

## Social reality stocktaking Contribution from the European Anti-Poverty Network

05.02.08

### Summary

*This contribution aims at stressing the extent and various faces of poverty across the EU, but also at calling for a new momentum in the fight against poverty and social exclusion.*

*While demographic change and globalization are often blamed for preventing the development of ambitious approaches, EAPN is convinced that the fight against poverty remains a political choice which should be driven by a sense of emergency, as 78 million people are facing poverty in the EU. We thus call on the European Commission to build upon the outcomes of the Social Stocktaking exercise to develop an ambitious Social Policy Agenda.*

#### **1. Two years ahead of 2010, an increasing pressure on people experiencing poverty**

***Lack of progress towards poverty eradication with growing levels of inequality*** - Two years before the deadline the EU set itself to “make a decisive impact on the eradication of poverty”, relative but also absolute poverty remain widespread in the EU: in 2004, 16% of EU-25 citizens lived under the risk of poverty threshold and it is commonly admitted that 78 million citizens are currently at risk of poverty in the EU-27. Perception in many Member States is that of little or no progress towards the eradication of poverty by 2010. Several countries even appear to face increase in relative poverty rates, such as Austria, Belgium, the Netherlands, UK and Poland. Yet the method of measuring relative 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. A long side this lack of progress in poverty eradication the figures available in terms of the Gini Coefficient and the ratio of the income share between the top 20% and the bottom 20% show a steady upward trend in inequality between 2000 and 2005.

***Beyond the figures, a growing pressure on the economically “inactive”*** - Beyond the figures, the reality of people experiencing poverty in the EU is also marked by major changes in public policies, resulting in an increasing pressure on the “economically inactive”. These trends can be summarized as follows:

- Transition of welfare states from preventive approaches to basic safety net
- Cuts in benefits and rising living costs
- Labour market activation as the only overall strategic approach
- Loss of focus on rights, services and resources
- Growing stigmatization and denial of fundamental social rights of people experiencing poverty

***The fight against poverty remains a political choice*** - Different approaches to allocating resource and opportunities lead to different outcomes: the least unequal societies in Europe tend to have the lowest levels of poverty, which proves that the decisions over how to eradicate poverty remain a political choice. Ambitious national, but also EU policies will be crucial to make the announced steps towards poverty eradication: EAPN believes these policies should be multi-dimensional, balance employment and social policy with economic and social rights, but also be based on universal approaches, completed by more targeted strategies to reach out to specific groups.

## 2. Part of the solution rather than of the problem? The need for a strong EU social agenda

**Social Europe can make a change** - Social Europe has made a change for people in poverty, through past, but also more recent achievements: poverty programmes in the 70s, the commitment to make a decisive impact on the eradication of poverty with the creation of the Open Method of Coordination on Social Inclusion, the use of structural funds towards excluded groups, emergence of a European debate on active inclusion on the social side and security aspect of “flexicurity”, legislation on equality and non-discrimination. Yet strong concerns emerge as to the current priority given to social inclusion within EU policies: more needs to be done for the EU to live up to citizens’ expectations and contradict a well-spread fear that it becomes a source of deconstruction, rather than strengthening of rights.

**The next EU Social Agenda: which place for the fight against poverty?** The next EU social policy agenda offers an opportunity to give the social pillar its rightful place in the overall EU agenda. What should be its future priorities?

- Committing to an ambitious 2010 EU Year against poverty that leaves a lasting legacy at EU, national, regional and local level.
- Ensuring a real integration of the social dimension into all EU policies and to ensure that the “horizontal social clause” within the new EU Reform Treaty becomes the basis for the establishment of an EU “Social Progress Pact”.
- Committing to a social and sustainable development model consistent with a social rights approach and with a clear central objective to deliver social cohesion. The economic guidelines that would underpin such a model should reflect the ambition to attain a socially just redistribution of wealth.
- Ensuring the comprehensive and ambitious nature of the Open Method of Coordination (OMC) on Social Protection and Social Inclusion by ensuring a real impact on EU, national, regional and local policy making and by strengthening its mutual learning potential.
- Developing a new EU poverty programme as a complement to the OMC.
- Committing to the development of strong tools at EU level capable of delivering high level social standards in all the EU Member States. Such a tool should guarantee access for all to decent levels of income and high quality services of general interest. The “Active Inclusion” approach should be focused on making steps in this direction.
- Agreeing strategies aimed at quality employment accessible to people furthest from the Labour Market and which address the reality of “in work poverty”. The ambition of developing quality employment should address the need for fair wages, good work-life balance, decent working condition and security and sustainability should be given renewed priority.
- Committing to develop more knowledge and understanding of the realities of inequality in the EU and the reality of wealth creation and distribution in the EU in order to achieve a fairer redistribution of the wealth generated.
- Committing to strengthening EU equality and anti discrimination legislation and policies, taking migrants on board, and to ensuring the necessary institutional arrangements to ensure the enforcement of legislation.
- Ensuring that structural funds are given their rightful place in the fight against exclusion and ensure a better coherence between structural funds, the OMC on social inclusion, the Employment and overall Lisbon strategy.
- Developing and ensuring the culture, principles and methods necessary to support an effective implementation of participatory democracy. Special attention has to be paid to the participation of people experiencing poverty, exclusion, discriminations and inequalities.
- Reinforcing the role of the EU in the fight against poverty in a global context.

## CONTRIBUTION

*EAPN welcomes the opportunity provided by the “social stocktaking” to put social issues back on the top of the EU agenda. Yet we would like to stress that for networks engaged in fighting exclusion across the EU, taking stock of the reality of poverty can be neither a statistic nor a static exercise. Beyond the figures, such a process should aim at questioning perceptions and lead to a constructive debate on the conditions for change.*

*Despite the commitment taken by EU leaders in 2000 to “make a decisive impact on the eradication of poverty”, the reality of people experiencing poverty in 2007 is rather one of increasing precariousness and questioning of their fundamental rights. While demographic change and globalization are often blamed for preventing the development of more ambitious approaches, EAPN is convinced that the fight against poverty remains a political choice.*

*We therefore call on the European Commission to build upon this exercise to develop an ambitious 2010-2015 Social Policy Agenda<sup>1</sup>.*

### 1. Two years ahead of 2010, an increasing pressure on people experiencing poverty

#### 1.1. Understanding and measuring poverty: the challenges

Any attempt to assess the reality of poverty throughout the EU faces the challenge to reflect its multiple and evolving faces. It should also differentiate between the *concept* of poverty, its *perception* (by people experiencing poverty themselves, but also the public at large, decision-makers), *definition*, *measurement* (such as poverty thresholds and indicators) and the *political answers* given to it, which are all rooted in specific times, societies and paradigms.

The extent and seriousness of poverty in the EU is often not well understood either by policy makers or the general public. Often this is because people only think of poverty as being something which is so extreme that it threatens people’s very existence and they associate this mainly with developing countries. However, the reality is that poverty in the EU is a very real problem which brings misery to the lives of many people. It curtails their fundamental rights, limits the opportunities they have to achieve their full potential, brings high costs to society and hampers sustainable economic growth. Poverty also reflects failures in the systems for redistributing resources and opportunities in a fair and equitable manner. These lead to deep-seated inequalities and thus to the contrast of excessive wealth concentrated in the hands of a few while others are forced to live restricted and marginalised lives, even though they are living in a rich economic area.

It should also be stressed that the most frequently used “at risk of poverty” threshold (60% of median income, assessing relative poverty<sup>2</sup>) reflects a quantitative measurement which does not take account of more qualitative aspects of poverty. It is more a reflection of inequalities of

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<sup>1</sup> Information from the following sections is taken from recent EAPN reports, in particular the EAPN National Report’s input into the 2007 report on the implementation of the OMC on Social Inclusion and Social Protection. The contribution also builds on the EAPN’s response to the Lisbon integrated guidelines (July 2007) and the EAPN “poverty explainer”, published on the EAPN website ([http://eapn.horus.be/code/en/news\\_detail.asp?pk\\_id\\_content=3031](http://eapn.horus.be/code/en/news_detail.asp?pk_id_content=3031)). Data are also taken from the Joint Report on Social Protection and Social Inclusion: Supporting Document, 2007.

<sup>2</sup> “**Relative poverty** is where some people’s way of life and income is so much worse than the general standard of living in the country or region in which they live that they struggle to live a normal life and to participate in ordinary economic, social and cultural activities. What this means will vary from country to country, depending on the standard of living enjoyed by the majority. While not as extreme as absolute poverty, relative poverty is still very serious and harmful”. *EAPN Poverty Explainer*

wealth which are primarily due to the lack of redistributive mechanisms, and does not illustrate the extent of absolute poverty<sup>3</sup> in a specific area.

## **1.2. Lack of progress towards poverty eradication**

A closer look at risk of poverty rates throughout the EU reveals that two years before the deadline the EU set itself to “make a decisive impact on the eradication of poverty”, relative but also absolute poverty remain widespread in the EU.

**78 million citizens facing poverty 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<sup>4</sup>. 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.

**No significant decrease in relative poverty rates** - 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-27 as a whole (15% - 2002) and the perception in many Member States is that of little or no progress in reducing poverty or in the progression towards the eradication of poverty by 2010. Several countries even appear to face increase in relative poverty rates: Austria, Belgium, Netherlands, UK and Poland - which in 2005, according to the EU SILC data, had the fastest increase and the highest risk in the European Union.

**Beyond statistics, different realities across the EU** - 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 4 euros a day. Levels and trends in poverty vary in extent and depth across states but the particular problems of states with absolutely low levels of average income must be noted, particularly in some Member States that joined the EU in or after 2004. Estonia for instance faced a decline in absolute poverty from 1998, but still in 2004 one quarter of the population lived in absolute poverty.

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<sup>3</sup> **Absolute or extreme poverty** is when people lack the basic necessities for survival. For instance they may be starving, lack clean water, proper housing, sufficient clothing or medicines and be struggling to stay alive. This is most common in developing countries but some people in the European Union (EU), for instance homeless people or the Roma in some settlements, can still experience this type of extreme poverty”. *EAPN Poverty Explainer*

<sup>4</sup> 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](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](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=0_1136184_0_45572595&_dad=portal&_schema=PORTAL)

### 1.3. Changes and disparities in groups concerned

Beyond overall rates, the composition of groups at risk of poverty has faced changes over the last years, and differs across the EU.

- *The assessment included in this section is building upon the evaluation made by EAPN national networks in their input to the 2007 report on the implementation of the OMC on Social Inclusion and Social Protection<sup>5</sup>.*

**One parent households** and those with dependent children have the highest poverty risk. For single parents with one dependent child the risk is 33%. They were perceived as the group most at risk by many EAPN national networks (Luxembourg, Belgium, France, Czech Republic, Denmark and Germany). The feminisation of poverty and the risks it poses for children are evident in the high rates of poverty for lone parents, usually women.

**Larger families** were also reported to be more at risk, suggesting that for some families, current wages and benefits do not cover the additional costs of raising children. This was stressed in particular by EAPN Networks from Czech Republic, France, Germany, Luxembourg, Poland, Portugal, Spain and UK. But as the Polish network noted, while there is a higher risk than for small families, the largest number of poor families are small families.

**Children (0-17)** have a particularly high rate of poverty at 19%. Networks which said that their child poverty rate is relatively high included Estonia, the UK, Poland, France, Germany, Belgium, Spain, Austria and Sweden. The Luxembourg network reported that child poverty is rising. Networks that said that their child poverty rate was low by relative to the European Union average were those in Denmark, Norway and the Czech Republic, while they seemed to be greater than for adults in Austria, Belgium, Estonia, France, Luxembourg, Portugal and the UK. Only the Danish and Spanish networks said that child poverty rates are lower than for adults, though the Spanish networks said child poverty rates are rising. In Poland 29% of children were poor, on the 60% of median income poverty threshold. The UK too has very high child poverty, but it has fallen significantly from the 1997 level of one child in three – lifting nearly one million children out of relative poverty. However, in 2006, child poverty began to rise again. 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%).

The risks faced by **single wage earner** households were mentioned specifically by the French and UK networks. However, in most states, it appears that even **low earning families with two wages** have difficulties keeping out of poverty, indicating that work as the best route out of poverty is a less successful strategy where those targeted by government are low wage, low skill households. Networks that specifically referred to the risks for low wage income households were France, Belgium (the group most at risk), Germany (exacerbated by the 2005 labour market reforms) and the UK (exacerbated by the “flexible” labour market conditions experienced by weaker groups – for example - exploitation of employment agency workers including migrants). However, most networks underlined the continuing dominance of the poverty risks for **long term unemployed** and **other recipients of welfare benefits**.

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<sup>5</sup> Yet EAPN acknowledges that more groups could be cited, in particular people facing mental health, people living in institutions, victims of domestic violence, people suffering from alcohol and drug addictions.

**Black and minority ethnic groups** are more at risk than majority groups. However, apart from the recent new strategies for the Roma, networks are not reporting the emergence of high level strategies for minority ethnic groups. Networks that specifically referred to risk for minority ethnic groups included: Czech Republic, Spain and Norway (the networks specifically referred to Roma); France (especially employment and access to health plus additional problems for Roma, where local municipalities' obligation to provide sites is not respected); Luxembourg (the Portuguese minority) and UK (most black and minority ethnic groups). The Norwegian network pointed out that not only do minority ethnic groups in Norway have twice the risk of poverty, but the social transfer system is less successful in cutting their risk – it reduces the risk by two-thirds for the majority group and by half for the minority groups.

**Asylum seekers, migrants and refugees**, appear to be particularly at risk. The Czech Republic network specifically mentioned refugees, the Danish and Spanish networks, migrants and the Swedish network, asylum seekers. The Spanish network referred to “transactional poverty”: migrants who bring with them the poverty of their country of origin – and also to migration of unaccompanied minors and Roma, especially women. The Swedish network noted that poverty is persistent in asylum seekers – even nine years later. Networks believed that asylum seekers faced absolute and persistent poverty, but the overriding strategy is to cut their numbers only.

**People with a disability** - both children with a disability and parents who are disabled – appear as well to be particularly at risk and were mentioned by the French, German and UK networks, especially regarding access to education and employment.

**Low qualifications, low skills and the transition from school to work** were designed as major risks factors in many countries – including states with such diverse systems as Germany and Portugal. The UK has very high numbers young people not in education, training or work. The Czech Republic network referred to school drop out and lack of qualifications in the Roma communities. The Portuguese network referred also to problems in rural areas and to the employment of young people in temporary jobs and in small poorly regulated businesses. This network was the only network to mention child labour and child prostitution specifically.

**People experiencing homelessness and housing exclusion** - The dividing line between homelessness and housing exclusion naturally varies from country to country, although there is **general consensus** that consideration needs to be given to a continuum of living situations – ranging from living on the streets with no roof, to living in shelters to living with friends – when seeking to understand the nature and scope of homelessness (for more information see [www.feantsa.org](http://www.feantsa.org)). The scope and nature of homelessness varies from country to country, but there are similar trends in the profiles of homeless people across Europe. The homeless population is both getting older (people who have not left the homelessness cycle, and who are getting older) and younger at the same time. There is also a considerable feminisation of the homeless population so that the phenomenon no longer only concerns older men, but is extending to women and to families (especially single parent families) who enter a vicious cycle of homelessness for a variety of reasons which can be structural (immigration, poor social welfare, unemployment, housing affordability), institutional (poor access to services/healthcare, unavailability of adequate services to meet emerging needs), relational (family break-up, domestic violence) and personal (linked to alcohol/drug abuse, mental health problems). The reality of increasing housing costs, acute shortages of social and affordable housing and a trend to rely more on private ownership of housing means that as well as targeted measures to address homelessness there is also the need to establish new programmes to promote the construction of affordable housing.

**Regional disparities in employment, income and wealth and risk of poverty** were specifically mentioned by the Czech Republic network (two of fourteen regions are much poorer); the Polish, UK, German and Portuguese networks specifically mentioned regional disparities as an additional poverty risk. The Spanish network mentioned urban concentrations of poverty and the French network mentioned the poverty concentrations in the suburbs.

**The reality of poverty: Voices of people participating in the 5<sup>th</sup> 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**

*“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.”*

**1.4. Growing levels of inequality**

To understand poverty we need also to know more about wealth. Unfortunately statistics about wealth are hard come by in the EU. However we can detect growing levels of inequality in the EU. There is a considerable diversity within the EU in the degree of income inequality, measured by the ratio of the income share of the top 20% to that of the bottom 20%. The ratio for the EU25 as a whole is 4.9 (2005) but this varies from 3.3 up to 8.2. Sweden, Slovenia, Czech Republic, Denmark, Finland, Austria and Luxembourg have the lowest inequality ranging between 3.3 and 3.8 while the highest inequality is to be found in Poland, Latvia, Lithuania, and Portugal ranging from 6.6 up to 8.2. There has been a steady upward trend in inequality since 2000 when the EU ratio was 4.5.

The Gini coefficient shows a similar ranking pattern to the S80/S20 ratio. The overall EU figure (2005) is 31, an increase from 29 in 2000. The lowest inequality is in Denmark, Slovenia,

Hungary, Sweden, Austria and Finland (23 to 26) and the highest is in Portugal (41) and in Latvia, Lithuania and Poland (36).

### **1.5 Beyond the figures, a growing pressure on the economically “inactive”**

Poverty and the way it is combated are not primarily external “trends” but the result of political choices. Beyond statistics, the reality of poverty in the EU has to be seen in the light of the increasing pressure on the “economically inactive”, which goes together with a dismantling of fundamental social rights.

**Welfare states in transition: from preventive approaches to basic safety net** - In a context of demographic change and globalised economy, welfare systems are being transformed and the pace is quickening, with a transfer of risk from society to individuals in difficulties and a negative impact on the risk of poverty. While welfare state once aspired to prevent poverty and sustain people’s framework for social integration (particularly in Northern countries), it is now moving towards a role at best as a basic safety net, marked by drastic cuts. In Poland for instance, the EAPN network’s view is that welfare benefits have “*symbolic meaning*” only and are not intended to combat poverty. Benefits are low and redistribution is limited. This move away from a universal approach to social protection is often accompanied by a raise in inequality at the bottom end of income distribution and steps back in terms of redistribution of wealth. This trend is illustrated among others by the increasing spread of flat tax<sup>6</sup> (for instance in Estonia, Latvia, Lithuania, Slovakia, Romania) but also cuts in taxes at the higher end of the redistribution scale (in France for instance).

**Cuts in benefits and rising living costs** - Social benefits are reduced, or at best stagnant, in a significant number of EU countries. In Denmark for instance, social benefits have been cut significantly for those aged under 25, for families with many children and families where both parents are long term unemployed, which appears to have a heavy impact falls on minority and migrant groups. Fast rises in living costs (in particular food, rent/ mortgage and basic utilities) thus appear as a major concern, as illustrated by the German example, where the minimum income increase by 0.50 euros in July 2007 could not compensate for significant changes in energy and purchase taxes. There is also a strong risk of general decreasing value of disposal income of older people in many Member States, with pensions being eroded quickly and monetary increases not keeping up with inflation or the cost of living.

**Labour market activation as the only overall strategic approach** - Partly as a consequence of an increasing pressure on redistribution, integration of excluded groups into the labour market has become the main strategic approach to the fight against poverty, sometimes regardless of the quality of jobs created and impact on those most remote from labour market. While the inclusion of excluded groups with complex needs into occupational activities can be seen as a positive development, it all too often appears to be driven by public finance and labour market rather than social inclusion needs. It is thus not surprising to see that in-work poverty and precariousness are on the increase: 17% of the self-employed and 6% of employees in the former EU-15 fall below the standard poverty threshold<sup>7</sup>, while such statistics do not reflect other developments such as bogus self-employment (false self-employment regime) and undeclared work. The mismatch between “activation” into the labour market and a broader vision of “active inclusion” is very well demonstrated in Bulgaria, where the success in decreasing the official

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<sup>6</sup> flat tax stands for flat rate taxes and refer to taxes with a constant rate

<sup>7</sup> Dublin Foundation seminar report, Working poor in the EU, July 2004, <http://www.eurofound.europa.eu/pubdocs/2004/127/en/1/ef04127en.pdf>

unemployment rate has been accompanied by very low salaries and wages, increasing the phenomenon of working poor (currently the minimum monthly wage is 90 euros).

**Loss of focus on rights, services and resources** - This over-focus on “making work pay” approaches tends to set aside the two other fundamental aspects of good “active inclusion” strategy, namely minimum income and access to services. “Active inclusion” strategies need to be re-focused on creating positive incentives for inclusion – providing people with a secure and adequate income as a right with guaranteed access to affordable, quality, responsive services which encourages stability, confidence and job search. What most countries witness is on the contrary strong concerns on the real purchasing power of minimum income schemes (still lacking in Greece, Italy and Hungary), a lack of attention being paid to the impact of privatisation and liberalisation on access to services, and inadequate level and coverage of social and health benefits, with increasing evidence of cuts and reduced access for specific groups such as migrants and asylum seekers.

**Growing stigmatization and denial of fundamental social rights** - The shift towards “activation” of social spending is characterized by an increasing conditionality of unemployment replacement income, but also increasingly of social benefits including minimum income. In a number of countries, this has been accompanied by a growing stigmatization of excluded groups and in particular of those most remote from the labour market, depicted as a “burden” on welfare states. Despite a number of steps forward in the fight against discrimination, the deconstruction of social rights throughout the EU prevents people in poverty to access their fundamental social rights, the very ones that should remain unconditional. These include in particular human dignity, social and housing assistance, health care and access to services of general interest, which are all recognized in the EU Charter of Fundamental Rights. This is all the more worrying as such deconstruction of rights adds to the existing denial of some of these rights for specific categories, in particular (undocumented) migrants.

### **1.6. Choice remains: trends can be challenged**

**Poverty eradication, a political choice** - As much as the consultation document put forward by the European Commission, the points above illustrate general trends and cannot reflect the diversity of situations across the EU at national, regional and local levels. However, they illustrate well enough a general feeling that social rights in the EU are in best cases stagnating, in the worst ones dismantled, and that growth and jobs along do not necessarily lead to poverty reduction. In a context of demographic change and globalised economy putting increasing pressure on welfare states, the very concept of social progress has allegedly reached a stalemate.

Yet the overall persistent high level of poverty in the EU also suggests that poverty is primarily the consequence of the way society is organised and resources are allocated, whether these are financial or other resources such as access to housing, health and social services, education and other economic, social and cultural services. The fact that levels of poverty differ among Member States demonstrates clearly that different approaches to allocating resource and opportunities lead to different outcomes. The least unequal societies in Europe tend to have the lowest levels of poverty<sup>8</sup>. This is primarily because these governments choose to give priority to

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<sup>8</sup>The levels of poverty before and after income transfers through a country’s social welfare system give a strong indication of the effectiveness of a country’s system of redistribution. In the EU Member States, the risk of poverty rate would be considerably higher if there were no social transfers. In the most generous and efficient systems the poverty rate is reduced by social transfers by 50% or more whereas in the least efficient the rate is reduced by only 20% or less. The levels of poverty before and after

ensuring adequate minimum income levels and good access to services, through the social protection system and through guaranteeing minimum wage levels.

For EAPN, the decisions over how to eradicate poverty remain a political choice, a choice about the kind of society we want. As much as fighting climate change, today this choice should be driven by a sense of emergency, as 78 million people are now deprived of their dignity in the EU. Ambitious national, but also EU policies will be crucial to finally make the announced steps towards poverty eradication.

**The need for comprehensive approaches** - EAPN believes effective anti-poverty policies should be multi-dimensional, balance employment and social policy with economic and social rights, but also be based on universal approaches, completed by more targeted strategies to reach out to specific groups. They should build on the following objectives:

- Guaranteeing an adequate income and resources for all for a life in dignity, regardless of employment status.
- Reducing inequalities, through robust redistributory mechanisms, recognizing that inequalities in poverty and wealth undermine social cohesion.
- Supporting family solidarity and children's rights and the capacity for families of whatever kind to provide a decent life for their children.
- Developing effective strategies to promote an inclusive labour market, which provides quality jobs and opportunity for all.
- Ensuring decent housing for all.
- Guaranteeing equal access to, and invest in high quality and affordable services (particularly health, transport, social care, cultural, recreational and legal).
- Implementing specific approaches and programmes targeting people in extreme poverty, including homeless people.
- Implementing anti-discrimination legislation, and promoting pro-active measures to tackle discrimination, particularly in access to jobs, rights and services.
- Ensuring active governance and participation, particularly of people experiencing poverty.

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income transfers through a country's social welfare system give a strong indication of the effectiveness of a country's system of redistribution.

## **2. Part of the solution rather than of the problem? The need for a strong EU social agenda**

### **2.1. Social Europe can make a change**

Due to limited redistributive competences and narrow regulatory powers in the social area, the fight against exclusion has often been depicted as the EU's Achilles heel. However, taking stock of the reality of exclusion in the EU also means acknowledging that social Europe has also made a change for people in poverty, through a number of past, but also more recent achievements: poverty programmes in the 70s, the commitment made in 2000/01 make a decisive impact on the eradication of poverty with the creation of the Open Method of Coordination on Social Inclusion, the use of structural funds towards excluded groups, the positive impact of mutual learning between member states and other actors, emergence of a European debate on what active inclusion means, on the social side and security aspect of "flexicurity", legislation on equality and non-discrimination.

#### **What has the EU done for people in poverty? *Extract from Final Declaration of the EAPN 2007 General Assembly***

##### **In relation to Principles**

- The commitment to human and social rights as reflected in the objectives of the EU, the Charter of Fundamental Rights and the references to the European Social Charter.

##### **In relation to process and legislation:**

- Development of EU social dialogue
- Development of civil dialogue and support for the engagement of Networks defending the interests of people experiencing poverty, exclusion and inequality, support for the direct participation of people experiencing poverty, including the yearly European meeting of people experiencing poverty.
- The requirement for social impact assessment for major policy proposals.
- The possibility of agreeing common minimum requirements in the social policy field.
- Health and safety at work legislation.

##### **In relation to putting poverty and equality on the agenda**

- Putting poverty on the agenda through the Lisbon Agenda and the Open Method of Coordination on Social Protection and Social Inclusion
- Gender Equality and Anti-discrimination legislation protecting against discrimination on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

##### **In terms of solidarity**

- The positive role played by the structural funds and in particular the European Social Fund and other European financial instruments and programmes promoting social inclusion.

Yet strong concerns emerge as to the priority given to social inclusion within EU policies, as illustrated for instance by the increasing downgrading of social goals within the Lisbon framework, but also questions around of the impact of services liberalization on people experiencing poverty. More needs to be done for the EU to live up to citizens' expectations and contradict a well-spread fear that it becomes a source of deconstruction, rather than strengthening of rights.

## **2.2. The next EU Social Agenda: which place for the fight against poverty?**

At a time of intense debate around policy coherence, the next EU social policy agenda offers an opportunity to do so, by giving the social pillar its rightful place in the overall EU agenda.

**Kick off with an ambitious 2010 Year against poverty** - 2010 is a key opportunity to carry out an urgent stock-taking of progress on the eradication of poverty in the EU. But it must be more than this. Clearly it must aim to mobilize all actors and stakeholders including people experiencing poverty, governments and the media in a commitment to demonstrate the political will to reach the broader Lisbon goals. A high level organizing committee involving different stakeholders will need to be engaged to ensure that some specific progress is made by this date and that the year is used to mark new medium and long-term goals and targets for how the EU is going to eradicate poverty and keep its 2000 commitments from the original Lisbon agenda.

**Ensuring a real mainstreaming of the social dimension into all EU policies and investing in a Social Progress Pact** - With the entry into force of a "horizontal social clause"<sup>9</sup> within the EU Treaty, stronger attention should be paid to ensure that the EU's social goals are not contradicted by the negative impact on exclusion of policies beyond the employment and social affairs spectrum. This is particularly the case for economic and monetary affairs, internal market, enterprise, but also justice and home affairs policies. Building upon the steps achieved through existing "social impact assessment", an ambitious strategy building on debate and commitment to independent research should be developed to ensure a real implementation of the horizontal social clause, which could take the form of a Social Progress Pact. Such a process could build upon the lessons learnt from the "European Consensus" put in place in the development policy field, in particular regarding the need for strong implementation mechanisms.

**Moving forward on Social Standards** - In line with the development of a Social Progress Pact, time has come for the EU to recognize the need for the establishment of social standards<sup>10</sup>, equivalent to those applied in the field of employment. Such standards would aim to guarantee the right for access to services and utilities deemed essential to live in dignity, including health, education and lifelong learning, housing/accommodation, care services and utilities. As a priority, an EU framework on Services of General Interest and social and health services should be developed, which takes priority over the internal market. Such an approach should also be at the heart of any EU legislative action in the field of migration, so as to tackle indecent working conditions and employment discrimination.

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<sup>9</sup> According to the Lisbon Treaty, the horizontal clause should become article 5a of the EU treaty: "In defining and implementing its policies and actions, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health."

<sup>10</sup> By standards, we mean a set of common references, which can be either "soft" or "hard", depending on their legal status (compulsory or not) and degree or precision. See project "Making a decisive impact on the Eradication of Poverty – towards an EU initiative on social standards": [www.eapn.ie/standards/3807](http://www.eapn.ie/standards/3807)

**Putting social rights back at the heart of the fight against exclusion** - At a time when economic and social rights are more frequently dismantled than upheld, the integration of the Charter of Fundamental rights in the EU primary law puts a duty on the EU and its Member States to place rights back at the top of their agenda. However, such an approach cannot emerge without concrete measures. The next social agenda should prioritise information and training of people in poverty, social and economic actors, decision-makers and the public at large to better assess the impact of the Charter on their own rights and exercise these rights. More generally, it should see as a priority the development of a “package” of common minimum standards (benefits and services), as the only way to make social rights effective.

**Revitalising the OMC: a dynamic, participative, strategic tool that impacts on poverty and wealth** - Marking the first decade of the EU social inclusion process, the next social agenda must seek to build on the lessons learnt to revitalise the process: the OMC on social protection and social inclusion needs to become more participative and strategic, ensuring that the National Action Plan and Strategic Report process actively engages stakeholders and leads to improved policy impact at national and EU level. Wealth and Poverty can no longer be considered separately, and the OMC must put efforts in promoting stronger redistributive mechanisms. It must also deliver real impact both on national policy and on poverty – through embedding systematic poverty assessment, better linking national and local processes with EU ones, investing in the regional and local dimension, implanting better coordination and through the establishment of clearer targets and transparent and effective monitoring, as well as ensuring better coordination between the different strands. It needs to invest in promoting better governance and participation through participative democracy, developing regional and local NAPs, adequate resources for NGOs and other under-resourced stakeholders. The OMC also needs to become more dynamic, through ensuring high-profile visibility at national and EU level and by deepening the yearly reporting process. In addition the potential for mutual learning within the OMC approach must be strengthened, through the identification of short and long term priorities for mutual learning within a multi annual programme which ensures progress on addressing the different dimensions of poverty through trans-national exchange and learning.

**Developing quality employment accessible to people furthest from the Labour Market** - The current Social Policy Agenda puts on a strong focus on the supply side of labour markets. Yet, setting full employment as an objective without seeking to develop the demand side and in particular the creation of jobs which the poor and socially excluded can access is setting these groups up for failure and will only lead to stigmatization of the unemployed, to more poverty and social exclusion. In view of growing in work poverty, the ambition of developing quality jobs, notably assorted with fair wages, good work-life balance, decent working condition, security and sustainability should be given renewed priority. The key role of Social economy as a key tool for implementing an inclusive labour market should be promoted more specifically.

**“Active inclusion”: promoting right-based support to employment and social integration** - The current Social Agenda announced an EU initiative on minimum income schemes, published as a communication in October 2007 on active inclusion. More should be done to ensure access for all who need it, to minimum income which can provide adequate means for a decent life, this approach should be accompanied by supportive pathway approaches to employment for those for whom this is an option. These approaches must also ensure access to quality services, in accordance with the best principles of Active Inclusion<sup>11</sup>.

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<sup>11</sup> As acknowledged as well in the 2007 Joint Report: "As a key focus for the OMC in the inclusion area the “active inclusion” strategy has the aim to promote social inclusion involving activation, minimum income and access to services with a particular

**Implementing a balanced approach to flexicurity** - The only relevant approach to flexicurity is integrating employment policies and social protection, which will contribute to the fight against poverty and social exclusion, notably through reducing precariousness, ensuring secured transitions which deliver access to quality employment, an inclusive labour market with reduced labour market segmentation, guaranteeing decent levels of social protection for those between jobs and for those who are not able to access work. The security side of flexicurity policies should be more developed. Monitoring and exchange concerning the way it is implemented at the EU level should ensure that flexicurity is having a positive impact on social cohesion.

**Addressing the realities of wealth creation and redistribution** - It is impossible to talk about poverty reduction and to remain silent about wealth. Wealth justly distributed has the possibility to ensure access to high level social standards for all. However without actively pursuing fair wealth redistribution policies, wealth creation can further threaten social cohesion. Therefore we need to know much more about wealth creation and trends in inequality in the EU, with a view to identifying and reinforcing fair distribution mechanisms. Developing this approach should be a central part of the future social policy agenda.

**Keeping up the momentum on anti-discrimination, taking migrants on board** - Following the 2007 Year of Equal Opportunities, the next social policy agenda should build on strengthened anti-discrimination legislation and policies, including those beyond the employment sphere, in a view to ensure access of all to goods, services and facilities available to the general public. This should seek to tackle the specific situation of third country migrants (included undocumented migrants), who are still way too often left out from the EU equality agenda.

**Refocusing Lisbon as part of a sustainable development approach** - The current Lisbon guidelines reflect an approach which assumes that social cohesion will trickle down from growth and jobs. EAPN believes the social dimension of Lisbon needs to be reinforced by revising the integrated guidelines to create a coherent, social, economic and environmental approach embedded in the EU sustainable development strategy with a clear central objective to deliver social cohesion. This means insisting on feeding in, but even more on feeding out – putting the National Reform Programmes, the OMC on social protection and social cohesion and Structural Funds, at the service of social cohesion through strengthened joint processes and mechanisms. Besides, EAPN would call for an ambitious understanding of the notion of “modernisation” of labour market and social protection systems, encompassing the aim of developing a cohesive society.

**Mainstreaming is not enough: establishment of a new European Poverty Programme** - The next social agenda will be marked by a strong debate on the EU financial priorities and their coherence with the Lisbon goals. While social inclusion should be made a transversal objective of the new financial framework, effective policies need to be supported by targeted approaches. EAPN believes time has come for the development of a more specific approach to the fight against poverty through the establishment of a new European Poverty Programme. The creation of such a programme within the framework of the Social Inclusion Strategy would allow overcome the lack of current measures and specific actions to tackle poverty on a European scale and helping build the capacity of key actors in the fight against poverty. It would thus make up for the loss of EQUAL and other community programmes, and prevent an increasing isolation of Member States in the fight against poverty.

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focus on three challenges: homelessness and housing exclusion, social inclusion of ethnic minorities, and integration of people with disabilities (Joint Report, 2007)."

**Giving structural funds their rightful place in the fight against exclusion** - Structural funds remain one of the key EU instruments to deliver its objectives, but the new round of structural funds (2007-2013) is marked by numerous challenges in terms of the fight against exclusion, triggered by the loss of EQUAL and an increasing focus on “growth and jobs” (Lisbon earmarking). Structural funds should in the future be given a strong profile in the next Social Policy Agenda: priority should thus be given to earmarking specific amounts of the funds for social inclusion, ensuring a real follow-up of the EQUAL initiative (and a transnational dimension in the fight against exclusion), but also a better coherence between structural funds, the OMC on social inclusion, the Employment and overall Lisbon strategy.

**Participatory democracy in the shaping and implementation of policies** - Building upon the new EU Treaty article on participatory democracy, the New Social Agenda should put a strong focus on strengthening the participation of people experiencing social exclusion and organizations that represent their interests in the shaping and the implementation of EU social policies. Civil dialogue and stakeholder participation should be strengthened as a priority through the OMC on social protection and social inclusion, all EU social policies, but also in the process of social impact assessment. The European meetings of people experiencing poverty need continued support and the progress that has been made in developing this model of participation at national level needs to be further strengthened so as to give a more on going and strategic support to the involvement of people experiencing poverty and exclusion in the OMC process.

**Reinforcement of the EU role in the fight against poverty in a global context** - The next Social Policy Agenda should seek to build an integrated vision to fight poverty and social exclusion, ensuring that the development of the EU is not at the expense of the less developed world through the development of integrated policies on migration, development and aid, coherence in the external trade negotiations, promoting the EU model of quality social protection and decent work.

## **ANNEX - Useful links**

EAPN Poverty Explainer (November 2007),  
[http://eapn.horus.be/code/en/news\\_detail.asp?pk\\_id\\_content=3031](http://eapn.horus.be/code/en/news_detail.asp?pk_id_content=3031)

Light Year: hard work! Assessing the impact on poverty – EAPN report on the implementation of the Strategic Reports on Social Protection and Social Inclusion (October 2007)  
[http://www.eapn.org/code/en/publ\\_detail.asp?pk\\_id\\_content=2994](http://www.eapn.org/code/en/publ_detail.asp?pk_id_content=2994)

EAPN's response to the Lisbon integrated guidelines: strengthening the social dimension of the Lisbon strategy: (July 2007) [http://www.eapn.org/code/en/publ\\_detail.asp?pk\\_id\\_content=2781](http://www.eapn.org/code/en/publ_detail.asp?pk_id_content=2781)

*EAPN response to the Commission Green Paper on the modernization of Labour Law (March 2007)* [http://www.eapn.org/code/en/publ\\_detail.asp?pk\\_id\\_content=2585](http://www.eapn.org/code/en/publ_detail.asp?pk_id_content=2585)

EAPN response to the Commission Communication on flexicurity (July 2007)  
[http://www.eapn.org/code/en/publ\\_detail.asp?pk\\_id\\_content=2806](http://www.eapn.org/code/en/publ_detail.asp?pk_id_content=2806)

EAPN Response to the Consultation “Ensuring a Decent Income and a Better Life for All”  
[http://www.eapn.org/code/en/publ\\_detail.asp?pk\\_id\\_content=1956](http://www.eapn.org/code/en/publ_detail.asp?pk_id_content=1956)

“Making a decisive impact on the Eradication of Poverty – towards an EU initiative on social standards”, report from a transnational project (2007), [www.eapn.ie/standards/3807](http://www.eapn.ie/standards/3807)

*From Lisbon 2000 to Lisbon 2007, back to the future*, European Anti-Poverty Network Portugal, (July 2007), [http://www.eapn.org/code/en/news\\_detail.asp?pk\\_id\\_content=2861](http://www.eapn.org/code/en/news_detail.asp?pk_id_content=2861)