



GUE/NGL members of the Employment and Social Affairs Committee in the European Parliament



Ilda FIGUEIREDO (PT)
Vice-President



Gabi ZIMMER (DE)
GUE/NGL Coordinator



Thomas HÄNDEL (DE)



Patrick LE HYARIC (FR)



Georgios TOUSSAS (EL)



Joe HIGGINS (IE)

For more details on the information in this leaflet please contact
Klaus Dräger: klaus.draeger@europarl.europa.eu

European United Left / Nordic Green Left
European Parliament
rue Wiertz 43, B-1047 Brussels
T +32-(0)228-42683
F +32-(0)228-41774

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GUENGL-Communications@europarl.europa.eu
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Re-launching the fight against poverty and social exclusion



The GUE/NGL supports Parliament's demand for the introduction of binding targets on income poverty in the context of the 2020 anti-poverty strategy:

- an EU target for **minimum income schemes and contributory replacement income schemes** (e.g. unemployment benefits, minimum pensions, etc.) providing income support of at least 60% of national median equalised income; the group considers this should be enshrined in a new EU Directive on the 'basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity';
- an EU target for **minimum wages** (statutory, collective agreements at national, regional or sectoral level) to provide for remuneration of at least 60% of the relevant average wage.

The GUE/NGL insists that both relative and absolute poverty be eradicated, that the multiple dimensions of poverty and social exclusion be addressed by the EU strategy and that universal service and targeted public service obligations be met in all member states.

A lost decade

2000: The EU committed to 'eradicate child poverty' and 'achieve a decisive and measurable reduction in poverty and social exclusion' by the year 2010, at the instigation of the Lisbon Strategy.

2001: 55 million people in the EU at risk of poverty (15 % in EU-15).

2008: (latest statistics), nearly 85 million people (17% in EU-27) and one child in 5 in EU-27 at risk of poverty.

2000-2010: the decade of the Lisbon Strategy failed totally in terms of delivering reductions in poverty and social exclusion, despite modest economic growth and a drop in official unemployment rates. Unemployment reductions during the period were achieved by growth in insecure and precarious jobs, based on the Lisbon Strategy's quest for ever-increasing flexible labour markets. Growth in low-wage sectors produced the perverse effect in 2008 that about 8% of EU-27 employees risked poverty (the working poor). The notion that employment is the best way to lift people out of poverty became invalid in the context of hyper-flexible labour markets and rising precarious employment.

EU policy takes a wrong turn

2010 was declared "European Year against Poverty and Social Exclusion". The Commission proposed a headline target on poverty in the context of its new "2020 Strategy": by 2020, some 20 million fewer people should be at risk of poverty, a reduction of about 25% on 2008 figures.

With unemployment at double digit rates (the current EU average is 10%) and the likely continuation of economic stagnation well beyond 2010, overcoming poverty and social exclusion over the next decade will be much more difficult.

In addition, EU institutions and member states are committed to withdrawing fiscal stimuli for economic recovery, imposing harsh austerity measures, cuts in social spending and public investment, and privatisation of public services. Cuts to services and social benefits, public sector wages, pensions, increases in the statutory retirement age and VAT are already in place in many member states or on the agenda. This will increase poverty and social exclusion in future, not reduce it.



Creating the conditions to eradicate poverty & social exclusion

The European United Left/Nordic Green Left (GUE/NGL) Group strongly opposes the EU's new drive towards dismantling public services and the welfare state. The Group demands:

- **Further fiscal stimuli** for the next 3 to 5 years to combat economic stagnation and develop an entry strategy for new high quality employment;
- **A new, stronger and better-targeted EU Recovery Plan** which has gender-equality and environmental & social sustainability at the centre of all of its components;
- **One per cent of EU GDP** each year to be used for investment in environmental, social and economically sustainable development to promote equality, full employment with 'quality jobs', a green economy, social welfare and improved social and territorial cohesion, accompanied by similar measures at member state level.
- **A new EU macroeconomic policy** along the same lines to create the conditions to eradicate poverty and social exclusion.

In this context, the GUE/NGL calls for:

- A binding EU headline target to **halve poverty and social exclusion** and sub-targets to **end child poverty and street homelessness by 2015**;
- The EU to continue work using its **relative indicator** to measure income poverty which sets the at-risk-of-poverty threshold at 60% of median equalised household income, or roughly 60% of half of average national household incomes.

The Group opposes any statistical 'innovations' that would "reduce" poverty by changing statistical methodology.

