



ETUC Declaration on 2010 – European Year for combating poverty and Social exclusion

Adopted at the Executive Committee on 1-2 December 2009

1. The Lisbon Strategy was supposed to enable poverty to be eradicated in Europe by 2010: what is the latest?

One of the objectives of the Lisbon Strategy was the eradication of poverty in Europe by 2010. What is the situation now?

1.1 Poverty and social exclusion: an evil entrenched in European society

On 13 March 2009, in the joint Report on social protection and active inclusion, the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO), reported – on the basis of results recorded prior to the crisis – that while ‘between 2001 and 2007 average economic growth in EU-27 was 2.1% per year ... the latest data show that 16% of Europeans (almost 80 million people) are still living at risk of poverty’. In absolutely concrete terms, this means that these people have to live on less than 60% of the average European household income. The report goes on to add that ‘While there is no better safeguard for avoiding poverty than a quality job, in-work poverty at 8% illustrates that not all jobs provide this assurance’.

This situation is not the result of the social consequences of the financial crisis that has rocked the global economy; it actually stems from a situation specific to the European Union, which has given priority to growth and employment – it is tempting to add – at any price, effectively abandoning one of the pillars of the initial Lisbon Strategy, the one relating to the development of social protection and cohesion.

The concrete result of this focus on economic factors has been that over the past ten years or so, in the name of alleged European competitiveness, quality employment has actually declined across the Union. On the eve of the European summit in the spring of 2008, for instance, the ETUC was denouncing the fact that while 6.5 million new jobs had been created between 2005 and 2007, this increase had not been reflected in an improvement to their quality. Indeed:

- between 1997 and 2007, the number of workers on limited-term contracts had actually risen by 10 million,
- many of these new jobs were part-time and about one fifth of workers in the EU were employed on that basis because they were unable to find a full-time job,
- almost 31 million workers were living on breadline wages,
- and 17 million (19 million today) were living below the poverty threshold.

Moreover, it has to be recognised that over the years, the gaps between the rich and

the poor have continued to grow wider, in other words 'the rich have been getting richer and the poor have been getting poorer'.

1.2 The crisis has exacerbated the situation

Business closures and relocations have driven up unemployment all across Europe. For example, according to the study conducted in the framework of the 'Social balance sheet of the European Union in 2008', between August and October 2008, the number of people unemployed in the UK rose by 137,000, including 40% of young people. By November that same year, unemployment in Ireland, which had been under 5% since 2001, was already hitting 7.8%. Unemployment in Spain had risen from below 8% in 2007 to 12.5% by the end of 2008. And these were just the first signs.

The swingeing cuts in the Member States' social budgets are resulting in lower levels of social care provision, and the situation is made worse by the pressure from the Commission, in line with the international bodies (IMF, OECD), regarding the urgent need to drive down budget deficits, whereas those might enable some States to 'turn the corner'. Latvia, for example, has been forced to cut public-sector employees' pay by 15% and freeze pensions, while increasing VAT as well.

There is also concern for the situation of people approaching retirement, particularly those whose pension income comes largely from private complementary systems and who are facing penury because of losses sustained as a result of risky financial strategies in investments and/or exacerbated by serious shortfalls in investments of reserves linked to tumbling stock markets.

Resources in the social protection systems were already feeling the pinch because of the constant tax lightening policies followed within the Member States and in particular in favour of businesses (exemptions from contributions and taxes without any real quid pro quo in terms of job creation). The crisis has meant that the rise in unemployment has further aggravated the situation of the social protection systems, whose funding still remains too heavily dependent upon employment, and no new funding streams have been explored or implemented.

There is a more urgent need than ever for the ETUC and its organisations to mobilise strongly and make a determined commitment to combat poverty. This mobilisation needs to be conducted simultaneously on two fronts: social protection and employment.

2. Acting upstream to shore up the social protection systems

The battle against poverty does not just mean providing a cure, it also means efforts upstream to shore up and improve the social protection systems, first by 'rehabilitating' social protection as an economic agent. It is not just a source of spending – albeit social – but it is a productive investment.

2.1 Rehabilitating social protection as a productive investment

Social protection systems must, for example, guarantee Europe's retired population pensions that give them an income that is 'adequate' – to use the European Union terminology – or 'decent' as the ILO puts it, regardless of the vagaries of their professional life in particular. Accordingly, they make retired people into 'contributors' to economic activity.

Developing a sound health policy for them, notably with prevention and access to quality care for all, ultimately means substantially driving down healthcare spending.

Ensuring that people requiring long-term care are looked after, specifically by developing home care or support services or residential structures, all creates new jobs. The same goes in the case of the development of structures to provide care for young children, which also enables the parents concerned to balance their family life with their work life.

Guaranteeing periods of professional transition for those losing their jobs, notably by giving them a secure income, enables them to get into an active search for a new job.

2.2 Providing the resources, particularly in financial terms, to play its full role

However, social protection cannot be limited just to playing the role of an 'ambulance' for a system mired in crisis, in other words simply helping the poorest and those most at risk of being plunged into poverty, because we know that 'policies for the poor often turn out to be poor policies!'

Social protection systems have a universal role to play, their specific aim being to ensure the welfare of everyone. One part of this role is to play a redistributive function, via the services provided or received. If this were not the case, there would be more than 36% of Europe's citizens in addition, swelling the ranks of those who today are suffering poverty and often, as a consequence, social exclusion.

So by playing this role, not only do the social protection systems have the ability to ward off the risk of poverty, but they also contribute towards the creation of social welfare, which is also fundamentally one of their objectives. By thus tightening the social bond, they participate in the construction of a more cohesive society, enabling everyone to be a 'social' player and occupy their own space as a stakeholder in society.

A number of people are certainly recognising today that social protection systems play a role in 'cushioning the effects of the crisis': hence the need for them to have the resources to perform this function. To put it another way, they need to benefit from consistent and adequate funding.

But as well as healthcare services, social protection also means social services. They need to enjoy legal security and economic guarantees so that they can continue to enable Europeans – in particular, those who stand in greatest need – to enjoy and to exercise their fundamental social rights (income, health, education, housing, pensions).

In other words, combating poverty means using social protection systems and services of general interest:

- **to ensure that everyone has a decent income, regardless of their social, professional or personal situation,**
- **to develop quality healthcare and social services, accessible to all and financially affordable.**

3. The battle against poverty involves acting upstream in parallel on the quality of employment and wages

The quality of employment and wages, which is a constant demand when it comes to ETUC mobilisation, is not just a guarantee – in particular for the European economy – of better efficiency, but also a guarantee of a decent income for workers and at the same time the best safeguard against poverty.

Its press statements and the mobilisation campaigns that it has conducted, most recently last May – which in terms of their scale have demonstrated that they chimed with workers' expectations and anxieties – show the need not only to stay on course, but also to keep up the pressure in this field.

Today's crisis makes this twofold theme of the quality of employment and wages all the more topical, and ramps up the anxiety being felt by the workers that the ETUC represents.

A 'Eurobarometer' survey in September this year shows:

- on the one hand, that European citizens are well aware of the problem of poverty and social exclusion that is affecting society today (73%, or almost three quarters of Europeans, believe that poverty is widespread in their country, even though this result has to be tempered depending on the countries),
- on the other, that more than half of Europeans (56%) believe the unemployed to be the group most exposed to poverty, along with those in precarious jobs (31%). Moreover, 41% of respondents consider that the elderly are the most vulnerable, especially when a poorly-paid worker is bound to become a poor pensioner. Conversely, this survey likewise indicates that 74% of respondents believe that poverty compromises people's chances of finding a job.

The interaction between employment, wages and poverty is crucial and justifies the determined mobilisation and the action in this field.

4. Seizing the opportunity of 'The year 2010, European year of the fight against poverty and social exclusion' in order to get into the dynamics of the mobilisation campaign decided by the ETUC.

The ETUC action plan, with its specific features, falls quite naturally into this framework. But the ETUC, at both European and national level, as far as its organisations are concerned, most of which are already committed, intends to seize the opportunity offered by the year 2010 to develop some more specific actions with its

usual partners in civil society, such as the European Anti-Poverty Network (EAPN) and the European Disability Forum (EDF).

The member organisations that have already mobilised are generally acting in partnership with the national associations which are active and competent in that particular field. And they expect support from the ETUC throughout the year, but they also expect the ETUC to take a specific European initiative in 2010 on the theme of poverty and social exclusion.

Meetings with its two partners, EAPN and EDF, for the sake of jointly exploring what common initiatives might be taken in 2010 (conferences, joint appeals, demonstrations, etc) have already helped to clarify the topics on which this cooperation and this mobilisation might focus:

- The guarantee of a decent income
- The development of social standards
- Access to quality social services
- Access to employment, in particular for disabled people.

These actions planned for 2010 will be in line with the ETUC's 'campaign plan' on employment, social protection systems and quality public services, and are consistent with the negotiations embarked upon as part of the social dialogue between the European social partners with regard to an 'inclusive labour market'.

The ETUC likewise intends to make the most of the opportunity offered by the events organised by the Commission and the Spanish and Belgian presidencies to get these messages across and thus achieve a strong political commitment by the end of 2010.

This mobilisation will be supported at ETUC level by a communication campaign accessible on the website.

The mobilisation, combined with support for the initiatives proposed in that sense, is already essential if they are to succeed.

The ETUC has certainly not been waiting for this year to get mobilised. With its organisations on the ground, it has been active for over 20 years and directing its energies along those lines. However, 2010, through the initiatives that it will trigger, needs to be the opportunity both to reinforce its determination and its mobilisation, while developing the necessary synergies with the other players involved, so that poverty, and the social exclusion with which it is so often associated, can be effectively eradicated within the European Union. It cannot do this on its own, but if everyone does their bit, it will be stronger and above all more effective!