

POOR EUROPE

The Problem of Poverty
in Chosen European Countries

edited by
Grzegorz Libor
Dorota Nowalska-Kapuścik



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INTRODUCTION

Europe is one of the richest continents of the modern world. In 2009, taking advantage of the financial crisis that hit hardest the United States, Europe overtook its main competitor, accumulating in its resources the largest assets of the world. The report published by The Boston Consulting Group entitled “Wealth of the World 2009” indicates that due to the crisis the United States has lost about 22% of them, which was over 8 billion dollars. It means that today the value of all assets that have remained in the hands of US investors is 29,3 billion dollars, while their European counterparts have accumulated the assets worth over 32,7 billion dollars (The Boston Consulting Group 2009).

However, despite this optimistic news everyday practice gives us a slightly different picture. Seventeen percent of the European population is not able to meet basic living needs. Moreover, taking into account the fact that poverty, according to wide range of available definitions, can take and actually takes different forms the problem seems to be growing. As the most recent data of European Statistical Office (Eurostat) show, the phenomenon of poverty and social exclusion affects nearly 125 million EU citizens (24.8%)!

The figures are alarming; hence it is not surprising that the problem of poverty, in addition to unemployment, with which it remains in strong correlation, is one of the main points on a long list of difficulties and challenges facing Europe today. Of course, not all its regions are exposed to the problem of poverty to the same extent. Poverty is one of these problems which are strongly differentiated when it comes to their territorial characteristics. Nevertheless, it does not mean that there are countries for which social exclusion and poverty are completely unknown. The most difficult situation occurs in Bulgaria, Romania, Spain, Greece, and Lithuania, while the greatest differences in incomes are recorded in Spain, Latvia, and Bulgaria. More or less in the middle of the scale of not only the risk of poverty but also the spread of income (Federal Statistical Office 2010) are Ireland, Germany, and Malta. Austria and the Czech Republic seem to be in the most privileged situation.

This picture cannot, however, be regarded as a complete reflection of reality. Nonetheless, as in the case of any other social phenomenon, there is reason to believe that statistical data do not always reflect the scale of the problem. Beside actual figures there is always individual, subjective perception of being at risk of poverty and social exclusion. The research carried out by the European Commission show that the average citizen of the European Union is not only afraid of poverty, but also says that this problem affects 39% of people in his or her immediate surroundings. That is why preventing poverty and social consolidation policy focused on the development of appropriate methods of dealing with poverty, as well as constant collection of data illustrating the progress in realizing the objectives, now have a privileged position among different activities taken within economic and social policy of the European Union.

The main goal of this publication was not only to collect the articles recognizing the phenomenon of poverty in selected European countries, but also to use a comparative and multidimensional approach to identify the most important transformations taking place in this field in the whole Europe. Moreover, we still have the impression that there is a serious deficit of such studies in the publishing market. This encouraged us to contact European experts, specialists, and scientists with a request to prepare reports on the problem of poverty and social exclusion in their own countries. Finally, the publication contains the analysis of the following countries: Belgium, Bulgaria, Croatia, England, Finland, Iceland, Malta, Poland, Scotland, Slovenia, Spain, Switzerland, and Wales.

The first article written by Griet Roets, Rudi Roose, Johan Vandenbussche, Tineke Schiettecat, and Michel Vandenbroeck concentrates on the example of Belgium. Although Belgium is one of the richest countries in Europe, poverty is a reality for an important part of the Belgian population. Although the amount of people in poverty remains rather stable, a growing number of people experience difficulties to make ends meet. In this contribution, two dimensions of social policy in Belgium, and more specifically in Flanders, are discussed, that is, user participation and combating child poverty. Using the analytical framework on social justice by Nancy Fraser, it is argued that these anti-poverty strategies risk depoliticizing the social problem of poverty in policy and practice. The idea of user participation and fighting child poverty are implemented in such ways that citizens struggling poverty have to learn to cope with individual psychosocial effects and empower themselves as a result of living in poverty rather than that the welfare state challenges and tackles oppressive power relationships, structural social inequalities and injustice rooted in the political-economic structure of society. Although both user participation and combating child poverty happen under the cover of empowering the poor, oppressive power relationships and social inequalities in Belgian society tend to remain out of the picture and the responsibility, for fighting poverty seems to be easily individualized.

Another article, prepared by Maria Jeliazkova, discusses poverty in Bulgaria—basic dimensions, generators, consequences, and appropriate policies. High levels of poverty of various vulnerable groups, including working people and retirees with 40 years of service question the ability of the current social policy measures to overcome the widespread poverty through fragmented and focused on the deep poverty pockets measures. The article argues that the main poverty generators are the policies of distribution and redistribution, which increase inequalities and squeeze huge groups of people on the fringes of society. Widespread poverty in the country is human made and socially constructed. Enlightened pro-developmental strategy is necessary to combat poverty, to terminate the operation of the extracting in private group interest institutions, and to stimulate socio-economic dynamics based on common interest.

The article written by Zdenko Babić and Danijel Baturina gives an overview of the characteristics and ways of fighting poverty in Croatia. The first part focuses on demographic-social-spatial characteristics of poverty. First, the authors look at the researches about poverty in Croatia during the socialist period and in first years of Croatia independence. After that the article proceeds to show the risk of poverty rates since the start of the official measurement of poverty in 2001. In addition, the authors observe statistically data that give them an insight into the state of poverty by socio-demographic characteristics such as gender, age, education, size, and economic activity of the household. Also, they analyze their previous research on subjective poverty, briefly describe the impact of the economic crisis and identify new potential groups in risk of poverty. In the second part of this paper, Zdenko Babić and Danijel Baturina focus on the measures and programs to combat poverty in Croatia, and also their hitherto effectiveness. Special attention was drawn to the development of strategic documents in the context related to poverty. They have also considered the status of economic development and particularly looked at social transfers and other possible tools for combating poverty in Croatia. The conducted analysis provided the authors of the article with an integrative view of poverty trends by different aspects and (in) effectiveness of anti-poverty strategies and programs which are aimed at poverty alleviation in Croatia.

The problem of poverty in England was depicted by Gill Main. England, along with the rest of the United Kingdom, was part of the sixth-largest economy in the world (as of 2013), and the third largest in Europe after France and Germany. Given this, its relative income poverty rate of 16% (based on the percentage of the population with a household income below 60% of the equivalized median), placing the UK 14th out of the EU countries for which there was relevant data, is a cause for concern. Clearly, high levels of wealth are not translating into high standards of living for all. The work of several pioneers in the study of poverty in England has informed the politics and measurement of poverty in the country. This article begins with providing a brief history of anti-poverty policy and the measurement of poverty in England. It proceeds to examine current political

debates around poverty. Finally, data on poverty rates and risk factors in England from the largest-scale study of poverty in the United Kingdom to date—the 2012 UK Poverty and Social Exclusion Study—have been presented.

In another paper, Heikki Hiilamo and Juha Mikkonen focus on the extent and nature of the poverty problem in Finland. Towards the end of the 1980s, the golden years of the Nordic welfare state, poverty was almost eradicated in Finland. The deep recession in the early 1990s increased unemployment dramatically and thus led to cuts in social benefits. The following years of rapid economic growth did not lift all the boats. Finnish NGOs began delivering food assistance to the individuals in need. Relative poverty rates continued to increase and long-term unemployment became a persistent social problem. The global recession that began with the advent of 2008 aggravated the poverty problem (OECD 2011). From a comparative perspective, poverty rates in Finland are still lower than in many other EU and OECD countries. The future challenge for poverty alleviation in Finland is to fight long-term unemployment and provide adequate assistance to those who are excluded from the labor market.

The article prepared by Stefán Ólafsson and Guðný Björk Eydal profiles the extent and characteristics of economic poverty in Iceland. The outcomes are explained with references to the redistributive characteristics of the Icelandic welfare state and the high level of work participation of Icelanders, including members of groups that are generally at considerable risk of falling into poverty. Iceland has a low level of relative poverty as well as a low level of severe material deprivation. At the same time, Iceland has not as low a level of households experiencing great difficulty in making ends meet. In fact, this measure of financial hardship places Iceland at a higher level than the other Nordic nations. This higher level of complaints may be due to a high level of debt burden (associated with a high level of home ownership in Iceland). The greater reliance on employment participation for maintaining their living standards may involve generally tighter financial situation in Icelandic households. The financial crisis that hit Iceland exceptionally hard in the autumn of 2008 greatly increased the feelings of financial hardships, with the proportion of households complaining about great difficulty in making ends meet more than doubling. Still the levels of relative poverty and severe material deprivation were kept at a low level by international standards.

The author of the subsequent article Rose Marie Azzopardi analyzes the poverty situation in Malta. She presents data to explain and understand the scale of the problem. Poverty tends to be more pronounced at certain ages (children, youths, and the elderly), particular vulnerable groups (such as single mothers and immigrants), and can also be geographically clustered. Over the past years, poverty has continued to increase rather than decrease, even though the social security system is considered to be a generous one. However, there are different factors leading a person into poverty, or not allowing this person to exit poverty. Education and employment are best policies to activate towards the minimization of poverty.

However, other issues such as housing, access to societal resources and opportunities, are factors which need to be tackled within a longer term perspective. The Poverty Green Paper launched in 2014 takes such a multifaceted dimension. Furthermore, the budget for 2015 with the message of “creating possibilities and not dependencies,” seems to be the first step towards a new direction of changing attitudes within society and targeting certain groups. It is hoped that the strategies, and apparent dedication of professionals and volunteers working in the sector, can eventually work for the benefit of the more vulnerable individuals within Maltese society.

Poverty in Poland was described by Dorota Nowalska-Kapuścik. The article attempts to systematize the data on the extent and characteristics of the Polish dimension of poverty. The first part of the article was devoted to theoretical considerations, defining the analyzed phenomenon and identifying the key, from the point of view of Polish law, ways of looking at the problem. The following part presents the basic data reflecting the geographic and demographic diversity of poverty over the last several years in Poland. The author also depicted the key strategic actions taken by the Polish government (focus on preventing poverty), and non-governmental organizations providing assistance to the poor.

Another country depicted in the publication is Scotland. Its author, Daniela Sime, gives an overview of current developments and approaches to tackling poverty and social inequalities in Scotland and examines how the problem of poverty has been reflected in current welfare debates, which were central to the Independence Referendum which took place in Scotland in 2014. Scotland is a small country, with a population of just over 5 million people at the last Census in 2011. The last fifteen years have seen a profound transformation in Scotland's political landscape. Since the devolved Parliament established in 1999, the issue of a ‘fairer Scotland’ which could break away from the Westminster-based Parliament and manage its own resources, has remained a constant aspect of political and public debate. Poverty rates in Scotland remain higher than in other European countries, with about 20% of its population living in poverty, despite the country being one of the richest among the OECD countries. When compared with other small European countries like Denmark, Norway, and Netherlands, where only about 10% of people live in poverty, the situation in Scotland has often been described by politicians and activists as “shocking” and “unacceptable.”

The paper about Slovenia was prepared by Nada Stropnik. According to the researcher the relative poverty risk has increased by more than three percentage points in Slovenia since the start of the global financial and economic crisis, but is still among the lowest in the EU-28 (14.5% in 2013), particularly for children (14.7%) and the working-age population (13%). Serious austerity measures were implemented only in June 2012, but the most vulnerable children (families with children) have been exempt from cuts in entitlements. The decline in economic activity has strongly and disproportionally affected young people (aged 18–24

years) in particular. Their risk of poverty has almost doubled in the period from 2009 to 2013 (from 7.7% to 14.2%). In the last decade, the at-risk-of-poverty rate for persons aged 65 years and over has been oscillating close to 20%, which is one of the highest rates in the EU-28. The pensioners' socio-economic position has been worsening since the pension reform implemented in 2000 and also due to a decline in the real value of pensions as well as the 2012 social benefits reform. The effectiveness of social transfers is evident from a considerable difference between pre-transfer and post-transfer (pensions not included) risk of poverty: 25.3% and 14.5%, respectively, for the total population of Slovenia in 2013.

Another paper written by Montserrat Simó-Solsona is about poverty in Spain. The social structure in Spain, among other factors, is being fragmented by the impact of poverty. This social problem is not new but is especially important in times of crisis, when figures have soared and extended towards groups of population that have been safe until now. The downward spiral towards poverty and social exclusion is closely related to the present economic recession featuring high unemployment rates and low-paid jobs. Furthermore, the housing market has also become a trap that has impoverished families far away from guaranteeing such basic needs as accommodation. The social policies implemented within the framework of the Spanish welfare state cannot combat the poverty rates. These policies have had a shock-absorbing role, but they are not enough to face up to the austerity strategy implemented by the administrations. In conclusion, this situation poses a social problem today, but it will also determine the future generations of the country.

The article elaborated by Monica Budowski, Maurizia Masia, and Robin Tillmann presents a cursory overview of poverty research and poverty policies in Switzerland. The Helvetian peculiarity in comparison to other countries is the lack of a uniform national poverty research and national poverty policy. This particularity is explained from a historical perspective. The increase in social assistance provided to the recipients in the mid-1970s, after a long period of continuous decline, triggered research on poverty. In the course of its development and differentiation over time, five stages of poverty research with different perspectives were identified. The different stages give rise to corresponding policy measures: first group-specific instruments and social welfare (in particular social assistance) followed by a more broad approach that takes into account the varied conditions of life. Research on the dynamics of poverty leads to a greater focus on the importance of employment and the work-life/work-family policies (minimum wage, child-care). Research on wealth points towards issues of taxation. Given the lack of a uniform national policy, the Swiss approach to deal with poverty is broad and takes into account various policy fields: from social insurance and social assistance across minimum wages and contracts in the field of labor market policies to the field of culture policies addressing social exclusion. The paper concludes with challenges Switzerland faces in terms of research and policies.

Last but not least is the article on Wales prepared by Grzegorz Libor. Its main aim was to depict the problem of poverty in Wales which seems to be quite particular, taking into account the limitations imposed by the power devolution phenomenon on the capabilities of both the Welsh government and National Assembly for Wales in fighting against its negative consequences and sources. Devolution not only made their creation possible but also provided them with some competencies that are still quite different from “normal” and leave much to be desired. Under these exceptional circumstances the Welsh authorities must deal with various problems, for example those resulting from poverty. Here the most important issues are child poverty and a high level of economic inactivity of Welsh inhabitants. Because of the abovementioned legal barriers the Welsh government prepares all its strategies assuming the participation of NGOs which are not dependent to such type of restrictions.

Although we are aware of significant definitional differences and various perspectives illustrated in this book we perceive them rather as its strength, not as its weakness. We believe that the methods used to prevent and reduce the negative effects of poverty in different regions of Europe depicted in this book may serve as inspiration to take similar actions in other parts of Europe.

We hope that the presented considerations will find their continuation in practical terms as a point of departure for activities involving not only scientific and academic institutions, but also governments, NGOs, and other actors for whom the problem of poverty is not indifferent.

We would like to extend special thanks to Professor Anna Śliz from the University of Opole for the revision of our publication and all remarks. We would also like to give special thanks to Professor Andrzej Noras, Vice-Dean for academic matters in the Faculty of Social Sciences at the University of Silesia, for organizational support. This book would not have been complete without the technical and linguistic effort of employees of the University of Silesia Press to whom we would like to express our gratitude as well.

The Editors

CONCLUSIONS

Globalization which has led to homogenization and unification in many areas of human life does not still cover all of them. Undoubtedly, one of the best examples of these can be income inequality as well as a number of social problems, being its results more and more visible almost everywhere in the world, also in the case of European countries so far perceived as a collection of communities, strongly emphasizing the need to improve the social nature of the market economy. The most important reasons for this seem to be rapid changes being the aftermath of economic and social crises, as well as malfunctioning of the systems of resources redistribution. As a result, this type of inequality takes a disharmonic form: on the one hand, there is a small group of those who concentrate most of the world's wealth in their own hands, on the other hand, an innumerable multitude of the poor, which only confirms a necessity to constantly look at the ways European countries integrate in dealing with the problem of poverty and social exclusion, as well as with changing economic and social conditions.

The anti-poverty and social exclusion policy in Europe is not a new phenomenon, over the years it has been an essential element of *raison d'être* for many national and supranational organizations and institutions, including the European Union. It suffices to mention such documents as the Treaty of Amsterdam (1997), the Lisbon Strategy (2000), Nice Objectives (2000), Memorandum on Social Inclusion (2001), Community Action Programme to Combat Social Exclusion (2002–2006), Social Policy Agenda 2006–2010, as well as the Europe 2020 Strategy, which put the problem of poverty and social exclusions first. However, despite nearly two decades of integration around the problem of poverty and social exclusion, Europe has failed to develop a common action strategy, based on the idea of open coordination. For that to happen it is advisable to monitor the phenomenon of social exclusion and poverty in different European countries on the basis of both statistical data, as well as more subjective, often informal description of the condition of the population of individual region or country.

It is hard to harmonize mechanically the scope or the ways of recognizing poverty; the situation of each country is different, that is, determined by different socio-economic capital as well as different pace of development. What is more, there are demographic, cultural, and political differences too. Regardless of the existing variations between the European countries, they share a common goal which is to create such conditions for the development of their societies to reduce the number of people at risk of or affected by poverty, or at least inhibit the growth of further groups struggling with this problem. However, what integrates many-faceted Europe are the consequences of poverty and social exclusions, such as: suppression of social progress, lack of cohesion, and socio-economic development of individual countries, deepening of social inequalities, an increase in pathological phenomena, threats, as well as difficulties in maintaining social order and transmission of poverty or unfavorable patterns of behavior from generation to generation.

The intention of the editors of this publication was to create a platform for the exchange of experience (or perhaps a platform of inspiration?) and confront diverse Europe. Not without reason to participate in the project were invited representatives of social sciences, such as sociology, social work, and social policy. We believe that these issues are so crucial that these disciplines cannot remain indifferent to them. Although it is assumed that the development of programs to counter the negative effects of poverty is a matter of politics and politicians, then academia still can, or even should, to a greater extent than before, make efforts to depict social transformations, look for dependencies, and also indicate social consequences of the changes observed. It is, however, not to mention other disciplines, such as for example economics, whose absence here is not a matter of chance; rather, it should be seen as an argument for further comprehensive, interdisciplinary analysis of the problem in which we strongly believe.

On the basis of the articles presented in this book we have come to some interesting conclusions which indicate the presence of substantial similarities between given countries, but also some differences in the perception of poverty and social exclusion, as well as actions taken against their negative consequences.

The group of similarities opens economic crisis, which almost in all the articles was a point of departure for describing the problem of poverty and social exclusion. Moreover, in the vast majority it was indicated as a main reason enhancing the development of poverty and social exclusion. Only in Switzerland and Belgium global economic difficulties have not had direct impact on the indicators of poverty. In Iceland, although the consequences of the crisis were significant, the poverty rates have remained quite low.

Similarities can also be seen when it comes to other factors responsible for the development of poverty; it suffices to mention the long-term unemployed, a huge percentage of persons outside the labor market (Finland, Spain, Poland, Wales), as well as a considerable variation in poverty, both at the regional and structural level (Spain, Malta, Slovenia, Bulgaria, and Poland).

Many authors also accentuated the spread of poverty in new areas, new social spaces, so far resistant to crises and economic upheaval, for example the appearance of the working poor (Spain, Croatia, Iceland, Poland, Slovenia).

A large number of authors were skeptical to corrective actions used by the public sector. Not only deficiencies in constructive ways of reformulating anti-poverty policies (Croatia), but also difficulties arising from the tensions between a sense of moral necessity to fight against poverty and political reality (actual capacity of a state) were noticed. Furthermore, financial restrictions on public administration, which simply make effective policy against social exclusion and increasing poverty impossible were criticized (Spain, Poland), as well as the methods limited mainly to seal the social security system and improve its effectiveness (Finland).

Different ways of coping with poverty were observed in the case of Switzerland, where the burden of responsibility for the fight against poverty and social exclusions lies with cantons and municipalities (federalism), and in the case of Belgium, where depoliticization of poverty and shifting the responsibility for preventing marginalization on an individual take place. In the case of Malta, a strong emphasis was placed on providing equal educational chances.

While the actions of national governments have often been criticized, the appraisal of the changes taking place in the private sector seems to be satisfactory. One of such examples can be Wales, which hopes to solve a large part of its problems, also those related to poverty, thanks to the potential and possibilities of non-governmental organizations, which is also the result of restrictions imposed on the Welsh Government and the National Assembly of Wales within devolution. The NGOs also occupy a crucial role in Poland.

The collected material confirms that the awareness of how important poverty and social exclusion issues are gradually increases, as well as the belief that a theoretical reflection should be accompanied by practical corrective actions taken to improve the situation of those who experience or are at risk of poverty.

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