



Portugal

In-work poverty and labour market segmentation

A Study of National Policies

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Summary

In a context of comparatively high and persistent levels of poverty, Portugal registers one of the highest in-work poverty rates in all 27 EU Member States – 12% in 2008 and a recent upward inflexion between 2007 and 2008. An overview of some indicators regarding the situation of the working poor population in Portugal confirms some well-known vulnerabilities of the Portuguese society, namely the impact of low education levels and short schooling trajectories in terms of low-qualified and precarious labour trajectories – clearly evident in the particularly vulnerability of old-aged workers - the precarious nature of unpaid family work and of some self-employment activities, and the higher vulnerability of non-voluntary part-time jobs and fixed term contracts.

Overall, the statistical data presented gives us a picture of the persistence of in-work vulnerabilities which derive from an economic model based on a low-salary structure and characterised by clear gender imbalances in terms of the gender pay gap – counteracting the actual gains in women's educational capital – of the persistent imbalance between average monthly earnings, of gender sectoral and occupational segregation and of asymmetric patterns of time use between men and women.

The few studies and research undertaken in Portugal in the field of in-work poverty and labour market segmentation give some useful insights into the immediate – and other less immediate – causes of these phenomena. The persistence of low-quality employment in Portugal translated into low salaries, low-qualified jobs, insecure labour relationships and a high proportion of atypical jobs is one of the well-known structuring characteristics of the Portuguese labour market which has a strong and direct impact on the characteristics of poverty in Portugal. More recently, new challenges arising from the globalisation processes and the rising of the financial and economic crisis seem to be jeopardising job security levels and labour rights in a national context where there is a strong relationship between income inequality, poverty and low salaries. Undeclared forms of work, atypical contract arrangements and other non-regular forms of labour market integration also “contribute” for job insecurity, in-work poverty and reduced prospects of employment advancement.

In a political context of rising unemployment levels, the specific debate around in-work poverty has basically been fuelled by non-governmental actors, namely regarding the very low levels of salaries among the working population, the low level of the national minimum salary, the proliferation of precarious forms of contractual arrangements and the impacts of the crisis on families' incomes and quality of life.

Since 2007 a set of new measures – either linked to the approval of the new Labour Code or to the Employment and Investment Initiatives – have tried to address some specific labour related constraints with a direct impact on in-work poverty and labour market segmentation. Several criticisms have been put forward regarding the actual effects of such initiatives both in terms of the benefits to the workers and in the enhancement of the quality of employment.

1. General Statistical Overview

In work poverty statistics must be framed by some overall indicators on poverty and inequality in Portugal.

The most recent available data on poverty¹ released by the Portuguese NSI and based on 2008 EU-SILC data shows that the poverty rate remained at 18% (income data from 2007), corresponding to a poverty threshold of € 4 878 annual income per equivalent adult. This figure still remains 2 percent points above the EU 25 average for the same year (16%) and one pp above the EU27 (17%).

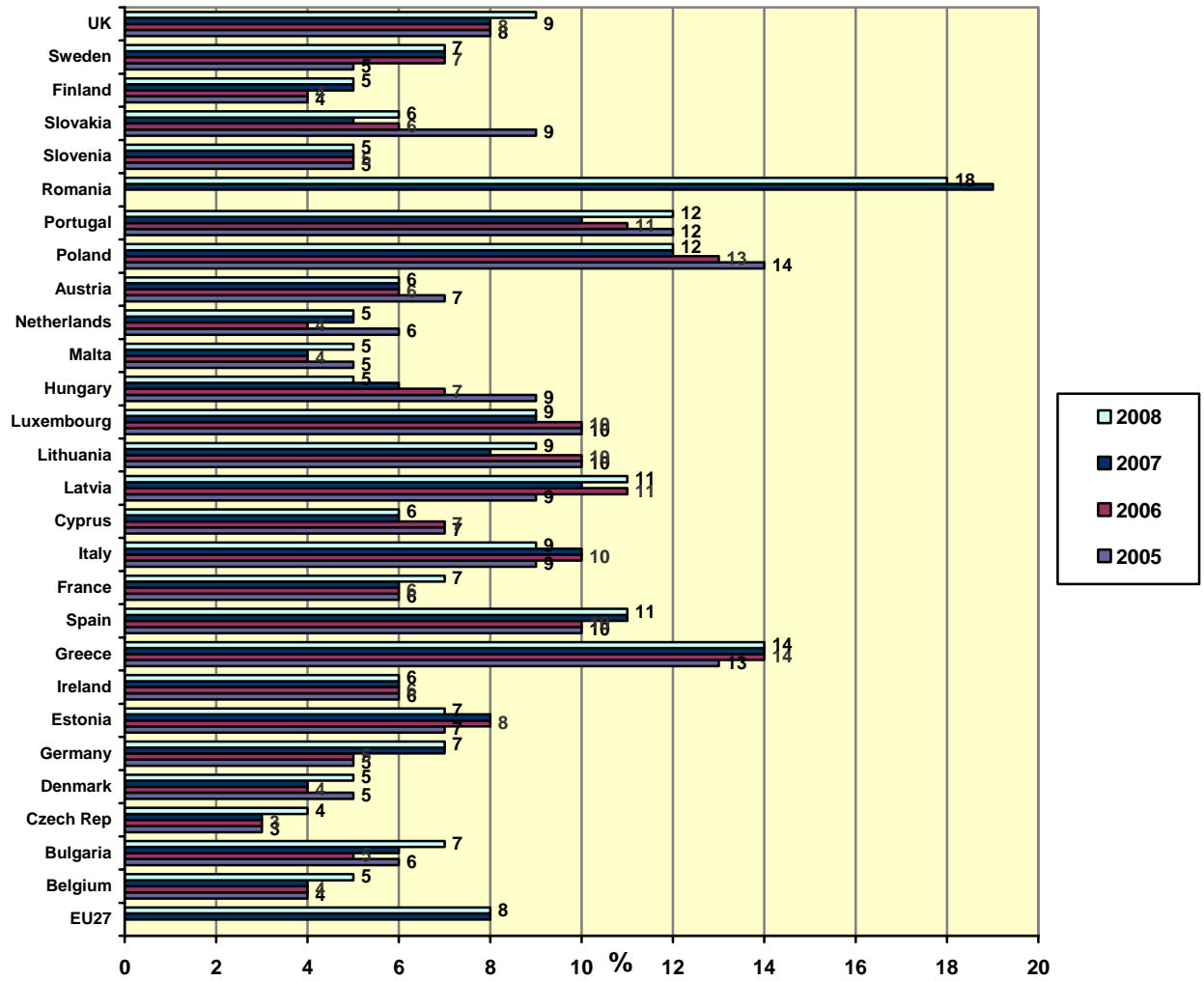
Comparing EU-SILC data for Portugal between 2005 and 2008 it is possible to observe a decreasing trend in the inequality of income distribution since 2005 (from 6.9 to 6.1 in 2008). Nevertheless, it must be stressed that this latest figure was still above the EU25 ratio which in 2008 was 4.8 (5.0 for EU27, and presenting an irregular trend since 2005, i.e. from 4.9 in 2005 to 4.8 in 2006 and 5.0 in 2007 and 2008).

Labour market participation is an important element in reducing the risk of falling into poverty. In fact, looking at the specific situation of employed individuals in Portugal, the statistical data available confirm that employment represents an important protection factor against the risk of poverty. According to 2008 EU-SILC data unemployed persons and other inactive individuals constitute the groups who are at greater risk of poverty: 35% and 28%, respectively. In the second group, women are the most vulnerable: 29% compared with 24% for men. Among the unemployed people, women and men present the same risk situation (35%).

Nevertheless, being employed does not necessarily mean “being out of poverty”, particularly in Portugal where the proportion of employed people who are at risk of poverty in Portugal (12%) is among the highest in all 27 EU Member States (EU27). Figure 1 shows not only that this is the present situation in 2008, but also that Portugal has consistently shown above EU average in-work poverty rates since 2005.

¹ 2008 EU-SILC referring to 2007 income information available in http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaquas&DESTAQUESdest_boui=72009200&DESTAQUEsmodo=2&xlang=pt

Figure 1. In-work-at risk of poverty rate by country 2005-2008

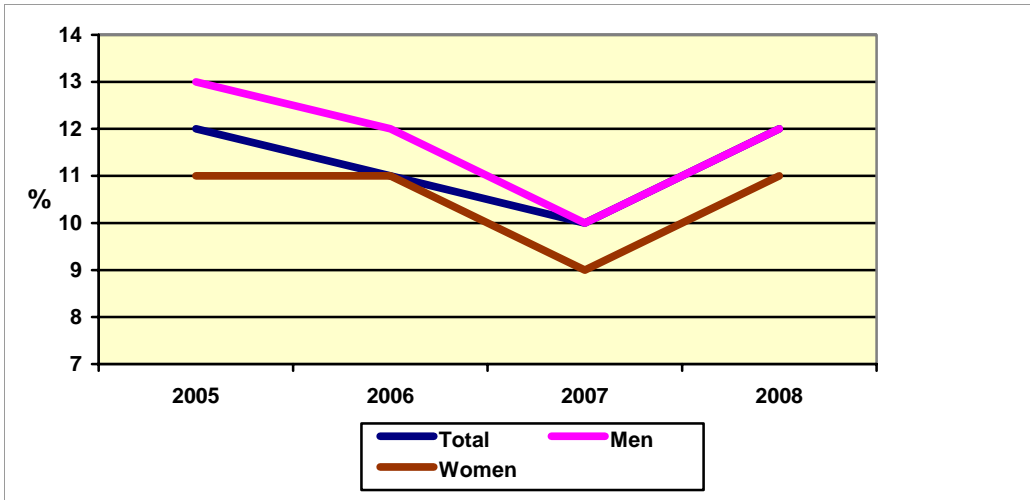


Source: Eurostat, EU-SILC 2005-2008

In Portugal – as in many other EU countries – the at risk of poverty rate among employed people is higher for men than women: 12% and 11%, respectively.

On the other hand, it is possible to observe an increase of two per cent points between 2007 and 2008, both in the total figures (10% versus 12%) as in the in-work poverty rates of both men and women, as illustrated in the figure below.

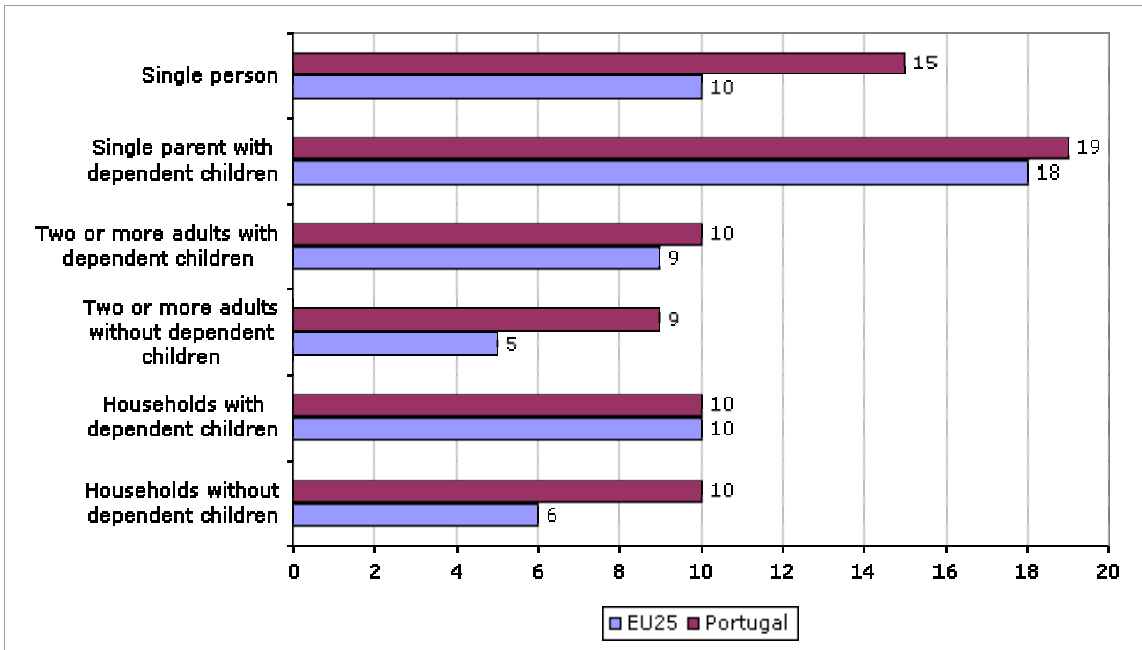
Figure 2. In-work-at risk of poverty rate by gender 2005-2008



Source: Eurostat, EU-SILC 2005-2008

Contrary to what happens among the unemployed and among other inactive population, women present a lower risk of in-work poverty than men. Given the well-known lower levels of women's salaries/earnings in Portugal, this lower risk faced by employed women may eventually be linked to households' characteristics (e.g. living with a partner who is also working).

Figure 3. In-work-at risk of poverty rate by household type Portugal and EU 25 – 2007 (%)



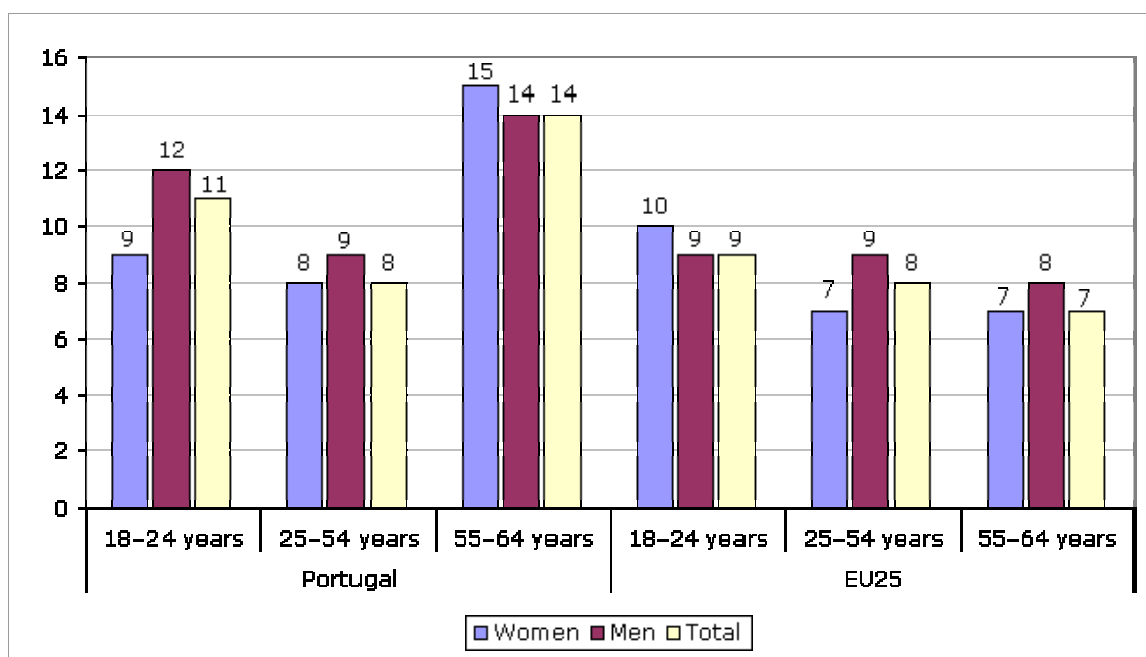
Source: Eurostat, EU-SILC 2007

In fact, across the European Union, statistics show that, if women are in work, they are on average less likely than men to live in poor households. Nonetheless, women are more likely than men to live in circumstances which represent a particular risk of poverty, such as being a lone parent. Figure 3 confirms this higher vulnerability of lone-parent households even when the mother/father is working, both in Portugal and across the EU. In Portugal, where the large

majority of loneparent households is headed by women (they represent 87% of the total loneparent households in 2009), this increased risk of in-work poverty among this type of households is certainly affecting a much higher proportion of women.

Single persons are also particularly vulnerable to in-work poverty particularly in Portugal where the in-work poverty rate reached 15% in 2007. This particularly high vulnerability of single person households who are working can only be linked to the low levels of work related income, either salaries or other forms of income linked to working activities, very often representing precarious and uncertain labour ties.

Figure 4. In-work-at risk of poverty rate by gender and age
Portugal and EU 25 – 2007 (%)

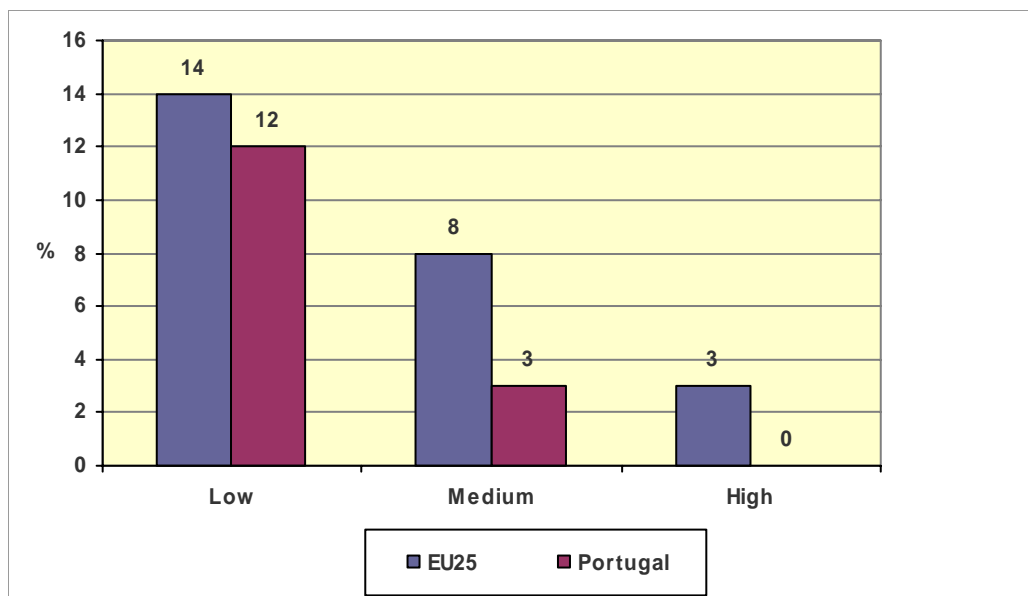


Source: Eurostat, EU-SILC 2007

The analysis of other indicators regarding the situation of employed population at risk of poverty confirms some well-known vulnerabilities of the Portuguese society. In fact, contrary to what happens in the EU25, older workers have the highest risk of poverty in Portugal (15% for women and 14% for men). The higher vulnerability of the elderly in Portugal is usually associated with low pensions which derive from precarious labour trajectories, characterised namely by low-paid and low-qualified jobs. Figure 4 seems to show us the "step before" entering into retirement – known as a highly vulnerable transition – where for many older workers the risk was already there and the "new" stage will probably represent the worsening of an existing vulnerable trajectory.

In Portugal, adult men face a higher risk of poverty than women except for the 55–64 age group, where the figure is higher among women, contrary to what happens in the EU25 where young adult women face a higher risk of poverty than young adult men.

Figure 5. In-work-at risk of poverty rate by educational level *
Portugal and EU 25 – 2007 (%)



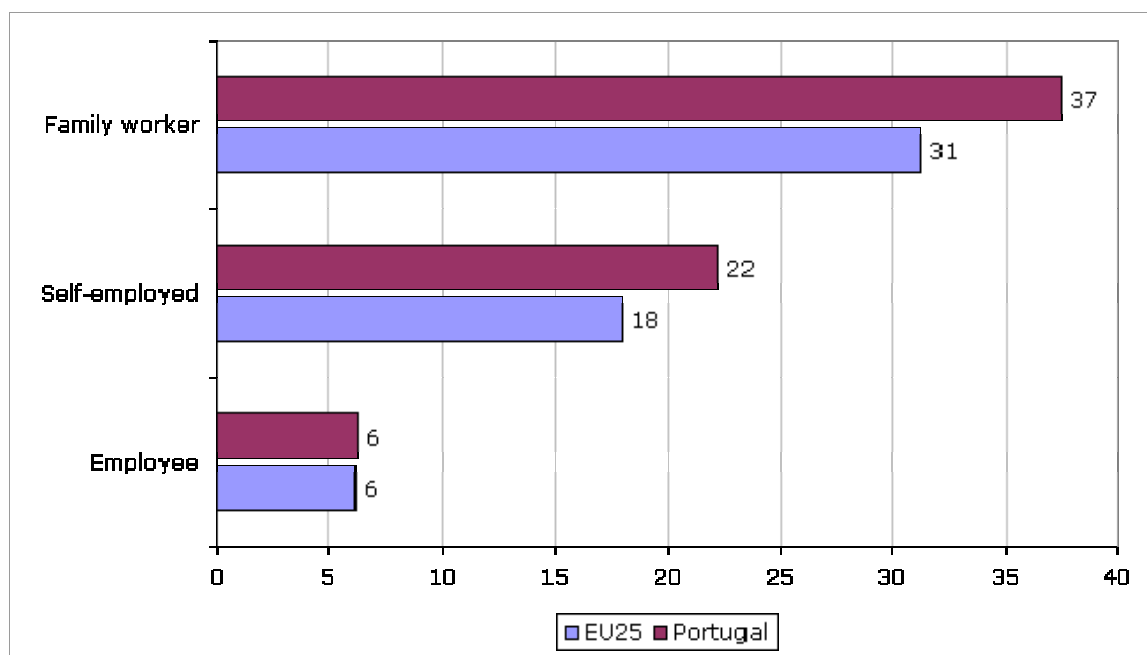
* Low = ISCED 0-2; Medium = ISCED 3-4; High = ISCED 5-6

Source: Eurostat, EU-SILC 2007

Precarious labour trajectories and vulnerability to in-work poverty are often associated to low-qualifications and to the presence of short and interrupted school trajectories and early entrances into the labour market. Figure 5 above clearly illustrates the relationship between risk of in-work poverty and low educational levels. Moving from low educational levels towards higher ones clearly enhances the probability to escape in-work poverty, both in Portugal and in the EU25. However, it also appears that low-educated workers are less exposed to poverty in Portugal than in the EU25, a trend that intensifies when moving towards high educational levels: high educated workers in Portugal show a 0% poverty risk, while in the EU25 this rate is 3%. The generally low educational levels of the Portuguese population² may contribute to these differences, particularly as regards a certain “normalisation” of low educational levels among workers and a higher probability of their “acceptance” in the labour market. This said, the higher vulnerability of low-educated workers regarding in-work poverty remains a fact and the low educational levels of the Portuguese population – including workers – remain one of the most important structural hindrances in the Portuguese society, directly contributing to the persisting high levels of poverty and in-work poverty.

² According to Eurostat data, also for 2007, in Portugal the proportion of the population in the 20-24 age group having completed at least upper secondary education (ISCED 3) was one of the lowest among all EU27 countries (53.4% vs. an average of 78.1%).

Figure 6. In-work-at risk of poverty rate by professional status
Portugal and EU 25 – 2007 %



Source: Eurostat, EU-SILC 2007

Job characteristics also play a role in the vulnerability levels of workers as far as poverty is concerned. Figure 6 shows a higher incidence of in-work poverty among family workers (37%) and the self-employed (22%). In Portugal, this risk is higher than in the EU25 countries. Employees have the lowest risk of in-work poverty. In Portugal, several studies have shown the particularly vulnerable situation of these two groups of workers, both in terms of low levels of income involved, in the unstable working conditions and in the lack of social protection.

Moreover, the nature of contractual and working arrangements also influences the vulnerability of workers regarding poverty situations. Data from EU-SILC 2008³ shows that the risk of in-work poverty is higher among individuals with fixed-term contracts and working on a part-time basis than among those who have a permanent contract and those in full-time employment.

Table 1. In-work poverty risk after social transfers according to contractual and working arrangements, Portugal and EU27, 2008 - %

	Type of contract		Working hours	
	Fixed-term	Permanent	Part-time	Full-time
EU27	13	5	12	7
Portugal	11	7	27	10

Source: EU-SILC 2008

In countries like Portugal where part-time work still represents a weak share of the total employment –11.6% according to the 2009 national available data from the Labour Force Survey – the vulnerability associated to this type of working arrangements is extremely high (17 per cent points difference in the poverty risk between part-time and full-time work). In countries where part-time work is more widespread and is often the result of an actual “choice” (e.g. the

³ Available in <http://observatorio-das-desigualdades.cies.iscte.pt/index.jsp?page=indicators&id=93&lang=pt>

Netherlands), this gap is much more reduced (4% risk for full time work versus 5% risk for part-time work).

Looking at low-paid workers only (not considering the income of their household), the proportion of full-time employees earning below 60% of median earnings (data from 2007 EU-SILC) amounts to 10.4% in Portugal, compared to 14.0% in EU25. This proportion is far higher for female employees (14.8%) than for male employees (6.7%). The proportion of those with earnings below 60% of median earnings is very high for self-employed people aged 25 years and over (29.6%). This is particularly true for women (42.6%, compared with 22.6% for men). These figures must be read carefully taking into account that in Portugal is characterised by a low-salary structure and therefore presents low levels of median incomes. According to the OECD study "Growing Unequal" Portugal occupies the 6th position among the countries with the lower median of the total earnings, which confirms other recent studies published in Portugal (Rodrigues, 2007), according to which the very low levels of salaries still remain one of the outstanding characteristics of the Portuguese economy. This issue will be further discussed in the following sections of this report.

Available statistical data from the EU Labour Force Survey for 2008⁴ confirms that most of the individuals who, in Portugal, have either fixed-term or part-time jobs "could not find a permanent job". Issues like education or training, care of children or actual "choice" are almost inexistant (figures never exceeding 1% for each reason) in the Portuguese case.

Concurrently, the analysis of the at-risk-of poverty among households, taking into account the labour intensity of the household's adult members also shows the buffering effect of work. In Portugal – as in all other EU27 countries – the risk of poverty clearly increases when the labour intensity in the household moves from 1 to 0⁵. Table 2 shows the effect of labour intensity levels in the risk of poverty.

Table 2. Poverty risk after social transfers according to labour intensity levels Portugal and EU27, 2008 - %

	Households without dependent children		Households with dependent children	
	Labour intensity =1	Labour intensity =0	Labour intensity =1	Labour intensity =0
EU27	5	32	8	62
Portugal	8	31	10	69

Source: EU-SILC 2008

As expected, all households face a much higher risk of poverty when the levels of labour intensity decrease, a situation which is particularly serious among households with dependent children, both in Portugal and in the EU27.

Looking at the statistical data on the **transitions by pay level and by type of contract between 2006 and 2007**⁶ it is possible to observe that, comparing to EU25 average, in Portugal there is a

⁴ Available in <http://ec.europa.eu/social/main.jsp?catId=477&langId=en>

⁵ Labour intensity is equal to 0 when none of the household members of working age have worked at least one month during the year; labour intensity is equal to 1 one when all the the household members of working age have worked all the months in a given year.

⁶ Available in <http://ec.europa.eu/social/main.jsp?catId=477&langId=en>

higher immobility in the lowest deciles (decile 1) and a higher probability to drop to lower levels (deciles 1, 2 and 3). On the other hand, there is a lower probability to drop into unemployment (deciles 1 and 2).

Moreover, looking at transitions by type of contract the most evident facts relate to the stable situation of permanent employees (following EU trends), contrary to the situation of temporary employees who in Portugal face a much lower probability of moving into permanent situations (35% in EU compared to 18% in Portugal).

Overtime work in Portugal is irrelevant comparing to the EU average. Although this figure has been growing since 2005 (1.1%) the figure in 2008 is 1.8% compared to 5.5% in EU15. Women are even less probable to have reported overtime work than men (the same trend as in Europe). In 2008, in Portugal, only 1.5% women reported overtime, compared to 2.0% men.

Access to flexitime is also less relevant in Portugal than in Europe. In 2004, only 19.9% of total employees in Portugal reported having other working time arrangements than fixed start and end of a working day, compared to 31.3% in EU27. Men have more access to flexitime (22.4%) than women (17%). The same trend is registered in Europe.

Another relevant national indicator directly related to in-work poverty is the evolution of trends regarding the minimum wage in Portugal. According to the latest data release⁷ from the Office of Strategy and Planning of the Ministry of Labour and Social Solidarity (*Gabinete de Estratégia e Planeamento, Ministério do Trabalho e da Solidariedade Social, GEP/MTSS*), the proportion of full-time employees who receive the minimum wage has increased in Portugal, from 4.5% in October 2006 to 8.2% in April 2009. Among these women consistently present higher figures than men (12.1% versus 5.3% respectively in April 2009).

Data based on Personnel records (*Quadros de Pessoa*) provided on request also show that apart from women, there is also a persistent overrepresentation of younger workers (up to 19 years old, and up to 24 years in particular) as well as older workers (aged 65 years or above) among those earning the minimum wage. In addition, foreign nationals, with the exception of those from North America, show very high proportions of workers receiving the minimum wage. This is particularly the case among nationals from Asia and South America: 42.9% and 22.3%, respectively, compared with 10.4% for Portuguese nationals (2007 data). The differences between nationals and migrant workers have been increasing since 2003.

The same statistical source provides data on workers who receive up to two thirds of median earnings. Low-paid workers are all those positioned below this threshold. In 2007, 12.5% of all workers in Portugal were below this threshold. More women than men were found in this group (18.1% and 8.3% respectively in 2007) and once again younger workers aged up to 24 years appear in a particularly vulnerable situation regarding low wages: 40.3% of the 15–19 age group and 22.6% of those aged 20–24 years received up to two thirds of median earnings in 2007. Among non-national workers, migrants from Asia (48.9% in 2007) and from South America (24.5% in 2007) show the highest vulnerability towards low wages.

The issue of gender has been consistently identified in the statistical data presented above as a relevant feature regarding in-work poverty vulnerability. Although differences between men and women have been highlighted throughout the previous paragraphs, some further statistical data

⁷ Available in <http://www.gep.mtss.gov.pt/estatistica/be/beabr2010.pdf>

available will allow us to have a better perspective on the relevant impact of gender as far as in-work poverty is concerned.

In Portugal, over the last few years, female employment has increased regularly at a rate consistently higher than for the EU27. The female employment rate reached the 2010 Lisbon Objective of 60% already in 2000. In 2009 the female employment rate reached 61.7 compared with 58.6% In the EU27. However, this convergence of male and female employment rates since 2000 has been accompanied by relative inertia in terms of the pay gap between the sexes (table 3).

Table 3. Gender Pay Gap*
Portugal and EU27, 2005-2008 - %

2005		2006		2007		2008	
EU27	Portugal	EU27	Portugal	EU27	Portugal	EU27	Portugal
15	9	15s	8p	17.6	8.3	18	9.2

*Difference between men's and women's average gross hourly earnings as a percentage of men's average gross hourly earnings (for paid employees)

p= provisional value

s = Eurostat estimate

Source: 2005, 2006 National sources, Eurostat

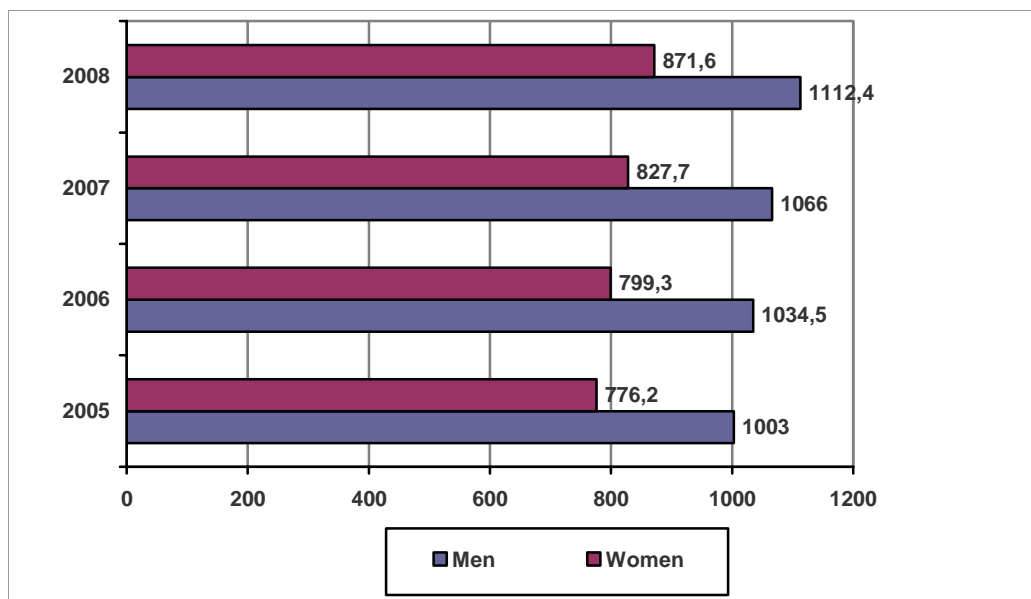
2007, 2008 Structure or Earnings Survey, Eurostat

This slight widening of the pay gap in Portugal shows that in spite of actual gains in women's educational capital (in 2008 the percentage of female population aged 20 to 24 having completed at least upper secondary education was 61.9% compared to 47.1% of male population), the recent rise in female employment rates has not resulted in a corresponding balance in terms of pay and jobs occupied.

The analysis of the gender pay gap, taking into consideration the levels of qualification of both men and women shows that the pay gap between men and women is directly proportional to the levels of qualification, i.e. it is particularly high among high level executives: the ratio between women's and men's pay is 71.1% in terms of base salary and of 69.7% in terms of earnings. At the lower levels, this ratio is lower, namely among non-qualified workers where the ratio reaches 89.4% and 84.4%, considering either the base salary or earnings.

Figure 7 shows the imbalance between average monthly earnings between men and women in Portugal which has an impact on vulnerability faced by employed women compared to employed men.

Figure 7. Average monthly earnings by gender (€)
Portugal, 2005-2008



Source: GEP/MTSS – Quadros de Pessoal

Sectoral and occupational gender segregation is partly responsible for these differences. In Portugal, labour market segregation according to gender is clearly visible in the concentration of women in the tertiary sector – the only sector where they are overrepresented – where they account for 55.3% of the total employment in 2008. In 2008 the activities which registered the highest feminisation rate were “other services” (98.1%), “health and social action”(83.5%) and education (76.7%). This share increased 0.3 per cent points between 2006 and 2008.

As regards occupational segregation the available data for 2008⁸ shows that women are overrepresented among less qualified professions such as “service personnel and sales persons” (67.6%), “non-qualified workers” (66.8%) and “administrative personnel and similar” (61.1%). Nevertheless, it is also true that women are also slightly overrepresented among “intellectual and scientific” personnel (55.9%). Between 2006 and 2008 there was an increase of female employment in less qualified professions and a decrease in professions which are associated to higher qualification levels. Figure 8 below compares the rates of gender segregation – in occupations and in sectors – between Portugal and the EU27 in a period of 4 years.

⁸ Available in http://www.cite.gov.pt/asstscite/downloads/Relat_Lei10.pdf

**Figure 8. Occupational and sectoral gender segregation %
Portugal and EU27, 2005-2008**

Gender segreg.	2005		2006		2007		2008	
	EU27	Portugal	EU27	Portugal	EU27	Portugal	EU27	Portugal
In occupations	25.9	25.9	26.0	26.5	26.0	26.5	26.0	27.3
In sectors	18.5	20.5	18.7	20.4	18.9	20.6	19.4	21.7

Source: EU Labour Force Survey

From the figures above it becomes clear that gender segregation figures have either remained stable in the four year period or even registered a slight increase throughout the years. Furthermore, Portugal consistently presents higher segregation rates than the EU27 average and a widening trend of the existing gap particularly between 2007 and 2008.

Gender imbalances and their impacts on the increased vulnerability of women to poverty should also be analysed taking into account the increased responsibilities assumed by women as regards non-paid work, particularly in the sphere of care responsibilities towards children and other dependant persons in the household.

The table below clearly shows how the lack of care services may have an impact on inactivity and undesired part-time work and how this impact is different for men and women. The proportion of women who in Portugal are either inactive or working part-time because of the lack of care services is consistently higher (and increasing) than in the EU27. Not surprisingly, women with care responsibilities who are inactive or working part-time represent a much lower share in the total population in Portugal than in the EU27.

In fact, these results should be read in a context – Portugal – where female employment has been increasing at a consistently higher rate than for men and also at a higher rate than for the EU27. The female employment rate reached the 2010 Lisbon Objective of 60% already in 2000, reaching 62.5% in 2008 (compared with 59.1% in the EU27). Moreover, it is important to highlight that the majority of women in Portugal work full-time, contrary to what happens in most EU countries, where the increased female participation in the labour market is characterised by a high proportion of part-time work. In this context, inactivity and part time work among women due to lack of care services– as shown in the table below – represents a real challenge to the promotion of equal opportunities and work-life balance.

Table 2. Inactivity and part time work due to lack of care services for children and other dependants – Portugal and EU27, 2006-2008

	2006		2007		2008	
	EU27	Portugal	EU27	Portugal	EU27	Portugal
Inactivity and part-time work due to lack of care services (% of pers. with care resp.)						
Men	25.7	na	27.7	na	25.0	na
Women	26.7	29.0	27.9	30.6	29.9	33.0
Inactive persons and part-time workers with care responsibilities (% of total pop.)						
Men	0.3	na	1.2	na	0.3	na
Women	8.6	2.9	9.6	2.5	8.9	2.4

Source: EU Labour Force Survey

Although dating from 2005, the results of the 4th European Survey on Labour Conditions, conducted by the European Foundation for the Improvement of Living and Working Conditions show a significant imbalance between unpaid work responsibilities between men and women. This study showed that, in average, per week men devote more 2hours and 24 minutes to paid job than women. However, as far as unpaid work is concerned – domestic chores, taking care of children or other dependent family members – women spend per week 16 hours more than men. This means that in terms of the total working time (including commuting time between home and work), women work over 13 hours more than men, every week.

Thus, the patterns of time use of women and men seemed to be marked by clear asymmetries, particularly in terms of unpaid work in the domestic sphere. These asymmetries together with asymmetries in paid remuneration, with the mismatch between female qualifications and professional achievement, with the lack of actual alternatives in terms of part-time work will certainly contribute to penalize women in general and particularly those faced with the risk of poverty.

2. In-work poverty and labour market segmentation: a national review on research and political debate

2.1 Relevant research overview

The issue of the “working poor” in Portugal has not, until recently, gained much attention either in terms of research or in terms of political debate. Nevertheless, since the very first studies on poverty dating back to 1985 (Costa, Silva et al, 1985) it became clear that in Portugal it was possible to identify a clear link between poverty and the low quality of labour integration among poor individuals. The persistence of low-quality employment in Portugal translated into low salaries, insecure labour relationships and a high proportion of atypical jobs is one of the structuring characteristics of the Portuguese labour market with a strong and direct impact on the characteristics of poverty in Portugal.

In a context of growing competitive pressure brought about by recent globalisation processes, the issue of labour security is faced with new challenges: job security and ensured rights are now being replaced by instability and threat or in other words by increased vulnerability and risk (Hespanha e Carapinheiro, orgs. 2001)

In spite of the scientific recognition that in-work poverty is a relevant phenomenon in the Portuguese society, there is no existing research specifically addressing this issue. Some recent studies on poverty and inequality have nevertheless tried to unveil some of the relevant features of this phenomenon.

Rodrigues (2007) analyses the relationship between inequalities and low wages. The study based on data collected through the Household Budget Surveys (*Inquérito aos Orçamentos Familiares*) conducted between 1989/1990 and 2000 shows that inequalities in Portugal are related to low wages as well as to the existing inequality in income distribution. In 2008, the same author wrote a conference paper where he updated the analysis. Based on data from the 2006 EU-SILC (reference income from 2005), Rodrigues argues that Portugal has the second highest levels of inequality in the EU, surpassed only by Latvia. In Portugal, the Gini inequality index was 6.8 while the EU average was 4.8; this index is 0 when there is perfect equality and 10 when income is concentrated in just one person. Between 2000 and 2005, the increase in the total income of the poorest 20% of the population was only from 6.9% to 7% while the increase among the richest 20% of the population was from 44.1% to 45.1%. According to this study, wages are the income component that most contributes to understanding inequality, explaining about two thirds of total inequality.

Carmo and Cantante (2008) based on the data produced by several international organisations (EC, OECD and ILO) which were published during 2008 analyse the relationship between inequality, poverty and low salaries⁹. The authors highlight the fact that Portugal remains one of the EU countries with one of the highest poverty rates, which have slightly decreased along the years and where inequality levels – although persistently high – have stabilised. Nevertheless, they argue “the society has not become less asymmetric, precisely because the available income continued to grow in the upper income levels of the population” (Carmo and Cantante, 2008). Moreover, the analysis of the social mobility of Portuguese individuals shows that those coming from vulnerable families have the lowest chances to move upwards compared to individuals from the same background living in the other EU25 countries. Finally, the authors point out the issue of low salaries in Portugal as one of the major frailties for the sustainability of the economy. Figures for 2007 show that the Portuguese minimum wage is one of the lowest in the European context (exception made to some new MS) and the annual increase (between 2001 and 2007) has also been characterised by an extremely low rate: around 0.36%. Rosa (2009d) corroborates these findings by performing a comparative analysis on levels of the national minimum salaries in 9 EU-15 countries in 1999, 2004 and 2009. According to the author, the Portuguese national minimum salary is much lower than any other national minimum salary, and even though it has registered some significant increases during this period in 2009 it was still much below that of the 9 countries considered (from 38.7% lower than in Spain to 212.7% lower than in Luxembourg).

One of the latest studies that has managed to raise an increased public and political attention on in-work poverty in Portugal was published publicly presented in the beginning of the second semester 2008 (Costa et al, 2008). The study directly addressing poverty and social exclusion in Portugal combines a cross-sectional and a dynamic analysis of poverty based on EU-SILC and ECHP data. One of the most striking outcomes of the study derives from the dynamic analysis performed based on the 6 year period (from 1995 to 2000¹⁰) covered: almost half (47%) of the Portuguese households are vulnerable to poverty, since at least in one year of the period they

⁹ Available in <http://observatorio-das-desigualdades.cies.iscte.pt/index.jsp?page=indicators&id=51>

¹⁰ Data based on ECHP waves from 1995 to 2000.

were below the poverty line. Among these households, almost three in every four (72%) were poor for at least two years out of the six.

The study which highlights the persistent and extensive character of poverty in Portugal pays specific attention to the persistence of a very high share of employed population among the poor. Although the risk of poverty is lower among working individuals compared to the retired, the unemployed and the other inactive, the authors draw attention to the fact that in 2004 employed individuals accounted for 39% of the poor population. Given the weight of this group among the poor population, a direct survey was launched in the end of 2006 to all those household representatives who in 2004 were both poor and working. Some of the results of the survey on those 300 households (900 persons) highlighted some other policy relevant information:

- The great majority of these working poor (72%) started to work before 16 years old and among these 31% before 12 years old;
- More than 80% have full-time jobs and more than three in every four make their contributions to Social Security;
- Among employees around 80% have a written contract and only 18 % had more than one employer during the two years before the survey;
- Although 70% of the respondents reached a higher education level than their parents, three in every four respondents completed only the 6th year education.

Based on these results, the authors point out the need to question some of the assumptions which have often been made regarding immediate connections between part-time work, fixed-term contracts and other precarious labour conditions on the one hand, and in-work poverty on the other. Although recognising the relevance of these labour market features in terms of increased risk of in-work poverty, the fact that the large majority of the working poor have full-time jobs, written contracts and are covered by social protection raises some challenges in terms of policy implications: *"labour precarity, although representing an increased vulnerability risk towards poverty, is not a characteristic of the labour condition of the large majority of the poor population. Therefore, at this level, the causes of poverty should be looked for in deeper aspects of the labour market. We are dealing here with the primary distribution of income, which is fundamentally under the scope of economic policy."* (Costa et al, 2008: 186)

Several recent studies by Rosa (2009a; 2009b, 2009c; 2009d) focus on the relationship between labour precarity, low salaries, unemployment and growing income poverty. The author draws attention to the fact that the State itself is promoting higher levels of job precarity – through the replacement of permanent staff (retired civil servants) by fixed-term contracts – and a growing privatisation of public services: "Between 2005 and 2010, personnel costs significantly reduced (from 14.3% to 10.9% of the GDP), but the expenses in the acquisition of services from private firms grew 43.3%."¹¹

The issue of low-paid jobs is another issue under analysis by Rosa (2009b). Based on the NSI data from the Employment Survey the author shows that in the first quarter of 2009, 41% of the Portuguese employees earned a net monthly salary lower than 600 Euros, and only 3.8% of the total employees earn more than 1800 euros/month. The author concludes that once again these

¹¹ Available at www.eugeniorosa.com

data show that “the Portuguese economic model based on low salaries persists, and no significant change has occurred in the latest years”.

Drawing on the latest data released by the NSI in July 2009¹², showing the rise of 2 per cent points in in-work poverty between 2007 and 2008 Rosa (2009c) stresses the worrying situation of the over 600.000 employees who although employed, still do not manage to live above the poverty threshold, which means that their income is below 384.5 euros/month¹³. In face of this reality the author stresses the importance of significantly raising the level of the minimum salary and ensuring that employers do in fact respect this minimum level so that “it is possible to fight the increase of in-work poverty.”

Oliveira e Carvalho (2010) studied the issue of regulation and the labour market in Portugal and in Europe. The authors show that in Portugal the largely involuntary precarious situation of the adult population progressively worsened between 1995 and 2005. In Portugal – as overall in Europe – labour markets are developing new forms of salary relationships, characterised by a stronger liberalisation of employment relationships.

In 2003, the Office for Strategy and Planning of the Ministry for Labour and Social Solidarity promoted a study (Centeno, coord., 2006) focusing specifically on undeclared work. The aim of the study was two-fold: To identify methodological alternatives to evaluate the dimension of undeclared work which are best adapted to the Portuguese reality; to test a quantitative approach to undeclared work in a strategic sector: the building sector.

The authors highlight the fact that this type of undeclared component of the economy which are escaping to control mechanisms in terms of taxation and accounting rules, represents a particularly dynamic segment of the economic activity, which allows lower operating costs for employers and thus – illegally – enhances their competition capacity. At the same time it promotes illegal and precarious labour relations, in sectors particularly attractive to unskilled workers. This may explain why, according to this study, in 2001, undeclared work – as an equivalent to full-time work – in the construction sector varied between 15% and 37% of total labour.

In 2008 the Portuguese national contribution (Perista and Cabrita, 2008) to the comparative report on *Flexible forms of work: ‘very atypical’ contractual arrangements* prepared by the European Foundation on Working and Living Conditions¹⁴ analyses non-standard forms of employment in Portugal. Although highlighting the rather limited information (both statistics and research) available on this topic, the authors provide some insights on one specific form of non-standard employment: very short part-time contracts, which means less than 10 hours per week. The available information from the Personnel Records data (Ministry of Labour and Social Solidarity) for 2006, only gives a picture on employees with a regular weekly working period lower or equal to **15 hours**. According to the above mentioned study, that specific group of employees

¹² Available http://www.ine.pt/xportal/xmain?xpid=INE&xpgid=ine_destaques&DESTAQUESdest_boui=72009200&DESTAQUESmodo=2&xlang=pt

¹³ The author uses a different figure from that of the NSI, since he considers not 12 months salary, but the 12 months salary plus the Christmas and holiday monthly allowances, i.e. 14 months

¹⁴ Available at <http://www.eurofound.europa.eu/ewco/topicreports.htm>

represented 32.7% of the employees working part-time, corresponding to 1.5% of all employees. As far as the consequences of this type of non-standard work on working conditions, the authors refer to data from Work Orientations III – 2005 of the ISSP which provides evidence in what concerns job security, perception of income, opportunities for advancement, working hours vs. money earned and job satisfaction. Those working less than 15 hours a week present the worst scores in terms of job security, level of income, opportunities for advancement in their jobs and quality (level of interest) of the job. The authors highlight one apparently paradoxical result of the analysis performed regarding job satisfaction: “Paradoxically, and despite all the previous considerations, individuals working less than 15 hours per week seem to be more satisfied with their job than those working between 15 and 34 hours and almost as satisfied as full-timers. Over three quarters of the first group are satisfied (fairly, very and completely) with their job.” (Perista and Cabrita, 2008: 7)

Another relevant study promoted by the European Foundation on Working and Living Conditions concerns the *Quality of work and employment of low-qualified workers*. The Portuguese national contribution (Cabrita, 2008) to this European comparative report highlights the decreasing trend of the share of low qualified workers within the total workforce in Portugal (from 78.7 in 2000 to 70.8% in 2007), and the specific gender differences among this group: the proportion of low qualified women is much lower than their male counterparts in the younger group (29-49), while the opposite occurs in the older group (50-64). A sectoral concentration of low-qualified workers is also obvious in the manufacturing, construction, wholesale and retail trade and agriculture and fishing sectors, whereas training opportunities to improve job skills seem to be much lower for low qualified workers than for the other categories of workers. In line with other authors, Cabrita (2008) argues that the “prevalence of low qualified workers in the Portuguese labour market has been considered as one of the most important constraints to national competitiveness and development.” (Cabrita, 2008: 1)

2.2 New and old political debates

As referred to above the issue of the working poor has not traditionally been a hot issue in the political agenda, particularly from the side of the successive governments.

The “poverty incidence” oriented perspective of most statistical analysis which is made available tends to bring to light the so-called vulnerable groups, rather than those which, in spite of presenting low levels of vulnerability regarding poverty, have an important weight in the overall poor population. On the other hand, the prevalence of indicators related to unemployment – the crucial relevance of which is obvious – as reference indicators at the European level (e.g. unemployment level, percentage of jobless households) may, in a given country, obscure some other important structural hindrances of the labour market which are relevant for the debate on poverty issues. The political debate – particularly Government positions – tend to be anchored on these “European agreed” indicators.

From the side of the social partners – particularly trade union federations – there have been several critical positions regarding the absence of the working poor as a target group in the policies designed by the Government in recent years and therefore the consequent absence of specific measures aiming at minimising the low levels of salaries and other precarious working conditions they are subject to.

Under the scope of the Portuguese Social and Economic Council there have been several public positionings of the social partners regarding either the National Strategy Reports or the

Government's Great Options for the Plan, criticising the lack of policies' ambition as far as the Portuguese development model is concerned and its "outcomes" in terms of poverty and inequality. The issue of the quality of jobs and working conditions have been among some of those criticisms.

In the beginning of the second semester 2008, the issue of the "working poor" in Portugal gained an increased public attention with the publication and public presentation of a study on poverty and social exclusion in Portugal (Costa, et al: 2008). In fact, the study highlighted the persistence of a very high share of employed population among the poor (39%) and the fact that in Portugal, poverty continues to be considered, generally, a residual and peripheric phenomenon which is faced by residual anti-poverty programmes which are mere add-ons to the existing social and economic policies and which do not strike the structural hindrances of the Portuguese society.

The political debate following the publication of the above mentioned results had, of course, different developments, namely the positioning of the two major political parties accusing each other on the grounds of the inefficacy of the policies developed during the years referred to by the study, rather than on the challenges raised by the results published.

With the emerging and worsening of the economic and financial crisis, a vivid political debate emerged – and has again re-emerged in the beginning of 2010 – regarding the annual upgrading of wages. The Government's compromise to rise the National Minimum Salary to 450 euros/month in the beginning of 2009 and to 475 euros/month in the beginning of 2010 (already foreseen), was confronted by the negative reactions of the employers' federations asking for a revision of these target given its impact on the "companies' competitiveness and even threatening to dismiss workers in case this measure is maintained. The President of the Employers' Federation has alerted to the fact that there are "many thousands of firms" which depend on low wages and in case there is no contention in the forthcoming increase of salaries many of them will close and therefore unemployment will rise. According to his words *"I agree with the theory that defends we should change the salary model in place, but it is not in the middle of a crisis one should do that"*.¹⁵ Once again this position has been strongly contested by several sectors – namely trade unions and left wing parties – who recall that this kind of positions is recurrent and in time of crisis they have just gained "new clothes" under the excuse: "it's better to fight unemployment than raising salaries". Both raises were implemented.

This debate about the very low levels of salaries in the Portuguese economy and how they impact on poverty has also been fuelled by information which has been released by the media regarding the highest salaries paid in the bigger companies. Data on inequality showing that Portugal has one of the highest inequality levels in all EU – in spite of the decreasing trend of inequality figures since 2005 – have been made available regularly. But they seem to be too abstract for the general public. The release during the past year of several articles showing the actual earnings of actual and well known people on top entrepreneurial and other relevant positions in the Portuguese society had a stronger impact in the public perception of inequalities than any official figures ever had: *"The problem is that the crisis might be temporary, but the bills are still there to be paid every month and for the over 300 thousand Portuguese people who only earn 450 Euros (gross salary!) the macroeconomic complexities are not understandable. Particularly when they read the news revealing that the executive-administrators of the 20 biggest companies registered in the Lisbon Stock Exchange earned in average 810 thousand Euros during 2008, which*

¹⁵ "Patrões insistem na contenção dos aumentos salariais" in *Diário de Notícias* 20/10/09.

*represents something like 130 times what a minimum wage worker got. And it is the equivalent to an entire working life of someone receiving 1500 euros a month."*¹⁶

The recent presentation of the Programme for Stability and Growth 2010-2013 (PEC) recently presented and approved by the European Commission has also been raising a vivid debate around issues directly relevant to in-work poverty and labour market segmentation. The priority given to the need to reduce the public deficit and the "freezing" of the Public Sector's wages has been strongly contested by trade unions, on the basis of the already very low levels of salaries of the Portuguese workers. The figures on in-work poverty and particularly the rise of 2 per cent points between 2007 and 2008 of the share of working poor in the total working population has been used as a "political weapon" against the justness of such measures. Trade Unions Federations alert to the fact that the general atmosphere of pressure on salaries may have a very negative impact on a raise of low-paid precarious jobs and on stricter conditions imposed on workers through collective contracting.

Another issue that is now fuelling the political debate – still linked to the PEC – regards the new measures announced by the Government in order to stimulate the return of the unemployed to the labour market. These measures which include changes in the amount of the unemployment allowance and the reduction of the salary the unemployed person is obliged to accept are being contested by left-wing opposition parties and by some analysts since they may be inducing a reduction of the salary levels and the promotion of low-quality jobs which may have a very negative impact in the families' income in a national context where the economy is already based on a low-salary model and where there is a high proportion of working people living in poverty.

In this changing context, issues like non-standard employment which have not traditionally been a major topic in the scientific debate have now been put high on the political debate around labour market regulation, framed by a wider discussion about precariousness versus job security.

The latest Spring Bulletin published by the Bank of Portugal alerted to the impact of the crisis and of the new budgetary measures on the reduction of the disposable income of the Portuguese families in 2010 and 2011, among which the gradual increase of interest rates and the increase of direct taxes.

The impact of the crisis on poverty and social exclusion has arisen either directly or mostly indirectly in the context of the public and political debate, particularly the so-called "new poverty".

Is it totally legitimate to talk about new forms of poverty in Portugal, brought about by the present crisis? In our opinion, the evidence collected by local services – NGO's and others – should of course be taken very seriously, since there is a growing number of households who are not managing to cope with the impact of the crisis in the reduction of their incomes and are facing difficult situations. Unemployment growth is undoubtedly a new challenge and it can be an "effective" trigger to poverty and social exclusion.

As far as the factors behind those concrete situations are concerned we tend to be more sceptical to see them as new causes of poverty. In fact, behind those new cases – even those directly linked to the rise of unemployment – there are, very often, old and well identified mechanisms producing poverty and social exclusion in the Portuguese society, namely: a) the low level of salaries which result in low level of social benefits in case of disease, unemployment and other

¹⁶ "Salário mínimo já não chega para bica do meio da manhã" in *Diário de Notícias* 10/09/09.

events; b) the persistence of very low levels of education and training pushing people into unqualified and precarious labour trajectories; c) very low levels of social protection benefits – namely in the so-called non-contributory system - which do not provide the necessary protection in case of exhaustion of the regular mechanisms of social protection; d) the persistence of informal and illegal mechanisms in the labour market which account for a high number of workers lacking any kind of social protection or rights in case of events such as the ones precipitated by the present crisis; e) an economic tissue where low qualifications are often preferred by employers (the great majority of whom also have low levels of qualification) as a means to reduce capital costs, and a total lack of awareness of the social complexity which any company – even the smaller ones – do, in fact, represent.

3. In-work poverty and labour market segmentation: a national review of relevant policies

Faced with the need to modernise employment protection and to address the prevailing adversarial approach between trade unions and employers' associations, in November 2006, the government established a group of experts – the Commission for a White Book on Labour Relations – in order to collect and analyse information on key issues concerning the labour market and industrial relations. This Commission presented a preliminary report in June 2007 and in November 2007 the White Book on Labour Relations was published. Social partners were invited to debate them in social concertation and after considerable discussion in June 2008, the government and the social partners signed the Tripartite Agreement for a New System of the Regulation of Labour Relations, Employment Policies and Social Protection in Portugal.

Among other measures this governmental initiative of a tripartite agreement with all social partners included the progressive increase of the Minimum Monthly Guaranteed Remuneration (national minimum wage) above the expected growth of prices and salaries every year until 2011. The goals were set at a national minimum wage reaching 450 Euros in 2009, 475 Euros in 2010 and 500 Euros in 2011.

A study by Paes Mamede (2008)¹⁷, based on an economic analysis of minimum wages for the various sectors of economic activity, considers that the tripartite agreement on the evolution of the Minimum Monthly Guaranteed Remuneration may be contributing to a decrease in the incidence of working poor without jeopardising the performance of the Portuguese economy as a whole.

The effort to renew the agenda setting would be followed by a set of Government proposals regarding the reform of the labour market regulation which, after some controversy, paved the way to a new Labour Code¹⁸ which came into force in February 2009.

The New Labour Code was – and still is – the object of major criticisms by the left-wing parties and trade unions that criticise the increased flexibility for the dismissal of workers, the increased mobility of workers and the weakened participation of trade unions in the collective contracts agreements.

¹⁷ Available at http://iscte.pt/~rpme/RPM_2008_BMEP.pdf

¹⁸ Law 7/2009 available at <http://dre.pt/pdf1sdip/2009/02/03000/0092601029.pdf>

The approval of the New Labour Code was one of the major reforms of the Socialist Government, presented as an essential tool to modernise labour market relationships and to face the “radical changes in the world of labour”.

Some relevant changes were introduced by the approval of the New Labour Code, among which we would briefly like to highlight the following ones which are more directly related to the issues under discussion in this report:

- Time flexibility – the law facilitates time flexibility. Although the maximum duration of working time is not altered, company and employee may agree to reduce to 6 hours or to increase to 10 hours the daily working time Annual working time “banks” were introduced;
- Fixed term work – fixed term contracts are restricted and the maximum duration of fixed term contracts is also reduced. The maximum duration of fixed term contracts was reduced from 6 to 3 years;
- To foster open-ended contracts, the contributions to social security associated with these contracts will drop and will increase for fixed-term contracts. These changes in social security contributions will only come into force in 2011;
- Stronger control over false independent work: the use of the so-called “green receipts” is subjected to new sanctions (e.g. firms can lose allowances and other benefits given by the state and their activities might be suspended up to 2 years) for those firms who resort to this latter strategy as a means to reduce social costs involved in other regular contracts; this stronger control follows a previous “softer” governmental approach based on the increase in the number of labour inspectorates;
- Family and work life conciliation – the new law enlarges the parental leave up to one year (up to 5 months fully paid), opening the possibility to a further period of 3 months (25% paid); extension to 60 days/year of justified absences for family support); for the first time this concession is extended to grandparents;

To overcome the low level of education of the labour force and to meet one of the challenges of the renewed European Employment Strategy, the government launched some major initiatives in the field of vocational training, including youth and life long learning for adults.

The “New Opportunities” Initiative is a joint responsibility of the Ministries of Education and of Labour and Social Solidarity launched in 2005 and is being implemented by a specialized body: the National Agency for Qualification. The programme combines enhancing the system of recognition of qualifications acquired during working life (CRVCC) with the reinforcement of lifelong access to vocational training. One of the major targets established by the “New Opportunities” Initiative for 2010 was “to have 1 million of the working population qualified”. According to the latest available data¹⁹ (April 2010), the total number of adults who have completed their certification amounts to 342.750 individuals, although over 900.000 have been involved in qualification trajectories.

The context of recession and growing unemployment led the Portuguese Government to present a recovery plan – the ‘Investment and Employment Initiative’ (IIE) – which was based on five major pillars in order to overcome the low economic growth and reduce the social effects of the

¹⁹ Available at <http://www.novasoportunidades.gov.pt/np4/estatistica>

increase in unemployment: 1) stabilisation of the financial system; 2) increase of public investment and foster private investment; 3) support companies; 4) support employment; 5) protect families from the impact of the crisis.

Such a specific initiative encompasses all the major challenges to be faced in context of the crisis and its foreseen impacts and therefore it was inevitable. However, this short-term strategy does not compensate the need to define and implement a longer term strategy aiming at making a decisive difference in reverting the persisting social and economic disparities, in the overall improvement of the labour market dynamics and in actually reflecting on the Portuguese development model and its impact on the maintenance (or improvement) of the eradication of poverty and social exclusion.

Looking at the five pillars of the IIE and how they have been implemented one should highlight the fact that the stabilisation of the financial system was probably the area where the mechanisms introduced were more efficiently undertaken. It was an inevitable intervention, given the consequences of a financial collapse, although many criticisms were raised regarding the State intervention in order to ensure the stabilisation of some specific bank operators.

At the beginning of 2010, the government presented the Employment 2010 Initiative comprising a set of seventeen short term measures aiming at fostering job creation, tackling unemployment and facilitating the transitions of young unemployed in the labour market.

The following paragraphs will briefly present an overview of the initiatives launched by the government since December 2008 in the fields of in-work poverty and labour market segmentation:

- **Supporting employment of workers with low wages.** In 2010, the employer's compulsory contributions to Social Security regarding workers that earned the minimum wage in 2009 or at most 475€ and are expected to have a raise of less than 25€ in 2010 were reduced by 1 p.p.;
- **Supporting the recruitment of youngsters, long term unemployed people and specific publics** (namely social insertion income beneficiaries). This measure foresees the exemption from the social security contribution for 36 months or a direct support of 2,000€ to the recruitment of the referred groups increased by an exemption from the social security contribution for the maximum term of 24 months. The support depends cumulatively of net job creation for a period of three years and the maintenance of the job contract created for a period of 36 months;
- **Incentives to decrease the number of precarious jobs** Firms benefit from a 50% reduction during 3 years in the employer's compulsory contributions to Social Security if they transform false independent work in full-time open-ended contracts. This measure produced effects only in 2009;
- **Fostering the reduction of the number of precarious jobs among young workers.** Firms who hire workers aged under 36 with open-ended contracts benefit from: an exemption from the payment of contributions to Social Security during 3 years; or an exemption from the payment of the contributions to Social Security for 2 years and a benefit of 2500€ initially set at 2000€ this benefit was increased to 2500€ by the Employment 2010 Initiative). These incentives are granted under the condition that the company expands its labour force over the following three years;

- **Qualification-Employment Programme.** Viable firms experiencing a temporary fall in demand can use this programme to update the skills of their workers. It is open to workers on reduced working hours, available up to 6 months and renewable for further 6 months, providing vocational training and ensuring the payment of a monthly minimum amount equal to two thirds of the person's gross normal pay; This Programme was presented in the IIE and will continue to produce effects in 2010;
- **Supporting employment in micro and small firms.** Companies up to 50 workers may benefit from a reduction in 3 per cent points of the employers' contributions for social security, associated with employees aged over 44, under the condition that the level of employment is maintained. Once again, this measure was launched by the IIE and will continue to produce effects in 2010.

According to the General Confederation of Portuguese Workers (CGTP) the new measures included in the 2010 Employment Initiative Programme referred to above, should have been preceded by a serious and detailed evaluation of their impact, in terms of their main objective, i.e. maintaining and creating employment. Furthermore, this trade union federation raises serious criticisms to the fact that most measures included in the new programme are measures supporting companies, many of which have a direct impact on the level of contributions to Social Security. Thus, these supports should not be financed by the Social Security budget, but rather by the State Budget. On the other hand, CGTP considers that these supports given to firms should be conditioned to a set of demands that need to be closely monitored. Finally, the trade union federation contests the fact that this – and the former – Programme are enhancing precarious low paid jobs, and contributing to what they consider to be “the generalisation of the idea that it is better to have a precarious job than no job at all”.²⁰

The recent presentation by the Minister of Labour and Social Solidarity of the evaluation of the 2009 Investment and Employment Initiative shows that the measures implemented only covered less than half of the people which had been foreseen by the Government. According to the Minister, this may be due to a lack of knowledge regarding the possibility of firms to benefit from these measures, a constraint which will be directly addressed by the new 2010 Initiative.

Apart from these Investment and Employment Initiatives launched in 2009 and 2010, it is also important to refer other measures launched by the Government since late 2008 aiming at minimising the effects of the crisis and supporting families.

Specific measures were taken in order to increase the support to families in their expenses with housing costs. These included an increase in the fiscal deductions in the Income Tax for families in the three lower levels of Income Tax and the extension of the number of years that families may be exempted from the payment of the Municipal Tax on Housing (IMI), as long as the value of their housing assets (permanent housing only) do not exceed certain limits. According to the Government these measures were expected to benefit a large number of families but some concerns have been put forward in the extent to which these changes would actually benefit the most vulnerable families, whose low income already places them below the lowest level of Personal Income Tax, giving them total exemption. On the other hand, the extension of the exemption of the IMI payment also refers to houses the values of which are already out of range of the lowest income families.

²⁰ <http://sociologias-com.blogspot.com/2010/01/iniciativa-para-o-emprego-2010.html>

Another temporary measure launched in 2009 provides some extra protection to workers who have delayed salary payments. According to this law having 15 days of delayed wage payments is enough to avoid fiscal executions of cars, bank accounts and commercial garnishment over goods, such as furniture and domestic appliances. Evictions on the grounds of rent arrears are also not allowed and the State replaces those in debt in paying creditors and landlords. The State, through Social Security, replaces the worker in his/her right to claim from the employer the amounts paid to creditors and landlords.

In July 2009, the Government signed an agreement with the two major confederations of private institutions for social solidarity in order to reinforce the level of financial support to these organisations in order to allow for the reinforcement of the enlargement of the key support services (e.g. social equipment) and also to increase their capacity to face the rising requests for help as a consequence of the crisis. This State support represents an increase of 20% compared to the 2008 financing.

The Government announced, for 2010, a specific state support for working families with under-aged children that will allow them to rise above the poverty threshold²¹. According to the President of the Institute for Social Security (ISS) this measure is still under study but it is supposed to enter into force during 2010.

In the specific field of immigration – and under the scope of the Plan for the Integration of Immigrants – the High Commissioner for Immigration and Inter-cultural Dialogue signed a protocol²² with one of the two major Trade Union's Federation (UGT) aiming at promoting the unionization of immigrants, as a means to enhance the knowledge of their rights and duties in the field of labour integration. The fact that many of these immigrant workers concentrate in activities and sectors with low levels of unionization (building sector, agriculture and restaurants) may contribute to a low level of knowledge regarding labour rights and a higher vulnerability to different forms of labour exploitation. This protocol involves the creation of dissemination material addressed at immigrant workers and training sessions promoted by both entities.

Specific contributions by the two major Trade Union's Federations regarding the the problem of the working poor have been put forward recently.

The General Confederation of Portuguese Workers (CGTP) considers that, given the low level of wages in Portugal, the problem of the working poor should be specifically mentioned as a priority in the 2008–2011 NAP. Actual proposals have been proposed to all political parties, consisting of a set of “10 strategic themes to change policy”²³. Two specific proposals are worth mentioning:

- The need to strengthen the supervision of and to curtail employment contracts of limited duration for temporary work in the private and public sectors. CGTP calls for a serious effort in the fight against precariousness and in the promotion of employment stability. According to the trade union confederation, permanent jobs should be filled by means of permanent employment contracts;
- Promoting an increase in real wages, namely in the national minimum wage in order to reach €500 in 2011 and €600 in 2013.

²¹ http://reapnimprensa.blogspot.com/2009/12/familias-com-filhos-menores-vaio-receber_30.html

²² <http://www.acidi.gov.pt/modules.php?name=News&file=article&sid=3106>

²³ Available at http://www.cgtp.pt/images/stories/imagens/2009/08/reivindicpartidos_.pdf

The General Union of Workers (UGT), in the evaluation made to the Portuguese NRP report (PNACE), reaffirms the need for a strong integration of economic and employment policies, the enhancement of job quality, the reinforcement of the micro-economic situation and the crucial need for a stronger partnership. UGT argues that the Lisbon Strategy should incorporate guidelines to improve the quality of employment and social cohesion, as well as the evaluation of precariousness at work. The trade union also calls for reintroducing the objective of reducing the number of working poor and low wages.

Among UGT's 2009–2010 priority demands we highlight the following:

- Improvement of real wages, namely the minimum wage in order to reach €600 by 2014;
- Improvement of job quality and combat precariousness;
- tax reductions for families with lower incomes.

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Relevant websites

Bank of Portugal - www.bportugal.pt

Commission for Equality in Labour and Employment (CITE) - <http://www.cite.gov.pt/>

CGTP – General Confederation of Portuguese Workers - <http://www.cgtp.pt/>

European Commission/ Employment Social Affairs and Equal Opportunities - <http://ec.europa.eu/social/main.jsp?catId=477&langId=en>

European Foundation for the Improvement of Living and Working Conditions - www.eurofound.europa.eu/

General Directorate for Employment and Working Relations (DGERT) - www.dgert.mtss.gov.pt

Government website – www.portugal.gov.pt/

High Commissioner for Immigration and Inter-cultural Dialogue (ACIDI) - <http://www.acidi.gov.pt>

Institute for Employment and Professional Training – www.iefp.pt

Ministry for Labour and Social Solidarity – <http://www.mtss.gov.pt>

National Statistical Institute – www.ine.pt

Novas Oportunidades - www.novasoportunidades.gov.pt

Observatório das Desigualdades - <http://observatorio-das-desigualdades.cies.iscte.pt>

Observatório do Emprego e Formação Profissional (OEFPP) - <http://oefpp.iefp.pt/>

Office for Strategy and Planning/Ministry for Labour and Social Solidarity - <http://www.qep.mtss.gov.pt/>

REAPN - <http://reapnimprensa.blogspot.com>

Social Security – <http://www.seg-social.pt>

Social and Economic Council – www.ces.pt

UGT - General Union of Workers - www.ugt.pt/

Press

LUSA – National Press Agency – <http://lusa.pt>

Diário de Notícias – www.dnoticias.pt

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