



**2016/2270(INI)**

10.2.2017

# **DRAFT REPORT**

on minimum income policies as a tool for fighting poverty  
(2016/2270(INI))

Committee on Employment and Social Affairs

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## CONTENTS

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
EXPLANATORY STATEMENT .....	8

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on minimum income policies as a tool for fighting poverty (2016/2270(INI))

*The European Parliament,*

- having regard to Articles 4, 9, 14, 19, 151 and 153 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to the 1948 Universal Declaration of Human Rights, reconfirmed during the 1993 World Conference on Human Rights, and in particular Articles 3, 23 and 25 thereof,
- having regard to the Charter of Fundamental Rights of the European Union, notably the provisions relating to social rights, and in particular Articles 34, 35 and 36 thereof, which specifically define the right to social and housing assistance, a high level of human health protection and access to services of general economic interest,
- having regard to International Labour Organization (ILO) Conventions Nos 26 and 131 on minimum wage fixing and Nos 29 and 105 on the abolition of forced labour,
- having regard to the ILO's Decent Work Agenda and Global Jobs Pact, adopted by a worldwide consensus on 19 June 2009 at the International Labour Conference,
- having regard to Council Recommendation 92/441/EEC of 24 June 1992 on common criteria concerning sufficient resources and social assistance in social protection systems<sup>1</sup> (recommendation on minimum income),
- having regard to Council Recommendation 92/442/EEC of 27 July 1992 on the convergence of social protection objectives and policies<sup>2</sup>,
- having regard to the Commission recommendation of 3 October 2008 on the active inclusion of people excluded from the labour market,
- having regard to its resolution of 6 May 2009 on the renewed social agenda<sup>3</sup>,
- having regard to the Communication from the Commission of 3 March 2010 on Europe 2020: a strategy for smart, sustainable and inclusive growth,
- having regard to its resolution of 20 October 2010 on the role of minimum income in combating poverty and promoting an inclusive society in Europe<sup>4</sup>,
- having regard to the opinion of the European Economic and Social Committee of 15 June 2011 on the 'European Platform against Poverty and Social Exclusion – a

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<sup>1</sup> OJ L 245, 26.8.1992, p. 46.

<sup>2</sup> OJ L 245, 26.8.1992, p. 49.

<sup>3</sup> OJ C 212E, 5.8.2010, p. 11.

<sup>4</sup> OJ C 70E, 8.3.2012, p. 8.

European framework for Social and Territorial Cohesion’,

- having regard to the opinion of the European Economic and Social Committee of 10 December 2013 on ‘European minimum income and poverty indicators’,
  - having regard to the study entitled ‘Towards adequate and accessible minimum income schemes in Europe’, published in 2015 by the European Minimum Income Network (EMIN),
  - having regard to the Commission proposal of 2 March 2015 for a Council decision on guidelines for the employment policies of the Member States,
  - having regard to its resolution of 14 April 2016 on meeting the antipoverty target in the light of increasing household costs<sup>1</sup>,
  - having regard to its resolution of 15 September 2016 on the proposal for a Council decision on guidelines for the employment policies of the Member States<sup>2</sup>,
  - having regard to its resolution of 19 January 2017 on a European Pillar of Social Rights<sup>3</sup>,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Economic and Monetary Affairs (A8-0000/2017),
- A. whereas poverty and social exclusion are infringements of human dignity and fundamental human rights;
- B. whereas there are as yet no established indicators of absolute poverty;
- C. whereas according to the methodology developed by Eurostat, the at-risk-of-poverty threshold is set at 60 % of national median equivalised disposable income;
- D. whereas 120 million people in the European Union – some 25% of the total – are at risk of poverty and social exclusion; whereas this fact is accompanied by persistently high unemployment rates;
- E. whereas the current emergency situation calls for measures to promote national minimum income schemes for citizens, so that all citizens are ensured decent living conditions;
- F. whereas introducing and strengthening minimum income schemes is an important and effective way to overcome poverty, support social integration and access to the labour market and meet the targets of the Europe 2020 strategy;
- G. whereas, according to the European Social Observatory (OSE), some forms of income

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<sup>1</sup> Texts adopted, P8\_TA(2016)0136.

<sup>2</sup> Texts adopted, P8\_TA(2016)0355.

<sup>3</sup> Texts adopted, P8\_TA(2017)0010.

support already exist in 26 EU Member States<sup>1</sup>;

- H. whereas the guarantee of an adequate minimum income and minimum wage is included in the first draft of the European Pillar of Social Rights<sup>2</sup>; whereas, at the high-level conference held in Brussels on 23 January 2017, following the public consultation on this issue, the President of the Commission, Jean-Claude Juncker, reiterated that such measures should be adopted by all Member States;
- I. whereas the Commission proposal of 2 March 2015 on guidelines for the employment policies of the Member States reiterates the importance of income support for combating poverty (Guideline 8);
- J. whereas in Council Recommendation 92/441/EEC of 24 June 1992, the Council called on Member States to recognise the basic right of all people to have social assistance and sufficient resources in order to be able to live in a dignified manner, while in Council Recommendation 92/442/EEC of 27 July 1992 Member States are urged to base their own social protection systems on those principles;
- K. whereas in its conclusions of 17 December 1999, the Council endorsed promoting social inclusion as one of the objectives with a view to modernising and improving social protection;
- L. whereas in the Commission recommendation of 3 October 2008 on active inclusion it is stressed that adequate income support must be accompanied by access to quality services and by inclusive labour markets;
- M. whereas the long-term unemployed, who, at the end of 2015, accounted for 48.1% of total unemployed people in the EU, equivalent to 10.9 million people, find it much harder to return to the labour market;
- N. whereas, at the end of 2015, 5.1% of inactive individuals in the EU consisted of discouraged people, who would have wanted to work but had stopped looking for employment;
- O. whereas unemployment leads to a fast and steady deterioration of human capital;
- P. whereas a transitional job scheme is one of the most effective forms of minimum income, as it combines income support with a proper job; whereas people who keep themselves busy working in a public transitional job scheme will also find it easier to find new jobs in the private sector;
- 1. Takes the view that introducing minimum income schemes in all EU Member States - consisting of specific measures supporting people whose income is insufficient with a funding supply and facilitated access to services - is one of the most effective ways to

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<sup>1</sup> Towards a European minimum income, November 2013: <http://www.eesc.europa.eu/resources/docs/revenu-minimum-etude-ose-vfinale-en--2.pdf>

<sup>2</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions launching a consultation on a European Pillar of Social Rights (COM(2016)0127) – Annex 1.

- combat poverty, guarantee an adequate standard of living and foster social integration;
2. Stresses that it is vital for everyone to have a sufficient minimum income to be able to meet their basic requirements;
  3. Emphasises that an adequate income is fundamental for a dignified life and that without a minimum income and a stake in society individuals cannot develop their potential to the full and participate in the democratic shaping of society;
  4. Regrets that some Member States appear to disregard Council Recommendation 92/441/EEC, which recognises the ‘basic right of a person to sufficient resources and social assistance to live in a manner compatible with human dignity’;
  5. Points out that, while most Member States have national minimum income schemes, several do not; calls on those states to provide for the introduction of guaranteed minimum income schemes to prevent poverty and foster social inclusion;
  6. Reiterates its position as expressed in its resolution of 20 October 2010 on the role of minimum income in combating poverty and promoting an inclusive society in Europe;
  7. Recalls the opinion of the European Economic and Social Committee on ‘European minimum income and poverty indicators’ and supports the proposal concerning a directive on adequate minimum income in the European Union, which should lay down common rules and indicators, provide methods for monitoring its implementation and improve dialogue between the individuals concerned, the Member States and the EU institutions; is of the view that a framework of this kind should be based on tangible factors and should bear in mind the social and economic context of each Member State; calls on the Commission and the Member States, in this regard, to evaluate the manner and the means of providing an adequate minimum income in all Member States;
  8. Stresses that minimum income schemes should ensure payment of an income that is above the poverty line, prevent situations of severe material deprivation or, where applicable, lift households out of those situations;
  9. Considers that minimum income schemes should be embedded in a strategic approach towards social integration, involving both general policies and targeted measures - in terms of housing, health care, education and training, social services - helping people to recover from poverty and to take action themselves to gain access to the labour market; believes that the real objective of minimum income schemes should be not simply to assist but mainly to accompany the beneficiaries in moving from situations of social exclusion to active life;
  10. Calls for real progress to be made on the adequacy of minimum income schemes, so as to be able to lift every child, adult and older person out of poverty and guarantee their right to a life of dignity;
  11. Stresses the importance of defining appropriate eligibility criteria in order to benefit from an adequate minimum income scheme;
  12. Stresses the need for Member States to take specific action to determine a minimum

income threshold, based on relevant indicators, in order to safeguard social and economic cohesion and reduce the risk of poverty throughout the European Union; calls on the Council to express its views more firmly with regard to such action;

13. Emphasises the need, when the levels of minimum incomes are determined, for due account to be taken of dependants, in particular children, in order to break the vicious circle of child poverty; takes the view, furthermore, that the Commission should draw up an annual report on progress in the fight against child poverty;
14. Is of the opinion that adequate minimum income schemes should set minimum incomes at a level equivalent to at least 60 % of median income in the Member State concerned;
15. Calls on the Commission to carry out an impact assessment of minimum income schemes in the Union and to consider further steps, taking into account the economic and social circumstances of each Member State as well as assessing whether the schemes enable households to meet their basic personal needs;
16. Draws attention to the fact that the recent economic slowdown, with rising unemployment and fewer job opportunities, puts many people at risk of poverty and social exclusion, and that this is particularly acute in some Member States that suffer from high rates of unemployment or long-term inactivity;
17. Notes with particular interest the proposals concerning transitional job schemes, which consist of the option, for those who want to and are able to work, to have a transitional job, at a pre-established minimum wage, in the general government sector or in a non-profit institution or non-governmental organisation (NGO);
18. Takes the view that a transitional job scheme is one of the most effective tools for improving workers' employability in a labour market that is structurally imbalanced and to facilitate their transition from the state of being unemployed (especially long-term) to that of a private-sector employee; notes, moreover, that such schemes serve to promote non-inflationary economic growth as well as to combat unemployment and social exclusion;
19. Believes that job creation should be a priority for the European Union as a first step towards reducing poverty;
20. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

The great financial crisis that has been affecting the European continent since 2008 has had a permanent impact on the European labour market. It has had a significant effect on the social fabric and has deeply changed it, hugely widening the gap between social classes, highlighting a sort of subdivision between the north and south of the continent and resulting in, to date, 120 million citizens at risk of poverty and social exclusion.

In spite of the attempts made by both EU institutions and national governments to adopt measures to limit, to some extent, the effects of the crisis, unemployment levels and poverty still do not appear to be declining; nor have the structural reforms imposed on Member States and the attempts by national governments to promote active employment policies produced any significant results.

This report on guaranteed minimum income aims to provide practical guidance on how to take a twin-track approach – firstly, to curb the social impact of the economic crisis by taking effective action to lift out of poverty and social exclusion the 120 million EU citizens who are currently suffering from it and, secondly, to encourage active job-creation policies that are able to ensure sustainable employment.

Indeed, for a number of reasons, workers who become unemployed also lose their bargaining power in negotiations and thus become outsiders, who have virtually no chance of re-entering the labour market. In remaining outside the labour market, their situation is exacerbated by factors such as a progressive decline in skills and gradual loss of self-esteem/enthusiasm that leads them also to distance themselves from an active social life. A great deal of damage, of various kinds, is caused, such as:

- production losses;
- social exclusion;
- a deterioration of skills;
- psychological harm;
- reduced life expectancy;
- a loss of motivation;
- a deterioration of family life;
- a widening of inequalities;
- a loss of values and responsibility.

In addition, the loss of a job can, in some cases, lead to forms of undeclared employment, which it is vital to attempt to counter in every possible way.

The need to create a European minimum income framework comes from having found that the different practices in the Member States relating to this matter do not have the potential to tackle the problem of poverty and inequality comprehensively. In this respect, Europe should make every possible effort to try to achieve the goals of the Europe 2020 strategy which establishes, as a fundamental target, that of enabling people living in poverty and social exclusion to be lifted out of that state.

To date this goal can essentially be achieved through active labour market, training and support policies for individuals in any area in which they are involved.

New jobs can be created by focusing on those sectors which, as we know today, are the most suitable for substantial investment, such as the circular economy, the green economy and the social economy, ensuring that skills are updated and those already acquired are enhanced.



A further basic request put forward by this report is to use relevant common indicators that can ensure economic and social cohesion and reduce the risk of different pay levels for the same activities.

The minimum income scheme should be coupled with a strategic approach aiming at social integration; to that end, it is recommended that effective social protection measures regarding parts of people's lives such as the guarantee of housing, health care, education and training, should be adopted in parallel with the implementation of the minimum income scheme.

The aim of this report is that of wanting not only to spark a debate on the issue, which by now has been a topical one, at all levels, for years, but also to commit the Commission to taking a firm, decisive and factual stand on it.

Poverty and social exclusion are an issue that does not belong to individual Member States, but reflects the state of this Europe which, now as never before, needs to be given, and to provide, answers to this emergency.