

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

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The European Parliament adopted by 437 votes to 162, with 33 abstentions, a resolution on the role of minimum income in combating poverty and promoting an inclusive society in Europe.

Parliament notes that, despite the economic prosperity and all the statements about the elimination of poverty, social inequalities have worsened and, at the end of 2008, 17% of the population (i.e. around 85 million people) was living below the poverty threshold in Europe, whereas in 2005, the proportion was 16%. The risk of poverty is higher for children and young people aged up to 17 years (20%) and the aged (19%) than for the rest of the population. Parliament highlights that one young person under 25 is unemployed (21.4%).

**Firm up the labour market in order to combat poverty:** Parliament stresses 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. It 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 and stresses, in particular, the need to create decent, sustainable jobs for groups at a disadvantage. Parliament takes the view that **welfare policy must therefore go hand-in-hand with an active labour market policy**.

**Set a threshold for minimum income:** Parliament calls on Member States to establish 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 EU. Stressing the multifaceted nature of poverty, Parliament considers 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. Parliament points out that some member States do not have minimum income systems and calls on those that do not to provide them.

**Revision of austerity policies:** Parliament considers that social objectives must be an integral part of the crisis exit strategy and of the [Europe 2020 strategy](#) and that this means ensuring a cross-cutting social guideline as well as 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). These policies have to guarantee a sustainable way out of the crisis and provide for effective policies **to support those Member States whose need is greatest**. Parliament insists on the need to revise the austerity policies being imposed in some Member States to fight the crisis, and stresses the importance of effective action for solidarity, including reinforcement, mobility, anticipation of transfers and reduction of cofinancing in respect of budgetary funding to create decent jobs, support productive sectors, fight poverty and social exclusion and avoid new forms of dependence and increased debt.

**Introduce a minimum income to avoid poverty:** Parliament underlines that introducing minimum income schemes - 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 Parliament, adequate minimum income schemes must set minimum incomes at a level equivalent to at least **60% of average income in the Member State concerned**. It reiterates 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:** to assist Member States to define a minimum income threshold, Parliament suggests 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. It suggests, 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.

**Eradicate child poverty and focus on young people as a priority:** Parliament calls for more committed action at European and national level for 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**. Parliament draws attention to the needs of young people in particular those at risk of leaving school at an early age and the need for specific actions and policies concerning the access of young people to education through scholarships, student grants, student loans, etc. It calls on the Member States to ensure that combating youth unemployment is made a specific objective, with its own priorities.

**Access to employment and social services:** Parliament reaffirms the need 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. Jobs should be high-quality and barrier-free with rights and wages must be decent and pensions must include a basic old-age allowance which ensures that people who have worked all their lives enjoy a dignified retirement.

**Adequate unemployment benefits:** Parliament insists on the importance of introducing rules on the level of unemployment benefits which serve to keep recipients out of poverty. It considers that having sufficient resources and benefits to live a decent life is a fundamental human right.

**Working poor:** pointing to the increasing number of working poor and to the need to tackle this new challenge by combining different instruments, Parliament demands 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. Parliament believes that poverty affecting people in employment implies inequitable working conditions.

EU-2020 Strategy: more ambition needed to combat poverty: Parliament stresses 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). It believes 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. It calls 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:** Parliament considers 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:** Parliament calls on the Commission to prepare an initiative to support further experiments in the Member States, taking into account best practices, and ensuring various individually guaranteed poverty-preventing adequate minimum and basic income models as a means of fighting to eradicate poverty. It calls on it to **draw up an action plan, designed to accompany the implementation of a European initiative on minimum income**. This initiative 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 Commission is called upon to 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 in the Member States.

**Improve the take-up of social benefits:** Parliament calls on Member States to take urgent action to improve take-up of benefits and monitor levels of non-take-up and its causes, recognising that cases of non-take-up account for between 20-40% of benefits according to the OECD. It stresses, in particular, the need for specific additional provisions for less-favoured groups (those with disabilities or chronic illnesses, single-parent families and families with large numbers of children) who incur additional costs because of their situation.

**Women more exposed to poverty than men:** Parliament recalls 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 improve the situation of people at greatest risk of poverty and exclusion.

It should be noted that the plenary rejected several proposals for alternative resolutions including a joint proposal of the S&D, GUE/NGL and Greens/EFA groups calling for a European framework law on a minimum income.