



**Poverty and Inequality in the European Union –  
submission to the UN Special Rapporteur on extreme  
poverty and human rights**



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## 1. Introduction

*Social Justice Ireland* is an independent social justice think tank. We welcome the opportunity to make a submission to the Special Rapporteur on Extreme Poverty in advance of the visit to the European Union. Below is a summary of the key findings of our latest report on examining social developments in Europe – [‘A Rising Tide Failing to Lift All Boats’](#).

### Social Developments in Europe – summary of main findings

[Our report](#) examines social developments in Europe under a range of indicators of poverty inequality and income, employment and unemployment, and has also looked at how European countries perform on certain indicators in respect of education and health.

### Poverty and Income

The review set out in this report shows how the Europe 2020 target set in 2010 of taking 20 million people out of **risk of poverty or social exclusion** is likely to be missed by a very wide margin. Europe has only reduced the number by about 6 million people (EU27) (see footnote<sup>1</sup>).

**TABLE 1 EU-28 KEY POVERTY INDICATORS 2008 AND 2018**

Poverty Indicators								
	People at risk of poverty or social exclusion		People at risk of poverty (60% threshold)		People experiencing Severe Material Deprivation		People in households with very low work intensity	
EU-28	Number	%	Number	%	Number	%	Number	%
Total population								
2008**	116m	23.7	80.9m	16.6	41.5m	8.5	34.6m	9.2
2018	110m	21.9	86.2m	17.1	29.7	5.9	32.4m	8.8
Children (under 18)								
2008**	25m	26.5	19.2m	20.4	9.3m	9.8	7.3m	7.8
2018	22.9m	24.3	19.17	20.3	6.2m	6.6	6.9m	7.4
Older people (over 65s)								
2008**	19.2m	23.3	15.6m	18.9	6.1m	7.5	n/a	n/a
2018	18.3m	18.6	15.6m	15.9	4.6m	4.7		

**Source:** Eurostat Online Databases: t2020\_50, t2020\_51, t2020\_52, t2020\_53, ilc\_lvhl11, ilc\_li02, ilc\_mddd11, ilc\_peps01

\*\* Rates for 2008 relate to EU-27 countries, not EU-28, as this was prior to the accession of Croatia

The risk of poverty or social exclusion rate affected over 116 million people in 2008, a figure that rose in subsequent years but has improved each year since 2012. However, the average rate stood at 21.9 per cent in 2018 (EU-28) representing more than one in 5 Europeans or over 110 million people (Eurostat online database code t2020\_50). This indicates how far away from a reduction of 20 million people affected Europe is. Thus, despite recent improvements, there is reason for concern about a

<sup>1</sup> As noted already, Eurostat gives -6.8m as the cumulative difference to 2008 for EU27. However, it gives -7.15m as the cumulative difference to 2008 for EU28 (Eurostat Online database: [ilc\_peps01]) This is likely to be because Croatia joined EU in 2013 and thus EU28 data is only available starting from 2010 (when the level was 117.9m, EU28) (European Commission, Europe 2020 Targets, pdf).

range of issues and the length of time that high levels of poverty or social exclusion have persisted is unacceptable in human and societal terms. There are also indicators that depth of hardship for those affected has increased slightly (between 2008 and 2017) (Eurostat 2019a). Groups facing a higher risk of poverty and social exclusion include single households, migrants and people with lower education as well as their children.

In 2018, the highest rates of poverty or social exclusion were to be found in Bulgaria, Romania, and Greece where the rates were above 30 per cent. In 4 other countries (Latvia, Lithuania, Italy and Spain) the rate was over 25 per cent. The lowest rates were found in Czechia (12.2 per cent) followed by Slovenia, Slovakia and Finland.

Even though there have been welcome improvements in the most recent year in some countries with typically high rates, there continues to be great divergence between countries. Between 2017 and 2018, disimprovements in the poverty or social exclusion rates were observed in several countries including, notably, the UK (+1.6 percentage points) and also in some countries with traditionally relatively low rates such as Finland and France. The greatest improvements occurred in the newer accession states of Bulgaria, Hungary, Romania, and also in Greece.

It is notable that those countries identified by the European Social Policy Network as having a well-established approach to social investment (mainly Nordic and central European countries) tend to do well at protecting their populations from poverty or social exclusion relative to other countries with a less well developed social investment approach.

The **risk of poverty rate**, a measure of relative income poverty, suggests that in 2018, 17.1 per cent of the population (EU-28) was living at risk of poverty (over 86 million people), and that considerably more people were affected in 2018 than in 2008 (in 2008 the rate was 16.6 per cent, affecting 80.9 million people EU-27) (Eurostat online database, code t2020\_52). Other indicators showed more improvement - the average EU-28 rate of **severe material deprivation** was 5.9 per cent in 2018, representing approximately 29.7 million people, down from a rate of 6.6 per cent in 2017 (and representing over 33 million people). It is a positive development that there have been improvements in this indicator in recent years.

**Children (those under 18):** Like other reports in this series, this report highlights again how ongoing high levels of poverty or social exclusion amongst children is one of the most challenging and serious issues faced by Europe. The rate of poverty or social exclusion that children experience continues to be higher than for the general population and about one quarter of children in Europe are affected. Thus, children who are considered to be **at risk of poverty or social exclusion** numbered nearly 23 million in 2018 or 24.3 per cent (EU-28 average) (Eurostat online database, code ilc\_peps01). Levels of **severe material deprivation** have, fortunately, improved for children in recent years, but there are also some reasons for concern, because the rates still remain at very much higher levels than in 2008 in some countries (notably, Greece and Cyprus).

In short, poverty in all its forms still affects far too many children and childhood poverty remains a pressing problem because of its long-lasting effects on society and on the lives of individuals. A range

of interventions are necessary to address this situation including access to affordable quality early childhood education and care, along with well-designed work-life balance policies.

**Older People:** The situation of older people varies greatly as between countries, with very high levels of income poverty and material deprivation especially in newer accession countries and also in some Mediterranean countries. The European average rate for **poverty or social exclusion** amongst those aged 65+ was 18.6 per cent in 2018 (representing 18.3m people). This was a slight increase on the 2017 rate (18.2 per cent) but it represents a relatively large increase in numbers (+766,000 people approximately). The rate was higher for those aged 75+ (20 per cent) (Eurostat online database, code ilc-peps01).

The average **severe material deprivation** rate for this age group showed improvement during the year 2017-2018 – falling to 4.7 per cent (representing approximately 4.6 million people aged 65+, EU-28) (Eurostat online database, code ilc\_mddd11). This is an encouraging sign. However, many more older women than older men are affected by all aspects of poverty. These issues are significant for policy-makers (as well as for the individuals concerned) given that populations are ageing at an unprecedented rate and that there are many more older women than older men and they tend to have poorer pension provision (see EU Social Protection Committee 2018).

**Working Poor:** In 2018, 9.5 per cent of employed people (aged 18+) were living under the poverty threshold (EU-28) and the average rate (that is, the in-work poverty rate) has been at similar levels since 2014 and was still higher than it was in 2008 (Eurostat Online database, code ilc\_iw01). Thus, in 2018 almost 10 per cent of employed people in the EU live in poverty. They amounted to an alarming 20.5 million people (in 2017) (Pena-Casas et al 2019). Some groups are particularly affected (including younger people, people with lower education levels, and non-standard workers, poor households with children including lone parents). It is concerning that limited policy attention is paid to this group and they were not, for example, included within the groups for which poverty reduction targets were set in the Europe 2020 Strategy.

When **income inequality** is examined there are concerns overall about increases over time and substantial differences between countries in Europe. In 2018, while in some countries (notably Nordic, some central European countries and some peripheral countries), the rich earned around four times as much as the poor or less, in other countries, notably, Bulgaria Romania and Lithuania, the value was above 7.

The highest levels of **median disposable income** occur in Scandinavian, central and western European countries, the lowest in other newer accession members and there are very great variations in the levels. While, within the past year (2017-2018), median disposable income has increased in almost all Member States, levels for, especially, Greece and also Cyprus were still lower than they had been in 2008 (Eurostat ilc\_di03).

**Financial distress** (defined as the need to draw on savings or to run into debt to cover current expenditures) has gradually declined since 2014. However, the greatest distress is being experienced by the lowest income quartile (or lowest 25 per cent) and also by the second quartile (lowest 50 per

cent). In August 2019, it was recorded at 23.1 per cent for the lowest-income quartile and at 14.6 for the second quartile.

Overall, while there have been some improvements in the latest years (2017-2018) in several indicators and for key groups, Europe is still far off-track in relation to meeting its poverty reduction targets. The social indicators suggest little improvement for very many people living in Europe, with dis-improvements for some groups in several countries. These include older people in some countries, an issue that particularly affects older women. Those working who still live in poverty is another group to be concerned about and this issue now affects a greater proportion of people than it did in 2008. The position of children, in particular, while improved somewhat continues to be strikingly negative for very many children with potentially very serious long-term consequences. Thus, a rising tide has yet to lift all boats.

## 1.2 Conclusions and Recommendations

We make the following recommendations aimed at EU Leaders and EU Institutions:

1. **Ensure Coherence of European Policy and the European Semester** by integrating the social objectives such as those of the Europe 2020 strategy and the European Pillar of Social Rights in the economic processes of the European Semester. For example, the priorities of Annual Growth Surveys should focus on long-term social objectives, and on building adequate, effective social systems that include both investment and protection dimensions and are better aligned to the EU Social Investment Package. This could be facilitated by:
  - Making the European Pillar of Social Rights enforceable through legislative initiatives and turning it into a strategic tool to influence EU macroeconomic governance.
  - Supporting efforts to promote growth and jobs while meeting deficit reduction targets in the medium rather than the short term.
  - Taking account of the social impact when making Country Specific Recommendations, especially those requiring fiscal consolidation measures.
  - Making country-specific recommendations that seek to achieve reductions in poverty and unemployment where rates are high or rising.
2. **Address inappropriate EU governance structures** that prohibit or inhibit legitimate investment by national governments.
3. **Advance proposals for a guarantee of an adequate minimum income or social floor in the EU** under a framework directive, and for minimum standards on other social protection measures (access to child care, access to education and healthcare) across member states and for other measures supportive of the implementation of the European Pillar of Social Rights.
4. **Monitor and Address poverty amongst sub-groups such as children, young people, older people and working poor.** Child poverty is such a serious issue that it requires further action as does the issue of young people neither in employed nor in education (NEETS). Monitor

implementation of the Commission's Recommendation on Investing in Children through a strengthened process and work with member states with high levels of child poverty to help them access and deploy structural funds to address the issue. The ageing of Europe's population, the fact that there are many more women than men in this group, and the very great differentials between countries make poverty amongst older people (especially in some countries) an issue that requires more attention now and in the future. The situation of those who work and still live in poverty needs to be tackled as a matter of urgency.

5. **Focus on Youth Unemployment:** Youth unemployment continues to be a serious problem despite Youth Guarantee schemes and there is a need to recognise that young people experiencing multiple disadvantage are likely to need support over a lengthy period.
6. **Support Developments in the Social Economy:** Leadership and support from the EU for social initiatives would benefit both people in need of support (through health and social care programmes) and societies generally. This would be consistent with the Social Investment Package and could provide valuable employment opportunities for people who are long-term unemployed.
7. **Improve Representation:** EU policy-making must engage meaningfully with stakeholders representing poorer people and those most at risk of exclusion.
8. **Structural Funds:** Structural funds must be of a sufficient scale to make an impact and should be given greater priority so as to ensure significant progress is made in bridging the gap between the economic and social dimensions of policy and in promoting a social investment approach to public policies where this is absent or insufficient.
9. **Adopt a Human Rights Strategy** to prevent the violation of the human rights of Europe's population.

**Social Justice Ireland** is an independent think-tank and justice advocacy organisation that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole.



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