

**China-Europa Forum 2007**

**Workshop WT22**

***Wealth and poverty: the search for a social  
model***

**Report**

by

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## Introduction

This workshop was organised on 4<sup>th</sup> and 5<sup>th</sup> October 2007 in Antwerp by the European Anti Poverty Network and the Evens Foundation<sup>1</sup>. The topic for discussion was *Wealth and poverty: the search for a social model*. It was part of the wider China-Europa Forum which took place in Brussels on 6<sup>th</sup> and 7<sup>th</sup> October and which brought together the results of 46 workshops that took place around Europe on the previous two days.

There were some twenty plus participants in the Antwerp seminar. These were divided fairly evenly between participants from China and those from the European Union. The Chinese delegation contained experts from the worlds of academia, politics, business and journalism and also included some students. The European participants included representatives of the European Parliament, policy makers, academics, policy analysts and NGOs as well as from the organising bodies. A full list of participants can be found in Annex 1.

The workshop was chaired and facilitated by Ludo Horemans, President of the European Anti Poverty Network. Hugh Frazer, adjunct Professor at the National University of Ireland, Maynooth, acted as rapporteur. The seminar was conducted in Chinese and English and interpretation was provided by Marc van Gastel (Translasian) and Shuangquan Zhang (University of Louvain).

The seminar began with an opening session during which delegates were welcomed by Ludo Horemans on behalf of EAPN and Neville Kluk, Secretary General of the Evens Foundation. They outlined the role of their organisations and their hopes and expectations for the seminar. Professor Goncheng Zheng, leader of the Chinese delegation and a member of the Standing Committee of the National People's Congress of the People's Republic of China and the Chair Professor of Social Security in Renmin University, welcomed the workshop as an opportunity to increase dialogue between China and Europe. In particular he welcomed the chance to share ideas on how best to reduce disparities between rich and poor which are a common barrier to ensuring harmonious societies. Each delegate then presented her or himself.

The rest of the workshop was divided into four sessions. These covered: the situation in China; the situation in Europe; what can be learned from similarities and differences; and how to reinforce the dialogue between China and Europe. At the end of each session time was set aside to reach consensus on the key messages to emerge from that session. These were e-mailed immediately to the organisers of the China-Europa Forum in Brussels.

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<sup>1</sup> Further information about EAPN can be found at <http://www.eapn.org/code/en/hp.asp> and about the Evens Foundation at <http://www.evensfoundation.be/en/index.html>.

This report follows the structure of the workshop. A synopsis of the content and discussion of each session is given followed by the agreed conclusions for that session.

## **Session 1 - The situation in China: major challenges for the future**

This session began with an overview of the situation in China by Professor Goncheng Zheng and this was then added to by the other Chinese participants. Their presentations highlighted how the very rapid growth in GDP since 1978 had reduced absolute poverty dramatically (from 250 million to 40 million). At the same time disparities in income have grown rapidly leading to an increase in the gini coefficient (from 0.26 to 0.47) as have disparities between city and rural areas and between regions. These disparities are both an achievement of economic growth but also present a big challenge. If they continue they could impair the building of a harmonious society. There are also continuing challenges of very low incomes in some rural areas and notably in the border region. In the cities new challenges have emerged with the big influx of immigrant workers and the effects of disemployment from state enterprises. Another concern is to avoid environmental deterioration which can worsen poverty and in particular to avoid the catastrophes which could result from climate change.

Part of the explanation for the growing disparities is that for the past ten years the development of the market economy has focussed on efficiency not equity. This has led to imbalances. Social security has not been sufficient to cover everyone. Because mechanisms for redistribution have remained insufficient and social protection weak the gap between rich and poor has widened. The problem is thus a problem of development. It is a question of how to achieve more balanced development. The challenge is to find a balance between two key principles of government: that is to redistribute resources to ensure a harmonious society and to maintain rapid economic growth.

Imbalanced development is seen to lead to many different problems and types of imbalance. These can include:

- disparities between rich and poor
- imbalanced labour relations and conflict between labour and capital
- conflict between rural immigrant workers and city residents
- imbalance between rural and urban areas
- increasing gaps between regions
- imbalance between material and spiritual development
- imbalance between development of the economy and the development of the law which often lags behind
- imbalance between people upsetting their relationships
- imbalance between people and their environment.

The aim of the government is to address these imbalances and to build a harmonious society. Indeed this goal represents a consensus between the government and ordinary people. It is based on a belief in equity, social justice

and shared social values. Thus the aim is to reduce the gap between rich and poor. This involves giving more focus to the redistribution of wealth, more attention to regional policy and to the development of poor regions, increased development of the countryside and increasing the cost of labour (wages) so as to increase inclusion and encourage innovation. The poorest people need basic security and thus huge efforts are being made to build the social protection system. Efforts are being made to build a living security system in the countryside and there are some experiments being undertaken to develop the pension system in the countryside. In the cities important developments have been taking place to build social protection systems with increased pension coverage, development of medicare and social housing. Several examples were given of successful local initiatives which have then informed the development of policies being promoted by central government. Improving access to education and encouraging innovation is being given a very high priority. Overall it was noted that while there have been big achievements it takes time to achieve targets and there is still a lot to do to control disparities and build a harmonious society.

An important aspect that emerged during the presentations was the value base that underpins the development of policies and helps to explain why reducing disparities and building a harmonious society is such a key goal of policy. There is a long tradition, going back to Confucius, which emphasises the duty to care for other people, to be warm hearted and to foster solidarity between people and between people and their environment.

While the context is different the European participants recognised many of the issues raised by the Chinese speakers and the presentations led to a very widespread discussion. This covered issues such as how to achieve balanced development and more effective redistribution of the wealth created by economic growth; how best to develop the internal market; the importance of addressing gender equalities; the key role played by education as a route out of poverty; the importance of effective social protections systems; the importance of developing the infrastructure to support the development of weaker regions; the challenges of rapid urbanisation; the need to ensure gender equality; the need to develop policies to support the integration of migrant workers in urban areas; the importance of having good data and analysis to support the development of policies.

In the light of the presentations and the subsequent discussion the following key points were agreed by the participants.

*Some key features*

- *very rapid economic growth has reduced absolute poverty dramatically*
- *as a result of economic success disparity between rich and poor is now quite high and gets wider*

- *there is an imbalance between city and rural areas between developed and underdeveloped regions and east and west*
- *disparities affect the goal of building a “Harmonious Society”*
- *a strong cultural belief in solidarity and care for others provide an important base for development of the Harmonious Society*
- *environmental deterioration aggravates poverty*
- *there are already important political initiatives taking place to reduce disparities, these include developing social protection system and cooperative medicare systems, improving education and reducing illiteracy, abolition of agricultural tax*

#### Some key challenges

- *to build a Harmonious Society through better sharing the wealth generated by economic growth*
- *to improve redistribution systems between rich and poor people*
- *to increase income from labour so as to reduce poverty*
- *to promote economic development of poor regions and the countryside and achieve sustainable agricultural reform*
- *to deal with rapid urbanisation and problems faced by migrant workers*
- *to build stronger social security system including a health care system*
- *to maintain progress on improving educational opportunities*

## **Session 2 - The situation in Europe: major challenges for the future**

The session began with a presentation by Ludo Horemans of the European Union's Lisbon Strategy which was launched in 2000 and aimed to achieve a balanced development of economic, employment, social and environmental policies and which included a commitment to make a decisive impact on the eradication of poverty by 2010. He highlighted some of the main developments and stressed that in reality the process had not yet achieved a balanced approach as the economic strand has been too dominant. He highlighted a range of other weaknesses from a poverty perspective. Amongst others these included the failure to establish minimum income schemes in all countries, the threat to the maintenance of services of general interest caused by policies to extend the single market, the over emphasis on a flexible labour market without sufficient attention to the protection and security of employees and those outside the labour market. Other European participants then made presentations outlining further aspects of poverty and social exclusion in the European Union (EU) and the barriers they represented to building socially cohesive and inclusive societies. The presentations also highlighted that there are significant differences across the EU with some countries and regions being much poorer than others and some Member States having much greater disparities between rich and poor than others.

During the presentations and the subsequent discussions it was emphasised that in the EU poverty is seen primarily as a relative concept. It describes significant inequalities in resources and opportunities and in access to essential services and how this limits the opportunities of some people to participate fully in the society in which they live. However, it was also pointed out that there are some people who still live in very extreme situations that can be seen as being close to absolute poverty.

A number of major challenges were highlighted during the discussion. These included: how to reconcile greater competitiveness and a more flexible labour market with policies to promote greater social inclusion; how to ensure effective minimum social standards and minimum income schemes for all; how to ensure that greater migration and increased ethnic diversity enriches societies and does not lead to new forms of poverty and social exclusion; the importance of addressing gender inequalities and the higher risk of poverty faced by some women; the need to establish closer links between environmental and social policies; how to ensure that the impact of demographic ageing and changes in family structures (e.g. increase in single parent families, decline in extended family networks) does not lead to new forms of poverty and social exclusion; how to end the intergenerational inheritance of poverty and address the higher risk of poverty faced by children than adults; how to address the problems of areas of multiple disadvantage and to create opportunities for young people living in such areas.

In the light of the presentations and the subsequent discussion the following key points were agreed by the participants.

#### Key elements of the situation

- *Poverty in the EU is about more than absolute poverty. It is also about people's standard of living relative to the rest of society and involves non material factors like access to housing, health, social, cultural and recreational services*
- *Poverty is linked to social exclusion and to limited opportunities to participate in society and there are still wide inequalities (both income and access to services) in some countries and between some regions*
- *The social policies in the European Union are underdeveloped compared economic/employment policies*
- *in some countries minimum income systems do not exist or are inadequate (the right to adequate minimum income not fully implemented)*
- *services of general interest and social utilities are put at risk by being opened up to free market*
- *increased economic competition and liberalisation has created new insecurities and new challenges to social protection systems to support both flexibility and security (flexicurity)*
- *economic and employment growth, while very important, has not ended poverty and social exclusion*
- *increased migration and diversity is creating new risks of social exclusion and discrimination*
- *achieving real gender equality remains to be achieved and the lack of it leads to a higher risk of poverty for many women*
- *there is a growing concern of impact of environmental problems on poverty*
- *the ageing of European populations puts new pressures on social security systems and development of elderly care*
- *changes in family structures (increase in number of lone parent families) and decline in extended family structures creates new social care challenges*
- *children in the EU are at greater risk of poverty than adults and there is a need to break intergenerational inheritance of poverty in order both to ensure the rights of children and future sustainability of society*
- *there is a risk of a growing technological and IT gap leading to new social exclusion and poverty*

#### Key challenges

- *to balance materialistic and social values*
- *to ensure that economic & employment, social and environmental policies are mutually reinforcing (make Lisbon work)*

- *to develop integrated and multi-dimensional approaches to tackling poverty that cut across and integrate all policy areas*
- *to ensure minimum social standards for all*
- *to reduce inflow into poverty and increase outflow*
- *to maintain high quality public services in a more marketised environment*
- *to increase access of people in poverty to decent jobs*
- *to increase the participation of people experiencing poverty in the development, implementation and monitoring of policies*
- *to reduce geographical and administrative inequalities across Europe*

### **Session 3 - What can be learned from similarities and differences between Europe and China?**

Building on the inputs and the conclusions of the first two sessions this session involved a wide ranging discussion on the similarities and differences between China and Europe. It was recognised that each is at a very different stage of development. The challenges in China, especially in the rural areas, are much greater and encompass things such as basic education and basic health care. China is still completing a process of transformation from a rural society to a more urban society which is largely completed in Europe. Thus different policy solutions reflecting the different stages of development are needed. However, at the same time it was recognised that there are many similarities. There was a shared recognition that problems of poverty and social disparity cannot be solved just by development of the economy. They are a common task for the whole society and are affected by the cultural and moral values of the society. It was also pointed out by European participants that, even if overall Europe seems to have less disparities and a more harmonious society than China, in fact there are very great differences between and within European countries. In searching for models for development that will decrease disparities and promote greater social inclusion and cohesion both China and Europe have to take into account the reality of globalisation and increased competition and also issues such as environmental change.

The discussion on lessons that can be learned encompassed both policy domains and issues of governance. In terms of policy areas a considerable amount of discussion centred around the importance of achieving a better balance between economic and social policies. Another important issue was how to develop effective social protection systems. A further area of shared concern was how to improve working conditions and wage levels. The importance of policies to help weaker regions was also stressed. An issue that provoked considerable discussion was the important role of child care in anti-poverty strategies. In terms of governance there was considerable interest in how to ensure better coordination and integration of policies so that they are joined up and are mutually reinforcing; how to integrate the efforts of central and local government; how to mobilise and involve social partners and NGOs in the struggle against poverty; how to develop more systematic approaches to policy development based on good planning and effective monitoring and evaluation.

In the light of the presentations and the subsequent discussion the following key points were agreed by the participants.

#### Introductory comments

- *There is a shared need to develop models of economic development which will promote a Harmonious and cohesive society*
- *There are significant differences in wealth and poverty within as well as between China and Europe*

- *The scale of the poverty problem and its characteristics are very different and this reflects different stages of development*
- *There are also many similarities*
- *“The Europe of today is maybe the China of tomorrow”*

### Common Lessons

- *Wide disparities in income and opportunities are an obstacle to a Harmonious Society and to a cohesive society*
- *Strong political leadership is essential for effective anti-poverty policies*
- *A society’s cultural values and moral standards - a belief in the importance of social cohesion and Harmonious Society – are key factors in developing inclusive policies*
- *Sustainable economic growth is essential but not sufficient to combat poverty*
- *It is essential to adopt a balanced approach to economic, social and environmental goals*
- *Employment policies must promote good working conditions and adequate wage levels*
- *There is a need to involve all levels of government (national, regional and local) to work together to combat poverty*
- *All different parts of society (governments, employers, workers, farmers, NGOs, academics, people experiencing poverty) should work together in partnership to combat poverty*
- *Local family and community networks can play an important part in promoting solidarity*
- *Social Security Systems play a key role in preventing poverty and ensure a sharing of risks between all citizens*
- *It is important to develop a systematic approach to policy development with proper enforcement and implementation and monitoring*
- *Access to affordable child care is an essential element in anti-poverty and equality strategies*
- *It is important to address serious regional differences and inequalities*
- *A holistic approach (i.e. addressing employment, income, health, education, culture, environment in a coordinated way) is very important for tackling poverty*

## **Session 4 – How to reinforce the dialogue between China and Europe**

The final session of the workshop concentrated on how to reinforce dialogue between China and Europe on questions of wealth and poverty and the building of harmonious and socially cohesive societies. There was a clear consensus that the exchanges during the first three sessions had demonstrated the benefits to be gained from further exchanges. Many topics had been raised which would merit more in depth discussion. There was a view that the broad general approach of the China-Europa Forum had provided a good starting point but what in future there is a need for more focussed forums concentrating on specific points. It was recognised that in the past there had been more exchange at governmental and institutional levels and on broad economic and political issues. However, there is a need now to deepen dialogue in the social spheres and to involve more policy makers, NGOs, research institutes, scholars and journalists in more regular and deeper exchanges. Exchanges need to take place at many different levels, in many different forms and in many different contexts. It is important to visit and see projects on the ground as well as to sit in conferences. The exchange of academic papers and articles is also important.

It was suggested that exchanges should encompass three things:

- exchanges on key policy issues (e.g. social protection, access to essential services such as health, education, housing, social services and child care; regional policies; integration of migrants);
- discussion on underlying concepts and approaches (e.g. harmonious society, social inclusion and social cohesion, well-being and happiness, hierarchy of needs);
- exchanges on governance and process issues (e.g. mobilising NGOs; promoting participation of people experiencing poverty; mainstreaming poverty across policy areas; promoting joined-up policies; ensuring a holistic and multi-dimensional approach; measuring and analysing poverty and wealth; linking national, regional and local levels; effective monitoring and evaluation procedures).

It was noted that the European Union has had a formal process of exchange and learning on poverty and social exclusion, the Open Method of Coordination on Social Protection and Social Inclusion (OMC), since 2001. This is coordinated by a committee (the Social Protection Committee) which brings together representatives of all Member States and the European Commission. This process has generated a lot of new insights and understanding on approaches to promoting greater social inclusion across the 27 Member States and a lot of

valuable reports are available<sup>2</sup>. It has involved policy makers, social partners, NGOs, academics and people experiencing poverty. This process could provide a very useful and structured way for China to link into learning within the EU on these issues. One very practical suggestion was that representatives from China should be invited to the 2008 Round Table Conference on Social Inclusion which is organised each year to coincide with the International Day for the Eradication of Poverty (17<sup>th</sup> October) by the EU Presidency and the European Commission and brings together the main actors in the EU's OMC process.

In the light of the discussion the following key points were agreed by the participants.

### Key points

- *Need to develop more frequent and increasingly focussed exchanges on building a harmonious society and promoting well-being*
- *Exchanges should take place involving several different levels, involve a mix of actors, build on existing links and be funded*
  - e.g.
    - *global*
    - *Official/governmental*
    - *Academic*
    - *NGOs*
    - *Journalists*
    - *People experiencing poverty*
- *Exchanges should be theme based and focussed*
  - e.g.
    - *defining and identifying how to build harmonious society (globally, regionally, nationally and locally) and meet a hierarchy of needs*
    - *developing Social security systems*
    - *poverty and health and the development of medicare systems*
    - *gender equality and poverty*
    - *migration*
    - *child poverty*
    - *how to adapt and implement national goals and policies to meet diverse regional and local needs*
- *A variety of methods and forms should be used*
  - e.g.
    - *exchange of information and materials using IT*
    - *conferences*
    - *project visits to see reality*

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<sup>2</sup> Further information on the EU's Social Inclusion Process and many of the reports it has generated are available on the European Commission's web site at [http://ec.europa.eu/employment\\_social/social\\_inclusion/index\\_en.htm](http://ec.europa.eu/employment_social/social_inclusion/index_en.htm)

- *exchanges of experts*
- *Establish formal links between the European Union's Social Protection and Social Inclusion Process and the Chinese authorities, especially involving the responsible EU committee, the Social Protection Committee*
- *Invite a small Chinese delegation to the EU's 2008 Round Table Conference on social inclusion which is held every year on 17<sup>th</sup> October, the International day against poverty, and organise a session on exchange of good practice*

## Annex 1 – LIST OF PARTICIPANTS OF WT22

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