

Executive Summary

Mirjam van Reisen¹
Social Watch Coordinating Committee for Europe

The Universal Declaration of Human Rights defines social security as a universal right for all human beings through national effort and international cooperation (Article 22). Social protection helps reduce poverty: according to the International Labour Organization (ILO), social security transfers reduce poverty by at least 50% in almost all OECD countries and reduce income inequality by about 50% in many European countries (Cichon 2008).

The international commitment to eradicate poverty was adopted by the international community at the World Summit for Social Development in Copenhagen in 1995 and reconfirmed in the 2000 UN Millennium Declaration. At the 2010 UN Summit on the Millennium Development Goals, the idea of a universal 'social floor' was introduced, based on recognition of the fact that it is possible to eradicate poverty and provide social security for all. ILO research has found that less than 2 per cent of global GDP is needed to provide a basic set of social protection benefits for people in poverty (Cichon 2008).

Establishing the EU as a legal personality, which allows it to enter into legal agreements with third countries, the EU Lisbon Treaty codifies the EU's obligation under international law to instigate national effort and international cooperation for social protection and to eradicate poverty. The Treaty makes the eradication of poverty a binding objective in the EU's relations with developing countries. With regards to the internal policies of the EU, the Treaty contains the legally binding provision that "in defining its policies and actions, [it] shall take into account [...] the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health" (Article 9, Treaty on European Union). In these areas the EU complements the activities of the Member States (Article 153, Treaty on the Functioning of the European Union – or Lisbon Treaty). The weight given by the EU to the eradication of poverty and the fight against social exclusion is evidenced by the declaration of 2010 as the Year for Combating Poverty

¹ Prof Dr van Reisen is Endowed Chair on International Social Responsibility in honour of Marga Klompé, Department of Culture Studies, Faculty of Humanities, Tilburg University, Director of Europe External Policy Advisors, and Member of the Coordinating Committee, Social Watch.

and Social Exclusion. President of the European Council Van Rompuy points out that the EU 2020 strategy (adopted in June 2010), aimed at the preservation of the so-called 'European economic and social model', emphasises the importance of social inclusion, employment and education (European Parliament of Enterprises 2010).

Poverty and social exclusion are a reality for a large number of Europeans. Up to 17% of people in the EU (approximately 85 million people) live below the poverty threshold. One child in five is born and grows up with economic and social deprivation. Twenty per cent of young people (aged 16–24) are currently living at risk of poverty in the European Union. These figures clearly reflect the weakness of policies to address poverty and social exclusion, which have come under pressure in the aftermath of the financial crisis. The ability of governments to implement their national and international obligation to guarantee social security has been compromised. This response by governments is resulting in massive job losses and cuts in social expenditure, accompanied by a new wave of privatisation of public assets (which even includes key government functions such as air traffic control in Spain) – ultimately placing the loss on the shoulders of the taxpayers instead of the financial sector. The European Union has not been able to tackle the root causes of the financial crisis, leaving it vulnerable to a further spiralling down and aggravation of the crisis. The fiscal constraints that developing countries have experienced in previous decades resulting from International Monetary Fund policies are now confronting European countries (Dearden 2010).

With almost half of the world's population living on less than 2 dollars a day, poverty and social exclusion are also acute beyond Europe. Developing countries have been severely hit by the combination of crises – financial, economic, food, and environmental. Inevitably, the impact falls hardest on women and children, particularly girls. The UN Review of the Millennium Development Goals has introduced the concept of a 'social floor', recognising the need for a global answer to the international poverty crisis. This proposition also makes economic sense: social protection helps in freeing the full potential of a healthy, educated and productive workforce, which is a prerequisite for sustainable economic growth, and for the creation of stability in internal consumption, especially through pensions and child support measures.

ILO argues that evidence is emerging that a minimum package of social security benefits is affordable, even in the poorest countries (ILO 2008).

Time for action: Responding to poverty, social exclusion and inequality in Europe and beyond

This edition of the European Social Watch report examines social exclusion in Europe from different angles, including employment, healthcare, housing and financial exclusion. It also analyses the reality for groups of people that are particularly vulnerable to poverty and social exclusion, such as migrants and the Roma. Special attention is given to the gender dimension of poverty, as well as the age dimension; the report finds that young people and the elderly are especially vulnerable to social exclusion. The Thematic Reports cover the different aspects of social exclusion, while the National Reports give an account of poverty and social exclusion from the perspective of different European countries. The part on Measuring Social Exclusion focuses on education, living conditions and social participation. Each report makes specific recommendations as to the measures needed to address social exclusion.

Forms of social exclusion

The report on labour market impacts, by Janine Leschke and Andrew Watt from the European Trade Union Institute, provides an overview of the impact of the global economic crisis on the labour markets of various countries and on different labour market groups. This report also looks at the different approaches governments have adopted to cope with the effects of the economic downturn. Besides the United Kingdom and Denmark, two paradigmatic cases – Germany and Spain – are presented. The German Government has managed to counter the worst of the crisis through active intervention, notably by expanding existing work-sharing schemes with the agreement of social partners. In contrast there has been a massive rise in unemployment in Spain despite there being less of a drop in output than the EU average. This rise in unemployment is in part due to the absence of effective labour market institutions, and a concentration of the crisis in the construction sector.

This report concludes that active labour policies, and particularly those that keep people in employment, have proved their worth

during the crisis, and should be maintained and strengthened.

The Spanish national report reviews the devastating effect that the economic crisis is having on the Spanish employment sector: the unemployment rate has soared over the last three years, from close to 8.6% in 2007 to 20% in 2010. The report points out the need for a model that faces up to the private sector, which is led by a financial sector that socialises losses while privatising profits.

The report on access to healthcare by Dorota Sienkiewicz from the European Public Health Alliance argues that, despite the EU's commitment, access to health is only 'universal' in principle. Inequalities in access to health services prevail in all EU countries and are on the rise. A person's socioeconomic status strongly determines their ability to access health services, placing vulnerable groups in an unequal position. The economic crisis has served to worsen this situation as the health sector has been targeted for cuts in public spending.

Cesare Ottolini from the International Alliance of Inhabitants and Jason Nardi from Social Watch Italy argue that lack of access to adequate housing remains a significant problem in Europe, despite the fact that EU Member States have ratified international treaties and conventions that recognise and protect the right to housing. They call for a strengthening of competence for EU bodies in order to address this critical issue. The French report by the French Platform on Economic, Social and Cultural Rights also expresses concern about the lack of budget funds for housing, noting that the budget for housing assistance in France represented 1.8% of France's GNP in 2009, compared to 2.2% in 1984.

In a comprehensive analysis, Stefanie Lämmermann from the European Microfinance Network emphasises that financial exclusion significantly increases the risk of social exclusion and poverty. As European societies move towards relying on virtual money, possessing a credit card and bank account has become essential; lack of access to these tools and services leads to exclusion in other areas. The report suggests that one solution to such exclusion is the use of microfinance in the form of micro-credit, savings, insurance and transfer services for low-income households. The report concludes that microfinance providers need to be given the possibility to grow while keeping their social focus, in order to serve the high level of unmet demand for such services.

Groups vulnerable to poverty and social exclusion

After exploring different aspects of social exclusion, this edition of European Social Watch sheds light on people that are particularly vulnerable to social exclusion, due to their gender, age, or membership of an ethnic group.

Oxfam International and the European Women's Lobby analyse the situation of women living in poverty and social exclusion in the European Union. Exclusion on the basis of gender remains a problem, despite the long-lasting concern and efforts of the EU to counter it. This report provides evidence of the continuing discrimination experienced by women, notably in the area of employment, access to basic services and social benefits, and identifies how this situation is further exacerbated by the crisis. The Polish Report, by Maciej Debski (Network of East-West Women-Polska/Gdansk University), Agnieszka Nowak (Network of East-West Women-Polska) and Monika Popow (Network of East-West Women-Polska), regarding employment conditions, notes that women's salaries are generally lower than men's: on average, women earn 23% less than men. The French report also underlines that, for the same work, women are paid 27% less than men and their pension is on average 40% lower than that of men.

Marco Perolini and Santa Ozolina from the European Youth Forum examine the difficulties experienced by young people in Europe. The report argues that while some vulnerabilities depend on socioeconomic background, others are intrinsically linked to age: transition from childhood to adulthood, from education to the labour market, and from living with their family to running a household of their own. The Italian report highlights the difficult situation experienced by young people in Italy and argues that, as a consequence of the economic crisis, young Italians are increasingly being excluded, making them even more vulnerable. In 1983, the proportion of Italian youth aged 18 to 34, unmarried and still living with their families was 49%; in 2000, this increased to 60.2%, standing at 58.6% in 2009. Moreover, in 2009, the number of NEETs (not in education, employment or training) had grown to over 2 million, 21.2% of the 15 to 29 year-old population.

The social group most at risk of poverty in Cyprus is the elderly (65 and over) for both genders. The authors of the Cyprus report, Odysseas Christou, Charalambos Vrasidas, Michalinos Zembylas and Sotiris Themistokleous (CARDET), argue that it remains to be seen if recent policies targeting poverty among

the elderly will improve their social inclusion. Malta's report, by Joseph M. Sammut (Kopin) also warns that 22% of the elderly in Malta are living under the poverty threshold, which is 3% more than in the EU as a whole.

As a follow-up to the European Social Watch Report 2009, 'Migrants in Europe as Development Actors, Between Hope and Vulnerability' (Social Watch 2009), Pablo Sanchez from December 18 examines the situation of migrants in Europe. This report argues that a coherent labour migration policy for Europe depends on the successful integration of migrant workers and members of their families into host societies. As the European Union lacks competence in this field, the responsibility for integration lies with individual Member States and regional and local entities to implement the 'guidelines' suggested by the EU. The author calls upon the European Commission and the European Parliament to provide a comprehensive legal framework for migrants to ensure that a rights-based integration policy for migrants is a priority.

Laura Renzi from Amnesty International Italy gives an account of the critical situation experienced by the Roma people in Europe. In 21st Century Europe, despite all the groundbreaking laws and mechanisms to ensure that human rights are respected, the Roma are still suffering from blatant discrimination. The report provides a thorough account of the conditions in which the Roma live. This article discusses Roma integration, on which the EU has taken a strong stance, which has not been followed up at the national level with policy, laws and implementation. The author argues that, ultimately, the primary responsibility for ensuring that Europe's Roma can access their rights to housing, health, education, employment and to participate in public life lies with national governments. Slovakia's national report contends that Roma segregation is a serious problem in Slovakia, while poverty at the country-level depends to a large extent on the region, with many Roma people living in the poorest regions.

Europe 2020 strategy: Improving the odds for a social Europe?

Following the Lisbon Strategy, the Europe 2020 strategy is the key overarching strategy for the European Union for the next 10-year period. The Europe 2020 strategy establishes three key priorities, sets five targets and provides for seven flagship programmes. One of the targets is to lift 20 million people out of poverty by 2020 – which is not sufficient to lift all people out of poverty in the EU. One of seven Flagship Programmes is the 'Platform against Poverty'. The Platform will be a key indicator of future European policies

for combating poverty and social exclusion. In this report on the Europe 2020 strategy, Fintan Farrell from the European Anti-Poverty Network engages in an initial assessment of the overall orientation of the 2020 strategy. While welcoming the visibility it gives to the issues of poverty and social exclusion, he points out that the target to lift 20 million people out of poverty could be misinterpreted and lead to a situation where “two-thirds [of society] are doing well and one-third [are] left behind to carry the burdens and risks associated with social exclusion”. He argues that the only acceptable interpretation should be “the ambition to improve the situation of everybody living in poverty, while lifting at least 20 million people above the relatively high EU ‘at risk of poverty threshold’, which is based on 60% of the median equivalised income and material deprivation indicators”. He also raises the concern that actions to tackle poverty may be limited to employment related actions, thus moving the focus away from the broader issue of social protection and social inclusion.

This report recommends that social exclusion should remain an objective in its own right and, at the same time, should be mainstreamed across all policies. Moreover, more efforts should be made to increase stakeholders’ involvement, as it is of central importance for successful policies against poverty and social exclusion. Finally, the report points out that, as long as we lack a common European framework for legally binding social minimum standards, the credibility of the EU’s social goals will be compromised. There is a need for a common set of social standards for the EU that is legally binding on all EU Member States. As a first step towards this, the European Anti-Poverty Network has launched a campaign for the establishment of a European Directive on the Adequacy of Minimum Income Schemes. The EU should also take a leading role in the United Nations framework to promote the Social Protection Floor Initiative (SPFI), to ensure a minimum set of social security benefits for all.

Europe’s role in combating poverty and social exclusion worldwide

Parallel to its efforts to eradicate poverty internally, Europe has a responsibility, based on the Lisbon Treaty and on its own history, to assist developing countries in their own efforts. Barbara Caracciolo from SOLIDAR advocates for the expansion of social protection within EU development cooperation. Social protection is a powerful instrument against poverty; it can promote economic growth by boosting consumption and enabling people to enter the labour market. Expanding social protection to

developing countries is affordable: according to estimates by ILO, only 2% of global GDP would be needed to provide the world’s poor with a basic social security package – including universal access to health and income transfers (ILO 2008). Barbara Caracciolo also argues that the EU, as part of its development cooperation strategy, should support the UN Social Protection Floor Initiative, aimed at ensuring a minimum set of social security for all.

Kinda Mohamadieh and Ziad Abdel Samad from the Arab NGO Network for Development examine the role of the Euro-Mediterranean Partnership – which contains important social dimensions such as supporting universal access to basic social services – in combating social exclusion in the Southern Mediterranean Arab region. The authors point out that these aspirations have remained mainly declaratory and no concrete steps have been taken towards the creation of a common area for social development. Instead, focus has been placed on creating liberalising trade. The Euro-Mediterranean Partnership seems to focus exclusively on the economic partnership, leaving important aspects such as the promotion of democratic values and civil rights aside.

Roberto Bissio, Coordinator of the International Secretariat of Social Watch, highlights the risks associated with cuts in public spending after the onset of the global economic crisis. Policies to restore medium-term debt sustainability, he argues, should be balanced with those to protect and support the socially and economically vulnerable. Public expenditure cuts should not be at the expense of basic social policies and development cooperation. He argues that recognition in the outcome document of the UN Summit reviewing the Millennium Development Goals of the need for a social protection floor was in part the result of EU support. Establishing a common European social standard would be a logical step for the EU. The global community continues to look to the EU to help make this universal social protection floor a reality.

This European Social Watch report 2010 argues strongly for a universal standard for social protection. This will help the realisation of the protection of the economic social model, which is at the heart of the European Union’s establishment. It will also contribute to the realisation of sustainable growth in the European Union and elsewhere. A sustainable economy is important to eradicate poverty and fight social exclusion and to reduce involuntary migration. In addition, joint measures are needed for vulnerable groups in Europe, such as the Roma. A social floor in the EU needs to be realised to build international commitment to the realisa-

tion of the right to social protection globally, as enshrined in the UN Universal Declaration of Human Rights, and to achieve the eradication of poverty and social security as set out in the Lisbon Treaty.

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