

## Position of the Association of German family organizations (AGF) e. V. on the European Platform against poverty and social exclusion

The AGF appreciates the first concrete objective of the European Union to reduce the poverty figures in the EU. It considers the political announcements of the German Federal Government, nevertheless, to be insufficient and demands adequate and serious measures against poverty and social exclusion.

### General comments

The AGF is pleased that the European Union with the Europe 2020 Strategy is clearly committed to poverty reduction. It welcomes that concrete steps should be made from now on to take effective measures against social exclusion and poverty. As one of seven flagship initiatives, poverty reduction shall take on greater importance for the political activities of the European Union in the future. With the Europe 2020 strategy, Member States have set an important sign of wanting to make a significant contribution to poverty alleviation in the future. For the first time a specific target is being stated: 2020, at least 20 million people are to be brought out from the depths of poverty and social exclusion.

Although the AGF in principle supports the targeted goal, it regrets that the proposal of the EU Commission did not prevail, following a reduction in the number of people in poverty by 25 percent. The number of people exposed to poverty in the EU has if nothing else, increased by the expansion of the indicators to measure poverty from 80 up to 120 million - thus a reduction by 20 million actually falls back behind the necessary claim.

The AGF concludes that the political will of Member States with the designation of that goal already seems to be exhausted: There are no binding rules as to how much the individual EU states should contribute in order to achieve this important goal. As a result of this flaw in design and combined with the free choice as to the poverty indicator used, the doors and floodgates are wide open to political arbitrariness. The European Platform against Poverty and Social Exclusion will – as commendable as their goals may be – hardly develop political power under these circumstances.

### Comments on the European decision

The AGF supports the commitment of the European Union to their social and political responsibility in initiating the European Platform against Poverty and Social Exclusion. In its own doing, the AGF stands to ensure that poverty is discussed, addressed and committed to on the European level. At the European conference on child poverty, organized by the AGF in 2009, those areas of central importance in tackling child poverty in Europe and what policies need to be taken have already been clearly illustrated. Unfortunately, many of these demands remain unfulfilled, despite the European Platform against Poverty and Social Exclusion.

The absence of mandatory quotas for Member States will, according to the AGF, prevent a truly effective and sustainable poverty policy in the EU countries. Given the current, ongoing economic crisis as well as the financial burdens of many EU Member States, social policy is often under a general funding reservation. Member States will be reluctant to invest the necessary additional funds for comprehensive poverty reduction, without a binding quantitative target. Instead, it is expected that Member States will focus on producing ostensible short-term achievements, with as little effort as possible. The AGF believes that without the



formulation of national quotas, the targeted reduction of those affected by poverty by 20 million people by the year 2020, will not be reached. The AGF therefore urges the EU Member States to commit themselves to appropriate and concrete national targets.

The AGF has evaluated the free choice of indicators as problematic. With the possibility for Member States to choose their own progress in poverty reduction based on three indicators of poverty, the risk increases, that those indicators will be chosen which allow the Member State to appear in a positive light but offer only limited information. Other relevant groups threatened by poverty might get out of the scope completely with concentration on only one indicator. Thus, not only the comparability of the measures and results is difficult, but also the credibility and effectiveness of the poverty goals is reduced.

The AGF shares the view that poverty is not just a monetary issue. The AGF also shares the view that a major cause of poverty is in fact low income. Poverty cannot, however, be reduced to a single cause or a single method of measurement, it requires multiple indicators and approaches to solutions. So we welcome the application of several indicators, however, this may not lead to the selection of one indicator and exclusively working with it. We urge the EU to push for a unified and comprehensive use of the whole range of indicators.

Despite being disregarded, the problem continues to exist, that the poverty figures in the EU remain stable or even have increased, despite favorable economic developments in recent years. For a long time the benefits from an economic upswing have not been felt by all, many are simply being left behind- and thus the gap between the rich and poor increases. Therefore, the AGF claims that in the context of poverty reduction, social distribution of wealth, as well as income mobility and persistence must also be taken into account. The AGF views the Open Method of Coordination (OMC) as a useful tool to bring forward the fight against poverty. Nevertheless, the OMC has to be further developed and strengthened in line with the Platform against Poverty and Social Exclusion.

## Comments on the German position

In the negotiations for the Europe 2020 strategy, the German government expressed extremely negative attitudes towards schemes for poverty alleviation. It was notably against both the approved indicator of poverty in Europe so far as well as the definition of a specific target. The AGF deems this to be a wrong political signal on the European as well as on the national level - and for an indictment of the German Federal Government, which retreats back well beyond those standards that have been recognised in Europe for years.

The Federal Government decided to focus on the official indicator of "People living in households with very low work intensity", re-defines it as "jobless households" and concentrates on the figures of long-term unemployment (longer than 12 months without a job) only. The exclusive use of this indicator is in the view of the AGF, far too short-sighted to grasp and adequately tackle the real poverty situation in Germany. According to those plans, the number of long-term unemployed should decline by 20% in comparison to 2008. Data will be based on Eurostat, which defines a person as no longer being unemployed when he or she works merely one hour a week. Thus the actual poverty situation is widely ignored. In Germany, the number of those who fall into poverty not only through unemployment, but rather due to precarious employment, is growing. This includes marginal employment, part-time work (especially for women), jobs with a very low income, the increasingly brittle transition for young people from education into working life and other difficult working conditions. By the exclusive reliance on the long-term unemployment, also old-age poverty and hidden poverty disappear from the scope of poverty alleviation. Totally out of scope are as well the large number of poverty-stricken children



and young people. They do not only live in households without employment, but often also in households with single mothers and fathers, in immigrant families and families with more than two children.

Even assuming that a success in the statistical reduction of long-term unemployment, would be equivalent with a reduction in poverty, as the German Government predicts, this strategy would fall short: According to German plans, the number of long-term unemployed should decline by 20% in comparison to 2008. In 2008 there were 1.6 million long-term unemployed persons in Germany. A reduction by 20% thus corresponds to approximately 330,000 individuals that are to be brought out of long-term unemployment. Since the people are calculated according to households and statistically, two people live together in one household, 660 000 people would finally be lifted out of poverty. Thus, it would be sufficient to place a person in work for merely one hour a week, to remove two people from the poverty statistics. But even with this statistical gimmick, the attempt still falls short. The amount of 660.000 persons does not at all meet the number of people stricken by poverty that would apply to Germany mathematically. If the German Government is interested in making a significant contribution to achieving Europe's objectives, it must lift about 2.6 Million people out of poverty and social exclusion.

This also shows another problem of the unemployment indicator: If all countries follow Germany's example, the target of a reduction in the number of 20 Million will not be reached, because in Europe there are no 20 million long-term unemployed (but approximately 6.5 - 7 million).

Therefore, the AGF can see no serious contribution to poverty alleviation in the Federal Government's objective, to reduce long-term unemployment by 20 percent. Instead it begs the suspicion that this area was selected, in order to achieve a pleasing result, in a relatively short time and with very little effort.

The previously established indicator of the at-risk-of-poverty-rate (poor is someone who has less than 60 per cent of the national median income) was rejected by the Federal Government on the grounds that it would not do justice to the various causes and manifestations of poverty. Their favored indicator of jobless households however, potentiates the one-dimensionality of poverty measurement even further. The creation of existence securing (!) jobs and an expansion of employment are completely necessary measures of a policy preventing poverty. The fight against poverty, however, must not be limited to the areas of economic growth and employment. The central components of effective poverty reduction must include the issues of education, participation, social security, taxes and levies and equal distribution of social wealth.

The AGF demands from the German Government to provide a conscientious action plan that includes all relevant policy areas and that makes a significant contribution to achieve the overall European target. This should also include the establishment of a national platform to combat poverty and social exclusion. How a sustainable and comprehensive combat against poverty could look like, in particular for children and young people, who are mostly at-risk of poverty in Germany, has already been pointed out by the AGF in 2009, in its position paper on poverty reduction in Europe.