

OUR PRIORITIES

Promoting Social Inclusion
and Combating Poverty



EUROPEAN TRADE UNION CONFEDERATION



ETUC,

THE VOICE
OF **60 MILLION**
WORKERS
IN EUROPE.

The Commitment of the ETUC and its member organisations.





The European Trade Union Confederation and its member organisations mobilised to combat poverty and promote social inclusion



It is dramatically clear that although the European Union has experienced strong economic growth with a resultant increase in wealth in recent years, unfortunately that improvement has not been accompanied by a reduction in situations of poverty and social exclusion.

On the contrary, inequalities have been exacerbated; while the poor have seen their situation worsen, the rich have grown even richer. Today there are still more than 50 million men, women and children who live in situations of poverty, that is to say approximately 18% of the population of the European Union.

For the ETUC and its organisation members, such a situation is intolerable. Indeed there is a risk that this situation may eventually undermine the European social model, based on social cohesion, to which they are strongly committed and intend to promote widely.

"The elaboration of guidelines in order to combat all forms of exclusion and social marginalisation."

The ETUC welcomes the fact that this demand was taken up by the Lisbon European Council, in March 2002, and that the combat against poverty and in favour of social inclusion has been fixed as a European objective, in particular through the definition of guidelines. These guidelines will be implemented by each Member State in the framework of National Action Plans for Social Inclusion which will be evaluated through a monitoring procedure.

Today there are still more than 50 million men, women and children who live in situations of poverty, that is to say approximately 18% of the population of the European Union.

In a way this is tantamount to giving a fresh impetus to the European social model, and the ETUC has a very clear role to play in this regard, by developing in particular its synergies with the other civil society actors that are also involved in this combat.

The ETUC therefore considers that the time is now right to update and reaffirm its demands in this area: that is the purpose of this brochure, which follows the seminar which it organised last October.

This document translates in concrete terms the trade union movement's determination to participate actively and fully in defining, implementing and monitoring the policies proposed.

All the actors will no doubt do their utmost to ensure that, as concerns their own involvement, the (good) intentions formulated in the Plans, are translated into concrete actions in the field.

The ETUC and its member organisations are totally committed to that goal.

Béatrice Hertogs

Henri Lourdelle

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CHAPTER I

HISTORY

Promoting Social Inclusion and
combating poverty:

A trade union
commitment



1

Combating poverty and promoting social inclusion at European level: a long-term, ongoing combat

It was on **21 January 1974** that a Resolution of the Council of European Ministers contained, for the first time, specific measures to combat poverty. And it was on **22 July 1975**, that the same Council of European Ministers decided the implementation of the first pilot project to combat poverty, while at the same time issuing a first definition of poverty which, even today is still pertinent and can be used as a basis for guiding our actions and our reflections:

*"Individuals or families are considered to be **poor**, when their resources are so low **that they are excluded** from the minimum lifestyle acceptable in the Member State in which they live. Resources are understood to mean income **in cash, goods or available services** in the public and private domains".*



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This definition contains the link between "poverty" (monetary, of course) but also "exclusion", which are the two focal points of the strategy defined today.

The 2nd action programme to combat poverty was decided by the Council of **19 December 1984** and the 3rd by **the Council of 18 July 1989**.

On 9 December in the same year, the "*Community Charter of Workers' Social Rights*" was adopted by all the participants (with the exception of the United Kingdom) at the Strasbourg European Council under the French Presidency). Three specific articles concerned disadvantaged groups of people.

Pursuant to that Charter, the Council adopted on **24 June 1992**, a "**Recommendation** on the common criteria concerning sufficient resources and social assistance in the social protection systems" and invited the Member States to "recognise, in the context **of a comprehensive and**

systematic drive to combat social exclusion, a fundamental individual right to sufficient and reliable resources and benefits to live in a manner compatible with human dignity, and to adapt their social protection systems accordingly".



2

More than 25 years after the start of the European commitment to combating poverty; what is the situation today?

In 1997, the most recent year for which statistics are available, the relative poverty rate, defined by the proportion of individuals living in households where the income is less than 60% of the average income of the country in question, was 18% which corresponds to 60 million individuals, i.e. the same rate as in 1995.

Which categories of people are still concerned today:

- unemployed people, in particular groups of elderly people, as well as children and young people,
- but also households composed of single-parent families or large families,
- elderly women
- and mothers who bring up their children alone.

It is also obvious that the level of poverty and inequality varies from one Member State to another, which will determine their social inclusion strategies.

Thus, Denmark (8%), Finland (9%), Luxembourg and Sweden (12%) will be able to target their efforts on more specific and vulnerable groups, such as those described above or on disabled people.

It is no coincidence that these four countries are those where social protection is particularly developed. In fact, these countries spend more on social protection than the European average, which was 26.6% in 1998.¹

In this regard, the ETUC deplores the fact mechanisms for the redistribution of wealth, in particular through social protection (Social



¹ Statistics in short, social protection : pension expenditure, 9/2001, page 4

Security) and fiscality, have not been given sufficient prominence in the policies implemented.

Other countries which have a higher monetary poverty rate, such as Portugal (23%), the United Kingdom and Greece (22%) or Ireland, will have a more traditional approach and focus on the level of income, if not on the reform of their system of minimum income (or the introduction of such if, as in Greece and Italy, it does not exist).



3 The ETUC and its trade unions have long been involved in this combat

Contrary, perhaps, to the view that most people have of trade union actions (that *they only look after the interests* of those in employment, who are to a certain extent well-to-do and privileged people), and even if there is still a lot to be done, the combat against exclusion and poverty has long been integrated in the core demands of the ETUC and its affiliated organisations.

Without going too far back in time, and without attempting to draw up an exhaustive list of the actions carried out by the ETUC on this subject, we will limit ourselves to referring to the reflections and actions carried out in the period 1980-1990 by the European Trade Union Confederation and which resulted, as has already been mentioned, on the one hand, in the adoption by the European Council of Strasbourg, on **9 December 1989**, of the *Community Charter of Workers' Fundamental Social Rights* and, on the other hand, in the Council Recommendation *on common criteria concerning sufficient resources and social assistance in the social protection systems*², which is one of its applications.

Likewise the ETUC Executive Committee of **9 and 10 June 1994** adopted a Resolution, entitled *"The Commitment of the ETUC to combating social exclusion – For a Europe without excluded people"*.

And, more recently, the ETUC specified its demands, in particular:

- in the *First opinion on the Commission's Communication entitled "Modernising and improving social protection"*, adopted by the Executive Committee in March 1998, in which the ETUC called for **a minimum guaranteed**



² Recommendation 92/441/EEC of 24 June 1992

income to be included in the fundamental rights to be integrated into the Treaty,

- at the meetings of the Social Protection Working Group of **6 April 1999** and May 2000, on the question of minimum pensions for retired people, as well as at the meeting of 18 and 19 December 2000, and that of 19 March 2001, which dealt in particular with social inclusion and the combat against poverty, as well minimum social benefits.

Also noteworthy is the Resolution of the Helsinki Congress, in which the ETUC member organisations called for, in the area of social protection, along the lines of the employment policy guidelines, the definition of guidelines for social convergence... and by setting as objectives (among others) the implementation of a solid base of guaranteed social protection rights, concerning:

- *a guaranteed income for all*
- *a minimum guaranteed pension.*³

In its demands, the ETUC **has always placed the quality of work** (combat against social insecurity, better social cover, including in the area of pensions, workers with atypical contracts of employment: fixed-term contract, part-time work, etc.) **at the heart of its concerns** and has concluded at European level framework agreements to improve the protection of the workers concerned (see agreements on part-time work and fixed-term contracts of employment, for example).

The ETUC Youth Committee organised in Budapest, from 25 June 2001 to 1 July 2001, a Seminar entitled "*How to protect young people from social exclusion?*" and drew up a list of demands concerning employment and the pay of young people, education and training and

³ Congress Resolution, § 40, p.38

their social protection, intended to promote the inclusion of young people and to protect them against the risk of poverty.

The ETUC and its member organisations have carried out a certain number of concrete actions in the field, aimed at the most vulnerable or fragile populations, for example unemployed people, disabled people, homeless people etc.⁴... One very good example in this regard is the operation IGLOO, for homeless people, carried out in partnership with FEANTSA and CECODHAS.



⁴ ETUC brochure, "Trade Unions, social exclusion and insecurity - A detailed assessment of the activities of the ETUC and its member organisations" (1994)

CHAPTER II

The European strategy in the area of social inclusion



1

The need for a new momentum

The Treaty of Amsterdam in its article 136 reiterates that the objectives set by the Union include the *"combating of exclusion... and, to this end, the Community and the Member States shall implement measures which take into account the diverse forms of national practices... from the approximation of provisions laid down by law, regulation or administrative action"* And article 137 authorises the Council *"to adopt measures designed to... promoting innovative approaches and evaluating experiences in order to combat social exclusion"*.

But it was at the Lisbon European Council, in March 2000, that a major step forward was taken. In the light of the persistently high and unacceptable number of people in Europe living below the poverty line and who are victims of social exclusion, the European Union decided to set a new strategic objective for the next decade, namely *"to become the most competitive and dynamic knowledge-based economy, capable of sustained economic growth with more and better jobs and greater social cohesion"*. The promotion of social integration (inclusion) therefore constitutes an essential element of this global strategy.

In other words, in order to avoid the knowledge-based society creating a new gulf in society, everything possible must be done in order to improve skills, promote wide access to knowledge and opportunities and combat unemployment. Actions must also be carried out to eradicate poverty.

In order to give a underpin this strategy and achieve its objectives, the Conclusions of the Lisbon Summit (23-24 March 2000) stipulate that the Member States, following the example of employment in the Luxembourg



process in 1997, should work in close co-operation and recommends a new method, **the Open Method of Coordination** (the OMC).

This method involves:

- fixing *guidelines* for the Union, combined with specific timetables for achieving the goals *set by the Member States* in the short, medium and long terms;
- establishing, where appropriate, *quantitative and qualitative indicators* and benchmarks against the best in the world and tailored to the needs of different Member States and sectors, *as a means of comparing best practice*;
- translating these European guidelines into *national and regional policies* by setting specific targets and adopting measures, taking into account national and regional differences (the famous NAPs/Incl);
- periodic (in this case very two years) *monitoring, evaluation and peer review*, organised as mutual learning processes.

In December 2000, at the Nice European Council, the Member States agreed four objectives to be accomplished in the framework of national action plans for social inclusion, namely:

- to promote the participation in employment and access for all to resources, rights goods and services;
- to prevent risks of exclusion;
- to act in favour of the most vulnerable sections of society;
- to mobilise all the actors;

it being understood that the States must integrate in their policies the concept of equality between men and women, in particular by evaluating, at the different programming, decision-making and monitoring stages, *the resultant consequences* for men and women.

The next stages at European level:

- **October - December 2001**, joint evaluation by the Commission-SPC of the NAPs/Incl (joint report);
- **January-May 2002**, the organisation of a process of mutual learning, with the formulation of proposals for the identification and exchange of best practices, in order to encourage co-operation between the Member States;
- **the remainder of 2002**, in the framework of the SPC, a dialogue between the Member States and the Commission on the lessons to be learnt from the first year's experiences, with a view to strengthening co-operation between the Member States, and also possibly examining how to extend this process to the accession candidate countries.

The Commission is proposing that the decisions taken by the Barcelona Council in March 2002 should include fixing a quantitative target for the eradication of poverty, in particular halving the poverty rate by 2010.



2 The reflections developed during the seminar.⁵

2.1. The objectives of the seminar: to update and specify our demands

The NAPs/Incl (the national action plans for social inclusion intended to implement the objectives fixed at European level in the area of social inclusion) have clearly identified a certain number of recurring risks or barriers, which play a critical role by limiting the access of people to goods, services etc. in society which would facilitate their inclusion in the said society.

These exclusion factors include:

- **Living for a long time with a low or insufficient income.**

Thus, the fact of living for three or more years in a household whose resources are less than 60% of the average income, is a special problem for 15% of the population in Portugal and 11% of the population in Ireland and in Greece.

- **Long-term unemployment.** There is an obvious link between long-term unemployment and low income. For countries with a particularly high long-term unemployment rate (that is to more than 4 points above the European average), namely Spain, Greece, Italy, Belgium and France, this risk is seen as a major factor leading to poverty and social exclusion.

⁵ The European Trade Union Confederation organised on 8 and 9 October 2001, with the financial support of the European Commission, a seminar in Brussels, devoted to the actions of the ETUC and its trade unions in order to promote social inclusion and combat poverty, in line with the European strategy decided in Stockholm.

During two days, some forty militants, researchers and academics as well as NGO representatives debated the strategies implemented both at European level and at national level and their relevance and effectiveness in promoting social inclusion and combating poverty as well as their involvement. I would like to take this opportunity to thank them for their participation and contributions.



- **Low-quality jobs and jobs with very short periods of activity.** The fact of having a job is an effective way of avoiding the risk of poverty and social exclusion. Thus in 1997, 7% of the population with a job lived below the poverty line, compared with 39% of unemployed people and 26% of people not economically active. However, the "working poor" rate did not decline during the period 1995-1997. And in Greece, Spain and Portugal, these "working poor" represent 11% of the people living below the poverty line. As regards periods of very short work, they are identified as a major risk of poverty and social exclusion among women, notably when they are added to career breaks for family reasons. They also represent an important risk for elderly spinsters, especially in countries where the amount of the pension depends chiefly on the periods of time worked.

- **The low level of initial training and education, and illiteracy.** Although it is now rare to find people in Europe who cannot read or write at all, except for a small number of elderly people, ethnic minorities and immigrants, functional illiteracy is on the other hand growing. In countries such as Greece, Ireland, Portugal and the Netherlands, these illiteracy problems have been identified as an obstacle to participation in society and integration into the labour market. Austria, Belgium, France, Italy, Luxembourg, Portugal, Spain and Germany identify the group of young people with a low level of training as a high poverty risk group, especially in the transition period between leaving school and starting the first job. The Netherlands has also identified elderly workers with a low level of education, as a group which has considerable difficulty in gaining access to the labour market and more generally in participating in society.



- **Living in a “vulnerable” family:** children who grow up in families affected by divorce, in single-parent families, in large families with a low income, in families affected by unemployment or where there is domestic violence, and/or combining some of these obstacles, are perceived as being in general more vulnerable to poverty and social exclusion. European statistics show that households composed of two adults and three or more children and single-family households with at least one dependent child have a greater risk of social exclusion and poverty than other types of households. Young people aged between 16 and 24 are also particularly vulnerable to the risk of poverty: 25% of them live below the poverty line. Finally, it is obvious that children who live in an environment of poverty tend to suffer from poorer conditions of education, poorer health and have fewer opportunities to participate in social, cultural life etc. In other words they run an important risk of being marginalised and excluded by society. This risk has been identified in particular in Finland, Portugal and the United Kingdom.
- **Disability.** This risk of social exclusion has been identified by practically all the Member States and 97% of European citizens consider that more should be done to integrate disabled people into society. However, with the exception of Italy, Spain, Portugal, the United Kingdom and France, few countries have included specific measures in their NAPIncl in response to this problem.
- **Health problems.** Countries such as Finland, Sweden, Spain, Greece, the Netherlands, the United Kingdom and Ireland emphasise the strong correlation between poor health and the risk of poverty and social exclusion.

- **Difficult living environments**, such as those where delinquency, drug trafficking and marginal behaviour flourish, increase situations of poverty and social exclusion. All the Member States are aware of this factor.
- **People with insecure living conditions and homeless people**. Providing people with access to decent housing is a way of breaking with isolation. Accordingly the issue of insecure living conditions and homeless people is perceived by the Member States as a major problem and countries such as Austria, Ireland, Italy, the Netherlands, the United Kingdom and Finland stress the importance of the problem of "Homeless People".
- **Immigration, ethnic problems, racism and discrimination**. The majority of the Member States identify clearly the question of ethnic minorities and immigrants as being a major risk of exclusion and poverty. Denmark and Ireland are multiplying their efforts to offer adequate services and assistance. France, Spain, Portugal, Italy and the Netherlands have implemented specific measures to try and resolve these problems.

Clearly the ETUC cannot address fully all these subjects in the space of two days. Accordingly, for reasons of effectiveness (in particular *with a view to formulating demands to be defended before the European governing bodies and contributing to reducing poverty and promoting social inclusion*) the ETUC has decided, in the immediate future, to focus on three areas, that is to say questions relating to:

- minimum incomes and resources,
- unemployment and activation measures, or perhaps even the insertion of disabled workers,
- and the quality of employment and the working poor.

Not because the ETUC and its member organisations intend to remain silent on the other factors, risks of exclusion and poverty, but because:

- either they are treated in other ETUC forums (as is the case for training and education)
- or because they will be treated in an official capacity by the Social Protection Working Group. That is the case for example of the question of health, which moreover will be the subject of a seminar to be organised jointly by the ETUC and the European Federation of Public Services (health section) in the first half of 2002 in Budapest.

Therefore the objective of the ETUC, during these two days of work, reflections and shared experiences, is twofold:

- to **improve our capacity** to influence the elaboration, implementation and monitoring of the NAPs/Incl.
- and to be able **to formulate specific demands** to be **pursued** both at **European level and nationally**.

In particular with a view to formulating demands to be defended before the European governing bodies and contributing to reducing poverty and promoting social inclusion

2.2. First Round Table:

How effective are the activation policies in the National Action Plans for Social Inclusion?

By the term "activation policies", we understand at European level "all the measures aimed at unemployed people and the jobless in order to reabsorb them into employment.

The aim of the first round table was to establish a slightly more accurate vision of the reality of these "activation policies", which figure very prominently in the National Action Plans for Social Inclusion (NAPs/Incl). The speakers had to address the question of the effectiveness of these "activation policies"? Do they meet society's needs? Do they help the people concerned to escape from poverty?

Ahead of the round table, the moderator of this first round table⁶ Maria-Elena ANDRE, Confederal Secretary of the ETUC stressed that the implementation of activation policies in the framework of the combat for social inclusion should be seen as part of:

- on the one hand, the follow-up to the Lisbon European Council
- and, on the other hand, the European employment strategy and the guidelines adopted last September, in particular Guideline 7 which concerns combating exclusion.

This implies three very specific types of actions:

- identifying and combating all forms of discrimination;
- defining effective ways of measuring the progress achieved;
- and implementing integration measures aimed at more specifically targeted groups.

⁶ This round table was composed of Preben Karlsen from the Danish LO trade union, Lucka Böhm, from the Slovenian trade union ZSSS, Gilbert Deswert from the CSC in Belgium and Hans-Gunter Werner, from the trade union Verdi and the Arbeitslosenselbsthilfe, Wedel in Germany

That is a key task for the trade unions, since it is important to:

- develop all possible synergies and ensure that these different actions are consistent;
- find the right balance between prevention measures and activation measures;
- monitor the implementation of the measures adopted.

Thus, after the learning period following the implementation of the first action plans for employment (Luxembourg process), thanks to the actions of the social partners, and the trade unions in particular, the content of the plans and the procedures for their evaluation were evaluated. The same must apply here.

2.2.1. Several national presentations were made to illustrate these comments.

***a.** In Denmark, a policy focused on a category of workers which is particularly vulnerable to discrimination: disabled people*

In Denmark, the principal objective has been to combat poverty by promoting access to employment for disabled people.

This has involved in part making companies more socially responsible, whether they are public sector (1/3) or private (2/3) sector companies, by imposing employment "quotas".

But at the same time, especially in the private sector, efforts have also been made to encourage negotiations with the social partners, through an awareness enhancement action among trade unions in order to encourage the recruitment of disabled people, without undermining the company's competitiveness (which implies in particular that the person is recruited for a job and/or is given a job that suits his or her skills).

All the actors have been mobilised and contribute to this operation through the Social Central Committee (which is a tripartite body: trade unions,

employers and the competent local or national authorities). The State and regional authorities (the "Counties") also contribute financially.

Companies contribute actively through the "Copenhagen Center" which helps to ensure a certain visibility for these disabled workers insertions programmes.

A social index has been drawn up in order to identify a certain number of socio-economic measures and a Green Paper has been prepared on the creation of suitable workstations.

b. In Slovenia, priority is given to ensuring the effectiveness of activation policies to combat the rise in unemployment.

Slovenia has a population of just under two million. The country's social insurance scheme covers all the population and people have a "right" to social protection (it is not "assistance" or "charity") and this enabled the country to avoid a social collapse after 1991, the date of its independence from the Federal Republic of Yugoslavia. In fact, the loss of the Yugoslav market resulted in numerous bankruptcies and restructuring operations, with the loss of an important number of unskilled jobs, while at the same time unemployment increased tenfold. It is those people that represent a problem today; they are now aged over 40, are often low-skilled workers and sometimes even disabled. If they are left to their own devices, they will be not really "employable", that is to say they will be unable to develop the skills needed to find a job. For example, there are 287 applications for every secretarial job!

The unemployment insurance service, which in this country is run by a tripartite body (1/3 employer representatives, 1/3 trade union representatives and 1/3 government representatives) has been mobilised and continues to participate in the elaboration and monitoring of the NAPs/Incl.

The National Action Plans for Social Inclusion are characterised above all by a *concern for effectiveness*. They are assessed on the basis of the number of people who have found a job.

The most effective inclusion measures are those that *involve companies*. "Contracts" have therefore been concluded between the State and employers. The latter receive subsidies for their restructuring operations and to encourage them to recruit unemployed people. The higher the employability rate, the higher the subsidies.

The local authorities are also involved. 1/10th of the people concerned by the activation measures are employed in the framework of public works measures, which represents some 10,500 people. For 32%, these measures have led to contracts of indeterminate duration.

The Slovenian trade union representative considers that the best way of combating unemployment is to facilitate access to work. 30 to 40 activation measures are targeted at specific groups. For example, as regards workers aged over 40, the implementation strategy consists mainly of adapting workstations: priority is given to criteria of "facility" rather than to criteria of "performance". As regards disabled people, the law is very protective of them (it is impossible to dismiss someone because of his or her disability). However, the law is expected to change by 2003, in the case of restructuring operations.

c. In Belgium 50% of job seekers are concerned by activation measures

For the Belgian trade union representative, if it would appear that numerous activation measures, which apparently concern 50% of job seekers, and incorporated in the first Belgian NAP/Incl are above all a list of measures already taken in the framework of the NAP for Employment. He observed, however, that several activation measures are focused on specific

categories, such as single-parent families. In such cases, the additional costs incurred to participate in the measures implemented are covered.

It would appear that it is too soon to measure the "effectiveness" of the activation measures implemented in the framework of the Inclusion Plan, because there is not as yet any specific monitoring and evaluation system.

Moreover, certain measures, given the presence of unemployed people and "activated" beneficiaries of the minimum income on the labour market, have led to economically active workers being squeezed out of the labour market.

In this regard, the speaker denounced the risk of discrimination between "activated" workers and other workers. In fact, in the case of activation measures, social security contributions are often lower which leads to an increase in the direct salary. This means that there is no longer the same pay for the same job.

Likewise, temporary employment agencies receive important subsidies to find jobs for unemployed people. This has resulted in the emergence of a new category of workers: "temporary workers with a contract of indeterminate duration".

In addition, the trade unions pay special attention to the employment of those who are not eligible for activation and have difficulties in increasing their income. Finally, we should not lose sight of the fact that there is a positive side, in particular the fact that certain jobs filled by activated unemployed people satisfy certain needs that have emerged in society.

- d.** *In Germany, the trade unions are particularly vigilant regarding the quality of jobs and training proposed in the framework of activation measures*

Germany is faced with a choice between higher inflation and full employment. At the start of the 1980s the country enjoyed full employment, but afterwards, according to the speaker, the country's social situation deteriorated: trade unions have succeeded in checking the drop in wages, but not in reversing the trend.

In his view, slowly but surely "standards" are being eroded and the jobs proposed in the framework of insertion measures are not attractive. The people concerned are sometimes obliged to accept any old job, such as selling newspapers on Saturday morning, otherwise their benefits are reduced. However, there has been a strong increase in jobs in the service sector.

The same is also true as regards temporary work, and unemployed people are often recruited on temporary basis to fill jobs left vacant by workers who are being trained. In reality, therefore, no new jobs are created.

As regards young people, the question that needs to be answered is whether the training they receive is suitable for the job they fill.

Finally, private employment agencies are also encouraged to take on some of the responsibilities of Local Job Centres.

2.2.2. Discussion: observations and solutions

In the ensuing discussion, several speakers pointed out that, in fact, rather than talking about general programmes, we should focus on specific individual measures. To use the example given by a trade unionist, before making a drug user pass employment tests, perhaps it would be better as a prerequisite to help that person to give up his or her drug habit.

Other speakers deplored the fact that in several countries, people have to be very poor to have access to benefits.

Finally, certain participants stressed that special attention should be paid to the new sectors, not only the E-economy but also services related to our well-being in everyday life. The latter sector would appear to have important job creation potential. We must therefore cease to focus solely on traditional jobs and instead look at the possibility of jobs generated by the growing demand for services related to the collective well-being. But at the same time, wages in these service sectors must be reviewed as they are often unattractive and do not encourage workers to stay in them and obtain qualifications.

In Finland, for example, the trade unions are opposed to less well-paid work being reserved for unemployed people. In all cases, their wages cannot be below contractual standards.

2.3. Second Round Table:

The active working poor: is this reality taken into account in the National Action Plans for Social Inclusion?

Before handing over to the two speakers scheduled for this second round table⁷, the moderator, Thierry AERTS of the FGTB, gave a brief overview of the problem: is the fact of carrying out a professional activity a sufficient guarantee against poverty? What is the role of the following in this problem: insecure jobs, part-time work, in other words the different forms of atypical work?

What criticisms can be made and what solutions can be provided?

2.3.1. The link between low wages and the working poor

A comparison between France and the United States is useful in order:

- to define more closely, first of all, what is known as the working poor,

⁷ The second round table was composed of Pierre Concialdi, a French researcher from the IRES and Assya Goneva, from the Bulgarian trade union CITUB/KNSB.

- and to identify some of the differences and points in common which characterise numerous European countries compared with our neighbours on the other side of the Atlantic.

First of all, what do we mean by "low wages" and the "working poor"?

If we compare the reasons for the existence of the working poor, in the United States, the working poor are in that situation because the minimum wage is low, which is itself the consequence of low pay rates. In France, as in most European countries, it is rather the result of the massive growth of underemployment.

The low wage threshold is generally defined as two thirds of the average wage. And the "very low wage" threshold is half of the average wage.

Therefore, "working poor" refers to someone who lives in a household with a low standard of living, that is to say below a certain threshold (estimated in Europe at 60% of the average wage of the country concerned).

As regards the importance of low wages between the two countries, the figure is twice as high in the United States (in 1997: 30% in the United States and 17% in France). But whereas this proportion has remained stable in the United States, it has grown considerably in France (11.4% in 1980 and 17% in 2001). That is due in particular to the increase in the share of "very low wages", which increased over the same period from 5% to 10%.

However, in the two countries the categories with the highest concentration of low wages have changed very little. The employees with low paid jobs are in the majority: women, young people and people with a low level of formal qualifications. Moreover, 80% of low paid jobs are part-time jobs (with an increase in "imposed" part-time work).

In France, low wages are found mainly among employees with fixed-term contracts, seasonal workers and temporary workers.

However, it is noteworthy that the fact of being in a low-paid job does not necessarily mean that the employees concerned live in a household with a low standard of living: in fact, other forms of income, property income, as well income from social transfers can top up the household's income.

Finally, the relative position of employees in the hierarchy of living standards of a given country depends also on the situation of the other categories of the population (unemployed people, self-employed workers, people who are not economically active etc.).

In the United States, approximately 60% of people in low-paid employment are poor, while this percentage is only 40% in France.

As regards those who are not economically active (mainly pensioners), their poverty rate is three times higher in the United States than in France.

Generally speaking, on average, just over 30% of the American population had a standard of living below the low wage threshold compared with less than 20% in France.



IN CONCLUSION,

it is clear that the question of low wages is the most striking symptom of the inequality between men and women on the labour market.

Moreover, the categories of "working poor" where there is not a majority of women, concern above all workers who are victims of the deregulation of work.

It also seems that the introduction of a minimum legal wage, especially an hourly wage, plays an important role in limiting the number of "working poor".

In countries such as the Netherlands, which have encouraged the use of part-time work, it is indispensable to provide for the possibility of returning to work on a full-time basis.

Another question which must be addressed is whether policies should be adopted to aid people on low wages, by way of tax credits for example. Such tax credits have been introduced in certain countries, but there is a risk that such policies can lead eventually to an erosion of wage standards.

All policies designed to promote employment assume the possibility of jobs. But we must not forget all those who rely on the minimum social benefits to live, hence the need, at the same time, not to lower them but to raise them.

2.3.2. In Bulgaria, not only are there a large number of working poor but they are also... "very poor"!

Even if it is difficult to assess the number of "poor" people in Bulgaria⁸ as there is a shortage of reliable official instruments to measure the numbers (according to the indicators selected the percentage varies between 20% and... 80%!). If one accepts the evaluation made by the Bulgarian trade union, CITUB/KNSB, using its own indices⁹, the situation is hardly brilliant, indeed it is dramatic, including for those who have a job. Thus, for example, since the beginning of the "transition" (in other words, since the start of the 1990s) Bulgarian workers have seen the income derived from their work fall by 57.3%.

The expansion of the phenomenon of poverty among the Bulgarian population and above all among workers, is the result of a combination of several factors: the important fall in GDP, the crisis in the banking and financial system, the privatisations and numerous corporate bankruptcies, but also, and above all, the high rate of inflation (1991: 338.5%; 1994: 87.1%; 1997: 1058.4%! With the establishment in 1997 of the Monetary Committee, the annual rate of inflation has been stabilised and gradually reduced to some... % per... month!).

Moreover, wages are below the cost of living. Thus for 2000, the average wage was 238 Bulgarian leva¹⁰ while the cost of living for the same period was 258 Bulgarian leva. It is also a fact that wages are increasingly squeezed by the payment of taxes and social security contributions. In the latter connection the trend will continue since under new social legislation, the

⁸ In Bulgaria, there is no National Action Plan for Social Inclusion, but there is a National Action Plan for Employment, providing for job creation measures and the re-integration of unemployed people. For the first time, in 2001, this Plan was drawn up with the participation of the social partners.

⁹ The evolution of the cost of life is evaluated based on the evolution of the "basket of goods", which includes the 593 consumer goods and services necessary for a normal existence. To define the threshold of poverty, reference is made to a reduced "basket" of 77 goods and services worth 2,400 calories, which covers primary needs, i.e. the minimum required to ensure the physical survival needs of a person.

¹⁰ The Bulgarian leva was worth 0.509157 euros on 6 February 2002.



social security contributions to be paid by workers will increase from 8.4% in 2002 to 21% in 2007, without of course there being any matching increase in wages. It is also to be noted that in 2000, a worker paid income tax corresponding to 14.2% of the average wage. The minimum wage in 2001 was 85 Bulgarian leva, whereas the poverty threshold fixed according to the index of the CITUB/KNSB Confederation was 98 Bulgarian leva, therefore at a level below this threshold.

Another factor that creates poverty among workers in Bulgaria is the fact that many workers no longer receive their wages! It is not question of a delay of a few days or a few weeks, which is very common in the country, but sometimes the delays can be much as much as several months or even run into years! According to national statistics, at the end of June 2001, the amount of wages overdue to workers in the public sector was 43 million Bulgarian leva. Bearing in mind that the private sector represents almost 2/3 of the national economy, experts estimate that the amount of unpaid wages is in excess of 100 million leva.

The pressure applied by international financial institutions (IMF and the World Bank) to moderate income has also been decisive. But the neo-liberal theory that wage moderation stimulates job creation has been totally refuted by practices in Bulgaria. In fact, the real wage restraints over the last two years, far from leading to a drop in unemployment, have on the contrary caused a surge in unemployment, since "official" unemployment, that is to say registered unemployment, and therefore below the "real" unemployment rate, has increased from 14% to 18-19%.

It seems however that the "part-time employment" factor has for the time being had only a small impact on the poverty of workers, since quite simply it is not a particularly widespread practice. In fact, according to the official statistics, confirmed by the CITIB/KNSB trade union's own surveys, as at 30 June 2001, only 3% of employees were supposed to be in part-time work.

Finally, poverty among workers in Bulgaria is also influenced by the reforms in progress which include a wave of privatisation, affecting the health sector, pensions, education and other public services. This leads to a increasingly smaller role for the State and, consequently, imposes an increasingly heavy financial burden on citizens using such services.

The Bulgarian trade unions have not remained inactive in the face of such stark realities and their actions are intended to moderate the policies pursued. Their actions, irrespective of whether in the framework of negotiations with the State or negotiations with private sector employers, very clearly give priority to wage policy and the level of social benefits. Moreover, every year, on the initiative of the CITUB/KNSB trade union, actions to combat poverty and unemployment are carried out in the Spring, with the formulation of proposals for the Parliament and the government. Likewise, awareness raising and unionisation actions are carried out in companies in the informal sector.

2.3.3. Discussion: Low wages and the poverty threshold

The question of *low wages* was raised in the discussion which followed these speeches. Low wages involve chiefly *low-skilled workers*, hence the importance of training and qualifications. It is to be noted that low levels of qualifications are over-represented in the low wage category.

Certain speakers also stressed the *link* which exists *between poverty and low wages*. Certain speakers also stressed the link which exists between poverty and low wages. For example, in Italy, the majority of low-income workers fall within the working poor category. Migrant workers represent the majority of this category.

In countries such as Austria where there is no minimum legal wage, because all wages are negotiated in the framework of Collective Agreements, what happens to those, especially in the so-called "new jobs", *who are not covered by these Agreements?*

Moreover, also in this country, it was pointed out that the trade unions are *against a reduction in social security contributions on low wages*, since that does not create jobs, and instead simply reduces the revenue of the social protection systems based on solidarity.

It was pointed out during the discussion on this subject that these reductions represent in fact a high cost and lead to a "windfall" for employers, since employers that benefit from this measures would have recruited in any event.

Finally, it was emphasised that the question of "working poor" is not really taken into consideration in the NAPs/Incl.

In order to escape from unemployment, people give priority to finding a job, rather than the quality of the job... the question of the quality of the job comes later.

2.4. Third Round Table: Minimum resources (income, pensions and wages): is this problem included in the National Action Plans for Social Inclusion?

The moderator for the third round table¹¹, was Franco Salvatori of the CGIL. This round table focused above all on the debate concerning minimum resources, that is to say the minimum income, the minimum pension and the minimum wage.

On the one hand, the question was raised concerning the knowledge that we have of the number of people entitled to the minimum income, but also the number of people having such an entitlement but not exercising their right.

¹¹ This round table was made up of Robert Anderson, researcher at the Dublin Foundation; Maria do Carmo Tavares from CGTP Portugal; Luigina De Santis from FERPA and Richard Excell from the British TUC.

On the other hand, it is also interesting to check whether this type of problem is included in the NAPs/Incl.

Finally, is it possible to reach agreement on the criteria on which the minimum income, the minimum pension and the minimum wage should be based?

2.4.1. For the Dublin Foundation: what are the relations between employment policies and social protection policies?

As an introduction to the debate, participants were given a rapid presentation of the research carried out by the *Dublin Foundation on the initiatives to co-ordinate social aid policies and employment policies* in the EU Member States.

This research is based on national reports and case studies carried out in eleven Member States. It includes a comparative analysis of minimum income programmes, relative activation policies and co-ordination approaches between different service providers.

It addresses notably the question of the relation between social security and employment. In other words, are employment policies and social protection policies pursuing compatible goals?

It also deals with the question of the assessment of "activation" policies for people on the minimum income (the beneficiaries of the minimum guaranteed social benefits in Belgium)? How many of them have found a job?

Moreover, the research also examines ways of gaining a better understanding of the profile of the people who depend on the minimum income. Although numerous elements are available concerning what the notion of minimum income comprises, according to the Member State,

there are few elements available concerning the people receiving these benefits: who are they?

Finally, the research carried out is not limited solely to employment measures, but also addresses other dimensions of exclusion, such as health, education, etc.

2.4.2 For the FERPA, there is an urgent need to introduce a minimum income, to help people escape from the spiral of poverty.

FERPA's recent actions have focused above all on the introduction of a minimum income to combat poverty, which concerns in particular elderly people at European level. In fact elderly people are one of the most vulnerable categories. The FERPA representative illustrated her point with the example of the Greek pensioners from the farming sector who, because of their defective pension system, are obliged to rely on income support: this concerns 700,000 pensioners.

That is why FERPA launched last year a petition, which has obtained a million signatures, for the right to a decent minimum income to be included in the Charter of Fundamental Social Rights.

In order to address more precisely the theme of the debate, the FERPA considers that an adequate European minimum income:

- for pensions should correspond, for each country concerned, to 50% of its GDP;
- for employees, should correspond to 60% of GDP;
- and that for the minimum guaranteed income, it should correspond to 40% of GDP.

Moreover, the FERPA welcomes the elaboration of indicators, concerning social inclusion, especially since two of them refer to poverty. These will

make it possible to measure, using common benchmarks, the progress accomplished in each Member State.

2.4.3 In Portugal, one of the advantages of the NAP/Incl is that it "links" measures which are otherwise fragmented

Portugal established a universal social security system 25 years ago. And 4 years ago it introduced the minimum guaranteed income to combat social exclusion. Some 20% of the population (that is 1 million people, especially young people) survive thanks to this minimum income. It is to be noted that the amount of the minimum guaranteed income varies according to the composition of the family.

As regards pensioners, there is a minimum pension in Portugal, which is equal to 30% of the salary of reference, but elderly people are entitled to reductions in respect of health care and transport costs for example.

The NAP/Incl in Portugal has provided an opportunity to co-ordinate the different actions and initiatives implemented in recent years in the country to cope with the problem of poverty and social exclusion, since it is important that social protection policies take into consideration the different dimensions of exclusion.

For example, combining job creation measures with the quality of employment can only have positive consequences for social security systems, since the higher the wages the higher the social security contributions.

Portuguese trade unions are committed to combating insecure employment. Part-time work is a new phenomenon in Portugal. It concerns women above all and is a poverty risk factor.

In Portugal, there is a minimum wage which is equal to 55% of the average wage. But the country also has some 120,000 workers who come from



Eastern and Central European countries; how many of them are paid the minimum wage?

According to estimates, in Portugal, some 40% of people are not covered by the social security system (importance of the informal economy, etc.). Therefore, it is an important part of trade union policy to increase the number of workers paying social security contributions.

2.4.4. What are the criteria used in the United Kingdom to fix the minimum income?

The debate in the United Kingdom focuses on criteria to establish the minimum social benefits and to decide who should fix them. This debate has been going on for a long time. For example, 100 years ago, in the County of Yorkshire, poverty was defined as when people had no guaranteed income and did not have sufficient means to feed themselves, look after themselves etc.

There is a need to develop more relative standards. The definition of poverty today in the United Kingdom is someone whose resources are below 140% of the social welfare rate. However, this benchmark can work against an increase in welfare benefits, since the more welfare benefits are increased the greater the risk there is of increasing the number of poor people!

That explains why in the United Kingdom no real progress has been achieved on this question of minimum social benefits. This question has been widely debated in general terms, but no concrete decisions have been taken, especially on the standards to be used for fixing the minimum social benefits.

In a way, for some British trade unionists, if minimum standards are to be used to combat poverty, first of all there is a political battle to be won.

2.4.5. Discussion: what is the best way to establish minimum social benefits? The situation varies from one country to another.

The Spanish trade union representative drew attention to her country's specific situation, where the amount of minimum income is fixed at the level of the Autonomous Regions, which creates disparities. In fact, its amount depends on the Autonomous Region's resources. This leads, to use her expression, to "first-class" poor people in the wealthiest regions and "second-class" poor people in the other regions.

The Italian trade union representative reminded participants that in Italy, until three years ago, there was no minimum guaranteed income. Since then, there has been an ongoing experiment to introduce such a minimum guaranteed income. It concerns 39 districts to which 16 cities will be added this year. The Italian representative stressed, however, that there were reservations on this minimum guaranteed income because of several problems encountered in its implementation:

- the importance of undeclared work,
- and tax evasion, which mean that it is impossible to have an exact view of the "reality" of the income of the people concerned,
- the fact also that the composition of the family is taken into account, leads to disparities and differences in expenditure between the regions, in particular between those of the South, where there are more large families, compared with those of the North.

The German trade union representative raised a little-known aspect of the pension reform in Germany. According to the speaker, the basic pension paid to elderly people will in the future be guaranteed, without pensioners being obliged to provide proof of their situation.

Finally, for the Belgian trade union representative, the fixing of minimum income should follow the logic of insurance systems. In other words, the

amount of "welfare" income should be below that of the minimum social security income which in turn should be below other income.

2.5. Fourth Round Table: the point of view of the other actors in the European strategy for social inclusion?

The moderator for this fourth round table¹² was Henri Lourdelle, an adviser at the ETUC. The aim of this round table was to allow the "other actors" in the field in the combat against social inclusion to express their views and to take note in particular of their assessment of the NAPs/Incl, both in terms of their content and the elaboration process.

The moderator introduced the debate by reminding participants that the choice of the speakers for this round table was neither a matter of chance nor should it be seen as a form of ostracism of other organisations. He explained that it was because the organisations present were, in different ways, "special partners", that is to say those who are active in the field, either in Brussels or at national level, when it concerns carrying out actions or reflections to help eliminate poverty, in the framework of the respective responsibilities of each partner, whether in the workplace or in society.

He then referred to the common actions carried out with a view to obtaining relevant "indicators", which had proved difficult, because it was such a sensitive question for the Member States. For even the indicators are only, in a way, a kind of "tool box", to use the words of the Belgian Federal Minister for Social Affairs, Mr. Vandenbroucke, to be used to monitor the

¹² Participating in this round table were Marie-Françoise Wilkinson of the European Anti-Poverty Network (EAPN); Olivier Gerhard of the ATD Fourth World movement; Freek Spinnewijn of the European Federation for the Homeless (FEANTSA) and Stefan Trömel of the European Disability Forum (EDF). Each of these NGOs has produced an issue paper on the NAPs/Incl, which can be found on their respective web sites. The main ideas expressed at this round table are thus largely based on these documents and, due to time constraints, are therefore not reproduced in their totality.

efforts made by the Member States to promote social inclusion and combat poverty, some countries see them as constituting a kind of league table: the best and worst in Europe.

He also reminded participants that even the percentage of the average income of a country chosen as the benchmark to determine the monetary poverty threshold, in this case 60%, was not neutral. Depending on the level fixed for this indicator, the results vary considerably. In fact, if the threshold had been set at 50%, the percentage of people living in poverty in Europe would have been 12%, or 7% if it had been fixed at 40% of the average income. On the contrary, the poverty rate at European level would have been as high as 25% if the threshold had been fixed at 70% of the average income.

After these introductory comments to establish its context, the debate began.

2.5.1. Is the Open Method of Coordination really "open"?

As concerns the adoption of the Open Method of Coordination (the OMC), all the speakers, each however shading his speech according to his sympathies, declared that they were in agreement with the method proposed.

In this regard, the EDF representative considered that it was something "functional" and "useful", even if, in his view, it should have more specific and tangible targets. But as the NAPs/Incl cover a two year period, it will probably be possible, in the light of experiences, to make adjustments.

For the FEANTSA representative, the introduction of the OMC allows the European Union to play a role in the fight in favour of homeless people. It also allows it to have, on the basis of the NAPs/Incl, a role which is shaped at European level.

ATD-Quart-Monde is also in favour of the OMC and stressed above all its satisfaction as regards the objectives fixed for it at the Nice Summit, in



particular access for all to fundamental rights and the effective participation of all the actors. He stressed, however, the urgent need and importance of allowing excluded people themselves to have their say on the subject!

The EAPN representative reminded participants that had worked actively in favour of the OMC and had been closely involved in the definition of the indicators. However, the EAPN questions whether this method is really open, in other words will it really allow everyone to be involved? There are a great many expectations and requirements which have not yet been satisfied. And even if it has some doubts on what has been achieved to date, the EAPN concluded by pointing out that it was the only possible effective way ahead to promote inclusion and combat poverty.

2.5.2. The content of the NAPs/Incl: is it merely a "catalogue in the style of Prévert" or does it represent a real determination to address the fundamental issues?

The EAPN representative pointed out that, at the time of the debate, the documents had not yet been completely finalised and that the Member States had had little time to produce the Plans which, accordingly, gave the impression that they were more a catalogue of measures to be implemented, without clearly defined priorities.

Moreover, the coordination between the different levels of power is not always clear, especially in highly decentralised countries. Who decides? On what?

Other elements such as financing or the evaluation systems need to be clarified.

As regards the mobilisation of all the actors for the elaboration of this first Plan it was rather weak, certain actors had to mobilise themselves!

There are certain shortcomings. For example, little is said of the role of social

protection and little space is devoted to illiteracy or the "autonomisation" of people. There is also nothing on asylum seekers.

The EDF reiterated the key role that disablement plays as a factor of exclusion and noted with regret that, although reference is made to this factor, this concern is not at the core of the NAPs/Incl. The EDF representative very much agreed with the comments made by the previous speaker, but he also pointed out that the NAPs/Incl contain few new measures. He would like, in the future, the approach concerning disabled people to be more complete, in other words it should integrate everything which affects transport, housing.

The FEANTSA is satisfied regarding the objectives which underlie the NAP/Incl. However, the FEANTSA representative noted that, apart from two exceptions, homeless people are very much forgotten in the Plans, despite the fact that they are confronted with the worst form of exclusion. It almost seems that the European Union does not want to discuss the question of housing. Yet, access to housing is the key to social inclusion. Without housing, it is difficult to have access to culture, health and employment. There is little emphasis on "support services". It is fairly futile to make housing available, if at the same time there is no social support.

The kernel of the Plans remains employment. Since, working means feeling useful.

ATD-Quart-Monde has analysed the Plans from a twofold point of view:

- Do these Plans have an effect on people excluded from fundamental rights?
- Do they include interesting initiatives?

The conclusion that it draws is that, first of all, these Plans contain a detailed analysis of poverty, but do not realise the reality of the situation (for example the Belgian Plan calls upon the knowledge of "experts"). By way of example,



it is not a company's turnover that gives a full picture of the reality of the company's situation (working conditions, wages, etc.).

As regards the mobilisation of the actors, that should involve the mobilisation of the people concerned by exclusion or poverty, but such an approach is not yet part of the European culture.

Finally questions of education should be treated as questions in their own right. There are, however, interesting initiatives in certain Plans. For example in Italy, with schools which go out into the street or in the United Kingdom with the implementation of non-penalising programmes to monitor children who do not receive schooling.

As regards the placing of children by the social services, efforts have been made in numerous countries on "parental rights", except however in the United Kingdom, where priority is given to adoption.

2.5.3. Establishing indicators which can also assess the changes that have occurred in the life of people.

For the EAPN, it is important that the Laeken European Council validates the indicators since, without indicators, it is impossible to assess levels of poverty and the strategies implemented. But these indicators must also be qualitative and not only quantitative, that is to say they must allow us to assess the changes that have occurred in people's lives. For example, they should make it possible to measure not only the number of people who have found employment, but also whether the employment found helps the person in question to escape from his or her situation of exclusion.

There are difficulties in reaching an agreement on the definition of illiteracy. Likewise there are no indicators on homeless people, nor on access to decent housing.

The EAPN proposed that the people concerned should participate themselves in defining the indicators and that they should indicate whether, and in what way, their situation has improved.

For the EDF, the indicators should allow poverty to be measured. There is a striking lack of data concerning disabled people. It suggested also that the indicators should be broken down between able-bodied and disabled people.

For the FEANTSA, the question of indicators is a key point: it is better to have no indicators at all than have bad indicators.

The FEANTSA is, however, aware of the complexity of the exercise, since it is relatively easy to set up indicators concerning the quality of housing, but it is more difficult to count the number of homeless people. It is a far from obvious task in the strict sense of the word. But the only certainty is that the number of homeless people is growing rapidly.

For ATD-Quart-Monde it is necessary to have good indicators, but that is not sufficient. "Qualitative" studies are also needed, by way of interviews, meetings, a hands-on approach. It is necessary to develop evaluations of these National Plans.

It is important to note also that the associations which "allow poor people to express their views" have not been really consulted in connection with the work on the indicators as such. They have been involved more on the question of the overlapping of indicators.

There is a need to develop indicators that reflect changes as they are seen by the people themselves.

For example, there are no indicators on the number of children placed or who live in families in great poverty.

Likewise, there are no indicators on people who cannot afford to feed themselves or have experienced such periods of deprivation, and whose survival depends on support from neighbours or leftover food from markets.

2.6. The Belgian Presidency and Social Inclusion: the link between the employment process and that of social inclusion and the quality of the indicators selected

Eric Marlier from the Cabinet of the Belgian Federal Minister for Social Affairs and Pensions, presented a rapid overview of the Belgian Presidency's objectives in this area. His speech was followed by a debate.

Concerning first of all the links, in the NAPs/Incl, between the employment and social programmes strictly speaking, the speaker emphasised that at European level, just as at Belgian level where there are two different ministries to deal with these questions, these responsibilities are shared by two Committees:

- on the one hand, there is the Employment Committee, which deals with the quality of work and low wages,
- and on the other hand, there is the Social Protection Committee (SPC) which deals with the remainder, that is to say for example health, pensions, etc.).

The Belgian Presidency of the European Union has fixed five priorities:

- the quality of jobs;
- combating all forms of discrimination;
- the promotion of the social economy;
- the concern for equality between men and women;
- the accomplishment of social justice in Europe.

In the framework of the combat against poverty and for social inclusion, the new development has been the preparation by each Member State of an Action Plan which has been the subject of a joint report by the Social Protection Committee and the Commission and which should be adopted on 10 October.

Likewise the list of indicators selected for the evaluation of the Plans implemented should also be adopted. These were debated in particular at a Conference held in Antwerp on 14 and 15 September last and which brought together 270 experts (including the European and national social partners, as well as NGOs) from 26 countries. These indicators are essential if we want to evaluate in an adequate way the strategies implemented. The Presidency wants to see a decision taken on this subject.

The Social Protection Committee and its "Indicators Sub-Group" have to date held 7 meetings on this subject and have now decided a list of 13 indicators, sub-divided as follows:

- 7 for everything dealing with income;
- 4 for employment;
- 2 for health.

On the other hand, there no agreement has yet been reached within the group on the "housing" indicator (decent housing, cost of housing and the question of homeless people).

This dossier is due to be discussed on 3 December at an informal Social Affairs Council with a view to its adoption at the Laeken European Council, on 14 and 15 December next.



In the meantime, the Laeken Council has ratified a list of eighteen indicators.¹³

In addition, during the Presidency a decision was taken on the Community programme in favour of social inclusion.

Following this speech by the minister's representative, a rapid discussion ensued, which allowed the trade unionists to raise certain issues and concerns that they have and which revolve more or less around three themes.

For example, several speakers called for fresh and/or specific financial resources to be allocated to improve the effectiveness of the measures contained in the NAPs/Incl.

Other speakers, while confirming their agreement on the implementation of "activation" measures, expressed their concerns, which were backed-up by examples, about the risk of "imposed jobs" which could result from the presentation of certain measures in certain National Plans.

Finally, others considered that in order to combat situations of social insecurity experienced in particular by young people and elderly people, "directive" type measures, covering in particular the introduction of minimum guaranteed resources, would be more appropriate than the OMC.

Echoing this debate and by way of conclusion, the speaker reminded participants that the Union was at the beginning of an exercise which involved determining ways of evaluating the achievement of the objectives fixed; in other words, trying to establish, in relation to each objective fixed in the combat against poverty and in favour of social inclusion, what is or are the best indicator(s) to measure them.

¹³ Regarding some of these indicators and the European strategy against poverty and social exclusion, Ramon Peña-Casas, from the European Social Observatory, has carried out excellent studies which can be consulted to feed thought and discussion on the Observatory's website (<http://www.ose.be>).

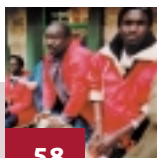
He acknowledged and welcomed the fact that the National Action Plans for Social Inclusion have helped to create very high expectations among NGOs and trade unions. Moreover, he stressed that as this is an initial exercise, the plans are open to improvement and that all contributions to the debate, such as that of today, are not only welcome but necessary (12). In this connection he added that he had taken due note of the comments made and would convey them to his minister.



Resolution of the ETUC Executive Committee¹⁴: The European strategy in the area of social inclusion.

Introduction

1. In the current legal and political context, the question of social inclusion has a European dimension. The Lisbon Council, and subsequently the Nice Council, have built the foundations for a European strategy in this area, by linking action at national and European levels, in accordance with the so-called "open method of coordination method" (OMC). Following the example of the Luxembourg process in the area of European employment policy, this requires the formulation of common objectives and indicators, the elaboration of national plans implementing the objectives, the evaluation and identification of best practices. The indicators determined by mutual agreement help the Member States to know where they are in the accomplishment of their objectives. In addition they can learn best practices.



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The States have a special responsibility in the combat in favour of social inclusion and against poverty. They are under pressure to translate this conviction to the greatest extent possible into a concrete policy.

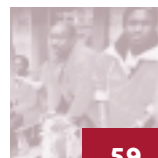
Participation in the European social inclusion process

2. The ETUC and its member organisations intend to participate in all phases of this process – that means including during the monitoring and evaluation phases, as well as in the choice of indicators – by way of a real consultation and discussions, both at the level of the Social Protection Committee (SPC) as regards the ETUC, and at the level of the appropriate bodies as regards its national organisations.

¹⁴ The ETUC Executive Committee, which took place on 14 December 2001, unanimously adopted a Resolution called the "European strategy in the area of social inclusion", which you will find hereunder. Debated in the form of a project, it largely rests on the reflections, preoccupation and demands expressed by the participants at the Seminar.

3. Collective agreements represent a second form of participation for the social partners (SP). These agreements can promote diversity in the workplace. They can, for example, include access to employment for long-term unemployed people and unemployed people receiving the minimum guaranteed income or receiving welfare benefits. The State can then encourage these collective agreements, by providing support measures, or through laws integrating social clauses into public procurement contracts.

4. The ETUC calls for new resources to be made available, particularly at national level; this is essential for the success of these plans. However, the new resources made available for the implementation of these plans must not result in the financial resources allocated to social protection schemes being called into question. At European level, the institutions have just reached agreement, after a conciliation procedure on a Community programme to combat poverty. This four year programme which has been allocated a budget of 75 million Euros, is intended to support research into and exchanges of best practices as well as European networks in the area of the drive to promote social inclusion. The ETUC wishes to emphasise the importance of the participation of the actors of the Eastern and Central European countries in the implementation of this programme and concretely in the annual round table which will measure the progress achieved in this area.

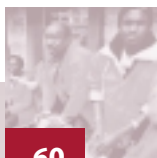


The evaluation of activation measures

5. The ETUC adheres to the approach which wishes to help excluded people find employment, rather than maintaining them in a situation of dependency based on welfare benefits. In addition, the ETUC considers that this approach must favour the development of quality jobs so as to avoid the phenomenon of the "working poor". Such jobs will contribute to providing a satisfactory answer to a certain number of society's needs, which are currently not satisfied, and also help to improve the quality of life.

6. However, the ETUC and its member organisations will pay attention to ensuring that these activation measures, which are specific rather than general measures, are neither used as a pretext to call into question existing working standards nor, as an indirect consequence, result in certain workers being excluded from the labour market. That is why it invites its organisations to participate in and be particularly vigilant with regard to the proposals made and the monitoring and control of their implementation. In particular, these measures should be assessed in accordance with the following criteria:

- Effectiveness: how many people have effectively found a job? What type of employment? Do these jobs correspond to a need of society?
- The possible effects of exclusion from the labour market (even if, to a certain extent that is inevitable).
- The respect of labour law, wages and collective agreements.
- An evaluation of the consequences of these measures on Social Security rights.



Consistency between the European inclusion and employment processes

7. Although the ETUC considers that the social inclusion plans have contributed not only to the visibility of the problems and measures in favour of vulnerable groups but also to the necessary coordination of services and the actors, it wishes to stress the need for consistency between the measures included in employment and social inclusion plans, as well as in their follow-up and control. That is why certain quality of employment indicators should be compared with social inclusion indicators.

Access to resources

8. The ETUC is opposed to any "arbitrage" between activation measures and social protection and welfare benefits. It calls for the next social inclusion plans to attach more importance to defining the minimum

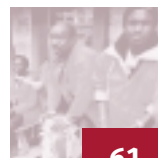
income, the number of beneficiaries, as well as to those who do not take advantage of their right to the minimum income, and in particular to young people and elderly people.

Guarding against risks

9. The ETUC wishes to draw attention to the fact that social protection, and in particular social security, is an effective means of preventing social exclusion. For the next plans, it calls for measures to reinforce the risk cover of those who work under atypical contracts of employment. Visibility of the rights of these workers, according to the different social security schemes, will help to clarify their situation.

The indicators

10. The ETUC calls for comparable indicators to be established, which can be used to assess social inclusion policies; it also calls for the social partners, and in particular the trade unions, to be involved in their preparation. This evaluation can lead to the measures being revised, which in its turn helps to improve the effectiveness of the combat to eliminate poverty.



For the ETUC, the following indicators, to be combined with those on the quality of employment, are essential:

- the poverty rate before and after social transfers,
- the percentage of poor workers and pensioners,
- the percentage of contracts of employment according to their duration,
- the long and short-term part-time work rates and the risk cover provided.

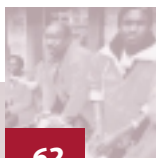
In short, these indicators should be integrated in the annual revision of the Lisbon Strategy.

The gender dimension

- 11.** The ETUC wishes to draw attention to the situation of:
- **a.** elderly women and the need for an adequate minimum income,
 - **b.** free child-minding services for low income single parent families,
 - **c.** training programmes adapted to migrant women.

Central and Eastern European countries

- 12.** The Gothenburg Council called upon the enlargement accession countries to take the same measures to promote social inclusion.



The ETUC and its member organisations call for the trade union organisations in those countries to be involved in the mutual learning programmes and that the same forms of consultation as those implemented in the framework of the European Union should be organised in Central and Eastern European countries.

e-inclusion

- 13.** For the ETUC, access to the new information technologies can play an important role in favour of social inclusion, in particular as regards access to employment (inter alia for certain categories of disabled workers) or to a social network via e-mail or the Internet. The ETUC considers, however, that these new technologies, which are one tool among others, are not a "magical" key for the integration of excluded people. In any event, in order for it to be an effective tool in favour of inclusion, the ETUC calls for measures to be taken concerning conditions of access and learning methods for the most disadvantaged sections of the population.

CHAPTER III

Annexes



Social Protection Committee Indicators Sub-Group

October 2001

Following the mandate from the Lisbon European Council, the Member States and the Commission have sought to develop common approaches and compatibility in regard to indicators. The work has been carried out by the Social Protection Committee and its technical subgroup on Indicators that started meeting in February 2001. In particular, the sub-group was concerned with improving indicators in the field of poverty and social exclusion. This follows from the political agreement reached at the European Council in Nice, defining appropriate objectives in the fight against poverty and social exclusion, and inviting Member States and the Commission to seek to develop commonly agreed indicators.

At the Stockholm European Council, in March 2001, Heads of State and Government gave the mandate to the Council to adopt a set of commonly agreed social inclusion indicators by the end of this year. Such indicators should allow the Member States and the Commission to monitor progress towards the goal set by the European Council of Lisbon of making a decisive impact on the eradication of poverty by 2010, to improve the understanding of poverty and social exclusion in the European context and to identify and exchange good practice.

When selecting the indicators, the Social Protection Committee has considered all the main areas to be covered and taken account of national differences in the importance that Member States attach to different areas. It is important that the portfolio of EU indicators should command general support as a balanced representation of Europe's social concerns and because of this, the proposed set of indicators should be considered as a whole rather than a set of individual indicators. In the suggested set of indicators, the Social Protection Committee agreed to focus

on indicators that address social outcomes rather than the means by which they are achieved. The Social Protection Committee agreed on the following methodological principles:

- an indicator should capture the essence of the problem and have a clear and accepted normative interpretation;
- an indicator should be robust and statistically validated;
- an indicator should be responsive to policy interventions but not subject to manipulation;
- an indicator should be measurable in a sufficiently comparable way across Member States, and comparable as far as practicable with the standards applied internationally;
- an indicator should be timely and susceptible to revision;
- the measurement of an indicator should not impose too large a burden on Member States, on enterprises, nor on the Union's citizens;
- the portfolio of indicators should be balanced across different dimensions;
- the indicators should be mutually consistent and the weight of single indicators in the portfolio should be proportionate;
- the portfolio of indicators should be as transparent and accessible as possible to the citizens of the European Union.

A large number of indicators are needed to properly assess the multidimensional nature of social exclusion. The Social Protection Committee suggests that these indicators should be prioritised by placing them in three levels. *Primary indicators* would consist of a restricted number of lead indicators which cover the broad fields that have been considered the most important elements in leading to social exclusion; *Secondary indicators* would support these lead indicators and describe other dimensions of the problem. Both these levels would be commonly agreed and defined indicators, used by Member States in the next round of National Action Plans on Social Inclusion and by the Commission and Member States in the Joint Report on Social Inclusion. There may also be a third level of indicators that

Member States themselves decide to include in their National Action Plans on Social Inclusion, to highlight specificities in particular areas, and to help interpret the primary and secondary indicators. These indicators would not be harmonised at EU level.

On the basis of the above principles, the Social Protection Committee agreed the following indicators of Social Exclusion:

Primary Indicators

- 1.** Low income rate after transfers with low-income threshold set at 60% of median income (with breakdowns by gender, age, most frequent activity status, household type and tenure status; as illustrative examples, the values for typical households);
- 2.** Distribution of income (income quintile ratio);
- 3.** Persistence of low income;
- 4.** Median low income gap;
- 5.** Regional cohesion;
- 6.** Long term unemployment rate;
- 7.** People living in jobless households;
- 8.** Early school leavers not in further education or training ;
- 9.** Life expectancy at birth;
- 10.** Self perceived health status;

Secondary Indicators

- 11.** Dispersion around the 60% median low income threshold;
- 12.** Low income rate anchored at a point in time;
- 13.** Low income rate before transfers;
- 14.** Distribution of income (Gini coefficient);
- 15.** Persistence of low income (based on 50% of median income);
- 16.** Long term unemployment share;
- 17.** Very long term unemployment rate;
- 18.** Persons with low educational attainment;

The exact definitions of the agreed indicators are included in the annex.

Even though the Social Protection Committee is not yet able to put forward a proposal for a commonly agreed indicator on the key dimension of housing, its members agreed on a common approach to be followed: National Action Plans should contain quantitative information covering three issues: (1) decent housing, (2) housing costs, (3) homelessness and other precarious housing conditions.

The Social Protection Committee is satisfied with the degree of progress reached in 2001, as with this first set of indicators, Member States and the Commission will be able to measure, in a comparative way, several key aspects of the multidimensional phenomenon of poverty and social exclusion. However the Social Protection Committee is fully aware that the above list does not give the same weight to all relevant dimensions. Therefore, the Committee recommends that further work be carried out in 2002 on indicators on poverty and social exclusion:

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- Examining the possibility of developing additional commonly agreed indicators in a number of areas which are recognised as relevant for social exclusion: living conditions including social participation, recurrent and occasional poverty, access to public and private essential services, territorial issues and indicators at local level, poverty and work, indebtedness, benefit dependency and family benefits.
- Examining how the gender dimension of poverty and social exclusion can be perceived and measured in a more satisfactory manner.

The Committee also recommends that the following aspects should be given a more detailed technical examination in order to improve accuracy and comparability:

- Improving comparable information and reporting on decency of housing, housing costs and homelessness.

- Developing indicators on literacy and numeracy and on access to education.
- In the field of health, examining measures for quality adjusted life expectancy, premature mortality by socio-economic status and, as currently proposed in the Task Force on Statistics on Income and Living Conditions (EU-SILC), access to healthcare.
- Tackling groups not living in "private households", especially the homeless but also those living in institutions (old age homes, prisons, orphanages...)

Further developmental work should not be confined however to the task of reaching a set of commonly agreed indicators, on the basis of current data. Despite clear improvements in the EU data bases over recent years, there is still too little comparable data available, and much of it is not timely. In order to ensure the monitoring of the social inclusion process in its multi-dimensionality the development of the statistical capacity is crucial, while making full use of the data currently available. EU-SILC will be an important source of comparable data in the future. For this reason, it is important that the current exacting timetable does not slip.

Finally, the Social Protection Committee recognises the importance of increasing the involvement of excluded people in the development of indicators, and the need to explore the most effective means of giving a voice to the excluded.

List of Indicators

Primary Indicators

	INDICATOR	DEFINITION	Data sources + most recent year available
1a	Low income rate after transfers with breakdowns by age and gender	Percentage of individuals living in households where the total equivalised household income is below 60% national equivalised median income. Age groups are: 1. 0-15, 2. 16-24, 3. 25-49, 4. 50-64, 5. 65+. Gender breakdown for all age groups + total	Eurostat ECHP 1997
1b	Low income rate after transfers with breakdowns by most frequent activity status	Percentage of individuals aged 16+ living in households where the total equivalised household income is below 60% national equivalised median income. Most frequent activity status: 1. employed, 2. self- employed, 3. unemployed, 4. retired, 5. inactives-other. Gender breakdown for all categories + total	Eurostat ECHP 1997
1c	Low income rate after transfers with breakdowns by household type	Percentage of individuals living in households where the total equivalised household income is below 60% national equivalised median income. 1. 1 person household, under 30 yrs old 2. 1 person household, 30-64 3. 1 person household, 65+ 4. 2 adults without dependent child; at least one person 65+ 5. 2 adults without dep. child; both under 65 6. other households without dep. Children 7. single parents, dependent child 1+ 8. 2 adults, 1 dependent child 9. 2 adults, 2 dependent children 10. 2 adults, 3+ dependent children 11. other households with dependent children 12. Total	Eurostat ECHP 1997

	INDICATOR	DEFINITION	Data sources + most recent year available
1d	Low income rate after transfers with breakdowns by tenure status	Percentage of individuals living in households where the total equivalised household income is below 60% national equivalised median income. 1. Owner or rent free 2. Tenant 3. Total	Eurostat ECHP 1997
1e	Low income threshold (illustrative values)	The value of the low income threshold (60% median national equivalised income) in PPS, Euro and national currency for: 1. Single person household 2. Household with 2 adults, two children	Eurostat ECHP 1997
2	Distribution of income	S80/S20: Ratio between the national equivalised income of the top 20% of the income distribution to the bottom 20%.	Eurostat ECHP 1997
3	Persistence of low income	Persons living in households where the total equivalised household income was below 60% median national equivalised income in year n and (at least) two years of years n-1, n-2, n-3. Gender breakdown + total	Eurostat ECHP 1997
4	Relative median low income gap	Difference between the median income of persons below the low income threshold and the low income threshold, expressed as a percentage of the low income threshold. Gender breakdown + total	PCM d'Eurostat 1997
5	Regional cohesion	Coefficient of variation of employment rates at NUTS 2 level.	Eurostat LFS (2000)

	INDICATOR	DEFINITION	Data sources + most recent year available
6	Long term unemployment rate	Total long-term unemployed population (=12 months; ILO definition) as proportion of total active population; Gender breakdown + total	Eurostat LFS (2000)
7	Persons living in jobless households	Persons aged 0-65 (0-60) living in households where none is working out of the persons living in eligible households. Eligible households are all except those where everybody falls in one of these categories: - aged less than 18 years old - aged 18-24 in education and inactive - aged 65 (60) and over and not working	Eurostat LFS (2000)
8	Early school leavers not in education or training	Share of total population of 18-24-year olds having achieved ISCED level 2 or less and not attending education or training. Gender breakdown + total	Eurostat LFS (2000)
9	Life expectancy at birth	Number of years a person may be expected to live, starting at age 0, for Males and Females.	Eurostat Demography Statistics
10	Self defined health status by income level.	Ratio of the proportions in the bottom and top quintile groups (by equivalised income) of the population aged 16 and over who classify themselves as in a bad or very bad state of health on the WHO definition Gender breakdown + total	Eurostat ECHP 1997

Secondary Indicators

	INDICATEUR	DEFINITION	Data sources + most recent year available
11	Dispersion around the low income threshold	Persons living in households where the total equivalised household income was below 40, 50 and 70% median national equivalised income	Eurostat ECHP 1997
12	Low income rate anchored at a moment in time	Base year ECHP 1995. 1. Relative low income rate in 1997 (=indicator 1) 2. Relative low income rate in 1995 multiplied by the inflation factor of 1994/96	Eurostat ECHP 1997
13	Low income rate before transfers	Relative low income rate where income is calculated as follows: 1. Income excluding all social transfers 2. Income including retirement pensions and survivors pensions. 3. Income after all social transfers (= indicator 1) Gender breakdown + total	Eurostat ECHP 1997
14	Gini coefficient	The relationship of cumulative shares of the population arranged according to the level of income, to the cumulative share of the total amount received by them	Eurostat ECHP 1997
15	Persistence of low income (below 50% of median income)	Persons living in households where the total equivalised household income was below 50% median national equivalised income in year n and (at least) two years of years n-1, n-2, n-3. Gender breakdown + total	Eurostat ECHP 1997

	INDICATOR	DEFINITION	Data sources + most recent year available
16	Long term unemployment share	Total long-term unemployed population (12 months; ILO definition) as proportion of total unemployed population; Gender breakdown + total	Eurostat LFS 2000
17	Very long term unemployment rate	Total very long-term unemployed population (24 months; ILO definition) as proportion of total active population; Gender breakdown + total	Eurostat LFS 2000
18	Persons with low educational attainment	Educational attainment rate of ISCED level 2 or less for adult education by age groups (25-34, 35-44, 45-54, 55-64). Gender breakdown + total	Eurostat LFS 2000

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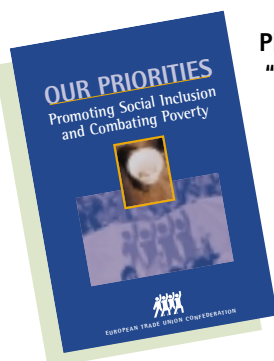
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EFBWW	European Federation of Building and Wood Workers
EMCEF	European Mining, Chemical and Energy Federation
EPSU	European Federation of Public Service Unions
ETF	European Transport Federation
ETUCE	European Trade Union Committee of Education
UNI-EUROPA	European Federation of Services and Communication
EEA	European Alliance of Media and Entertainment
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