

Role of minimum income in combating poverty and promoting an inclusive society in Europe

2010/2039(INI) - 24/06/2010

The Committee on Employment and Social Affairs adopted the own-initiative report drafted by Ilda FIGUEIREDO (GUE/NGL, PT) on the role of minimum income in combating poverty and promoting an inclusive society in Europe.

It states that despite the economic prosperity and all the statements on eliminating poverty, social inequalities have worsened and, at the end of 2008, 17% of the population (i.e. around 85 million people) were living below the poverty threshold in Europe. Members highlight that youth unemployment has risen to unprecedented levels, reaching 21.4% in the European Union, ranging from 7.6% in the Netherlands to 44.5% in Spain and that one in five under-25s in the EU are unemployed. They stress the need for **concrete measures** to eradicate poverty and social exclusion by exploring ways of reintegrating people into the labour market, ensuring a fair redistribution of income and wealth (by guaranteeing an adequate income), including guaranteeing throughout the European Union **poverty-preventing and socially inclusive minimum income schemes** based on the Member States' various practices, collective agreements or legislation, and working actively to promote adequate income and social protection systems. The committee demands that real progress be made on the adequacy of minimum income schemes, so as to be capable of lifting every child, adult and older person out of poverty and delivering on their right to have a decent living.

Set a threshold for minimum income: Members highlight the need for action at Member States level with a view to establishing a threshold for minimum income, based on relevant indicators, that will guarantee social-economic cohesion, reduce the risk of uneven levels of remuneration for the same activities and lower the risk of having poor populations throughout the European Union, and call for stronger recommendations from the European Union regarding these types of actions. They consider that minimum income schemes should be embedded in a strategic approach towards social integration, involving both general policies and targeted measures - in terms of housing, health care, education and training, social services - helping people to recover from poverty and themselves to take action towards social inclusion and access to the labour market. The committee believes that the real objective of minimum income schemes is not simply to assist but mainly to accompany the beneficiaries in moving from situations of social exclusion to active life.

Introduce a minimum income to avoid poverty: the committee believes that introducing minimum income schemes in all EU Member States - consisting of specific measures supporting people whose income is insufficient with a funding supply and facilitated access to services - is one of the most effective ways to combat poverty, guarantee an adequate standard of living and foster social integration. According to Members, adequate minimum income schemes must set minimum incomes at a level equivalent to at least **60% of average income in the Member State concerned**. They reiterate that, however important, minimum income schemes need to be accompanied by a coordinated strategy at national and European level focusing on broad actions and specific measures such as active labour market policies for those groups furthest away from the labour market, education and training for the least skilled people, minimum salaries, social housing policies and the provision of affordable, accessible and high-quality public services.

Propose a study on the definition of a minimum European wage: Members take the view that the Commission should study the impact which a legislative proposal it might submit concerning the introduction of an **adequate minimum income at European level** would have in each Member State.

They suggest, in particular, that any such study should examine the difference between the adequate minimum income and the minimum wage in the Member State concerned and the implications for jobseekers of the introduction of an adequate minimum income.

Towards a cross-cutting social guideline at EU level: Members stress the multidimensional nature of poverty and social exclusion, and highlight the need to ensure the mainstreaming of social objectives and the importance of the social dimension and the social sustainability of macroeconomic policies. They point out that social objectives must be an integral part of the crisis exit strategy and of the Europe 2020 strategy and economic, social and territorial cohesion, and that this means ensuring a cross-cutting social guideline and effective social impact assessment which ensure the redefinition of priorities and policies such as monetary, labour, social and macro-economic policies, including the stability and growth pact, competition policies, internal market policies, and budgetary and fiscal policies. They call for the adoption of effective policies to support those Member States whose need is greatest, through the appropriate mechanisms. They stress the need for an evaluation of social inclusion policy, the application of the open method of coordination, fulfilment of the joint objectives and the national action plans in the context of the development of poverty, with a view to more committed action at European and national level and fighting poverty by means of policies that are more inclusive and coherent and better articulated, aimed at **eradicating absolute poverty and child poverty by 2015**.

Access to employment and social services: Members call for the promotion of social integration and inclusion and consider it necessary to ensure better access, on a universal basis, which is free from physical and communication barriers, to the labour market, public health services, education at all levels, vocational education and training, public housing, energy provision and social protection. The committee takes the view that jobs should be high-quality and barrier-free with rights and that wages must be decent and that pensions must include a basic old-age allowance which ensures that people who have worked all their lives enjoy a dignified retirement. Members also point out that the school drop-out rate and restricted access to higher and university-level education are basic factors in the emergence of a high long-term unemployment rate and represent a blight on social cohesion. They state that a basis will have to be created for the introduction of specific actions and policies on young people's access to education through scholarships, student grants, student loans and initiatives to make school education more dynamic.

Adequate unemployment benefits: Members emphasise the importance of introducing rules on the level of unemployment benefits which serve to keep recipients out of poverty. They maintain that having sufficient resources and benefits to live a decent life is a fundamental human right to be enjoyed within the wider context of comprehensive, coherent measures to combat social exclusion and of an active strategy to promote social inclusion.

Working poor: pointing to the increasing number of working poor and to the need to tackle this new challenge by combining different instruments, Members demand that a living wage must always be above the poverty threshold, and that workers who for multiple reasons remain below the poverty threshold should receive top-ups that are unconditional and easy to take up.

EU-2020 Strategy: more ambition needed to combat poverty: Members state that the target set out in the [EU-2020 Strategy](#) to reduce the number of people at risk of poverty by 20 million falls short of the initial ambitions of the Lisbon Strategy (to overcome poverty). They believe that this target should be achieved through concrete and appropriate measures, in particular through the introduction of minimum income schemes by all EU Member States. They call on the Council and the Member States to base the Europe 2020 strategy headline target to tackle poverty on the relative poverty indicator (60% of the median income threshold), as endorsed by the Laeken European Council in December 2001.

Increase in homelessness: Member States should translate the EU headline target on poverty in to concrete and achievable national targets on priority issues of the EU social inclusion strategy, such as **an end to street homelessness by 2015**.

Debt avoidance: Members consider it the duty of every Member State to take all appropriate measures to protect their citizens against extreme financial vulnerability by ensuring that they do not take on excessive levels of debt, in particular in the form of bank loans, for example by **taxing the banks and financial institutions** which agree to lend to persons who are not creditworthy.

European Action Plan: Members call on the Commission to draw-up an action plan, designed to **accompany the implementation of a European initiative on minimum income in the Member States**. This initiative on a guaranteed minimum income should take account of Recommendation 92/441/EEC, which recognises 'the fundamental right of the individual to sufficient resources in respect of human dignity'. With this in view, the report recommends that the Commission consider establishing a common method for calculating a minimum survival income and a cost-of-living minimum (a 'shopping-basket' of goods and services), with a view to ensuring the availability of comparative measurements of poverty levels and establishing means of social intervention.

Women more exposed to poverty than men: Members recall that the risk of falling into extreme poverty is greater for women than for men, given the shortcomings of the welfare systems and continuing discrimination, especially on the labour market. They consider that sustained and extensive efforts must be made to combat poverty and social exclusion, in order to improve the situation of people at greatest risk of poverty and exclusion, such as people in precarious employment, the unemployed, single-parent families, elderly people living alone, women, disadvantaged children, ethnic minorities and people who are ill or differently-abled.