Briefing for Oireachtas Members on Proposed European Union Poverty Reduction Target

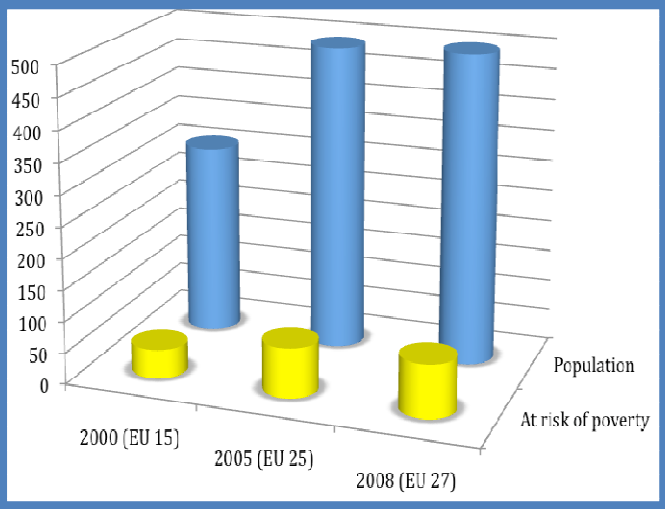
European Anti-Poverty Network Ireland **April 2010** **www.eapn.ie**

On the 3rd March 2010 the European Commission proposed an EU target to reduce poverty by 25% by 2020. The target was one of five headline targets set out in the new Europe 2020 strategy for 'smart, sustainable and inclusive growth'. The proposed target is based on the accepted EU indicator for relative poverty (60% of the median income). It was recommended that the target be translated into national targets and action plans, and linked to an 'EU flagship Platform against Poverty'.

The inclusion of that target is now in doubt. At the Spring European Council on the 26th March, Heads of State agreed to a headline target on poverty, as a "shared objective" of the EU, but drew back from agreeing on the specific indicator, stating that "further work is needed on appropriate indicators". EU leaders agreed to delay the decision until the next Council meeting of 17-18 June (this issue will be discussed by the Employment and Social Affairs Council on 7-8 June).

In 2000 under the Lisbon Strategy the EU committed to "make a decisive impact on poverty" by 2010. While much has been achieved in the last ten years, it is important to recognise that this previous commitment failed to reduce poverty in Europe. In 2000 16% of the EU population (EU 25) were at risk of poverty. In 2008 this figure stood at 17% or 84 million people (EU 27 and EU 25). In real terms, with the expansion of the European Union, this means that today eight million more people are at risk of poverty in the EU than in 2000.

Poverty is not inevitable; it results from political choices and policy decisions. In Ireland the 'at risk of poverty' rate fell from 21% in 2001 to 14.4% in 2008. Significantly, consistent poverty has been reduced to 4.2%, which means that the Government is now within touching distance of its stated objective of reducing consistent poverty to between 2 and 4% by 2012 and eliminating it entirely by 2016. While this progress may be interrupted and stunted by Government cutbacks and desperately high unemployment, it is important to recognise that investment in social transfers has over the last decade lifted thousands of Irish people out of poverty. The objective to end poverty is achievable and it is inconceivable that the European Union should not hold this objective at the heart of its mission.



The Position of the Irish Government with Regard to the Poverty Reduction Target Remains Unclear

As it stands, the government has failed to take a positive proactive stance on the adoption of the proposed target. On the occasion of the EAPN conference in Dublin on 19 February 2010 the then Minister for Social and Affairs stated that "The 2010 European Year for Combating Poverty & Social Exclusion presents a major opportunity to engage with all interests as part of an EU wide debate on how we can build on what has been achieved and plan and set priorities for the future." In opening the European Year in Ireland, the Minister highlighted the leadership role that Ireland has played in promoting a European social agenda in the past, the potential role that it could play into the future. In the Dáil on 31 March 2010 during questions, the Taoiseach Brian Cowen – who is Irish representative on the Council of the European Union - stated in relation to the proposed poverty target that "we felt further work should be done on it". While the Irish government does not appear to be amongst the group of states objecting to the target, neither has it made any effort to defend and protect the inclusion of this very significant proposal.

The Poverty Target is an Essential Step Forward for the 80 Million Europeans Who Live in Poverty

The poverty target is an essential component of the new social inclusion framework, the so-called Platform against Poverty. The target will contribute to broader strategies that have the potential to make a real difference in the lives of the 84 million Europeans who live at risk of poverty, and generate better social outcomes for everyone living in Europe. EAPN is arguing that this Platform should include a strengthened Open Method of Coordination, agreed social inclusion priorities (including on active inclusion, child poverty and homelessness), more rigorous social impact assessments, specific legislative proposals, and a funding programme.

Why is the adoption of the 25% poverty reduction target important?

1. **Targets work:** targets provide the political and administrative momentum to implement real change. In Ireland the reduction in poverty in recent years illustrates the real value of targets in providing a framework for action. While the generalised target of a 'decisive impact' in the Lisbon Agenda did not deliver substantive reductions, the adoption of a specific numerical relative poverty target has real potential to deliver change.

2. **The poverty target is necessary:** Suggestions that an employment target provides in itself a sufficient indicator of social cohesion, fails to recognise the reality that employment is not a panacea for the reduction of poverty. In 2010 many member states, including Ireland, face record unemployment levels, while millions of Europeans in employment live below the poverty threshold - the 'working poor'.

3. **This target is doable:** The EU indicators on relative poverty have been agreed and implemented through the Open Method of Coordination (OMC) since 2001. Every year the EU Survey on Income and Living Conditions provides comprehensive data relating to relative poverty in the European Union. At risk of poverty is a widely used and understood indicator across the European Union and the 60% median income threshold, is broadly compatible with public perceptions of poverty across the EU Member States. While the relative poverty indicator can be supplemented with other indicators, including material deprivation, it does in itself provide a robust and reliable benchmark from which to measure progress.

4. **The Target will send a clear message that poverty will not be tolerated:** The European Union and its member states have not adequately demonstrated to the people of Europe that they are really serious about ending poverty. Broad commitments in the Lisbon Treaty need to be backed up with action, and the adoption of a poverty target as one of five headline targets will demonstrate that the EU takes this challenge seriously. Conversely the failure to adopt the target will send an extremely negative message. The EU is often criticized for being obtuse and difficult to communicate; yet there is nothing difficult to communicate or esoteric about an objective to lift 20 million people out of poverty. The adoption of the target will demonstrate a rebalancing of social and economic objectives, critical in winning the support of European citizens in the aftermath of the financial crisis.

5. **The EU has the competence to adopt this target:** The Lisbon Treaty provides a new legal framework for action on social inclusion in Europe. This target would in any case be a soft law target, implementable through the Open Method of Coordination.

6. **Fear of failure is no reason not to try:** The last ten years demonstrate the challenge of reducing poverty in Europe; however individual member states have proven that reducing poverty is possible. Removing the poverty target because of a fear of failure would constitute an unacceptable derogation of the European Union's duty to its citizens.

Further Information:

EAPN (Europe) Lisbon Strategy: http://www.eapn.eu/content/view/99/68/lang,en
EAPN Ireland, Anti-Poverty Strategies: http://www.eapn.ie/eapn/policy/social-inclusion/anti-poverty-strategies
Europe 2020 - European Commission: http://ec.europa.eu/eu2020/index_en.htm
Lisbon 'Growth and Jobs Strategy' European Commission: http://ec.europa.eu/growthandjobs/index_en.htm

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