

Eurostat

Domain: ILC - Income and Living Conditions

General overview

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Part 1. How do we define poverty and social exclusion?

It is axiomatic that before one can start to measure a phenomenon, it has first to be defined. However, before attempting to answer this question it is instructive to note that the issue of poverty and social exclusion, whilst a subject of perennial interest and a constant element of government policy, has received increasing political attention at EU level in recent years.

Opinion poll surveys over time (eg. Eurobarometer) have highlighted concerns about the persistence of poverty and the rise of new forms of poverty (ie. new groups of persons at risk) following structural economic reforms and the economic cycle – and highlight criticisms of the existing social protection system.

Since the 1970s, the existence of a ‘European Social Model’ is recognised as a distinguishing factor by comparison with the United States of America – and the concept of ‘quality of life’ has increasingly come to complement (some might argue replace) ‘economic wealth’ as the primary aspect of welfare, the yardstick against which policies are assessed at EU level and in the EU member states – which begs the obvious question: what does ‘quality of life’ encompass?.

1.1 A problem in need of a definition

There are both conceptual and methodological problems in any attempt to measure quality of life and related matters.

1.1.1 Competing perspectives

Unfortunately, it is difficult to find a definition of ‘quality of life’ that satisfies everyone. Indeed, even for the more restricted concept of ‘poverty’, the list of potential alternatives is already long and probably never-ending. Accordingly any definition of poverty is to some extent subjective, depending on value judgements and belief systems - and as such there exists no official or universally accepted version. Competing perspectives (technical sociological term: “discourses”) may be used by their advocates unwittingly, taken for granted as being appropriate, or employed in a deliberate attempt to stifle debate (technical sociological term: “closure”). Dominant opinions derive their authority from the prevailing level of consensus.

1.1.2 Current consensus

Historically, the academic debate has attracted attention from economists, sociologists, philosophers and other social scientists (it is clearly also of interest to politicians and laymen!). Within the EU it currently seems to be generally accepted that (a) ‘poverty’ is a multi-dimensional phenomenon (ie.

it involves a variety of issues and problems, not merely financial hardship), and (b) 'poverty' describes a lack of welfare.

1.2 Some further definitions

Terms such as "welfare", "inequality", "poverty", "destitution", "social exclusion", "cohesion", "polarisation", "marginality", "precarity" and "vulnerability" are closely related and have considerable overlap. However, some distinctions can be drawn between these concepts.

1.2.1 Welfare

Welfare can be distinguished from inequality and poverty in the sense that welfare is the variable being measured (however it is defined) – whereas inequality and poverty concerns it's distribution.

1.2.2 Inequality

Inequality is the absence of equality. Dictionary definitions of equality are ambiguous, and include: identical in amount, magnitude, number, value, intensity, etc.: neither less nor more; possessing a like degree of a quality or attribute, on the same level in dignity, power, excellence, etc.: having the same rights or privileges. Whilst primarily a descriptive term (eg. level; balanced; flat; uniform; similar), it also has normative connotations (fair; just; equable; equitable; impartial; non-discriminatory; consistent; democratic).

Inequality is a broader concept than poverty in that it concerns the distribution of welfare over the whole population, and not just the censored distribution below a specified cut-off line. However, insofar as it refers specifically to that lower tail of the distribution, poverty is more normative than inequality in the sense that poverty describes a degree of inequality that is unacceptable in a given society at a given time.

1.2.3 Destitution

Destitution implies an extreme degree of poverty with inability to remain viable (as opposed to lesser degrees of poverty where victims retain some ability to function, albeit they are unable to realise their full potential).

1.2.4 Polarisation

Polarisation has to do with clustering and is therefore complementary to inequality in the sense that inequality measures dispersion, whereas polarisation measures concentration. However it also implies separation, with groupings at opposing ends of the welfare distribution, and in this sense is clearly also linked to poverty.

1.2.5 Precarity and vulnerability

Precarity and vulnerability can be distinguished from poverty in that poverty looks at the current state of affairs or it's evolution, whereas precarity and vulnerability consider the likely future state of affairs (the risk of becoming poor).

1.2.6 Social exclusion

The link between poverty and social exclusion is complex. Poverty can be both a cause and an effect. See table below.

CONCEPTS OF POVERTY AND SOCIAL EXCLUSION		
	Narrow focus	Wider focus
Static framework	Degree of resource inequality (monetary poverty)	Extent of multiple disadvantage (non-monetary deprivation)
Dynamic framework	Income mobility (poverty dynamics)	Exclusion as a process (cumulative disadvantage)

The concept of social exclusion adds several dimensions to traditional analyses in terms of poverty and rests on the analysis of a combination or cumulation of handicaps. Social exclusion includes the economic, financial, monetary view of poverty, but adds to it aspects of non-monetary deprivation and a relational dimension which is absent from the traditional concepts of poverty.

The “social exclusion” approach can be linked to analysis rooted in French sociological thought inherited from Durkheim, and on a typically "republican" view of society (in the case of France). This view is foreign to English-speaking countries, which have traditionally thought of society more as a collection of individuals competing on a more or less level playing field. These two differing views of society have important implications for the responses which are and have historically been brought to the phenomenon. In the first case, policies would be aimed at "integrating" the concerned populations, and in the other case, the objective would be to correct market dysfunctions and combat discrimination. However, this distinction can be exaggerated.

1.2.7 Social cohesion

“Social cohesion” (solidarity) can be thought of as the inverse of social exclusion, ie. an inclusive society. It does not imply robotic similarity, but rather tolerance of differences, common values, co-operation. It concerns the interdependency amongst members of society, and involves aspects such as integration, solidarity, stability, tolerance, non-discrimination.

Jenson (1998)¹ has identified the following five dimensions:

- Belonging-isolation (shared values, identity, feelings of commitment).
- Inclusion-exclusion (equal opportunities of access).
- Participation-Non involvement.
- Recognition-rejection (respecting and tolerating differences).
- Legitimacy-illegitimacy.

O'Connor (1998)² identifies:

- Ties that bind (values, identity, culture).
- Differences and divisions (inequalities, inequities, diversity, geographical distance).
- Social glue (associations, networks, infrastructure).

A SUPCOM.95.02 report by CESIS (1998)³ identifies the following areas of exclusion/integration:

I. Social links	II. Economic	III. Institutional	IV. Territorial	V. References
Family	Generation of resources	Justice	Immigration	Identity
Close	Market (goods)	Education	Mobilities	Self-esteem

¹ Jenson, J. (1998) "Mapping social cohesion: the state of Canadian research", CPRN study F|03. Quoted in Berger-Schmitt, R. & Noll, H. (2000), EuReporting, Paper No.9.

² O'Connor, P. (1998) "Mapping social cohesion: the state of Canadian research", CPRN study F|01. Quoted in Berger-Schmitt, R. & Noll, H. (2000), EuReporting, Paper No.9.

³ CESIS (1998) "Final Report: Non-monetary indicators of poverty and social exclusion", Eurostat.

environment Sociability	and services) Savings	Health	Deprived areas (urban/suburban /rural)	Future prospects
Interpersonal relations		Social security		Basic abilities
Labour market		Social welfare (care) Political rights (citizenship) Bureaucracy		Interests and motivations Emotional stability

1.3 Social protection

Governments can intervene to alleviate poverty and exclusion in various ways, including taxation (eg. regressive/progressive/proportional); expenditure (eg. on transfer payments and benefits in kind); legislation of rights and obligations (eg. access to employment, to education); promotion of non-state solutions. Whether such intervention is desirable or not is essentially a political question.

"Social protection" (also known as 'the social security system' and 'the welfare state') can be defined as coverage against predetermined social risks, based on rights. It includes all the mechanisms for collective transfers (in cash or in kind) conceived to protect individuals and households against social risks.

1.3.1 The European social model

The European Union has placed the convergence of social protection systems on its political agenda, and in recent years the profile of this debate has increased. The ambition to tackle the problem rests on a solid foundation. Indeed, European Union countries share more or less the same "social model", which is today being confronted with similar challenges and for which it seems reasonable to envisage similar responses, in a process of greater or lesser convergence. As compared say to the North American, Southeast Asian, Australasian systems, the European systems show strong similarities. Whether in the areas of expenditures, generosity of services, extension of insurance coverage, or general guidelines, we can speak about a "European social model of social protection".

1.4 The political context

The nature of the relations between the EU institutions and member states is still evolving. This is true both in general terms and as regards specific domains. For example, social policy is not yet - and may never be - centralised/harmonised to the same degree as economic policy. Nevertheless, important decisions have been taken and significant progress has been made. Hitherto, the fight against poverty and social exclusion was primarily the responsibility of the Member States and sub-national actors, with the results that policies and outcomes differ in significant respects. Increasingly, efforts are being coordinated at supra-national level.

1.4.1 The European Council decision, 19th December 1984

Within the EU, an official definition of poverty does exist. Building on a 1975 definition of the Council of Europe, at the 1984 European Council meeting in Dublin a definition was adopted which regards as poor :

"those persons, families and groups of persons whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State to which they belong".

This definition, whilst not fully precise, clearly implies a multidimensional, relative approach, and embraces the concepts discussed under section 1.2.

1.4.2 The POVERTY programmes of the European Commission

Following the European Council meeting in Paris in 1972, the Commission was charged with producing a social action programme. After much negotiation a first programme was adopted in 1974, and extended in 1977: "A programme of pilot schemes and studies to combat poverty (POVERTY 1, 1975-1980)".

A second programme was authorised in 1984: "Programme of the European Communities to combat poverty (POVERTY 2, 1985-1988)".

This was immediately followed by a third programme, endorsed in 1989: "Medium-term Community Action Programme to foster the economic and social integration of the least privileged groups (POVERTY 3, 1989-1994)".

Following the European Commission White Paper "European Social Policy – A way forward for the Union" (1994b), a further programme was proposed for 1995-1999, but this had to be cancelled following opposition from UK and D (culminating in a ruling from the ECJ). Instead, more limited programmes covering the period 1995-1997 and 1998-2000 were implemented.

As a result of this impasse, a new approach had to be found.

1.4.3 The Lisbon process

Building on the 'social chapter' incorporated in the Amsterdam Treaty (1999), at the March 2000 meeting of the European Council in Lisbon, the EU set itself the strategic goal to become:

"the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion".

This strategic goal was clarified by a 'Social Policy Agenda' adopted at the European Council meeting in Nice in December 2000 (subsequently updated at the 2002 meeting of the Employment, Health and Social Affairs Council in Brussels). It includes an explicit commitment to fight against poverty and social exclusion.

Appendix 21: discourses on poverty and inequality

This appendix relates to text section 1.1.

(a) Structural

- Poverty as a severe or enforced lack of resources required to participate in the level of living of dominant society (which itself sets the standards of adequacy).
- Social, political and economic structures and processes distribute opportunities to obtain, and erect barriers to obtaining, necessary resources.
- Wide form: enhance control over all resources and experiences. Narrow form: enhance control over monetary resources.

(b) Social exclusion

- Poverty as the identifiable characteristics of a group which prevents them from taking an adequate part in society.
- Weak form: remove handicaps to enhance integration.
- Strong form: reduce powers of exclusion.

(c) Behaviouristic

- Poverty as deviancy from norms of dominant society, leading to creation of a dysfunctional 'underclass'.
- Access to resources is non-problematic: problem lies in the way resources are used. Solution involves re-education and behavioural adjustment.

(d) Egalitarian

- Poverty as deviation from the average level of living.

(e) Statistical

- Measures of central location and of dispersion used to analyse the income distribution.

(f) Economistic

- Poverty as outcome of irrational behaviour/market imperfections.

(g) Legalistic

- Poverty as an official label.

Source: Veit-Wilson (), "Setting Adequacy Standards: How governments define minimum incomes", The Policy Press.

Appendix 22: Clusters of meaning of the term “poverty”

This appendix relates to text section 1.1.

An examination of uses of the term ‘poverty’ identifies multiple interpretations. Spicker and Gordon in their International Glossary have identified clusters of meaning, including:

(a) Need

This is understood as a lack of material goods or services, such as food, clothing, fuel or shelter (but not confined to those things), which people require in order to live and function in society. (The generally unhelpful distinction between 'absolute' and 'relative' poverty is concerned primarily with an understanding of poverty in terms of need; the debate concerns what the sources and types of needs are.)

(b) Lack of basic security

Although a lack of basic security has been defined in terms directly equivalent to need, it may also be seen in terms of vulnerability.

(c) Limited resources

Poverty can be taken to refer to circumstances in which people lack the income, wealth or resources to acquire the things which they need.

(d) Standard of living

Poverty is taken to refer to a general standard of living, or pattern of consumption, below the norm.

(e) Lack of entitlement

It has been argued both that deprivation and lack of resources reflect lack of entitlements, rather than the absence of essential items in themselves. Homelessness results from lack of access to housing or land, not from lack of housing; famines, Sen and Drèze argue, result not from lack of food, but from people's inability to buy the food which exists. Poverty can also, then, be described in terms of a lack of social rights.

(f) Multiple deprivation

This refers to circumstances in which people suffer from a constellation of deprivations associated with limited resources experienced over a period of time. Poverty is not defined, on this account, by any specific need (like hunger or homelessness), but on the existence of a pattern of deprivation.

(g) Exclusion

Poverty can be seen as a set of social relationships in which people are excluded from participation in the normal pattern of social life. This extends beyond the experience of deprivation to include problems which result from stigmatisation and social rejection.

(h) Inequality

People may be held to be poor because they are disadvantaged by comparison with others in society.

(i) Class

A 'class' of people is a group identified by virtue of their economic position in society. The argument that poor people should be understood as a class is based in a range of different positions. In Marxian analyses, classes are defined in terms of their relationship to the means of production, and in developed countries poor people are primarily those who are marginalised in relation to the economic system. In the Weberian sense, classes refer to people in distinct economic categories: poverty constitutes a class either when it establishes distinct categories of social relationship (like exclusion or dependency), or when the situation of poor people is identifiably distinguishable from others.

(j) Dependency

Poor people are sometimes taken to be those who receive social benefits in consequence of their lack of means. The sociologist Georg Simmel argued that 'poverty', in sociological terms, referred not to all people on low incomes but to those who were dependent.

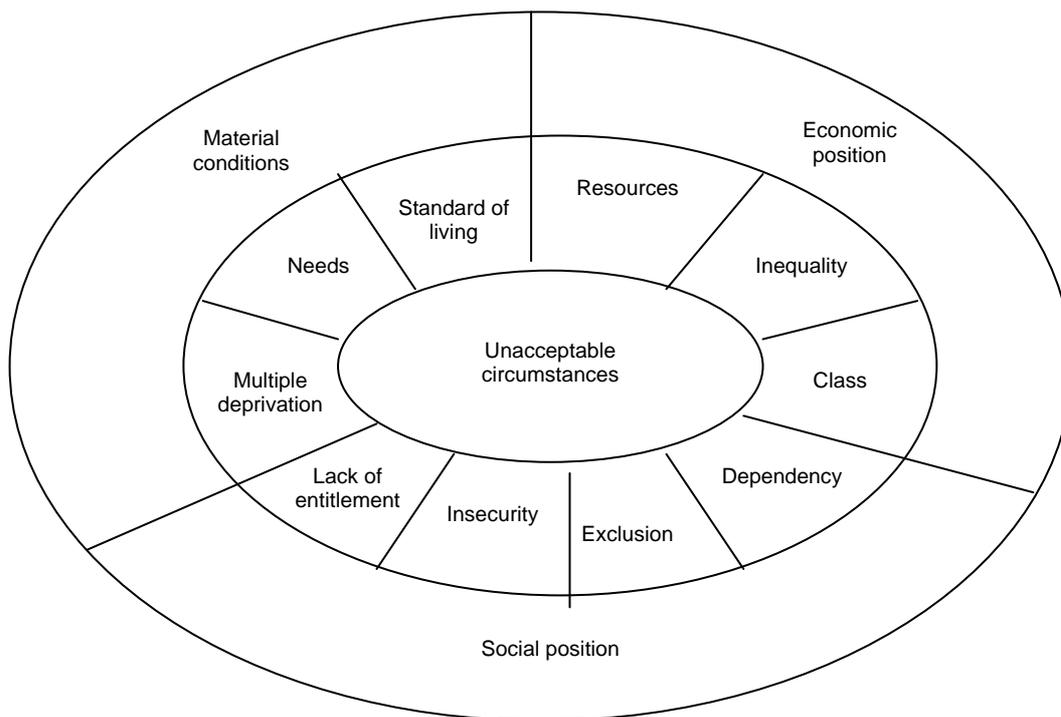
(k) Serious hardship

Poverty consists of serious deprivation, and people are held to be poor when their material circumstances are deemed to be morally unacceptable.

Each of the foregoing classes of definition is discrete, though there is a substantial overlap between most. There are several developed concepts - like 'relative poverty' or Paugam's 'social disqualification' - which cut across a number of definitions. Equally, there are subdivisions within the clusters of meaning: 'need' covers measures of subsistence, 'basic needs' in the sense used by the UN, and socially constructed needs; exclusion covers social exclusion, economic exclusion, and marginality.

The following diagram (from Spicker 1999) attempts to summarise the family resemblances between different clusters of meaning of poverty.

Figure: clusters of meaning



Appendix 24: The three worlds of welfare capitalism⁴

This appendix relates to text section 1.1. and to text section 1.3.

The risks of poverty and social exclusion may not be directly connected with particular conditions affecting individuals (eg. access to employment, to healthcare, etc.). Rather they largely depend on and are filtered by the different systems of social integration (ie. welfare systems) that have come about in various Member States of the EU.

Some analysts make a distinction between three sub-systems in supplying welfare support to combat the risks of poverty and exclusion: the Family and Voluntary Work, the Welfare State and the Market. The relative prominence of one sub-system compared to the others characterizes three models (conservative, liberal and social-democratic).

- a. the **conservative** model
 - a.1. familial variants
 - a.2. statist variants
- b. the **liberal** model
 - b.1. market variants
 - b.2. statist variants
- c. the **social-democratic** model

(a) The characteristic feature of the conservative model is the relatively great importance of the family system which has remained very important in term of welfare provision. State intervention is based upon subsidiarity (ie, only act where family action fails). Family businesses and voluntary associations as an alternative to maximal capitalist concentration. Social rights depend mainly on the labour market position and the model of adult male family-wage-earning employment protected by State and trade-union action.

In this model of welfare, therefore, the production of poverty is identified particularly at the intersection between, on one side, the sheltering capacity of the family, kin, community and voluntary organizations and, on the other, Social Security policies, income support and fiscal redistribution, policies which depend partially on the labour market position of the breadwinner. The familial and kinship system is more (a.1. Italy, Spain, Portugal) or less (a.2. Germany, France) overloaded with responsibilities and risks being dragged down whenever it has to support multiple individuals, especially in countries where the welfare state is relatively inefficient and discretionary, as in the southern European countries.

The traditional forms of intervention vary from country to country, but are fundamentally based on income-support transfers controlled by a patronage-oriented political elite. Such transfers have recently come to be seen as increasingly insufficient to prevent the impoverishment of a large part of the population, and are often viewed as an unfavourable alternative to economic policies designed to promote general economic development; but at the same time they are considered necessary to ensure survival in the short run.

(b) The liberal model is characterized by a relatively greater expansion of the market, and by more heightened forms of individualism and dependence on monetary income. In this case we can identify more "statist" variants, like Great Britain, and more liberal variants, like the United States. The United Kingdom is considered as a variant of the liberal model not because of lack of welfare tradition (eg. the Beveridge report dates 1942), but because early radical deruralization has, more than in other EU member states, weakened kinship relations and the economic importance of the small business and self-employment (SMEs), leaving individuals more vulnerable to labour market conditions than elsewhere.

In this model, poverty is more directly the product of labour market forces, where less competitive and skilled individuals are more vulnerable because they find less compensatory protection both in the family, kinship and voluntary system and in that of state welfare services. Vicious circles based on discrimination are particularly manifest where some social groups (minorities, recent immigrants and ex-workers' families trapped in de-industrialized zones) have less resources for acquiring usable entitlements in the labour market, with the result that their weak market position is handed down from one generation to the next. The rapid increase in precarious jobs in services (mostly part-time or temporary and unstable or low-skilled), has heightened this vulnerability. The labour market continues to throw up syndromes of a social division of labour which is polarized between groups that cumulate many work and income chances and others excluded from the best working positions.

⁴ Esping-Anderson (1990), quoted in José Antonio Pereira.

c) The third model is the Scandinavian "welfarist" one, which is characterized by a greater development of direct and universal welfare services by the State. In countries with small populations and a relatively homogeneous identity, the development of the economy has been accompanied by costly, systematic State intervention aiming to protect all citizens, and not only workers, from unfettered exposure to market forces.

Here, the factors that pave the way to a risk of impoverishment can generate fiscal tensions and vicious circles as the State's financial situation is undermined as a result of the growing number of subjects with a right to expensive State protection (eg. unemployment due to structural reforms). In addition to economic pressures, relatively recent admission to the EU of the Scandinavian countries (except Norway) may imply medium/long run reshaping of State intervention in line with lower levels of universalism.

Increasingly economic and other reforms are integrated at EU level. These generate social pressures. EU social policy responses have also to be co-ordinated. Social policy development has to progress in recognition of the differing systems of social integration at local/national level, whilst maintaining the goal of building a minimum level of social cohesion and European citizenship.