

An EU free of poverty is possible

Building for a successful EU Year against poverty (2010)

21.08.07

Intended as a practical tool to support the discussion, this briefing sets out concepts and summarizes key EU level developments in the fight against poverty over the last years, before outlining the upcoming agenda. In order to give sufficient space for debate, it was thought of as a background paper rather than an analytical instrument, it does not aim to be comprehensive nor to entail any assessment of causes, solutions or strategies.

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1. Definitions of poverty[1]

A multi-fold concept – It appears hard to provide a definition that reflects multiple and evolving faces of poverty. Yet the definition provided by the project “Mainstreaming Social Inclusion”[2] can serve as a useful basis for debate: “*The academic literature refers to a number of different types of poverty, such as:*

- *Relative poverty (at-risk-of-poverty): an individual's, or group's, living standard relative to the overall standard of living in the society they live in, considered within the European Union as having an income which is 60% or less than the national median income per adult equivalent;*
- *Consistent poverty: where an individual or group is excluded and marginalised from participating in activities which are considered the norm for other people and have problems of providing food, clothing, housing and other basics considered essential in the society in which they live. It is measured by a combination of income and what are considered basic necessities which are used to define indicators of deprivation;*
- *Absolute poverty: A condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services (United Nation Report of the World Summit for Social Development: Copenhagen (March, 1995))”*

EU definition - The multi-dimensional aspects of poverty can also be illustrated by the definition provided by the European Commission in its 2004 Joint Report on Social Inclusion:

People are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate healthcare and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalised from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted. European Commission, Joint Report on Social Inclusion, 2004

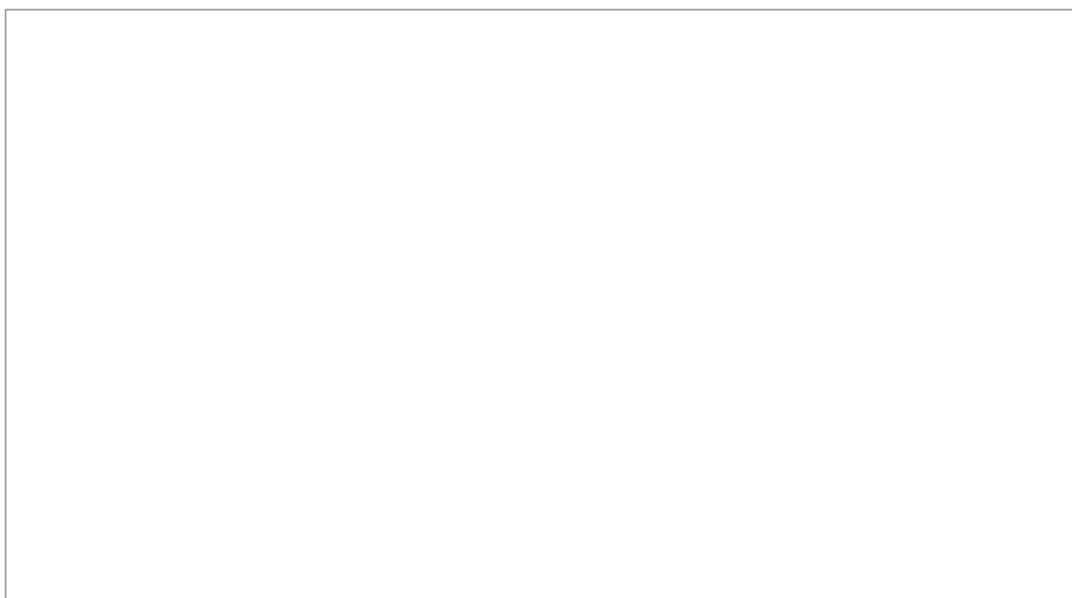
2. The reality of poverty throughout the EU

78 million citizens facing poverty in the EU – Relative, but also absolute poverty remain widespread in the EU. In 2004, 16% of EU-25 citizens lived under the risk of poverty threshold (defined as 60% of their country's median income) and it is commonly admitted that 78 million citizens are at risk of poverty in the EU-27[3]. However there is a wide difference between Member States: for instance, between 9% and 12% of the population are at risk in Sweden, the Czech Republic, Netherlands, Denmark, Austria, Slovenia and Finland whereas this rate rises over 20% in Lithuania, Poland, Ireland, Greece, Spain and Portugal.

Is poverty decreasing? It is not possible with current data to be very specific about recent trends over time in poverty. The most recent EU comparable data (2005) is based on a new data source, EU SILC, which, for technical reasons, is not directly comparable with previous surveys. However the current overall figure for the percentage of people-at-risk-of-poverty (16%) is not very different for that for the older Member States over the previous decade (17% -1995; 16% - 1997; 15% - 1999; 15% 2001) or for the EU as a whole (15% - 2002). Thus it is reasonable to assume that over the EU as a whole the level of poverty has remained fairly constant, though there may have been significant changes within some countries, particularly in the composition i.e. which groups are most at risk of poverty.

Different realities - Beyond figures, the method of measuring poverty in the EU can also hide significant differences in real deprivation levels between Member States. The actual value of the poverty threshold (how much money somebody has to live on if they are on the poverty line in different countries) can vary greatly. For instance a single person on the poverty line in Romania only gets 558 euros annually compared to 17,087 euros in Luxembourg. Single people in Romania who are at risk of poverty live on less than 2 euros a day while in Bulgaria, Latvia and Lithuania they live on less than four euros a day.

At-risk-of poverty rate in the EU (%), total and children, income year 2004[4]



Source: SILC(2005) - income year 2004 (income year 2005 for IE and the UK); except for BG and RO - estimates based on the national Household Budget Survey

Groups at risk - Children (0-17) have a particularly high rate of poverty at 19%. One parent households and those with dependent children have the highest poverty risk. For single parents with one dependent child the risk is 33%. Other age groups with high risk are young people (18-24) at 18% and older people (65+) at 19%, with older women at much

higher risk than men (21% compared to 16%). In addition these figures do not include some of those in the most extreme situations of poverty such as some ethnic minorities, especially the Roma, immigrants, undocumented migrants, the homeless, people living in or leaving institutions.

Because poverty in the EU is measured as a 'relative concept' rather than in terms of 'absolute poverty' there is a danger that the majority EU population (those who are above the poverty line) and the people who are in positions of power (who by definition are not experiencing poverty) can fail to recognise the real hardships that are behind these poverty figures or can see poverty as being the result of some personal failings and thus fail to grasp the urgency to put the fight against poverty at the top of the EU agenda. The direct engagement between policy makers and people experiencing poverty is absolutely vital to avoid such complacency.

The reality of poverty: Voices of people participating in the 5th European Meeting of People Experiencing Poverty organised under the auspices of the Austrian Presidency of the EU in 2006

Lack of basic necessities

“ I can afford only cheap food; fruit and vegetables to feed children is too expensive; fish is not affordable; “healthy food” is too expensive for me”

“The problem is not that we run out of money occasionally. The real problem is that we live our entire lives this way and our children grow up into this too”

Isolation

“I have lost friends as I cannot participate in their activities; even to participate in self-help groups needs money and time; I'm short of money and time to participate in discussions”

Bureaucracy and lack of information

“Every time I tell my life to civil servants I receive a lot of compassion, but rules prevent effective aid”

Lack of respect and lack of hope

“The way people look at you is humiliating. You are not considered a human being”

Lack of decent work

“I must admit that to you that I work illegally and this is not because I think it is good. I am fully aware of the

consequences, but this is the only way for me to get a job.”

Fear for one's children

“My children will inherit my poverty.”

3. The fight against poverty through 50 years of EU integration

The European Economic Community was initially thought of as an economic project. However, the 50 years of EU integration were marked by an increasing acknowledgement of the need to balance economic growth priorities with social cohesion.

Post war period: “Social Europe” as result from economic prosperity -The Rome Treaty (1957) was built around a vision of social progress as a direct result from economic integration. It was therefore not surprising that social measures (both binding and non-binding) were mostly linked to the free movement of workers (including equal pay between women and men) and training measures (through the European Social fund created in 1957).

Launch of the Anti-Poverty Programmes - At the beginning of the 70's, in a context of economic crisis, EU institutions decided to launch the First European Programme for the Fight against Poverty (1975). They formulated and implemented three such specific anti poverty programmes that tried to ascertain the best strategies to fight poverty and social exclusion and contributed to develop common understanding and approaches to the fight against exclusion in an enlarging EU[5].

Single European Act: counter-balancing market integration through wider rangel of measures -The Single European Act in 1986 marked an increasing acknowledgment of the need to counter-balance potential negative effects of market liberalisation (in particular through the Single European Market to be achieved by the early 90's) through a wider range of social policy tools. These included in particular social dialogue, new possibility of setting some “minimum requirements” in the field of working conditions and other types of measures going beyond legislation. The SEA was followed by the adoption of the European Social Charter in 1989, non binding but enshrining both economic and social rights in the EU “acquis”. This period was marked by an intensification of the anti-poverty programmes, as a response to the need for specific measures targeting excluded groups. Yet efforts to introduce a fourth programme in the early 1990's were blocked by the British and German governments who mounted a successful challenge against the legitimacy of the EU to take initiatives in the fight against poverty.

Amsterdam, a milestone? The Amsterdam Treaty was often seen as a milestone in the development of social Europe, through the integration of the Maastricht Protocol on Social Policy, which opened the door to a wide range of new measures in the social field, including for the first time a coordination of Member States' policies to fight social exclusion (however without minimum requirements). This also included new steps towards a European social dialogue (enhanced consultation and possibility of binding agreements) and an extension of qualified majority voting in the social field. However, progress went far beyond the specific title on social policy, including:

- introduction of the European Employment strategy and a new title on employment
- principle of gender mainstreaming throughout all EU policies

- new articles in the field of non-discrimination (article 13) and fundamental rights.

Development of new tools in early 2000s: Lisbon and OMC on social inclusion - Despite the unblocking of anti-poverty actions through the Amsterdam Treaty, the last decade was marked by an increasing difficulty to make steps forward on social issues, perceived primarily as a domain of national competence, but faced with clear common challenges throughout the EU. Alternative policy tools were thus developed as part of the wider "Lisbon" framework, characterized in particular by their non-binding character. These included in particular the Open Method of Coordination on Social Inclusion, launched in 2000 to support the EU in delivering its goal of "making a decisive impact on poverty eradication by 2010" (objective fixed at the Lisbon Council in 2000). In 2005, social inclusion, pensions, health and long term care were merged into a single process, the OMC and Social Protection and Social Inclusion.

The Constitutional treaty – The Constitutional Treaty signed in 2005, but being currently renegotiated, included some steps forward with regard to the treatment of poverty and social issues. These included the introduction of the fight against social exclusion as one of the EU's objectives, the introduction of the Charter of Fundamental Rights in the Treaty and a horizontal social clause. However, it entailed only some limited progress in the fight against exclusion, in the absence of any treaty recognition of the OMC on social inclusion, and with the remaining impossibility of setting minimum requirements in this field.

The 50 years of EU integration were marked by a constantly shifting balance in the relation between economic and social goals, with important consequences on the treatment given to poverty. If the fight against poverty has been primarily tackled through labour market measures, and remains mostly perceived as a national competence, the Poverty Programmes that emerged in the 70s, and later on the OMC on social inclusion illustrate the reality and necessity of more specific treatment of poverty and exclusion as part of EU priorities but also the difficulties it raises, in particular in reaching out to those most remote from the labour market.

4. Upcoming agenda

Faced with the reality that poverty is remaining pretty constant at EU level and the failure to make the 'decisive impact on the eradication of poverty', it is clear that there is a need for greater efforts at Member state and at EU level. At institutional level, some opportunities will appear to make this happen over the next decade.

"Reform treaty" revision - Following the French and Dutch "no", an inter-governmental (IGC) conference was launched in June 2007, which should last until the end of the year and lead to the adoption of a "reform treaty". Most of the steps forward in the social field should be safeguarded, but no major change is foreseen.

http://www.consilium.europa.eu/cms3_fo/showPage.asp?id=1297&lang=en&mode=g

Social Reality Stocktaking - To initiate a debate on the social reality EU citizens are facing, the Commission launched a [public consultation on social realities and trends in the EU](#). It is still unclear how this stocktaking will feed into the Mid-Term Review of the Social Agenda and connect to the Open Method of Coordination on Social Protection and Social Inclusion. However, it offers an important opportunity to present grass-roots view of current developments in the social reality and to highlight policy concerns at national and EU level, and its follow-up has been identified as one the Commission's key communication priorities for 2008.

http://ec.europa.eu/citizens_agenda/social_reality_stocktaking/index_en.htm

Reform of the OMC and Social Protection and Social Inclusion - Following the European Council Presidency Conclusions in March 2007 confirming the need to strengthen the social dimension in the Lisbon Agenda, discussions are being currently had on proposals to amend the Integrated Guidelines (macro, micro and employment) (2008-11) and on ways to strengthen the functioning of the Open Method of Coordination on social protection and social inclusion, and its link to the Lisbon agenda (feeding in and feeding out). This offers a key opportunity to reinforce the social inclusion

agenda at the heart of a renewed Lisbon vision of integrated economic, employment and social development.

2009 EP election and European Commission nomination – Following the next European Parliament election to take place in June 2009, a new European Commission, will be nominated (based on proposals by the Member States) and have to be approved by the European Parliament and appointed by the Council.

2010 Year against poverty and social exclusion – 2010 has been designed as the European Year against poverty and social exclusion. Previous European Years (including against racism, for people with disability) have proven useful tools to raise public awareness, but also build momentum around new policy tools. Following an open consultation in Spring 2007, the European Commission will present a proposal to the European Council and Parliament this autumn that should set the framework for the year.

Social Policy Agenda (2010-2015) – The current European Social Agenda, focusing on “modernization” of the European Social Model and the Lisbon strategy, runs until 2010 and represents the EU’s key political strategy in the social field. 2008 marks the mid-term review and discussions around its revision are being carried out. http://ec.europa.eu/employment_social/social_policy_agenda/social_pol_ag_en.html

EU budget revision – The current EU financial perspective runs until 2013. A consultation on budget review should be launched already in 2007 and be followed by the publication of a review document by the European Commission in 2008/2009^[6]. At the heart of discussion should be the consistency between EU budgetary priorities and Lisbon objectives.

ANNEX

MILESTONES IN EU SOCIAL POLICY: WORKING TOWARDS INCLUSION

Year	Adopted	Social provisions
1957	Treaty of Rome	Equal pay between Men and Women
1957	European Social Fund	Funded mostly training but later expanded to community development
1974	Pilot Scheme to fund actions Against Poverty	Research and projects
1985	Poverty II Programme	Targeting disadvantaged groups
1986	Single European Act	Health and safety at work Economic and Social Cohesion
1989	Charter of fundamental social rights of workers	Rights at work. Not signed by the UK
1989	Poverty III Programme	Partnership approach
1992	Maastricht Treaty	Social Chapter excluded from the main body of the Treaty. Social action measures require unanimity
1993	White Paper on Growth, Competitiveness and economy	Reinforces role of national governments in combating unemployment
1994	Poverty IV programme	Proposal blocked by Britain and Germany
1997	Treaty of Amsterdam	Confirms that social policy falls under the joint responsibility of the Member states and the European Communities. New Articles 136-137: Coordinating Action to combat social exclusion New Article 13: provisions on non-discrimination Promotion of employment and equality between men and women introduced in Article 2 as objectives of the Union European Employment strategy launched
2000	Social inclusion strategy	Open method of coordination applied to Social Inclusion strategy: Common EU

		objectives for the fight against poverty and social exclusion
2000	Charter of Fundamental rights	'Proclaimed', not included in the Treaties
2001	National Action Plans	First two yearly plans launched First EU Joint Report on social Inclusion produced
2002	Social Exclusion Action Programme	Analysis, Exchange of best practice, participation and networking
2003	NAPs II and Joint inclusion memoranda	Second round of NAPs in EU countries, Memoranda drafted by New Member states
2004	NAPs	Drafted in 10 New Member states
2004	Constitutional Treaty	Horizontal clause on social inclusion to apply to all policies. Combating of social exclusion mentioned as one of the main objectives of the Union. Charter included. See next page for detail.
2005	NAPs/OMC Streamlining Lisbon strategy	Implementation and updates of Plans, evaluation of OMC Social inclusion, pensions, health and long term care merged into a single process Social cohesion still a pillar of the Lisbon strategy
2006	OMC	Drafting of new reports on social protection and social inclusion, including social inclusion NAP.

[1] EAPN is currently working on a poverty fact sheet which will shortly be available on the website. Much of the following information is drawn from this draft.

[2] Three-year research project to advance the understanding of mainstreaming as a policy tool in social inclusion. More information can be found on: <http://www.europemsi.org/index.php>

[3] These figures are taken from *Joint Report on Social Protection and Social Inclusion: Supporting Document, 2007*, European Commission. http://ec.europa.eu/employment_social/social_inclusion/docs/2007/joint_report/sec_2007_329_en.pdf The most up to date EU figures on poverty can be found on the EUROSTAT web site at http://epp.eurostat.ec.europa.eu/portal/page?_pageid=0,1136184,0_45572595&_dad=portal&_schema=PORTAL

[4] Table taken from European Commission, *Joint Report on Social Protection and Social Inclusion 2007*, http://ec.europa.eu/employment_social/social_inclusion/jrep_en.htm

[5] For more information about the Poverty Programmes, please see *From Lisbon to Lisbon – back to Lisbon and Social Inclusion*, 2007, European Anti-Poverty Network/Portugal

[6] see European Commission 2008 annual policy strategy, p. 4 , http://eur-lex.europa.eu/LexUriServ/site/en/com/2007/com2007_0065en01.pdf

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