

Commissioner Andor's speech – European Meeting of People Experiencing Poverty

- 19 June 2013

Good afternoon, ladies and gentlemen,

I believe this meeting is a very important annual opportunity to take stock together of where we stand regarding our objectives to eliminate poverty in the European Union, and regarding the targets that were defined three years ago when the Commission outlined the Europe 2020 Strategy. We consulted civil society organisations about the objectives and the possible and necessary measures through which they would play a key role in this area.

It is very important to have this annual stock-taking meeting, especially since we don't have many good developments on the ground, the trends even show the opposite.

Unfortunately, the financial and economic crisis continues in most of the EU Member States, which is very bad news. Many decisions identified as very important, even crucial to end the crisis, were not implemented. Disappointingly, some of the Member States very clearly tried to avoid action that would put an end to the financial crisis.

As a result of this, in the past year, we have seen an increasing polarisation of the European Union. We are facing a situation in which there is a widening gap between EU Member States; on the one hand there are Member States that are relatively stable, with some economic growth, and the possibility to keep unemployment low and maintain a robust welfare state. On the other hand, there are Member States where we are witnessing a continuing recession, a loss of incomes, and a loss of jobs. These Member States are mainly the countries of Southern Europe, mostly the countries on what we call the periphery of the euro zone.

These developments are really alarming. President Barroso, who is himself from the Southern European Member State of Portugal, described the situation as a "social emergency" and called for action on many occasions. There are some areas where this action is quite visible, for instance in the area of youth employment. Next week the European Council will provide a high-level political endorsement for the actions taken and planned. The European Commission has already started to put these actions into practice and will mobilise the available EU financial resources to support actions that give young people better opportunities.

However, it is clear that the continuing crisis in the euro zone has very seriously damaged the capacity of the national welfare states.

Without quick action to reconstruct and repair the euro, we face the risk of eliminating the capacity of the national welfare states in the peripheral countries.

Actions have to move ahead on two tracks. One of them is to provide European support to the national welfare states, to improve their effectiveness and efficiency in delivering social services, and of providing social assistance to the citizens who need it. In parallel, the work of repairing the Economic and Monetary Union needs to be accelerated. A more robust and visible social dimension to the Economic and Monetary Union needs to be ensured.

Without more solidarity at the EU level, there will be no visible solidarity at the national level, and we will lose the power to support those who really need it. So these two areas are extremely important.

I believe on the first issue, to support the Member States, we have done our utmost. In February, the European Commission adopted a new package of initiatives in order to support the welfare state, including its modernisation, effectiveness, and efficiency at the national level.

This initiative is called the Social Investment Package because it aims at modernising the welfare regimes. Its goal is to facilitate transferring best practices, the good know-how of some countries where social protection is robust to other countries where there have been weaknesses, sometimes even a waste of resources.

Regarding the second issue, to repair the EMU, we also try to ensure that the budgetary decisions at the EU level match our ambitions. The budgetary decisions today have to be about the next 7 years. These decisions very seriously influence the EU's ability to support the objectives which we set out together; namely the visible reduction of the number of people living in poverty, at risk of poverty or in social exclusion.

On this question we have a mixture of good news and bad news.

The bad news is that some of the Member States, unfortunately, insisted on cutting the EU budget. Relatively better-off countries, such as the United Kingdom, the Netherlands, Sweden, and Germany insisted on severe cuts. And this, obviously, affected the budgetary instrument that can support cohesion as well.

However, these negotiations, in which the European Parliament and the Council are involved, are not yet over. For example, a very important question about the size of the future European Social Fund is still outstanding. This is a highly important issue, because the European Social Fund is the main European resource for supporting measures that help people into jobs, help improving the functioning of the labour market, help developing skills, and also should help, at least by a fifth of the ESF measures, to support social inclusion within the Member States, in strong cooperation with civil society.

These negotiations are still on-going and I have high hopes that the Member States will listen to the arguments of the Commission. The minimum share of the European Social Fund, and the minimum percentage for social inclusion measures within the ESF, are crucial today.

There are other areas where developments take place, for example the understanding that those who are the most deprived need the support of the Union even for such elementary goods like food.

Lastly, the European Parliament has voted to even increase the volume of the Fund for European Aid to the Most Deprived, from the 2.5 billion euros proposed by the Commission to 3.5 billion euros. And this, of course, will be an important factor in the forthcoming negotiations between the Parliament and the Council.

The Parliament also supported the Commission proposal to make this fund mandatory. This would mean that all Member States are expected to use a share of this Fund to directly support people who need it, whether they are homeless, or because they need to rely on food aid for other reasons.

This is a minimum level of solidarity, but unfortunately again we see that some countries that expressed a hard line in this debate question that the European Union should even support this minimum level.

I think this is a very important debate also because of the broader implications. These discussions are not only about money. These discussions also have to clarify what the European Union's goals are, how the European Union should serve its citizens, how the European Union should listen to its citizens.

The next year will be a very crucial test of how the European Union listens to its citizens because there will be elections for the European Parliament, the institution which is also the host of this meeting today. These elections will be extremely important. All political forces will have to prove that they do care for those who are in need, that they are ready to develop the European Union towards more solidarity and not only towards more coordination of fiscal policies, or only towards economic competitiveness.

Those are also important objectives, but if we fail to reconcile these financial and economic ambitions with the social objectives we risk losing the confidence and the trust of the European citizens.

And that is where the importance of this meeting lies. It serves as a reminder; it proves to the policy-makers and politicians in Brussels that we have a very complex society and a very serious social situation in many Member States. And if you don't act now, the cost of non-action will be much greater in the future.

So, I thank you very much for your attention, and I thank you for coming here and I wish you a great conference for the rest of the time.