rather more households in Bristol, poor and non-poor, had homes of this size.

Table 7.2: Floorspace, the poorest fifth of households compared with others

| Floorspace<br>in square<br>metres | Bristol |        | Rheims  |        | Saarbrücken |        |
|-----------------------------------|---------|--------|---------|--------|-------------|--------|
|                                   | Poorest |        | Poorest |        | Poorest     |        |
|                                   | fifth   | Others | fifth   | Others | fifth       | Others |
|                                   | %       | %      | %       | %      | %           | %      |
| 40 or under                       | 11      | 8      | 10      | 8      | 15          | 6      |
| Over 40-80                        | 52      | 41     | 57      | 51     | 55          | 50     |
| Over 80                           | 37      | 51     | 33      | 41     | 30          | 44     |
| Total                             | 100     | 100    | 100     | 100    | 100         | 100    |
| Number                            | 469     | 1876   | 466     | 1864   | 518         | 2104   |

In terms of housing amenities in all three towns the great majority, among the poorest fifth and among other households, had sole use of the four basic amenities - kitchen, bath or shower, inside WC and hot water, though larger minorities in Rheims and Saarbrücken lacked baths and hot water. Saarbrücken households more often had a telephone and Rheims households central heating. In all three places

the poorest fifth were less likely to have these amenities, especially telephones and central heating.

Thus the comparisons on housing give different results from those in previous local studies. In some respects rather more low-income households were disadvantaged in all towns, and on this occasion there was not a large superiority in the British study area, though more there had space, baths and hot water. There is no doubt that this is related to the tenure patterns of the areas which, for reasons already explained, differ from those nationally.

### Cars and household durables

In all three towns the poorest fifth were more likely to be without a car. As Table 7.3 also shows the poorest fifth were more likely to have an old car, if they had one at all. Fewer households in Bristol, both poorer and better-off, had cars than in the other towns, and of those who did fewer had new ones.

Table 7.3: Cars, poorest fifth of households compared with others

|                             | Bristol |        | Rheims  |        | Saarbrücken |        |
|-----------------------------|---------|--------|---------|--------|-------------|--------|
|                             | Poorest |        | Poorest |        | Poorest     |        |
|                             | fifth   | Others | fifth   | Others | fifth       | Others |
| Household has use of a car: | %       | %      | %       | %      | %           | %      |
| One                         | 30)     | 44)    | 40)     | 59)    | 39)         | 53)    |
| Two or more                 | 2) 32   | 9) 53  | 3) 43   | 11) 70 | 3) 42       | 11) 64 |
| None                        | 68      | 47     | 57      | 30     | 58          | 36     |
| Total                       | 100     | 100    | 100     | 100    | 100         | 100    |
| Number                      | 470     | 1880   | 468     | 1873   | 527         | 2140   |
| Year of make of car:        | %       | %      | %       | %      | %           | %      |
| 77-79                       | 8       | 11     | 21      | 34     | 29          | 36     |
| 69-76                       | 62      | 65     | 63      | 59     | 62          | 62     |
| 68 or earlier               | 30      | 24     | 16      | 7      | 9           | 2      |
| Total                       | 100     | 100    | 100     | 100    | 100         | 100    |
| Number (those with cars)    | 115     | 976    | 204     | 1479   | 208         | 1269   |

From both the intensive interviews and those with officials in the local services we formed the impression that having a car was regarded as essential more often by people in Rheims than in the other two places. This is no doubt because more people in the Rheims sample were at a stage in life - with young families - when a car is most useful and because more were living on relatively remote estates. One official in Rheims said, 'Today, unlike in previous years, some people put paying for their car before paying their rent or heating bills.' But in the intensive interviews two young husbands explained how they were hanging on to their old cars even though, because of the costs, they had to restrict their use to 'taking the children to the woods sometimes and going into town'. Others needed them to get to work.

We asked about household durables and other goods. Almost all households - poor and others - had cookers; in Rheims and Saarbrücken almost all had refrigerators also. For most other items, such as colour televisions, record players and vacuum cleaners, the poor were less likely to have them. Table 7.4 gives summary figures on durables. It shows clear, if undramatic, differences between the poorest fifth and other households in each sample. The table also indicates that ownership of household durables was higher in Saarbrücken, among both cate-

gories of household, than in the French and British towns. It is noticeable that the distribution among the poorer households of Saarbrücken was virtually identical to that among better-off households in the other towns.

Table 7.4: Summary on household durables, poorest fifth of households compared with others

|                                  | Bristol       |        | Rheims        |        | Saarbrücken   |        |
|----------------------------------|---------------|--------|---------------|--------|---------------|--------|
|                                  | Poorest fifth | Others | Poorest fifth | Others | Poorest fifth | Others |
| Total number of household goods: | %             | %      | %             | %      | %             | %      |
| 0 - 4                            | 27            | 13     | 25            | 13     | 13            | 6      |
| 5 - 6                            | 34            | 33     | 38            | 34     | 34            | 24     |
| 7 - 10                           | 39            | 54     | 37            | 53     | 53            | 70     |
| Total                            | 100           | 100    | 100           | 100    | 100           | 100    |
| Number                           | 469           | 1878   | 468           | 1875   | 524           | 2130   |

In general, it is clear that living standards were higher in Saarbrücken than in Rheims or Bristol, and also that in the German town poorer households, defined in the way that we have defined them, were less disadvantaged, compared with non-poor, than in the other towns. This must reflect the higher real living standards in Saarbrücken, noted in Chapter 3.

#### Leisure and social life

Were households with low incomes disadvantaged in their leisure and in their social contacts? As an index of leisure activity, we asked the head of household, 'When did you last go out for an evening for entertainment or pleasure, other than visiting friends or relatives - for example to the cinema or out for a meal?' Table 7.5 shows that in each town poorer people had been out less recently. It will be remembered that the figures have been weighted to control for types of household, so that the differences cannot simply be explained, for example, by the fact that poor households in Bristol might be elderly and might therefore not wish to go out or that there were more young families with children in Rheims.

Table 7.5: Evenings out, heads of poorest fifth of households compared with others

|  | Bristol       |        | Rheims        |        | Saarbrücken   |        |
|--|---------------|--------|---------------|--------|---------------|--------|
|  | Poorest fifth | Others | Poorest fifth | Others | Poorest fifth | Others |
| Head of household last went out for evening: | %             | %      | %             | %      | %             | %      |
| In last week                                 | 37            | 51     | 8             | 17     | 22            | 33     |
| Not last week, but in last month             | 17            | 20     | 8             | 18     | 17            | 23     |
| Not last month, but in last year             | 15            | 14     | 15            | 21     | 13            | 13     |
| Over year ago/Never                          | 31            | 15     | 69            | 44     | 48            | 31     |
| Total  | 100           | 100    | 100           | 100    | 100           | 100    |
| Number                                       | 470           | 1881   | 465           | 1873   | 527           | 2139   |

Although poor people in Bristol went out less often than those who were not poor, it is noticeable that both went out more often than their counterparts in the other two towns. In this sense, both the poor and the non-poor in Bristol apparently lived fuller lives outside the home. In contrast the poor in Rheims seemed to be specially badly off.

Table 7.6 shows whether heads of household had been away for a holiday in the 12 months before the interview, whether the holiday had been staying with friends or relatives and whether people had received financial help towards the cost of the holiday under 'any scheme'. In the three towns smaller proportions of poorer heads of household had been away on holiday. In this respect therefore they were again more likely to be disadvantaged.

Table 7.6: Holidays in previous 12 months, heads of poorest fifth of households compared with others

|  | Bristol       |        | Rheims        |        | Saarbrücken   |        |
|--|---------------|--------|---------------|--------|---------------|--------|
|  | Poorest fifth | Others | Poorest fifth | Others | Poorest fifth | Others |
| Head of household had holiday in previous 12 months              | 39%           | 57%    | 36%           | 59%    | 39%           | 56%    |
| Total number   | 470           | 1881   | 468           | 1875   | 527           | 2141   |
| Percentage whose holiday was at the home of friends or relatives | 42%           | 32%    | 51%           | 34%    | 32%           | 20%    |
| Total number (those who went on holiday in previous 12 months)   | 175           | 1076   | 166           | 1158   | 197           | 1189   |
| Percentage who received financial help 'under any scheme'        | 2%            | 3%     | 10%           | 14%    | 6%            | 3%     |
| Total number   | 101           | 742    | 81            | 792    | 157           | 1017   |

Of those who had been away, rather more poorer heads from each town had stayed with relatives or friends. Few got help with the cost of their holidays, and this applied to poorer and better-off alike. The proportion receiving help was rather higher in Rheims, which is consistent with the greater emphasis on the importance of holidays in French policy. The poor in Rheims, however, had not benefited from these schemes more than the others. A likely explanation is that, even with some help, the poorest still find it hard to afford holidays because of the extra expense.

The final question for this part of the chapter is about contacts with relatives and friends. Table 7.7 shows heads of households' contact with them. People were asked whether they had relatives living in or near the same town, and if so when they last saw any of them. As to friends, they were asked 'When did you last meet one of your friends or acquaintances (outside working hours) - I mean long enough to have a conversation?'

The table shows little difference between poorer and better-off people in their contacts with relatives. The exception is Rheims, where relatives had been seen less recently by poorer heads. With friends the table again shows little difference in general; the exception is that the poorer heads more often reported that they had no friends at all, which is serious enough. The proportion without friends was highest in Rheims, intermediate in Saarbrücken and lowest in Bristol.



Table 7.7: Contact with relatives and friends, heads of poorest fifth of households compared with others

| Head of household has<br>seen relatives in town<br>and last saw them: | Bristol |        | Rheims  |        | Saarbrücken |        |
|---|---------|--------|---------|--------|-------------|--------|
|   | Poorest |        | Poorest |        | Poorest     |        |
|   | fifth   | Others | fifth   | Others | fifth       | Others |
|   | %       | %      | %       | %      | %           | %      |
| Today/yesterday   | 32      | 37     | 36      | 41     | 42          | 46     |
| In last week  | 29      | 30     | 20      | 25     | 27          | 26     |
| In last month   | 9       | 9      | 13      | 9      | 10          | 9      |
| Over month ago  | 7       | 6      | 8       | 4      | 5           | 5      |
| Has no relatives in town  | 23      | 18     | 23      | 21     | 16          | 14     |
| Total   | 100     | 100    | 100     | 100    | 100         | 100    |
| Number  | 470     | 1875   | 467     | 1871   | 526         | 2139   |
| Head of household last<br>saw friends:                                | %       | %      | %       | %      | %           | %      |
| Today/yesterday   | 55      | 58     | 33      | 33     | 35          | 40     |
| In last week  | 26      | 31     | 21      | 32     | 33          | 39     |
| Over a week ago   | 13      | 9      | 24      | 25     | 19          | 16     |
| Has no friends  | 6       | 2      | 22      | 10     | 13          | 5      |
| Total   | 100     | 100    | 100     | 100    | 100         | 100    |
| Number  | 470     | 1881   | 463     | 1869   | 524         | 2121   |

To sum up so far, with most of the aspects of life examined in this chapter, there were some differences, but not dramatic ones, between poorer and less poor households in things like housing and durables. The cumulative picture is, however, bleak; poorer people were certainly worse off in terms of leisure and holidays, and more of them reported having no friends.

The analysis has also shown some broad differences between the towns, as measured by our samples. Rather more households in Bristol than in Rheims or Saarbrücken had better housing, for instance, and the ownership of household durables was markedly higher in Saarbrücken than in the other towns.

#### Analyses of the unemployed

In the second part of this chapter we look at households which had unemployed heads (of working age) and compare them with those where the head was working. For this analysis, we return to the definition mainly adopted in the rest of the report. Since, as an earlier chapter showed, something like half the unemployed in each sample were poor (below three-fifths of the standard income per person), we compare these - the 'unemployed poor' - with the other unemployed.

In the preceding part of the chapter we were comparing all low income households with others. The poor households were a mixture - retired, lone parents, low earners, unemployed - and they had been in poverty for varying periods of time. Most of the unemployed, as we showed in an earlier chapter, had been out of work for less than two years. Most of them, in other words, were not what might be described as 'chronically poor'; most were facing a recent drop in income. The question we wanted to answer was whether, and to what extent, the poor and the non-poor among the unemployed would prove to be disadvantaged in housing, ownership of durables, leisure, social life and the rest.

This is a difficult question because, as we noted in a previous chapter, some people are more vulnerable to unemployment than others - those with limited skills, for instance - and such people were more likely to have low incomes and to be dis-

advantaged even before they became unemployed. What is more, the structure of the unemployed heads of household differed from that of heads generally and varied from town to town; those in Bristol, for instance, were more often young single people than other heads in Bristol or the unemployed in the other two towns. So the comparisons are likely to reflect differences of this kind at least as much as the effects of unemployment. We have not, as we did in the first part of the chapter, made any attempt to re-weight the results so as to take account of such variations. Because of these complexities, caution is needed in interpreting the findings of our analyses. In particular, too much should not be made of relatively minor differences between the categories of poor and non-poor unemployed, whose numbers are small.

These difficulties do not, however, invalidate the comparisons. If we find, for instance, that households with unemployed heads had fewer household durables than those whose heads were working, we may not be able to say whether this is because they were the kinds of household which had fewer anyway, or because they had had to dispose of durables they had previously possessed. But we shall still have found out that, whatever the cause, unemployment is associated with this particular form of disadvantage.

Before we look at the housing of unemployed people, we need to establish whether this was likely to have changed as a consequence of their unemployment. We found that 68 per cent of the unemployed heads of household in Bristol had moved at least once during the previous five years, compared with 46 per cent of the heads who were working. But in Rheims and Saarbrücken, there was no such difference. This difference between the towns probably shows up because the Bristol variation is mainly a reflection of the higher mobility of the young single heads of household who were more numerous among the unemployed there. In general, one would assume, people do not move house as a result of unemployment. This conclusion seemed to be confirmed by the answers to a question, put to those who had moved, about the size of their previous accommodation compared with their present. In no town was there any indication that unemployed people who had moved, in comparison with working heads who had moved, were now in smaller accommodation. In other words, there was no suggestion that the unemployed movers had systematically gone into worse housing than they were in previously.

Table 7.8: Floorspace, unemployed poor and non-poor compared with working heads of household

| Floorspace in square metres | Bristol  |             |             | Rheims   |             |             | Saarbrücken |             |             |
|-----------------------------|----------|-------------|-------------|----------|-------------|-------------|-------------|-------------|-------------|
|                             | Work-ing | Unem-ployed | Unem-ployed | Work-ing | Unem-ployed | Unem-ployed | Work-ing    | Unem-ployed | Unem-ployed |
|                             |          | not poor    | poor        |          | not poor    | poor        |             | not poor    | poor        |
|                             | %        | %           | %           | %        | %           | %           | %           | %           | %           |
| 40 or under                 | 7        | 17          | 21          | 5        | 6           | 8           | 6           | 8           | 8           |
| Over 40 - 80                | 39       | 31          | 48          | 46       | 44          | 54          | 45          | 58          | 67          |
| Over 80                     | 54       | 52          | 31          | 49       | 50          | 38          | 49          | 34          | 25          |
| Total                       | 100      | 100         | 100         | 100      | 100         | 100         | 100         | 100         | 100         |
| Number                      | 1533     | 67          | 73          | 1987     | 48          | 37          | 1920        | 36          | 51          |

Table 7.8 shows, however, that in Bristol, and perhaps in the other towns as well, the unemployed poor had less space than the unemployed non-poor, who in turn had less space than the households whose heads were working. It therefore seems that at least in Bristol unemployment and in particular poverty in unemployment, is associated with greater crowding. This, again, is likely to reflect the presence of young people among the unemployed household heads in Bristol, and also the fact that those most vulnerable to unemployment were likely to have been more crowded even before they became unemployed.

We found that the unemployed in Bristol more often lacked housing amenities, particularly the poor among them; this almost certainly reflects the same point about their structure in that town. In the other towns, the differences were small or non-existent, though they were more apparent in Saarbrücken than in Rheims. This may well reflect the high proportion of households (including those with unemployed heads) in social housing in Rheims. Social housing is in general better equipped than the privately-rented housing that is common in Saarbrücken. The telephone is the one 'amenity' that does not belong to the dwelling, and it was not surprising that in all towns the poor unemployed less often had them.

The same applies to cars and household durables. In Bristol, 67 per cent of households where the head was working had a car, compared with 31 per cent where he was unemployed. The Rheims figures were 84 per cent and 61 per cent respectively, and the Saarbrücken figures 78 per cent and 49 per cent. Table 7.9 shows a similar pattern in terms of the total number of household durables.

Table 7.9: Summary on household durables, unemployed poor and non-poor compared with working heads of households

| Total number of household goods: | Bristol  |                                |                         | Rheims   |                                |                         | Saarbrücken |                                |                         |
|----------------------------------|----------|--------------------------------|-------------------------|----------|--------------------------------|-------------------------|-------------|--------------------------------|-------------------------|
|                                  | Work-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-ing    | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor |
|                                  | %        | %                              | %                       | %        | %                              | %                       | %           | %                              | %                       |
| 0 - 4                            | 6        | 22                             | 40                      | 8        | 2                              | 27                      | 4           | 8                              | 14                      |
| 5 - 6                            | 29       | 36                             | 30                      | 28       | 29                             | 32                      | 18          | 24                             | 35                      |
| 7 - 10                           | 65       | 42                             | 30                      | 64       | 69                             | 41                      | 78          | 68                             | 51                      |
| Total                            | 100      | 100                            | 100                     | 100      | 100                            | 100                     | 100         | 100                            | 100                     |
| Number                           | 1536     | 67                             | 73                      | 2001     | 48                             | 37                      | 1957        | 37                             | 51                      |

#### Unemployment and social life

We now turn to the question of whether what might be called 'social' disadvantages - less recreation, fewer holidays and restricted contacts with friends and relatives - were more common among the unemployed.

Table 7.10: Evenings out, unemployed poor and non-poor compared with working heads of households

| Head of household last went out for evening: | Bristol  |                                |                         | Rheims   |                                |                         | Saarbrücken |                                |                         |
|--|----------|--------------------------------|-------------------------|----------|--------------------------------|-------------------------|-------------|--------------------------------|-------------------------|
|  | Work-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work-ing    | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor |
|  | %        | %                              | %                       | %        | %                              | %                       | %           | %                              | %                       |
| In last week                                 | 59       | 57                             | 48                      | 20       | 27                             | 14                      | 40          | 32                             | 20                      |
| Not last week, but in last month             | 21       | 22                             | 12                      | 21       | 17                             | 11                      | 27          | 19                             | 18                      |
| Not last month, but in last year             | 12       | 12                             | 15                      | 25       | 21                             | 16                      | 14          | 16                             | 10                      |
| Over year ago/Never                          | 8        | 9                              | 25                      | 35       | 35                             | 59                      | 19          | 33                             | 52                      |
| Total  | 100      | 100                            | 100                     | 100      | 100                            | 100                     | 100         | 100                            | 100                     |
| Number                                       | 1536     | 67                             | 73                      | 1998     | 48                             | 37                      | 1951        | 37                             | 51                      |

The general pattern of Table 7.10 indicates that non-poor unemployed heads had been out less than working heads, and poor unemployed heads even less. Again, the poor unemployed in Rheims seemed to fare particularly badly. This may partly reflect the large number of families with young children in Rheims, who would have the extra problem of childminding if they wanted to have an evening out, and partly that many were living on outlying estates with few social facilities nearby. But lack of money was the main problem. An unemployed young married man with three children in Rheims commented:

'Going out? That's all finished. To go to a dance or the cinema, that costs at least 50F. When you go for a drink or two you are soon through 100F.'

Table 7.11, on holidays, shows, as might have been expected, that poor unemployed households in particular had less often been away on holiday during the previous year. (Some of the unemployed who had taken a holiday in the previous year would have done so before they became unemployed.) We cannot talk with confidence about differences between the non-poor unemployed and the other two groups: the variations are too small. But the consistent pattern in the table suggests that they were in an intermediate position - disadvantaged less often than the unemployed poor, but more often than those who were in employment. It is noticeable that the few who had received financial help were among the working heads rather than the unemployed, at least in Bristol and Saarbrücken. This group, of course, includes poorer households whose heads were working. For them some help may be enough to make the difference between being able to take a holiday and not. For the poor unemployed it is apparently not sufficient.

Table 7.11: Holidays in previous 12 months, unemployed poor and non-poor compared with working heads of households

|  | Bristol      |                                |                         | Rheims       |                                |                         | Saarbrücken  |                                |                         |
|--|--------------|--------------------------------|-------------------------|--------------|--------------------------------|-------------------------|--------------|--------------------------------|-------------------------|
|  | Work<br>-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work<br>-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor | Work<br>-ing | Unem-<br>ployed<br>not<br>poor | Unem-<br>ployed<br>poor |
| Head of household<br>had holiday in<br>previous 12 months                  | 60%          | 43%                            | 32%                     | 63%          | 52%                            | 35%                     | 60%          | 40%                            | 24%                     |
| Total number   | 1535         | 67                             | 73                      | 2001         | 48                             | 37                      | 1957         | 37                             | 50                      |
| Percentage whose<br>holiday was at home<br>of friends or<br>relatives      | 29%          | 45%                            | 48%                     | 32%          | 40%                            | 38%                     | 17%          | 20%                            | 33%                     |
| Total number<br>(those who went<br>on holiday in<br>previous 12<br>months) | 924          | 29                             | 23                      | 1259         | 25                             | 13                      | 1170         | 15                             | 12                      |
| Percentage who<br>received financial<br>help 'under any<br>scheme'         | 2%           | 0%                             | 0%                      | 16%          | 7%                             | 13%                     | 1%           | 0%                             | 0%                      |
| Total number   | 658          | 16                             | 13                      | 845          | 14                             | 8                       | 1019         | 13                             | 11                      |

Table 7.12: Contact with relatives and friends, unemployed poor and non-poor compared with working heads of households

| Head of household has relatives in town and last saw them: | Bristol  |                      |                  | Rheims   |                      |                  | Saarbrücken |                      |                  |
|--|----------|----------------------|------------------|----------|----------------------|------------------|-------------|----------------------|------------------|
|  | Work-ing | Unem-ployed not poor | Unem-ployed poor | Work-ing | Unem-ployed not poor | Unem-ployed poor | Work-ing    | Unem-ployed not poor | Unem-ployed poor |
|  | %        | %                    | %                | %        | %                    | %                | %           | %                    | %                |
| Today/yesterday  | 34       | 40                   | 23               | 38       | 46                   | 19               | 45          | 32                   | 29               |
| In last week   | 30       | 18                   | 25               | 25       | 19                   | 24               | 27          | 38                   | 29               |
| In last month  | 8        | 9                    | 7                | 8        | 10                   | 8                | 9           | 11                   | 20               |
| Over month ago   | 5        | 2                    | 7                | 4        | 4                    | 8                | 4           | 3                    | 12               |
| Has no relatives in town                                   | 23       | 31                   | 38               | 25       | 21                   | 41               | 15          | 16                   | 10               |
| Total  | 100      | 100                  | 100              | 100      | 100                  | 100              | 100         | 100                  | 100              |
| Number   | 1532     | 67                   | 73               | 1998     | 48                   | 37               | 1954        | 37                   | 51               |
| Head of household last saw friends:                        | %        | %                    | %                | %        | %                    | %                | %           | %                    | %                |
| Today/yesterday  | 58       | 67                   | 59               | 32       | 42                   | 35               | 39          | 41                   | 29               |
| In last week   | 32       | 24                   | 18               | 32       | 27                   | 16               | 43          | 41                   | 22               |
| Over a week ago  | 8        | 3                    | 18               | 26       | 21                   | 27               | 10          | 10                   | 22               |
| Has no friends   | 2        | 6                    | 5                | 10       | 10                   | 22               | 8           | 8                    | 27               |
| Total  | 100      | 100                  | 100              | 100      | 100                  | 100              | 100         | 100                  | 100              |
| Number   | 1536     | 67                   | 73               | 1994     | 48                   | 37               | 1946        | 37                   | 51               |

Table 7.12 looks at contacts with relatives and friends. There is no consistent pattern. The only striking difference is the contrast in Saarbrücken - and perhaps Rheims - between the proportions having no friends among the unemployed poor and the others. This would, in itself, be in line with the general difference in this respect between poor and non-poor households noted in the first part of the chapter.

To summarise the findings from this second part of the chapter, most of the analyses have suggested that in Bristol and Saarbrücken the unemployed and particularly the unemployed poor were disadvantaged relative to those who were working. In Rheims, however, the better-off unemployed were not disadvantaged compared with those who were working, except in holidays. Interpretation has been complicated by differences in the structure of the unemployed from town to town, and by the fact that those most vulnerable to unemployment were the kinds of people and households most likely to be disadvantaged even when working. Even with this qualification, it seems probable that the differences in the proportion who had not recently been out for an evening and in those who had not been on holiday during the previous year do reflect the impact of unemployment. Such conclusions about the disadvantages likely to result from lower incomes would be consistent with the evidence in Chapter 5 about debts and economies in unemployment.

## 8 IMPLICATIONS FOR POLICY

This chapter summarises the main findings and draws some conclusions about their relevance to policy. It begins by assessing the success that the three benefit systems were having in preventing poverty and goes on to examine measures to combat unemployment.

It is reasonable to look at the benefit systems in terms of how well they were preventing poverty - the study was part of an anti-poverty programme, after all - but it would be wrong to suppose that the prevention of poverty was the sole purpose or even the main purpose of the benefit systems. The retirement pension schemes of France and Germany, for example, were aimed primarily at protecting the incomes of those who had contributed to the schemes rather than preventing poverty among retired people in general. In protecting people's incomes they were also helping to prevent poverty - more retired people would have been in poverty if these schemes had not existed - but protecting incomes is not exactly the same thing as preventing poverty. A system designed to do one of these things might not be particularly good at the other.

We should also remind the reader that the definitions of poverty (and of extreme poverty) that we are using are relative ones. We are comparing people's incomes with a standard income within each sample - an income typical of households in which the head had a full-time job. As we pointed out in Chapter 3, these levels, in absolute terms, were higher in Rheims and Saarbrücken than in Bristol; some of the households described as poor by the standards of Rheims and Saarbrücken would not have been poor by the Bristol standard. This relative approach is, of course, entirely legitimate and has been consistently adopted in the anti-poverty programme as a whole. But relative poverty should not be confused with absolute poverty.

Table 8.1 brings together the main findings presented in earlier chapters about poverty among different groups of households in the three towns.

Table 8.1: Poverty and extreme poverty among various groups of households

|  | Percent in<br>poverty |              |              | Percent in<br>extreme poverty |              |             |
|--|-----------------------|--------------|--------------|-------------------------------|--------------|-------------|
|  | B                     | R            | S            | B                             | R            | S           |
| <u>Households with no income from earnings</u>   |                       |              |              |                               |              |             |
| Containing an unemployed person  | 70%<br>(109)          | 67%<br>(66)  | 64%<br>(69)  | 17%<br>(109)                  | 38%<br>(66)  | 36%<br>(69) |
| Containing a person of working age unable to work because of long-term illness or disability | 42%<br>(52)           | 66%<br>(74)  | 44%<br>(34)  | 4%<br>(52)                    | 34%<br>(74)  | 21%<br>(34) |
| Containing a retired person  | 32%<br>(625)          | 47%<br>(396) | 17%<br>(794) | 1%<br>(625)                   | 20%<br>(396) | 6%<br>(794) |
| Consisting of a lone mother (not working) and at least one child                             | 50%<br>(58)           | 69%<br>(13)  | 61%<br>(23)  | 2%<br>(58)                    | 15%<br>(13)  | 30%<br>(23) |

|  | Percent in poverty |              |             | Percent in extreme poverty |             |            |
|--|--------------------|--------------|-------------|----------------------------|-------------|------------|
|  | B                  | R            | S           | B                          | R           | S          |
| <u>Households where someone had a paid job</u> |                    |              |             |                            |             |            |
| A lone mother (working) and at least one child | 6%<br>(31)         | 13%<br>(40)  | 24%<br>(25) | 0%<br>(31)                 | 0%<br>(40)  | 4%<br>(25) |
| A couple with three or more children           | 27%<br>(82)        | 36%<br>(195) | 38%<br>(48) | 0%<br>(82)                 | 1%<br>(195) | 2%<br>(48) |

Numbers in brackets are the numbers of households out of which the percentages were calculated.

Households with some income from earnings were less often poor than those without. Among households with earnings, large families and one-parent families were at risk of poverty, but extreme poverty was rare even among these two groups. Among households with no income from earnings, those with an unemployed person fared worst in all three places. In Rheims households with a disabled person were as badly off as those with an unemployed person. Households with a retired person fared best in Saarbrücken and worst in Rheims. Lone mothers not in paid work were better off in Bristol. For all types of households without income from earnings there was less extreme poverty in Bristol.

Earlier chapters have also shown the extent to which households at risk of poverty depended on benefits. This is summarised in Table 8.2. Poor households with no income from earnings were almost entirely dependent on benefits. Poor households where someone had a job depended more on earnings but some of them got an appreciable portion of their income from benefits.

Table 8.2: Proportion of the income of poor households coming from benefits

|  | Bristol      | Rheims       | Saarbrücken  |
|--|--------------|--------------|--------------|
| <u>Poor households with no income from earnings</u>            |              |              |              |
| Percent getting over nine-tenths of their income from benefits | 93%<br>(304) | 94%<br>(256) | 88%<br>(208) |
| <u>Poor households where someone had a paid job</u>            |              |              |              |
| Percent getting over one-fifth of their income from benefits   | 44%<br>(97)  | 55%<br>(306) | 21%<br>(175) |

Numbers in brackets are the numbers of households out of which the percentages were calculated.

We now take the three places in turn and suggest how the particular pattern of poverty of each one, as compared with the other two, shows up strengths and weaknesses in its benefit system.

### Bristol

The benefit system in Britain owes its present form largely to reforms made in the late 1940s after the Beveridge report of 1942. The basic idea was that people in work, and their employers, would contribute to a national insurance scheme run by the state which would assure them of a minimum income, as of right, when out of work through sickness, unemployment or retirement. This scheme

would protect the majority of people at least from serious poverty. People would be free to supplement this minimum income by contributing to other schemes. The few people not covered by the national insurance scheme would be able to apply for national assistance - a form of means-tested support paid out of public funds under a separate scheme.

Thirty years on, by the time of our survey, this system was still working but not exactly in the way intended. The majority of people without earnings were getting the minimum income under the national insurance scheme but it was only a small income. Many had no extra income under other insurance schemes and those who did have such an income were generally getting only small amounts. This meant that a high proportion of the unemployed, the long-term sick and disabled and the retired were dependent wholly or partly on means-tested benefits, especially supplementary benefit (the means-tested payment under the national assistance scheme). What had been intended as a safety net to catch the few not adequately supported by national insurance had become a major form of support for large numbers of people. Table 8.3 shows the proportions of various groups of households in the Bristol sample getting a means-tested benefit\* and those getting supplementary benefit in particular.

Table 8.3: Households in Bristol with no income from earnings getting  
a) supplementary benefit (b) any means-tested benefit (including supplementary benefit)

| <u>Households with no income from earnings</u>   | Getting supplementary benefit | Getting any means-tested benefit |
|--|-------------------------------|----------------------------------|
| Containing an unemployed person  | 74%<br>(111)                  | 82%<br>(111)                     |
| Containing a person of working age unable to work because of long-term illness or disability | 51%<br>(55)                   | 75%<br>(55)                      |
| Containing a retired person  | 40%<br>(611)                  | 75%<br>(611)                     |

Numbers in brackets are the numbers of households out of which the percentages were calculated.

We cannot say precisely that households below a certain level in terms of our standard income would be eligible for supplementary benefit - the method that is used to calculate income for fixing amounts of supplementary benefit is not the same as the one we have used in this study. Very roughly, however, households with no income from earnings would often be eligible if their incomes were below two-thirds of the standard and very likely if their incomes were below half.

These three things - the low and almost uniform amounts provided by the national assistance scheme and the extensive take-up of this assistance - explain the characteristic pattern of incomes in Bristol among the various groups of households at risk of poverty - the majority between two-fifths and four-fifths of the standard, a small proportion with higher incomes and very few below two-

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\* The groups of means-tested benefits that we used for the analyses in this chapter are listed in the supplementary paper available from the Institute of Community Studies (see Appendix).



fifths. The British system in practice, then, seems to prevent extreme poverty, with only a few exceptions, but keeps large numbers of people on fairly low incomes, just above or just below our poverty line.

The unemployed were faring somewhat worse than the other groups in Bristol, as was shown in Table 8.1. This was partly because a particularly high proportion were living on supplementary benefit - few of them had resources too high to qualify - and partly because the supplementary benefit scheme treats the unemployed differently from others. There are two rates of supplementary benefit. Retired people automatically get the higher one. Other people getting supplementary benefit, such as the long-term sick, go on to the higher rate after two years - our samples of one-parent families and of the long-term sick will have contained a mixture of people, some on the lower, short-term rate and some on the higher rate. The unemployed never go on to the higher rate, lest it take the edge off their keenness to find work. The result is that this group of people, already poor, are kept slightly poorer.\*

That supplementary benefit and other means-tested benefits were so widely taken up, though indicating the failure of the insurance schemes to provide adequate support, shows at least that the assistance was accessible and acceptable. One of the problems with means-tested benefits is that poor people, in applying for them, are obliged to admit that they are indeed poor, and no one likes doing this. While we would not say that the problem did not exist in Bristol, it was not as serious as it seemed to be with Sozialhilfe (social aid) in Saarbrücken. (Aide sociale in Rheims provided only small amounts of assistance for limited periods and only in extreme cases. It is really not comparable with supplementary benefit or Sozialhilfe.)

There are several reasons for this. People in Britain do not have to be quite so poor (in relative terms) to get supplementary benefit as they do to get Sozialhilfe in Germany. The British officials, in deciding on a person's entitlement to supplementary benefit, take account of the resources only of his immediate family unit (spouse and children under 16), not of his extended family; an elderly couple applying for Sozialhilfe, by contrast, could face the daunting prospect of their children being put under official pressure to support them. The mere fact that so many people in Britain get supplementary benefit must also reduce the stigma attached to it; a retired person applying for it, for example, is doing no different from what lots of other retired people do. Finally the distinction between insurance and assistance has deliberately been blurred in Britain. People applying for supplementary benefit have to have an interview with the national assistance scheme's officials but payment is made in much the same way as for national insurance benefits. For the unemployed, supplementary benefit is paid through the unemployment benefit office and is often combined on the same cheque with unemployment benefit. Similarly for the retired, the state retirement pension (insurance) and the supplementary pension (assistance) are combined in the same payment book. Insurance and assistance are run together to such an extent that people are often not sure which they are getting (as we found in the survey). It must be easier for people to accept assistance if they are not made to feel that they are getting support from a special scheme for the poor.

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\* From 1981 in Britain men aged 60 and over who had been unemployed for two years or more were eligible for the higher rate of supplementary benefit.

## Rheims

The benefit systems of all three countries are complex. In fact calling them 'systems' implies a degree of coherence that they do not possess; they are, rather, collections of schemes only partially co-ordinated. While this applies to all three, however, it is especially true of the French one. The French schemes seem to lack the consistency in underlying philosophy that connects the German ones and they have never been successfully subjected to general reform as the British ones were in the 1940s. Only the system for unemployment insurance has a nationally uniform basis, and this is a relatively recent development reflecting the recent increase in unemployment in France. The schemes for sickness and retirement remain fragmented.

Complexity is not necessarily a bad thing; it may indicate that a system is finely tuned to the diversity of people's needs. But there is a risk that potential clients may find it hard to know what they are entitled to and how to get it - there is some evidence of this from other research.\* There is also a risk that claims may take an excessive time to be processed. Officials in Rheims themselves commented on this and there were a number of people in the sample, especially among the unemployed, who were in serious poverty simply because of the delays - as long as several months - in getting their benefits. There is the further danger in a fragmented system that some people may fall into the gaps between the separate schemes.

Two features were common to many of the French schemes: they were insurance-based, so benefits were restricted to those who had contributed to the schemes, and they were earnings-related. For the unemployed the benefits also ceased after a certain time. A large minority either had no entitlement to benefit under these schemes or were entitled to only small amounts. The assistance schemes were also fragmented - one for the elderly, another for the disabled, others for families and, at the time of the survey, another for the unemployed. What remains of the old public assistance system - that part of aide sociale which is still the responsibility of local authorities - could provide only small amounts of help for limited periods. In other words there was no general assistance scheme to which poor people were entitled to apply for continuing help simply because they were poor. The various insurance schemes, while providing a good income for some, gave little or no support to others. For some who were not supported by social insurance there was nothing to prevent them falling into poverty or even extreme poverty.

The clearest single theme in the French system is the emphasis on supporting larger families. Family benefits are related to the number of children in all three systems but much more so in the French one. The aim is to encourage couples to have large families, or at least to ensure that they are not discouraged from doing so by the extra cost. Yet larger families in Rheims were not being protected from poverty any more successfully than those in Bristol and Saarbrücken.

It is possible that certain groups of people would have large families anyway - those in low-status occupations, for instance, and members of ethnic minor-

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\* For example, Caisse Nationale des Allocations Familiales, 'Les conditions d'accès de familles à leur droits sociaux en matière de prestations familiales', Etudes CAF, No.22, 1980. Also Mouvement A.T.D. Quart Monde, Familles Pauvres de Reims: De l'Argent pour Vivre, 1980.

ities. Without family benefits many of them would be poor, especially in Rheims where the pay of less-skilled men was particularly low. If that is so, then the more generous French family benefits were going to the right people. Couples in Rheims with three or more children and some income from earnings were often poor but rarely very poor (see Table 8.1); without the family benefits many would have been in extreme poverty. On the other hand it is possible that some of them had extra children in order to get the more generous benefits for large families. If the system had any success in promoting population growth, it would tend to be with the poor since the extra benefits would make more difference to a poor couple than to a rich one. Looked at in this way the emphasis on large families seems less enlightened. On the one hand a system ought not to punish people for having children by providing inadequate family benefits and so consigning many of them to poverty. On the other hand a system that encourages couples to have large families, to the extent that it stimulates particularly the birth rate of the poor, may actually exacerbate rather than prevent poverty in the long term.

### Saarbrücken

The German system, though complex in detail, is simple in principle. It is based firmly on the idea of social insurance - in fact the Germans can claim to have invented it. The worker makes substantial contributions to compulsory insurance schemes throughout his working life, and so does his employer. In sickness, unemployment or retirement he reaps the benefit in being entitled to support related to his level of earnings and his years of contributions. The schemes are intended to provide not merely adequate support but good support for the great majority of people. For the few without insurance there is Sozialhilfe (social aid), a means-tested benefit for which people in any circumstances can apply if their income is below a certain level.

For people in well-paid, regular employment, who form the majority in prosperous times, such a system can work well. The support provided for retired people in Germany is a striking example of what a well-established insurance system in a prosperous country can do. However, a system that is successful in preserving incomes is not necessarily good at preventing poverty. When considering how well a system protects people from poverty, the insurance schemes for the many may be less important than the assistance schemes for the few (who are perhaps not so few after all).

Even among the retired in the Saarbrücken sample there were some who were not adequately supported by insurance - a small minority compared with Bristol and Rheims but too many to be regarded as minor exceptions. Among the unemployed and the long-term sick and disabled there were far more; the German system was helping these groups no better than the French system and slightly worse than the British. The 'few' who were without adequate insurance were generally not being supported by social aid. Of the households in poverty and with no income from earnings, only a fifth were getting Sozialhilfe; of the corresponding group in Bristol a half were getting supplementary benefit. Even those in Saarbrücken who were getting Sozialhilfe were not doing as well as their counterparts in Bristol on supplementary benefit, as Table 8.4 shows.

Table 8.4: Poverty in households with no income from earnings getting social assistance - supplementary benefit in Bristol and Sozialhilfe in Saarbrücken

|                      | Supplementary<br>benefit | Sozialhilfe |
|----------------------|--------------------------|-------------|
|                      | %                        | %           |
| Income 0.4 or less   | 3                        | 28          |
| 0.4 to 0.6           | 35                       | 32          |
| Over 0.6 of standard | 62                       | 40          |
| Total                | 100                      | 100         |
| Number of households | (340)                    | (69)        |

Earlier, in discussing the high take-up of supplementary benefit, we suggested several reasons why Sozialhilfe might be less acceptable. One was that this form of assistance is sharply divided from social insurance in the German system - people without entitlement to insurance are made very conscious of the fact. This is not so for the assistance payment to the unemployed - Arbeitslosenhilfe. The same office administers both unemployment assistance and unemployment insurance (Arbeitslosengeld). The assistance is means tested and at a lower rate but the fact that it is administered as part of the insurance system means that an unemployed person can move on to it without difficulty and, probably, without stigma. Consequently this form of assistance has a take-up more like that of the British supplementary benefit. Of households with no income from earnings containing an unemployed person who had been out of work for over a year (and was therefore not getting unemployment benefit in Bristol or Arbeitslosengeld in Saarbrücken), 90 per cent in Bristol were getting supplementary benefit and 80 per cent in Saarbrücken were getting Arbeitslosenhilfe.

Social insurance schemes that relate benefits to a person's contributions and to his level of earnings can provide good support for many - the German pension schemes demonstrate this - but these schemes tend to leave a minority of people, sometimes a large minority, with little or no support. If poverty is to be abolished, social insurance needs to be underpinned by an assistance scheme that provides adequate and continuing support in an acceptable way to people who would otherwise be poor. A scheme that directs resources specifically to people at risk of poverty implies some form of means-testing. Although the recent trend in most advanced countries has in principle been away from 'public' or 'charitable' assistance and towards social insurance based on rights of membership, all the three countries of our study in fact use a range of schemes that depend on such tests.

It is widely believed that means-tested benefits are stigmatising and demeaning and that, far from being a useful weapon in the fight against poverty, they represent a failure of the system to prevent poverty in more acceptable ways. Some findings from our study support this view, notably the low take-up by very poor retired people in Rheims and Saarbrücken of the means-tested benefits intended to help them - Retraite du FNS and Sozialhilfe respectively. But other findings suggest that means-tested benefits can be made acceptable. We have already noted the high take-up of supplementary benefit in Bristol and of Arbeitslosenhilfe in Saarbrücken. A further example is the take-up of means-tested family benefits by large families in Rheims; of households containing three or more children, 90 per cent in Rheims were getting some means-tested benefit, as against 26 per cent in Bristol and 18 per cent in Saarbrücken.

That some means-tested benefits are extensively taken up while others are not suggests that it is not means-testing itself that is the problem but rather the way in which the means-tested benefits are administered. If they are administered along with benefits that are not means-tested, such as social insurance benefits or universal benefits, and if the distinction between the two is not stressed, they can reach a high proportion of the people they are intended for.

### Employment

This chapter has concentrated so far on the role of benefits in protecting people against poverty. Benefits, however, are a poor substitute for earnings. With the notable exception of the retired in Saarbrücken, households depending mainly on benefits were much worse off than those in which someone had a paid job. Those in which two people had paid jobs were rarely in poverty even though the second person's earnings were often low. Helping people to get jobs, then, would seem to be an effective way of preventing poverty.

For young people the German system had the most success in preventing unemployment. The combination of further education, apprenticeships, vocational training and subsidised jobs meant that unemployment was rare among young people in Saarbrücken and almost unknown among school leavers. Britain's system of allowing school leavers some time in which to look for work and only then providing training or work experience for those still without jobs came a poor second in that many young people began their working life with some months of unemployment. It seemed better, however, than the French system which in practice - in Rheims at any rate - made little provision for school leavers and allowed some to remain unemployed indefinitely.

The majority of unemployed people of all ages made use of the official employment services in all three places. The unemployed were often critical of the services and used other methods in their search for jobs - of those who found jobs less than half found them through the employment services - but the services still played an important role in the job market. The services in Saarbrücken seemed to have more success in placing people. This was partly because they had a monopoly, in contrast to their counterparts in Bristol and Rheims, but they also provided a better service.

Beyond the provision made for young people in Saarbrücken, training was not used extensively in any of the three places as a way of getting the unemployed back into work; only a very small proportion of the unemployed were taking training or intending to do so. Some of the unemployed were sceptical about the quality of the training - a man in Bristol claimed that some advertisements stipulated 'No government-trained persons'. Obviously, jobs do not automatically appear because people have been trained to fill them but, in a changing economy, there is bound to be some discrepancy between the skills of the workforce and the type of jobs available, and training can help to bring the two into line. Of the people who were in work when interviewed but who had recently been unemployed, a few had taken training during their spell of unemployment and most of these had found jobs that made use of their new skills. It seems likely that all three countries could usefully expand training opportunities for the unemployed.

The importance of earnings draws attention also to the working status of mothers; poverty was less common among both one-parent and two-parent families where the mothers had a paid job. Policies that helped mothers to do paid work would lift more households out of poverty. Two findings from the study are relevant here. The first is the high proportion of mothers with young children in Rheims

who still had paid jobs. No doubt this is partly explained by attitudes towards mothers going out to work, but arrangements for maternity leave and day-care facilities for small children must also play a part, as we suggested in Chapter 6. Some mothers in Bristol complained about the lack of day-care facilities and it seems likely that, but for this problem, more of them would have had jobs. The other finding is the popularity of part-time work among mothers in all three places, especially Bristol. It is obviously easier to combine a paid job with taking care of children if the job takes up about 20 hours a week rather than 40. Well over half the working mothers in Bristol were doing part-time jobs and their earnings helped to keep many households out of poverty. A system that provided day-care facilities as in Rheims and part-time jobs as in Bristol would enable more mothers to have paid jobs and this could substantially reduce the extent of poverty among households with children.

For lone mothers there needs to be a balance between enabling them to do paid work and providing adequate support for those who are not working. Lone mothers who were not working fared best in Bristol, mainly because of the supplementary benefit scheme. However, because of the way that earnings were deducted from benefit (under the regulations in force at the time of the survey), along with the lack of day-care facilities, some lone mothers who might otherwise have been working were not doing so. The French and German systems largely avoided this problem but only by making the benefits so low that one-parent families without earnings and without other income such as maintenance payments were in severe poverty. A version of the British system, modified to make it both easier and more attractive to lone mothers to take a paid job, should have the most success in preventing poverty among one-parent families.

In contrast to the points we have made so far, which have been about getting people into work, our last recommendation is about enabling people to leave it. The French and German pension schemes which allow some flexibility in the age of retirement have several advantages over the British system which fixes the retirement age as 65 for men and 60 for women. In Britain a manual worker of, say, 62 who is in poor health has the options of continuing doing a job he is not fully fit for, or leaving work through illness and being long-term sick, or becoming unemployed and probably remaining so till his 65th birthday. In France and Germany, depending on his contribution record, he would often be able to retire on a pension. Given that jobs vary in the demands they make and given that people vary in their health and their enthusiasm for work, a flexible scheme must be better suited to people's needs. As well as taking some older workers out of the ranks of the unemployed and the unfit-for-work, enabling men to retire before 65 would also create some vacancies to be filled by younger unemployed people. While not suggesting that every early-retired person leaves a place to be filled by someone younger - the main effect of earlier retirement may be simply to reduce the workforce - there would probably be some effect of this kind.

Earlier retirement might appeal to some people in Britain even with the present generally low levels of pension - a long-term unemployed man in his early sixties, for instance, would benefit from being considered retired. But retirement for many in Britain, in contrast to Germany, means a substantial drop in income. There is a trend towards earlier retirement in Britain\* but it probably cannot become widespread until the growth of occupational and earnings-related schemes have brought pensions closer to earnings.

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\* Office of Population Censuses and Surveys, General Household Survey 1978, HMSO, 1980.

## Policies and poverty

Cross-national studies of social policy often confine attention to the policies themselves; calculations may be made, for example, of the amount of family benefit to which a typical couple with three children would be entitled in various countries, and conclusions are drawn about the generosity of different schemes. It is more difficult and more expensive, and therefore less common, to base the comparison on household surveys, but the advantage is that one can see how different benefits combine with each other and with other sorts of income such as earnings to determine what people actually get. It may be of some interest to see how policies look on paper but it is how they work in practice that really matters.

We have concentrated most on differences between the three places in this study, drawing out ways in which each can learn from the other two. We end by pointing out two things they have in common.

The first is the importance of paid work. For households with people of working age who are fit for work, being without earnings generally means having a low income. More jobs, whether produced by a healthier economy or created by policies of employment subsidy and job creation, would lift many households out of poverty. Paid work is also important indirectly for the long-term sick and the retired so long as they rely wholly or partly on social insurance benefits, since the success of these schemes depends on people being in well-paid, regular employment for most of their working lives. Policies on employment are an essential part of the effort to combat poverty.

The second is the persistence of poverty. Among households in our study areas - and these areas were not seriously atypical of their countries - substantial proportions were poor and some very poor. Though Britain, France and Germany are among the world's richest nations and have built up elaborate systems of social benefits, none of the three has achieved victory in the fight against poverty.

## APPENDIX

## ADDITIONAL MATERIAL AVAILABLE ON THE STUDY

Supplementary papers providing more detailed information about the research can be obtained from the Institute of Community Studies (18 Victoria Park Square, London E2 9PF; telephone 01-980 6263). A charge will be made to cover the costs of reproduction and postage. As explained in the Preface, a complete set of documents and a copy of the household survey data for the three towns have been lodged with the SSRC Archive at the University of Essex.

Supplementary Paper 1: The Household Surveys (76 pages)

Points covered include: selection of towns and study areas; pilot surveys; sampling; definition of 'head of household'; response rates; comparisons of study area populations with national populations; comparisons of survey samples with official figures for study areas and with national figures; calculating household income per person; treatment of missing information on income; definition of 'standard income'; definition of low earnings; school leavers and the timing of the surveys; intensive interviews; socio-economic classification; groups of benefits used for special analyses.

Supplementary Paper 2: The Local Services Study (13 pages)

Interviews were carried out in each town with those responsible for planning and running the various services intended to help the unemployed and the poor. The paper gives details about this study, and also describes the relevant services in each area.

Supplementary Paper 3: Additional Tables and Diagrams (12 pages)

The following are included:

- A1 Low earnings by hours of work, sex and occupational status
- A2 Occupational status and pre-tax earnings, male heads working 40 hours per week or more
- A3 Heads of household by country of birth, skin colour and nationality
- A4 Ethnic minority households compared with indigenous majorities
- A5 Poverty and ethnic minorities, households with more than one adult and at least one child in which only one person had a job.
- A6 Housing amenities, the poorest fifth of households compared with others
- A7 Interviewers' assessments of the immediate environment, the poorest fifth of households compared with others
- A8 Household durables, the poorest fifth of households compared with others
- A9 Housing amenities, unemployed poor and non-poor compared with working heads of households
- A10 Interviewers' assessments of the immediate environment, unemployed poor and non-poor compared with working heads of households

Supplementary Paper 4: Household Survey Questionnaires (64 pages)

For Bristol this comprises: Head of household questionnaire; Supplementary questionnaire for other unemployed; Showcards; List of benefits. Similar sets can be supplied for Rheims (in French) and Saarbrücken (in German).



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Cross-national comparisons of social policies are usually restricted either to official statements about rates of benefit and eligibility or to national statistics which are seldom directly comparable. It is rare for a study to be built, as this one is, on surveys specially designed to yield comparable data.

This research looks at the experience of people in three European towns — Bristol, Rheims and Saarbrücken. It questions the success of their respective governments in helping those at risk of poverty, particularly the poverty caused by unemployment. It looks also at the poverty of the disabled, the retired, one-parent families and large families. The results provide an unusually authoritative perspective on the effectiveness of measures to combat poverty.

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