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SOCIAL EXCLUSION IN EUROPEAN NEIGHBOURHOODS - PROCESSES,
EXPERIENCES AND RESPONSES

**SOCIAL EXCLUSION IN EUROPE:
MEANINGS, FIGURES AND EU POLICIES**

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The aim of this chapter is to provide a broad frame to the case studies. In a first section, we shall attempt to provide a definition of exclusion. Then we turn to European statistics in reference of the topics, an experiment that shows both utility of available data and their limits. In a third section we present the different European policies against exclusion, grasped both at a EU and member countries levels. Finally, we give an example of implementation of these policies. Taking into account there is no “French” case study, this example will be in France.

I. EMERGENCE AND DEFINITION OF SOCIAL EXCLUSION

Like most movement word of this kind, “exclusion” refers both to a process and to the status resulting from this process. More people are experiencing the process of exclusion than actually being excluded. Both meanings are mobilised when speaking of “social exclusion”.

Moreover, one is always excluded or being excluded from somewhere. Social exclusion is relative to a social norm, the “normal” way of living in a given society. Many third world people experience a status of poverty and distance from “regular” (European) employment which may appear of “exclusion”, by European standard, but which is not in their society. We speak of exclusion in our countries because links are disappearing which have been considered as normal for decades in Western Europe. This “European way of life” was a form of adaptation of the “American way of life”, which used to shape normal life in the fifties and sixties and most seventies. Economists labelled this model of society “Fordism”.

To speak of exclusion as a process is a powerful tool to describe the phenomenon of transition from Fordism towards most precarious situations with a whole range of middle situations such as long term unemployment or part time employment leading to the impossibility to reconstitute one's former way of living.

Let us remind that three pillars characterised Fordism ¹:

- ?? Taylorism which permitted sustainable productivity yields;
- ?? constant increases of purchasing power for the whole society (indexed upon productivity progress), especially for wage earners;
- ?? an equal income distribution pattern characterized this *montgolfire-balloon society* (a few rich, a few poor and a huge median class of salaried people) while this distribution pattern was organized through collective bargaining under the auspices of the welfare state.

To these economic characters, we should add the stabilization of a normal nuclear family (married people with two children). The whole model determined most of the picture of people-the-street way of leaving and even the common features of their housing, neighborhoods, network of friendship and type of leisure, expectations on their life cycle and their children's future, etc: all the world one may feel being excluded of. Inclusion in this model had thus three main dimensions: a stable link with the world of commodities and wages, a stable link with the welfare state based on reciprocity (taxes and social contributions in exchange of social benefits), and a stable family life (even though families could be unstable).

From the late 1970s onwards, this model entered in a crisis due to the destabilization of the two pillars:

- ?? new technologies reduced the competitiveness of Taylorism and increased the relative advantage of highly skilled workers,
- ?? globalisation of productive processes jeopardized the capacity of nation-state to regulate the increase of popular national demand in pace with gains of productivity.

¹See Lipietz *Towards a New Economic Order. Postfordism, Ecology, Democracy, Polity* - Oxford Univ. Press,

Facing these difficulties, European nations and regions adapted along two different lines². Some tried to adapt by over-passing Taylorism and promoting new methods of production (based on skill and involvement of workers in improving labor processes): Germany, Northern Italy, Austria, and Scandinavia. Others (the south and west of the continent) fostered a lowering of labor cost, through a flexibilization of work contracts linking wage earners and enterprises on the one hand and a decrease of unemployment allowances (and more generally social benefits) on the other hand. UK is clearly a showcase in that respect, especially for matters related to substitution of social law based work contracts by commercial law based ones. This phenomenon has led to a drastic change in income distribution characterized by a process of social tearing up³. This is the advent of *the Hourglass Society* in which the tier of the middle class is scaling down to the bottom of the social ladder and a small minority (e.g. the yuppies) experience massive purchasing power gains. As a result, four classes of people emerged:

- ?? high qualified categories with the corresponding income (executives, "modern petty bourgeoisie");
- ?? average income earners having stable contracts such as intermediate civil servants, technicians;
- ?? precarious (e.g. short term job contracts) and low income salaried (although not always unskilled);
- ?? people permanently excluded and actually expelled from the salaried society.

Finally, most precarious situations are those in which access to wage society is denied to people concerned, inducing eventually a loss of their access to social rights and to cultural resources, and then a loss of their capacity to sustain a family life, down to homelessness.

Londres - New York, 1992.

² See Lipietz Annual lecture of the *Review of International Political Economy*, Durham, 7 novembre, published as "The World of Post-Fordism", *Review of International Political Economy*, 4:1, Spring 1997.

³ See Lipietz *La société en sablier. Le partage du travail contre la déchirure sociale*, La découverte, Paris, 4

They are “excluded” from former way of life, which remains the norm for the top tiers of the society. Poverty as a "static" situation studied generally in terms of monetary poverty cannot reflect the interactions between those three phenomenons.

Clearly, that new model implies a huge movement of “exclusion” from the previous situation of a wide minority of residents. In addition, clearly these countries began to speak of “social exclusion” as early as in the eighties. Meanwhile, the center-north of Western Europe appeared as a rock of Fordist (or social-democrat) stability.

Yet, things changed in the nineties. The first shock came from the fall of Berlin wall and the crash of former European socialist countries, which induced a crisis of their western providers: Germany, Austria, and above all Scandinavia. A “Baltic crisis” spread out from former USSR and Poland to the north of western Europe. Moreover, the old (“flexibilized”) and new (ex-socialist) competitors put a renewed competitive pressure on standards of living of German, Austrian and Scandinavian wage earners.

In fact, that was accelerated by increasing free competition in Europe due to the implementation of the Single Act and the acceptance of recessive “Maastricht criteria” in 1992. The rich center-north of Europe experienced the meaning of “social exclusion”, especially in Germany, where a monetary and budgetary restriction made more difficult the absorption of eastern Landers. That does not mean that exclusion spread out in these countries as wildly as in the south and west, but that the phenomenon is now a common figure in European Union.

In terms of dynamics, three elements may help to characterize this process of social exclusion:

?? its specific aspects in the meaning that individuals are excluded not only of access to a job but also of a given territory and to the services it can yield to its community, during a definite period of time. However, it is to be noticed that

exclusion concerns more often groups than persons in a context of an elimination of neighborhood type of social and cultural relationships (including family) in contemporary developed societies (which is a different situation of let us say the 30's).

?? the mechanisms of exclusion i.e. how to characterize the situation that leads to exclusion (e.g. has the excluded person the possibility to change its way of life or not ?);

?? exclusion dynamics over time i.e. to measure exclusion not only as a result of a social or even a personal trajectory, but also as an anticipation of a job market related exclusion and more specifically the terms and conditions on which work, even precarious, can be obtained.

The emergency situations created by phenomena such as long term unemployment, homelessness, job discrimination based on race or sex and so on has led the EU to draw attention on them and on processes paving their way. A Minister Council's resolution on social exclusion and policies aimed at fighting against it was taken in 1989 and a relevant report was published in 1992. However, the fact that social exclusion now covers feelings and observations widespread among EU members does not mean that definition problems among countries are solved:

?? in **France**, the concept of "insertion" (exact contrary of exclusion) refers to social and economic integration in society and is a cornerstone of national policies combating exclusion;

?? in **Netherlands**, the debate about the "Social Renewal" especially the conjunction between unemployment, social protection problems, inequalities in access to education and health actually refers to exclusion;

?? in **Denmark**, discussions have focused on fears of a "two tiers society" whereas

taking into account of exclusion is noticeable in British actions for revitalization of urban centers.

II. STATISTICAL PICTURE OF SOCIAL EXCLUSION IN EU COUNTRIES OVER TIME

What could be done with statistics? The "case-study" chapters are dictated to the concrete experiences of life evoked by "exclusion". Yet, here we shall try to go as far as possible in the exploitation of classical economic figures.

To capture quantitative and qualitative dimensions of social exclusion over time is a difficult task considering the fact that exclusion has traditionally been handled in monetary or income terms with specific reference to the poverty concept. It is only recently (from 1993) -through European sample households- that other dimensions (housing especially) and more qualitative indicators of "perceived poverty" have been taken into account. Moreover, poverty rate and housing indicators are as old as 1994 (latest year available).

To begin this section, an overview of the evolution of Gross Domestic Product (GDP) per head and occupation rates is presented. Indeed, exclusion (or at least poverty) may be determined by the product of available average income by the rate of unemployment, that is exclusion from direct income. Then, retrospective data on unemployment and underemployment are analyzed. Figures related to income distribution as well as to consumption and poverty follow. Additionally, some indicators on inequalities in front of housing are presented. Finally, qualitative indicators of perceived poverty are discussed.

A. GDP per head and occupation rates

1. GDP per head

Table 1 shows GDP per head in 1986, 1990 and 1996 measured as index of Standard

Purchasing Power (SPP). SPP is a common reference currency for which each unit enables to buy the same amount of goods and services in the different EU countries during a given year. For instance, GDP converted in ECU through the current exchange rate does not actually permit a reliable comparison between quantities of goods and services produced and used in EU countries. It is so because current exchange rates do not exactly match with national price levels. Instead, SPP is a measure based on relative price and in order to ensure better accuracy in quantity comparisons.

Compared to a European average index of GDP per head (EU 15=100), Ireland appears to have improved its position largely between 1986 and 1996; as a result, its GDP per head fits today with EU average. Other small contributors to European GDP (Portugal, Greece, Spain, Austria and the Netherlands) have experienced quite a lot of progress. To the contrary, the two largest contributors -Germany: 24% of European GDP (expressed in terms of SPP) and France- have seen their relative position deteriorate. Some explanations may be given to interpret these discrepancies between European countries:

?? small countries of southern Europe (Portugal, Greece and, to a lesser extent, Spain) benefited of their economic integration to Europe especially during the second half of the 1980s;

?? German Unification Process has led to a reduction in GDP per head whereas France and mostly Sweden and Finland particularly suffered from the 1991-1993 recession. This adverse economic situation has led to stagnant and even negative growth rates during three years in a row for the two Scandinavian countries.

Table 1 :
Gross Domestic Product per Head,
index 100 = EU 15 average,

Calculated from Standard Purchasing Power (SPP) indicators

	1986	1990	1996
Belgium	101,9	103,0	112,5
Denmark	112,2	102,9	115,1
Germany	116,3	114,7	108,3
Greece	59,2	57,4	64,9
Spain	69,4	73,8	77,0
France	110,0	108,4	106,4
Ireland	60,9	71,2	99,7
Italy	100,5	100,1	105,1
Luxembourg	128,9	142,6	168,8
Netherlands	101,9	99,8	104,6
Austria	103,4	102,6	107,4
Portugal	55,2	58,6	67,5
Finland	99,9	100,9	93,1
Sweden	111,7	106,0	97,1
United Kingdom	98,7	97,7	98,9
EU 15 average	100,0	100,0	100,0
(SPP per head)	11 259	14 865	18 154

Source: Eurostat Yearbook 1997

2. Evolution of occupation rates

Later on in this chapter, we will see that an overall limited European growth in the first half of the 1990s (+1,5% between 1991 and 1995 instead of +3,3% between 1986 and 1990) led to a stagnation in employment. Let us consider first occupation rates among EU countries (cf. table 2,3,4), defined as the proportion of employed population in total population aged 15 to 64. It is flat at 68% between 1991 and 1997. An immediate explanation for this stagnation is the fact that while women increased their occupation level, men experienced a decrease appearing clearly during the 1990s. However, some variations proved to be more significant for specific countries:

?? contraction is particularly severe in the two Scandinavian countries of Denmark and mostly Sweden (respectively -2,5 and -7,1 points). It is interesting to notice

that women have supported most of the decrease in Denmark (-3,8 points instead of only -1,1 points for men) whereas in Sweden the decline was more evenly distributed among men and women (-6,9 and -7,3 points respectively);

?? by contrast, Ireland and Netherlands have known a significant growth of the occupation rate, especially for the latter (+4,5 points). Women have played an important role in this evolution since their rate has risen from 42,7% to 49,8% and from 53,6% to 61,3% respectively in Ireland and in the Netherlands.

These specific evolutions should not hide the fact that occupation rates for Southern European countries are still lagging behind those of Northern Europe. Over time, there did not seem to have a catching up between the two kinds of countries. Figures show that rates for Greece and Spain expanded during the period 1986-1997, Portugal knew stagnation in its occupation rate whereas Italy has to endure a fall by almost 2 points.

Table 2 : Occupation rate in EU countries (% of total population aged 15 to 64)

	1986			1991			1997		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Belgium	73,6%	45,8%	59,7%	72,0%	48,2%	60,1%	72,2%	52,9%	62,6%
Denmark	86,3%	76,1%	81,2%	86,3%	78,0%	82,2%	85,2%	74,2%	79,7%
Germany	81,2%	52,5%	66,9%	82,1%	61,2%	71,7%	79,3%	61,8%	70,6%
Greece	79,3%	41,0%	60,2%	76,0%	40,2%	58,1%	76,9%	46,0%	61,5%
Spain	78,9%	33,7%	56,3%	77,2%	40,7%	59,0%	75,1%	46,7%	60,9%
France	78,9%	57,8%	68,4%	75,4%	58,2%	66,8%	75,2%	61,0%	68,1%
Ireland	81,3%	39,6%	60,5%	78,7%	42,7%	60,7%	76,0%	49,8%	62,9%
Italy	78,4%	41,1%	59,8%	76,8%	44,2%	60,5%	72,2%	43,6%	57,9%
Luxembourg	79,9%	42,4%	61,2%	78,2%	44,6%	61,4%	75,7%	47,1%	61,4%
Netherlands (1)	79,7%	49,3%	64,5%	80,1%	53,6%	66,9%	81,4%	61,3%	71,4%
Austria	81,0%	51,4%	66,2%	80,0%	56,1%	68,1%	80,0%	61,8%	70,9%
Portugal	82,7%	53,7%	68,2%	82,0%	59,9%	71,0%	76,7%	60,3%	68,5%
Finland	79,3%	72,8%	76,1%	77,7%	71,7%	74,7%	75,8%	69,8%	72,8%
Sweden	85,9%	80,0%	83,0%	85,5%	81,4%	83,5%	78,6%	74,1%	76,4%
United Kingdom	85,9%	61,8%	73,9%	86,2%	66,0%	76,1%	83,1%	66,9%	75,0%
EU Average	80,8%	53,3%	67,0%	79,6%	56,4%	68,0%	77,6%	58,5%	68,0%
(1) % for 1987 instead of 1986									

Source: Eurostat Yearbook 1997 for years 1986 and 1991, Statistics in brief, Work Force Survey: 1997 main results, 1998/5

Table 3 : Occupation rate in EU countries (% of total population aged 15 to 24)

	1986			1991			1996		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Belgium	43,9%	41,6%	42,8%	37,6%	35,4%	36,5%	35,6%	29,9%	32,8%
Denmark	78,6%	71,7%	75,2%	75,4%	70,9%	73,2%	76,6%	70,8%	73,7%
Germany	61,8%	56,8%	59,3%	62,3%	58,6%	60,5%	53,6%	47,1%	50,4%
Greece	45,2%	33,3%	39,3%	43,4%	34,0%	38,7%	40,1%	34,1%	37,1%
Spain	54,5%	38,8%	46,7%	50,7%	40,1%	45,4%	43,7%	36,8%	40,3%
France	55,0%	47,9%	51,5%	42,3%	38,0%	40,2%	37,7%	32,9%	35,3%
Ireland	60,5%	52,0%	56,3%	53,2%	44,6%	48,9%	46,7%	40,1%	43,4%
Italy	52,8%	43,8%	48,3%	50,6%	41,6%	46,1%	43,0%	33,9%	38,5%
Luxembourg	59,7%	56,4%	58,1%	56,2%	50,0%	53,1%	42,8%	38,5%	40,7%
Netherlands(1)	61,4%	58,6%	60,0%	60,6%	60,1%	60,4%	61,3%	60,9%	61,1%
Austria	68,5%	59,4%	64,0%	66,6%	60,5%	63,6%	62,9%	56,4%	59,7%
Portugal	69,7%	53,0%	61,4%	62,2%	51,0%	56,6%	46,2%	38,3%	42,3%
Finland	56,4%	54,4%	55,4%	51,4%	50,8%	51,1%	49,3%	45,6%	47,5%
Sweden	65,1%	65,7%	65,4%	64,9%	64,8%	64,9%	43,6%	42,6%	43,1%
UK	75,2%	64,1%	69,7%	74,7%	65,4%	70,1%	68,4%	60,3%	64,4%
EU Average	60,6%	53,2%	56,9%	56,8%	51,1%	53,9%	50,1%	44,5%	47,3%
(1) % for 1987 instead of 1986									
Source: Eurostat Yearbook 1997									

Table 4 : Occupation rate in EU countries (% of total population aged 25 to 49)

	1986			1991			1996		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Belgium	95,6%	63,3%	79,5%	94,5%	68,1%	81,3%	93,9%	73,1%	83,5%
Denmark	94,3%	87,5%	90,9%	94,4%	88,8%	91,6%	93,8%	83,9%	88,9%
Germany	94,3%	61,3%	77,8%	94,5%	73,2%	83,9%	93,3%	74,8%	84,1%
Greece	96,2%	na	ns	95,2%	na	ns	95,8%	59,8%	77,8%
Spain	95,4%	38,3%	66,9%	95,1%	51,4%	73,3%	93,5%	60,4%	77,0%
France	97,0%	72,1%	84,6%	96,4%	75,1%	85,8%	95,9%	79,2%	87,6%
Ireland	94,6%	40,1%	67,4%	94,4%	49,2%	71,8%	92,8%	60,4%	76,6%
Italy	96,1%	51,1%	73,6%	94,8%	57,1%	76,0%	91,6%	57,8%	74,7%
Luxembourg	97,3%	48,8%	73,1%	96,6%	55,0%	75,8%	95,2%	58,8%	77,0%
Netherlands (1)	94,6%	56,1%	75,4%	95,0%	62,3%	78,7%	93,9%	70,1%	82,0%
Austria	96,2%	61,1%	78,7%	94,4%	66,9%	80,7%	93,9%	76,2%	85,1%
Portugal	95,0%	64,7%	79,9%	95,5%	74,2%	84,9%	94,3%	78,0%	86,2%
Finland	94,4%	88,2%	91,3%	93,3%	85,8%	89,6%	88,4%	83,4%	85,9%
Sweden	95,4%	90,4%	92,9%	94,2%	90,2%	92,2%	90,6%	86,5%	88,6%
United Kingdom	95,9%	68,9%	82,4%	95,6%	73,7%	84,7%	92,8%	75,1%	84,0%
EU Average	95,5%	63,7%	79,6%	94,9%	69,4%	82,1%	93,3%	71,8%	82,6%
(1) % for 1987 instead of 1986									
Source: Eurostat Yearbook 1997									

This stability of the proportion of population able to work in the overall population reflects of course the persistent weight of unemployment in Europe since the mid 1980s. Yet, the new forms of job flexibility reflected by indicators such as underemployment and generalization of part-time jobs have contributed to this stagnation of active population and to its feeling of exclusion.

B. Measurement and evolution of unemployment and underemployment

- Global and Long term unemployment rates

While global unemployment indicates the danger of being excluded, only long-term unemployment could be considered as of proper indicators of the status of exclusion.

Standard unemployment rates in EU countries presented in the corresponding table are measured in accordance with ILO recommendations stipulating that unemployment concerns:

- ?? persons aged 15 or more having no job, but are willing to have one during the reference period covered by the survey;
- ?? persons age 15 or more who have looking for a job before or during the reference period covered by the survey.

Unemployment rates thus refers to proportion of active population without a job and differs from "registered" unemployment i.e. persons registered to job center; strongly biased by conventions adopted by national authorities this type of measure does not permit international comparisons.

Since the middle of the 1980-decade, average unemployment rate in EU countries has

experienced three phases (Table 5):

Table 5 : Standard unemployment rate in EU countries (%)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	Aver. 86-91	Aver. 92-97
Belgium	11,5%	11,2%	10,2%	8,5%	7,6%	6,6%	7,3%	8,9%	10,0%	9,9%	9,8%	9,0%	9,3%	9,2%
Denmark	5,4%	5,5%	6,3%	7,5%	8,0%	8,4%	9,2%	10,1%	8,2%	7,2%	6,9%	5,4%	6,9%	7,8%
Germany	5,0%	4,9%	4,8%	4,3%	3,7%	5,6%	6,6%	7,9%	8,4%	8,2%	8,8%	9,9%	4,7%	8,3%
Greece	7,3%	7,3%	7,6%	7,4%	7,0%	7,0%	7,9%	8,6%	8,9%	9,2%	9,6%	9,6%	7,2%	9,0%
Spain	20,9%	20,4%	19,2%	16,9%	16,1%	16,4%	18,5%	22,8%	24,1%	22,9%	22,1%	20,9%	18,3%	21,9%
France	10,1%	10,3%	9,8%	9,3%	9,3%	9,5%	10,4%	11,7%	12,3%	11,7%	12,4%	12,6%	9,7%	11,9%
Ireland	18,0%	17,7%	17,1%	15,6%	14,4%	14,8%	15,4%	15,6%	14,3%	12,3%	11,6%	10,2%	16,3%	13,2%
Italy	10,4%	10,7%	10,7%	10,8%	9,9%	8,8%	9,0%	10,3%	11,4%	11,9%	12,0%	12,4%	10,2%	11,2%
Luxembourg	2,6%	2,4%	2,0%	1,8%	1,7%	1,7%	2,1%	2,7%	3,2%	2,9%	3,3%	2,5%	2,0%	2,8%
Netherlands	10,7%	9,9%	9,2%	8,5%	7,5%	5,8%	5,6%	6,6%	7,1%	6,9%	6,3%	5,5%	8,6%	6,3%
Portugal	8,2%	6,8%	5,6%	5,0%	4,6%	4,0%	4,2%	5,7%	7,0%	7,3%	7,3%	6,6%	5,7%	6,4%
UK	11,3%	10,3%	8,5%	7,0%	6,9%	8,8%	10,1%	10,4%	9,6%	8,7%	8,2%	7,1%	8,8%	9,0%
Austria	na	na	na	na	na	na	na	4,0%	3,8%	3,9%	4,4%	5,1%	na	4,2%
Finland	6,7%	4,9%	4,4%	3,3%	3,8%	7,6%	13,0%	17,5%	17,9%	16,6%	15,4%	15,0%	5,1%	15,9%
Sweden	2,8%	2,3%	1,9%	1,6%	1,8%	3,3%	5,8%	9,5%	9,8%	9,2%	10,0%	10,4%	2,3%	9,1%
EU total	10,0%	9,8%	9,2%	8,4%	7,8%	8,2%	9,3%	10,7%	11,1%	10,8%	10,9%	10,8%	8,9%	10,6%

Sources: Eurostat, Europe Social Picture, 1995 and 1998 editions; Statistics in brief, Work Force Survey: 1997 main results, 1998/5

- ?? firstly, a contraction until 1990 (- 2,2 points);
- ?? then, a rise between 1990 and 1994 because of the global recession that peaked during the years 1993-94 (+3,3%);
- ?? and finally, a slight reduction from 1995 until 1997 (-0,3 points).

Comparison of average rates between the second half of the 1980's and the beginning of the 1990-decade (extending to 1997) reveals a moderate increase (+1,7 points) due to common factors, i.e. the 1993-1994 recession, then the slow growth dictated by Maastricht criteria.. However, specific factors may help to explain why rate variations have occurred for some EU countries:

- ?? the 1992-1997 average for **Finland** is 15,9% against only 5% in the second half of the 1980s because of the severe economic crisis linked to the post-socialist “Baltic” crisis that hit more strongly this country by the beginning of the 1990s (output has decreased by 12% during three consecutive years). A limited recovery has led to a slight lowering of unemployment figures from 1995;
- ?? **Germany** experienced the adverse effect of integration costs of former German Democratic Republic from 1991. This factor finally engendered an average increase of 3,6 points between the two time intervals;
- ?? unemployment rates figures for **Greece** are notably underestimated in the meaning that they do not include persons living in institutions (contrary to ILO recommendations) and consider only private households; on three other hand informal labor and self-employment is more widespread in this country.
- ?? **Spain** is a specific case in the meaning that rates presented traditionally captures a great deal of informal and some of underemployment, hence a rate which is much more higher than in all others EU countries;
- ?? unemployment figures in **Portugal** used to show an underestimation caused by the fact that in a period of recession, a large number of people leave their

professional activity without being registered as unemployed;

?? from an extremely low level by the late 1980s, unemployment rate in **Sweden** has markedly increased since the beginning of the 1990 decade because of a recession (also linked to the Baltic crisis and to increased competition with lower standard of leaving competitors) that has hurt especially manufacturing and building sectors.

Despite this rise in standard unemployment rate, **long term unemployment** (persons being jobless since one year or more) measured as a percentage of total unemployed appears to have been cut from almost 5 points between 1986-1991 and 1992-1997 (Table 6). Here again, the situation is contrasted between EU countries:

?? actions to accompany long term unemployment (training, follow ups...) have developed in most EU countries. Northern Europe countries (Denmark, Sweden and, in a lesser extent, Finland) have been the most successful in that respect;

?? long term unemployment importance has widened in countries such as Germany, United Kingdom but also in Italy and in Portugal. For Germany, this indicator moves in the same direction that overall unemployment rate and reflects social integration costs of Eastern part of the country. In other countries mentioned here, a ratchet effect has seemingly occurred i.e. a situation characterized by a decrease in global unemployment which leads to a larger proportion of long term unemployed, less able to find again a job than those deprived from work since a shorter period of time;

?? significantly, proportion of long term unemployed remains extremely high in Italy and Belgium. In Italy, the probability to find again a job for this category of unemployed is as low as 12%.

Table 6 : Long term unemployment rate (1) (% of total unemployed)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	Aver. 86-91	Aver. 92-97
Belgium	76,6%	82,9%	86,5%	82,8%	71,1%	64,6%	54,2%	47,5%	56,0%	58,7%	59,3%	60,5%	77,4%	56,0%
Denmark	na	na	24,1%	22,9%	31,2%	33,7%	26,3%	26,6%	31,0%	27,1%	26,2%	27,2%	28,0%	27,4%
Germany	47,6%	50,1%	45,8%	48,3%	46,3%	49,6%	59,3%	69,3%	na	na	48,0%	50,1%	48,0%	56,7%
Greece	46,5%	48,4%	51,7%	56,5%	54,5%	51,1%	48,7%	49,7%	50,3%	50,3%	56,6%	55,7%	51,4%	51,9%
Spain	57,9%	60,4%	58,3%	56,1%	50,9%	47,4%	41,9%	44,7%	53,1%	53,9%	52,9%	51,8%	55,2%	49,7%
France	43,1%	45,2%	45,1%	44,1%	40,5%	36,5%	33,7%	32,0%	38,5%	40,6%	38,0%	39,6%	42,4%	37,1%
Ireland	67,9%	70,4%	69,0%	71,6%	67,6%	64,1%	55,7%	57,2%	63,9%	na	58,6%	57,0%	68,4%	58,5%
Italy	74,5%	69,2%	74,0%	74,8%	73,4%	77,1%	57,9%	57,2%	60,6%	62,4%	66,0%	66,3%	73,8%	61,7%
Luxembourg	nr	nr	nr	nr	33,3%	27,0%	nr	nr	40,0%	nr	33,3%	34,7%	30,2%	36,0%
Netherlands	na	53,2%	57,8%	56,3%	56,4%	52,9%	41,9%	43,3%	43,6%	47,1%	45,8%	49,1%	55,3%	45,1%
Portugal	57,6%	60,0%	53,6%	48,7%	46,9%	39,8%	28,1%	33,7%	40,2%	47,3%	50,0%	55,6%	51,1%	42,5%
United Kingdom	45,1%	46,8%	43,4%	38,5%	33,0%	28,0%	34,5%	42,4%	45,3%	43,0%	39,6%	38,6%	39,1%	40,6%
Austria	na	na	na	na	na	na	na	na	na	na	31,3%	28,7%	na	30,0%
Finland	na	na	na	na	na	na	na	na	na	na	33,2%	29,8%	na	31,5%
Sweden	na	na	na	na	na	na	na	na	na	na	18,2%	34,2%	na	26,2%
EU average	57,4%	58,7%	55,4%	54,6%	50,4%	47,7%	43,8%	45,8%	47,5%	47,8%	43,8%	45,3%	54,0%	45,7%

(1) persons being unemployed since one year or more

Sources: calculated from Eurostat, 1997 Yearbook and Statistics in brief, Work Force Survey: main results 1997, 1998/5

Actually, for the countries experiencing higher long term unemployed in recent years (Spain, Italy, Portugal for example), there is a ratchet effect i.e. a decrease in global unemployment leads to a larger proportion of LTU less able to find again a job. In this situation, exclusion appears to be **the permanent status of a class of people within *hour-glass society***.

2. Estimations of underemployment

Unemployment rates presented above do not offer a full picture of the "real" level of unemployment. Impact of specific policy measures related to the job market as well as importance of part time jobs, both revealing underemployment, have to be taken into account.

Tables 7 to 11 give such estimations of underemployment concerning EU countries for which data are available between the late 1980s and 1996-1997 years, and Table 12 gives the share of part time.

- ?? unemployment rates including part time jobs taken for economic reasons or because workers concerned have not found full-time jobs;
- ?? discouraged job seekers;
- ?? employment policy measures i.e. training programs, subsidized job creations, sabbatical leaves...;
- ?? pre-retirement schemes;
- ?? social aids showing transfers from unemployment insurance schemes towards public social assistance and including subsistence minimum wage.

Table 7 : Estimations of underemployment in 1987 (% of active population)

	Belgium	Greece	Spain	Ireland	Luxembourg	Netherlands (1)
Standard unemployment rate	11,2%	7,3%	20,4%	17,7%	2,4%	9,2%
Unempl. rate incl. part time jobs (a)	14,6%	8,7%	21,1%	24,7%	2,4%	na
Discouraged job seekers (b)	na	0,3%	0,8%	na	na	na
Employment policy programs (c)	3,4%	0,7%	na	na	0,5%	na
Preretirement schemes (d)	5,0%	na	0,0%	na	0,8%	1,6%
Social aids incl. disabled aids (e)	5,4%	na	1,4%	na	3,0%	na
Underemployment rate = (a) to (e)	28,4%	9,7%	23,2%	24,7%	6,7%	10,8%
(1) 1988						
<i>Source: calculated from national sources quoted in European employment Observatory, Sysdem n° 30, summer 1998</i>						

Table 8 : Estimations of underemployment in 1991 (% of active population)

	Belgium	Greece	Spain	France (1)	Ireland	Luxembourg	Netherlands (2)	Portugal	Finlande
Standard unemployment rate	6,6%	7,0%	16,4%	9,3%	14,8%	1,7%	5,6%	4,0%	7,6%
Unempl. rate incl. part time jobs (a)	13,2%	8,3%	16,6%	na	23,1%	1,7%	na	na	9,8%
Discouraged job seekers (b)	na	0,2%	0,4%	na	na	na	1,2%	na	1,5%
Employment policy programs (c)	3,9%	1,0%	na	7,0%	na	0,4%	na	2,2%	2,0%
Preretirement schemes (d)	5,8%	na	0,2%	na	na	0,9%	2,4%	na	na
Social aids incl. disabled aids (e)	5,4%	na	1,4%	na	na	13,9%	na	na	5,4%
Underemployment rate = (a) to (e)	28,3%	9,5%	18,6%	16,3%	23,1%	16,8%	9,2%	6,2%	18,7%
(1) 1990 (2) 1992									
<i>Source: calculated from national sources quoted in European employment Observatory, Sysdem n° 30, summer 1998</i>									

Table 9 : Estimations of underemployment in 1995 (% of active population)

	Belgium	Greece	Spain	Ireland	Luxembourg	Netherlands	Portugal
Standard unemployment rate	9,9%	9,2%	22,9%	12,3%	2,9%	6,9%	7,3%
Unempl. rate incl. part time jobs (a)	16,2%	10,9%	23,3%	24,3%	3,2%	na	7,5%
Discouraged job seekers (b)	na	0,3%	1,1%	na	na	1,5%	0,5%
Employment policy programs (c)	na	1,3%	na	na	0,7%	na	2,2%
Preretirement schemes (d)	na	10,1%	1,0%	na	0,9%	2,4%	0,5%
Social aids incl. disabled aids (e)	na	2,2%	1,5%	na	16,8%	1,1%	0,5%
Underemployment rate = (a) to (e)	16,2%	24,8%	26,8%	24,3%	21,5%	11,9%	11,2%

Source: calculated from national sources quoted in European employment Observatory, Sysdem n° 30, summer 1998

Table 10 : Estimations of underemployment in 1996 (% of active population)

	Greece	Spain	France	Ireland	Luxembourg	Netherlands	Portugal	Finlande
Standard unemployment rate	9,6%	22,1%	12,4%	11,6%	3,3%	6,3%	7,3%	15,4%
Unempl. rate incl. part time jobs (a)	11,2%	22,5%	na	23,0%	3,5%	na	7,4%	20,0%
Discouraged job seekers (b)	0,4%	1,0%	na	na	na	1,6%	0,5%	1,2%
Employment policy programs (c)	0,9%	na	11,2%	na	0,8%	na	0,7%	5,0%
Preretirement schemes (d)	9,8%	0,6%	na	na	0,8%	2,3%	na	na
Social aids incl. disabled aids (e)	2,4%	1,5%	na	na	17,5%	1,2%	na	2,5%
Underemployment rate = (a) to (e)	24,7%	25,7%	23,6%	23,0%	22,7%	11,4%	8,6%	28,7%

Source: calculated from national sources quoted in European employment Observatory, Sysdem n° 30, summer 1998

Table 11 : Estimations of underemployment in 1997 (% of active population)

	Spain	Ireland	Portugal	Finland
Standard unemployment rate	20,9%	10,3%	6,7%	15,0%
Unempl. rate incl. part time jobs (a)	21,4%	22,6%	6,8%	18,9%
Discouraged job seekers (b)	1,0%	na	0,5%	1,0%
Employment policy programs (c)	na	na	na	4,9%
Preretirement schemes (d)	0,6%	na	na	na
Social aids incl. disabled aids (e)	1,6%	na	na	4,9%
Underemployment rate = (a) to (e)	24,6%	22,6%	7,3%	29,8%

National sources quoted in European employment Observatory, Sysdem n° 30, summer 1998

Table 12 : Wage earners working part time (% of total employment for each category)

	1986			1991			1997		
	Men	Women	Weighted Average	Men	Women	Weighted Average	Men	Women	Weighted Average
Belgium	2,1%	22,6%	9,8%	2,0%	27,4%	12,4%	3,3%	31,4%	14,7%
Denmark	8,7%	41,9%	17,6%	10,5%	37,8%	15,6%	12,1%	34,4%	22,3%
Germany	2,1%	29,8%	13,5%	2,4%	30,1%	13,7%	4,2%	35,1%	17,5%
Greece	3,4%	10,4%	3,8%	2,2%	7,2%	2,7%	2,6%	8,1%	4,8%
Spain	na	na	na	1,6%	11,2%	4,5%	3,2%	17,4%	8,2%
France	3,4%	23,2%	9,9%	3,4%	23,5%	10,1%	5,5%	30,9%	16,8%
Ireland	2,5%	14,2%	5,4%	3,6%	17,9%	6,9%	5,4%	23,2%	12,3%
Italy	2,8%	9,5%	3,5%	2,9%	10,4%	3,9%	3,3%	13,7%	7,1%
Luxembourg	1,9%	15,6%	6,5%	1,5%	18,2%	8,0%	1,0%	20,2%	8,2%
Netherlands	na	na	na	15,7%	59,9%	23,4%	17,0%	67,6%	38,0%
Portugal	3,4%	10,4%	4,0%	4,0%	11,0%	4,4%	5,1%	15,0%	9,9%
United Kingdom	4,6%	45,0%	20,0%	5,5%	43,7%	19,8%	8,8%	44,8%	24,9%
Austria	1,2%	14,8%	6,6%	1,7%	18,7%	8,4%	4,0%	29,0%	14,9%
Finland	4,9%	na	ns	5,1%	na	ns	7,6%	15,6%	11,4%
Sweden	5,9%	42,6%	18,8%	7,4%	40,1%	17,3%	9,3%	39,9%	24,5%
EU Average	3,6%	23,3%	10,0%	4,0%	27,7%	10,8%	5,8%	32,3%	15,7%

Source: Eurostat, 1997 Yearbook and Statistics in brief and Work Force Survey: 1997 main results, 1998/5

The gap between "official" standard unemployment rate and the underemployment rate is significantly wide for countries like Belgium (between 1987 and 1991), Luxembourg, Ireland and Greece (from 1995). Significantly, wide here means that the latter is two times the former. On the opposite, this gap seems much more limited in Netherlands, Portugal and even France. Here again, country specific factors may help to explain such differences:

?? employment policy measures have had an important effect in mitigating unemployment rate in countries such as Finland and France and to a lesser extent Belgium whereas it has a very limited influence in Greece and in Luxembourg;

?? by contrast, in other countries, measures such as pre-retirement schemes and social assistance have had a greater impact in reducing unemployment compared to policies directed towards the job market. Greece, Netherlands, Luxembourg and Spain are belonging to this category of countries;

?? Finland and mostly Ireland are experiencing high proportions of persons working on a part time basis. In Ireland, unemployment rate including part time jobs represents even the double of the official unemployment rate.

Nevertheless, comparisons between EU members are hampered by some fallacies that must be taken into account:

?? In **Greece**, there have been an important number of retired people but most of people concerned have leave their job voluntarily because of the advantages procured by this pension system, and they may have found an informal or self-employed job. So, this may not be considered as an involuntarily type of underemployment;

?? As already indicated, situation in **Spain** is specific because standard unemployment rate captures a great deal of underemployment,. Resulting record unemployment rates in an EU context prove only sustainable in this country

because of the fact that two jobless out of three are living in a household inside which one adult has a job;

?? Importance of part time employment is the main characteristic of underemployment in **Ireland** but one has to take into account that part time employment is generally known as voluntarily in that country;

?? In **Luxembourg**, the importance of social and disabled assistance is due to a significant rise of beneficiaries of invalidity pensions and of guaranteed minimum wage earners between 1985 and 1996;

?? Importance of employment policy measures in **Finland** reflects the impact of subsidized job creation measures taken from the beginning of the 1990s, especially for young job seekers.

These estimations of underemployment may be interestingly put into perspective with distribution of employment among households (concerning only persons aged 20 to 59) according to working status of adults that compose them i.e.:

?? no adult is working;

?? at least one adult is working;

?? all adults are working.

The corresponding table (table 13) shows that focusing of employment i.e. simultaneous rise of households without any work and households in which all adults are working is a phenomenon observable in seven countries (France, Portugal and Netherlands being the exceptions):

Table 13 : Focusing upon employment among households (% of total households)

	1983				1994			
	No adult is working	Some adults are working	All are working	Total	No adult is working	Some adults are working	All are working	Total
Belgium	16,4%	41,8%	41,8%	100,0%	19,6%	28,8%	51,6%	100,0%
Germany	15,0%	32,5%	52,5%	100,0%	15,5%	25,6%	58,9%	100,0%
Greece	16,0%	46,3%	37,7%	100,0%	17,6%	38,9%	43,5%	100,0%
Spain	19,4%	54,5%	26,1%	100,0%	20,1%	48,1%	31,8%	100,0%
France	12,5%	30,6%	56,9%	100,0%	16,5%	27,9%	55,6%	100,0%
Ireland	17,2%	47,3%	35,5%	100,0%	22,3%	36,9%	40,8%	100,0%
Italy	13,2%	47,4%	39,4%	100,0%	17,2%	42,8%	40,0%	100,0%
Netherlands	20,6%	39,1%	40,3%	100,0%	17,2%	27,0%	55,8%	100,0%
Portugal	12,7%	38,3%	49,0%	100,0%	11,0%	32,6%	56,4%	100,0%
United Kingdom	16,0%	30,1%	53,9%	100,0%	19,0%	18,8%	62,2%	100,0%
EU Average	15,9%	40,8%	43,3%	100,0%	17,6%	32,7%	49,7%	100,0%

Source: Sysdem n°30, Employment Policy

?? average figures for ten EU countries reveals that proportion of households in which all adults are working have risen between the beginning of the 1980s and the mid 1990s (half of all households were concerned against only 43% in 1983); ?? However, in the same time, share of households in which no adult is working shows a moderate increase, which has to be linked to the increased number of poor households recorded during the same interval of time.

One explanation of this focusing of employment is to be found in the demographic trend of diminution of the number of adults composing households. It is a long term one, hence the diminution of the chances of being taken care by one of remaining adult (one household out of seven does not have any employed adult today). Here we notice the importance of our third link of inclusion. Though traditional family was surely an obstacle to independence of women, it was also some form of protection against the dangers of a pure market-society. Finally, we notice the ambiguity of the link “unemployment-exclusion”. A situation of underemployment may cover a situation of job-exclusion, but, by the same time, inclusion within the welfare-state system and/or the family life. Alternatively, it may signify an advanced form in the process of social exclusion for a single adult, specially a single woman with children.

C. Evolution of Poverty Rates over Time

1. Definitions and Conventions

The general definition of Poverty indicated by the Council of Ministers (12/19/1984) (“*persons whose financial, social and cultural resources are so limited so as to exclude them of the minimum standard of living acceptable in the country in which they live*”) leaves open ways of measurement in practice.

Data presented above adopted the so called *relative monetary approach* determining a standard of living regarded as "normal" for a given country and to consider as poor all private households -excluding homeless or persons living in socio-medical institutions i.e. frequently extremely poor- who have not access to that standard.

Data about households' poverty rates are building with reference to specific tools and conventions:

- ?? net monetary income: all income i.e. wage, capital revenue and rent plus social transfers;
- ?? equivalence ladders: they are used to adjust income according to households' size and composition. Such an instrument permits thus to grasp consumption patterns taking into account "economies of scale" procured by households' widening in size. The equivalence ladder used in relevant tables is the OECD modified ladder giving a weight of 1 for the first adult, 0,5 for each other adult and 0,3 for each child aged less than 14;
- ?? net equivalent monetary income: calculated by dividing net monetary income (including all social transfers) by the number of "equivalent adults" The meaning of this measure is best illustrated by an example: if a household with two adults earns 3 000 Euros per month, then it has an equivalent income of 1 500 Euros.
- ?? net average equivalent monetary income: obtained by dividing net equivalent monetary income by the number of "equivalent adults" in a given population.

Poverty level is generally defined as half of this net average: all households situated under this level are considered as poor. A second possibility is that poverty level may correspond to households earning an income less than 50% of the median equivalent monetary income

(better in our view⁴). Alternatively, this level may be related to spending, households spending less than 50% of the average are regarded as poor.

2. Some measures of overall poverty rates

Table 14 shows figures on poverty rates measured with reference to income and spending levels.

Poverty rates for late 1980's (between 1987 to 1989 according to countries) are calculated alternatively as less than 50% of **average income** and less than 50% of **average spending**.

The Eurostat study *Microdata Survey on Poverty* considered the former less precise than the former because of inconsistency in income data collected by national households budget surveys especially for some social categories (farmers, independent workers). As a result, poverty rates based on average income for most countries look strongly underestimated, for instance:

Table 14 : Poverty rates according to income and spending levels (% of total households)

	late 1980s			1994		
	50% of aver. income	50% of aver. spending	<i>Spending /Income</i>	50% of aver. income	50% of median income	<i>Median/Aver.</i>
Belgium	na	6,6%	na	15,7%	11,4%	-4,3%
Denmark	11,9%	4,2%	-7,7%	6,3%	4,4%	-1,9%
Germany	13,6%	12,0%	-1,6%	14,7%	10,9%	-3,8%
Greece	18,6%	20,8%	2,2%	21,1%	14,9%	-6,2%
Spain	12,9%	17,5%	4,6%	20,7%	14,7%	-6,0%
France	14,0%	14,9%	0,9%	14,0%	9,9%	-4,1%
Ireland	14,9%	16,4%	1,5%	24,8%	9,4%	-15,4%
Italy	12,8%	22,0%	9,2%	17,2%	12,5%	-4,7%
Luxembourg	5,1%	9,2%	4,1%	14,7%	9,5%	-5,2%
Netherlands	7,4%	6,2%	-1,2%	7,6%	5,2%	-2,4%
Austria	na	na	na	15,0%	12,1%	-2,9%
Portugal	20,2%	26,5%	6,3%	24,0%	15,9%	-8,1%
United Kingdom	22,4%	17,0%	-5,4%	22,6%	11,6%	-11,0%
Weighted Average	na	na	na	18,5%	13,6%	-4,9%

Sources: Eurostat, *Microdata Survey on Poverty and European Community Household Panel 2nd wave*.

⁴ The median is a better and more stable representation of the situation of (allegedly “included”) persons of the street, while the average may move up and down with revenues of the richest.

?? poverty rate of Spain would be smaller than those of Germany ! (12,9% against 13,6%):

?? UK would be the EU member with the highest poverty rate (22,4%).

Looking at poverty rates based on spending, data shows, as expected, higher rates in Southern Europe in comparison with Northern Europe. Portugal arises to be the poorest country and Denmark the richest; France, Germany and UK are situated in an intermediate level.

But, expressed in terms of numbers, poverty also concerns Northern Europe: two third of the 50 millions poor people registered by late 1980s were living in France (8 millions), Italy (12 millions), Western part of Germany (7 millions), UK (8 millions) and Italy (12 millions).

Differences between both measures of poverty rates are meaningful for some countries with a gap (positive or negative) of 4 points in what concerns Italy, Spain, Portugal, UK, Luxembourg, Belgium and Denmark. As regards poverty rates based on spending, Italian rate rise to 9 points whereas Denmark experience a fall of almost 8 points.

Data related to poverty rates for 1994 are obtained alternatively as less than 50% of average income and less than 50% of the median income. Income criterion is selected now because of the broader area of investigation covered by European Community Households Panel (ECPH), the data source. Median Income divides global income of a given population (ranked according to the equivalent income of their household) by two such as half of households earns more than this median income and the other half less. Median income is generally lower than average income: if the level of the wealthiest income rises more, then average income

rises too but not the median income because it varies according to a rank of households population. As a result, poverty rates based on median income are lesser than those based on average income by almost five points (13,6% instead of 18,5%):

?? in 1994, 4,4% of Danish households had an income less than half of their country's median income instead of 6,3% if average income is taken into consideration;

?? in Portugal and in Greece, the proportion was around 15% according to median income criteria but is climbing to 24% and 21% if average income is taken into account;

?? Germany, France, Belgium were near the EU average both in terms of average or median income;

?? the most surprising case is Ireland which poverty rate is limited to 10% according to the former but reached 25% according to the latter.

Not surprisingly, the difference increases in “hour-glass societies”. Not only the excluded are remote from the objective situation of the middle rank (median) household, but they may subjectively feel their exclusion from the spectacle of the standard of living of top-middle-class citizens (as illustrated by data related to consumption later in this section).

3. Variations in Poverty Rates against selected variables of risk

i. Impact of unemployment

Households poverty rates (dated late 1980s) related to employment situations for selected countries clearly (see table 15) show a correlation in the degree of unemployment and the level of poverty rates, except for Belgium. Households in which all adult members are jobless got a poverty rate well above the average rate, especially for countries of Southern Europe

(Spain and Greece).

Table 15 : Household poverty rates related to employment situations, late 1980s (% of total households)

	Belgium	Denmark	Germany	Greece	Spain	France	Ireland	Italy	Luxemb	Nethlands	Portugal	UK
Poverty rate in households in which one member or more is working	6,7%	2,6%	5,8%	14,3%	12,5%	9,1%	6,1%	16,3%	8,6%	3,7%	18,7%	6,9%
Poverty rate in households in which all members are jobless	6,4%	7,4%	21,4%	35,0%	32,0%	26,4%	37,1%	35,0%	10,6%	11,8%	47,5%	37,7%
Average Poverty Rate (1)	6,6%	4,2%	12,0%	20,8%	17,5%	14,9%	16,4%	22,0%	9,2%	6,2%	26,5%	17,0%
(1) poverty level is equal to 50% of average spending												
Source: Eurostat, Microdata Survey on Poverty												

Table 16 : Share of poor households by size, 1988 (% of total households in each category)

	Belgium	Denmark	Germany	Greece	Spain	France	Ireland	Italy	Luxemb	Nethlands	Portugal	UK	Total EU 12
Person on their own aged 65 or more	2,7%	2,4%	14,6%	11,1%	25,8%	22,6%	23,2%	10,7%	6,1%	7,4%	47,2%	23,7%	21,5%
Person on their own aged less 65	3,4%	2,9%	7,2%	33,1%	13,2%	8,7%	13,7%	28,7%	1,4%	2,4%	23,4%	9,1%	9,1%
Couples without children	2,9%	4,0%	8,0%	27,5%	17,2%	8,8%	9,1%	20,6%	3,4%	3,3%	28,6%	12,0%	12,4%
Couples with 3 children or less	7,5%	4,0%	10,8%	15,2%	12,6%	12,6%	13,3%	18,7%	10,9%	3,4%	15,1%	11,8%	12,5%
Couples with more than 3 children	29,8%	25,6%	30,1%	35,0%	27,9%	49,6%	29,9%	51,5%	25,0%	19,1%	44,2%	39,5%	38,5%
One parent families	15,4%	3,8%	25,2%	17,1%	20,7%	18,8%	24,5%	20,9%	17,2%	15,7%	27,2%	25,1%	21,6%
Other households	12,1%	0,0%	11,5%	25,8%	20,5%	20,0%	13,9%	23,0%	16,5%	3,6%	31,9%	11,4%	16,1%
Share for all categories	6,1%	3,6%	10,8%	20,6%	16,7%	14,0%	16,9%	20,6%	8,8%	4,3%	25,2%	14,6%	14,3%
Source: Eurostat, Microdata Survey on Poverty													

ii. Impact of households' variation in size

At the EU level (data late 1980s), poverty rates were increasing markedly for couples with more than 3 children (see table 16), this category of households got by far poverty rates (38,5% of households of the same sort) well above the average rate. The same phenomenon applies for persons on their own aged 65 (21% at the end of the 1980s and 19% in 1993). Instead, couples without children and with less than 3 saw their poverty rate divided by a factor of 3. In the Western Part of Germany, persons of their own aged 65 or more make up 45% of total poor households (55% in Portugal in 1993) while in France households with 5 persons or more represented 16% of total poor households. However, at an European level, these categories -most exposed to the risk of poverty- amounted only to 40% of the overall poor households, showing that poverty is a widespread phenomenon.

Her again we see the constraint of “normal family” (couple with 2 children) in the situation of exclusion/inclusion. In our individualistic societies, the third child is a luxury good affordable only to the well off.

* * *

To conclude, one could say that while poverty rates strongly contrast between EU countries, categories of households at risk of poverty are quite similar among EU members:

- ?? households with a single person aged 65 or more so as households with 5 persons or more (households with 4 children or more are particularly exposed);
- ?? households in which no adult working, the risk of poverty being particularly strong if the head of household is jobless.

4. Inequalities in income distribution

One other way to approach poverty is to measure inequalities in income distribution. 10% of the poorest population got 2,6% of total EU income in 1994 against 24% of income to the

10% of the richest. If we took the Income Gap Ratio between earnings of the 10% richest population and the 10% poorest, the EU weighted average give a ratio of 4,5 going from 2,6 for the lowest (Denmark) to more than 5 for Portugal and Greece. Ratios for Spain, Ireland, Italy, Austria and UK position around EU average and results for other countries suggest a more limited income gap.

It is difficult to grasp evolution over time because of difficulties in income record, as already mentioned. However, during the last 10 and 15 years, inequalities in income distribution seem to have increased in a number of OECD countries (except in Germany, France and Denmark) despite a larger contribution of social transfers. Clearly, there has been a widening of income gaps, at least for earnings based on work, because of massive unemployment that has limited the amount of available income.

Position of individuals in the income ladder is strongly linked to access to employment and more specifically to the degree of employment observed at the household level. It is thus a matter of interest to consider how the degree of employment variable may influence earnings distribution according to households with at least one full time job and households with only part time jobs (cf. table 17).

In EU 12 (1994 figures only), 75% of people belonging to households with a least one full time job were in the 60% wealthiest households, the phenomenon being most acute in UK, Greece and Belgium but less marked in Luxembourg, Germany and France. To the contrary, individual members of households in which nobody is working full time are more frequently represented among lowest income. In EU-12, 33% of households with only part time jobs were in the 10% of the poorest category. This trend appears to be effective in Germany, Portugal and Spain but less so in UK and in Belgium.

**Table 17: Income distribution according to the level of household employment in 1994
(% of total population for each type of households)**

	Households with at least one full time job			Households with only part time jobs		
	1st quintile	2nd quintile	3rd to 5th quint.	1st quintile	2nd quintile	3rd to 5th quintiles
Belgium	4,0%	14,0%	81,0%	28,0%	22,0%	49,0%
Denmark	5,0%	16,0%	79,0%	30,0%	27,0%	43,0%
Germany	9,0%	19,0%	72,0%	39,0%	18,0%	43,0%
Greece	4,0%	15,0%	81,0%	27,0%	24,0%	49,0%
Spain	6,0%	16,0%	78,0%	35,0%	23,0%	42,0%
France	9,0%	18,0%	73,0%	34,0%	22,0%	44,0%
Ireland	2,0%	12,0%	86,0%	20,0%	24,0%	56,0%
Italy	8,0%	18,0%	74,0%	33,0%	19,0%	48,0%
Luxembourg	15,0%	18,0%	67,0%	32,0%	13,0%	55,0%
Netherlands	9,0%	19,0%	72,0%	33,0%	19,0%	48,0%
Portugal	6,0%	18,0%	76,0%	42,0%	22,0%	36,0%
UK	5,0%	14,0%	81,0%	28,0%	23,0%	50,0%
EU 12 Average	7,0%	17,0%	75,0%	33,0%	21,0%	46,0%

Source: Eurostat, *Statistics in Brief: Population and Working Conditions, 1998/6*

D. Consumption and Housing Patterns as additional indicators of Poverty

When trying to make available statistics speak, one would like to get closer to the indicators of everyday life. There are some, at the European level (there are more at the national level, but comparison are more difficult).

1. Data about Consumption

Overall consumption per equivalent adult and split by social categories in 1994 (compared to an average index of 100) shows that consumption of the unemployed are significantly lower than this average for all countries and compared to all other categories (see table 18). However, the gap between the average index and the unemployed index is the most significant in Spain and less in Greece. This may be linked to the huge level of unemployment in these both countries. However, here again, unemployed consumption levels measured in that way are probably underestimated since it does not consider the favorable impact of neighborhood relationships -quite strong in these countries.

Table 18 : Consumption per adult equivalent according to social categories, 1994

	Belgium	Denmark	Greece	Spain	Italy	Luxembourg	Netherlands	Portugal	United Kingdom	Finland	Sweden
Manual workers	90	99	88	87	90	83	98	86	103	99	94
Intellectual workers	109	112	126	118	113	116	113	156	133	115	108
Self employed persons	102	124	117	106	116	122	114	100	124	120	103
Farmers	98	100	86	81	81	81	90	67	102	94	72
Unemployed	78	80	82	75	na	76	77	91	66	78	na
Average consumption	100	100	100	100	100	100	100	100	100	100	100

Source: Eurostat, Households Budget Survey 1994

Table 19 : Consumption structure according to social categories, 1994 (% of total consumption)

		Housing	Food, alcohol & tobacco	Transport. & communication	Leisure & culture	Clothing	Health	Others	Total
	Manual workers	35,1%	14,7%	13,1%	16,5%	6,8%	3,9%	9,9%	100,0%
	Intellectual workers	32,6%	13,2%	15,0%	17,7%	7,2%	3,5%	10,8%	100,0%
Belgium	Self employed persons	34,6%	14,1%	12,3%	16,5%	6,9%	3,0%	12,6%	100,0%
	Farmers	33,1%	14,8%	15,2%	16,2%	6,3%	3,3%	11,1%	100,0%
	Unemployed	40,6%	15,3%	12,2%	15,2%	4,4%	4,2%	8,1%	100,0%
	Manual workers	29,3%	23,6%	11,8%	9,2%	11,8%	4,7%	9,6%	100,0%
	Intellectual workers	29,4%	17,1%	13,2%	10,0%	16,0%	4,4%	9,9%	100,0%
Greece	Self employed persons	29,0%	19,0%	11,9%	9,8%	14,4%	4,3%	11,6%	100,0%
	Farmers	27,0%	28,9%	6,9%	8,9%	12,3%	4,7%	11,3%	100,0%
	Unemployed	34,3%	22,3%	11,1%	7,8%	9,9%	7,6%	7,0%	100,0%
	Manual workers	29,1%	27,7%	13,3%	14,6%	8,3%	2,1%	4,9%	100,0%
	Intellectual workers	28,2%	21,9%	15,4%	17,2%	7,8%	2,9%	6,6%	100,0%
Spain	Self employed persons	27,4%	24,1%	12,3%	17,6%	9,0%	3,1%	6,5%	100,0%
	Farmers	25,8%	30,5%	15,0%	12,2%	9,6%	2,6%	4,3%	100,0%
	Unemployed	29,4%	29,9%	12,5%	13,4%	6,9%	2,9%	5,0%	100,0%
	Manual workers	27,6%	25,6%	16,3%	12,8%	7,3%	2,8%	7,6%	100,0%
	Intellectual workers	29,0%	21,2%	15,9%	14,7%	7,8%	2,7%	8,7%	100,0%
Italy	Self employed persons	28,6%	21,3%	16,9%	14,1%	7,6%	2,5%	9,0%	100,0%
	Farmers	27,1%	27,8%	16,8%	11,8%	7,1%	2,5%	6,9%	100,0%
	Manual workers	34,0%	16,9%	17,1%	14,4%	8,5%	1,3%	7,8%	100,0%
	Intellectual workers	35,7%	12,3%	16,7%	17,6%	8,6%	1,2%	7,9%	100,0%
Luxembourg	Self employed persons	38,3%	11,5%	13,2%	17,7%	9,4%	1,5%	8,4%	100,0%
	Farmers	36,5%	20,5%	12,6%	10,1%	10,1%	1,4%	8,8%	100,0%
	Unemployed	33,6%	17,3%	15,1%	14,7%	6,6%	1,6%	11,1%	100,0%
	Manual workers	32,4%	14,5%	12,2%	15,9%	6,2%	1,1%	17,7%	100,0%
	Intellectual workers	31,8%	13,4%	12,3%	16,7%	6,2%	1,6%	18,0%	100,0%
Netherlands	Self employed persons	35,5%	15,2%	8,4%	15,1%	6,6%	1,3%	17,9%	100,0%
	Farmers	32,7%	16,6%	8,9%	13,1%	7,9%	1,8%	19,0%	100,0%
	Unemployed	36,8%	15,6%	8,2%	14,1%	6,9%	1,2%	17,2%	100,0%
	Manual workers	30,5%	20,9%	16,9%	13,9%	4,4%	3,0%	10,4%	100,0%
	Intellectual workers	31,3%	17,5%	16,6%	15,8%	5,2%	3,3%	10,3%	100,0%
Finland	Self employed persons	32,7%	17,9%	16,6%	14,0%	5,6%	3,6%	9,6%	100,0%
	Farmers	33,7%	20,6%	18,3%	11,2%	4,4%	3,1%	8,7%	100,0%
	Unemployed	33,6%	23,6%	15,3%	13,4%	3,3%	3,2%	7,6%	100,0%
	Manual workers	26,8%	24,2%	15,5%	16,3%	5,9%	2,4%	8,9%	100,0%
	Intellectual workers	23,1%	22,0%	17,8%	18,3%	7,1%	1,8%	9,9%	100,0%
Sweden	Self employed persons	20,8%	23,3%	17,5%	19,4%	7,7%	2,1%	9,2%	100,0%
	Farmers	22,5%	28,5%	17,2%	13,2%	7,6%	1,9%	9,1%	100,0%

Source: Eurostat, Households Budget Survey 1994

Consumption structure of unemployed for some European countries compared to other social categories (manual workers, intellectual ones, self-employed and farmers) shows unsurprisingly that a higher proportion of unemployed income is directed towards acquisitions of basic items (Housing, Food) than other categories except farmers (table 19).

2. Housing indicators

In all EU members for which data are available (see table 20), the number of rooms per unit of household is decreasing in correspondence with the size of household i.e. persons living alone got at least two times more rooms than couples with children. The same pattern applies for couples without children compared to the ones which have some. This trend tends to become even more significant between 1988 and 1994, reflecting partly the impact of diminution in households' size.

In 1994, the average number of rooms per unit of household in the 12 EU countries was 1,9 but some countries are quite far of this average. In Greece and Italy, for instance 29% and 23% of the households were living in an overcrowded house (defined as more than one person per room) (see table 21).

Table 21 : Households living in an overcrowded home (1) (% of total households,1994)

Belgium	5,0%
Denmark	3,0%
Greece	29,0%
Germany	7,0%
France	8,0%
Ireland	15,0%
Spain	13,0%
Italy	23,0%
Luxembourg	8,0%
Netherlands	1,0%
Portugal	23,0%
UK	5,0%
Austria	na
Finland	na
Sweden	na

EU Average 11,0%

(1) more than one person per room

Source: Eurostat, Europe Social Picture, 1998 edition

Table 20: Average number of rooms per unit of household and by size of household

	Belgium		Denmark		Greece		Germany		France		Ireland	Spain		Italy		Luxembourg		Netherlands		Portugal		United Kingdom	
	1988	1994	1988	1994	1988	1994	1988	1994	1988	1994	1994	1988	1994	1988	1994	1988	1994	1988	1994	1988	1994	1988	1994
Persons on their own aged 65 or more	3,9	4,6	3,1	4,0	2,6	3,3	3,1	3,7	2,6	4,1	5,0	3,6	4,9	2,9	3,6	4,6	5,0	3,6	4,7	3,2	4,2	4,0	4,4
Persons on their own aged 30 to 64	3,9	4,6	3,2	4,1	2,5	3,4	2,8	3,7	2,4	3,8	4,8	3,3	4,7	2,9	3,8	3,9	3,9	3,3	4,8	3,5	4,4	4,0	4,5
Couples of elderly people (65 or more), without children	2,5	2,7	1,9	2,6	1,9	1,9	2,0	2,3	1,9	2,5	2,9	2,2	2,5	1,7	2,1	2,8	3,2	2,1	2,8	2,0	2,3	2,3	2,7
Couples aged less 65, without children	2,4	2,6	1,8	2,5	1,9	2,0	2,0	2,2	1,7	2,3	3,0	2,1	2,5	1,8	2,1	2,4	2,6	2,4	2,6	2,0	2,3	2,4	2,7
Couples with one child	1,7	1,8	1,5	1,8	1,4	1,4	1,4	1,6	1,3	1,6	2,0	1,5	1,7	1,3	1,4	1,7	1,7	1,6	1,9	1,4	1,5	1,7	1,8
Couples with two children or more	1,2	1,4	1,0	1,4	1,0	1,0	0,9	1,3	0,9	1,3	1,3	1,1	1,3	0,8	1,1	1,2	1,4	0,9	1,4	0,7	1,1	1,1	1,4
One parent families with one child or more	1,9	2,0	1,6	1,9	na	1,6	1,6	1,8	1,3	1,9	1,9	1,6	2,0	1,4	1,8	1,9	2,0	1,8	2,2	1,4	1,7	1,8	2,0
Average number of rooms for all households	2,5	2,8	2,0	2,6	1,9	2,1	2,0	2,4	1,7	2,5	3,0	2,2	2,8	1,8	2,3	2,6	2,8	2,2	2,9	2,0	2,5	2,5	2,8

Source: Eurostat, Europe Social Picture, 1998 and 1995 editions

Table 22 : Households lacking selected basic housing conveniences (% of total households)

	Toilets inside flat				Bath or shower				Current hot water			
	1980	1988	1994 (1)	1994 (2)	1980	1988	1994 (1)	1994 (2)	1980	1988	1994 (1)	1994 (2)
Belgium	13,0%	6,0%	3,0%	7,0%	20,0%	8,0%	5,0%	12,0%	30,0%	13,0%	5,0%	9,0%
Denmark	na	3,0%	2,0%	5,0%	11,0%	6,0%	4,0%	12,0%	3,0%	na	1,0%	5,0%
Greece	na	15,0%	10,0%	28,0%	na	15,0%	9,0%	25,0%	na	16,0%	16,0%	41,0%
Germany	13,0%	6,0%	2,0%	5,0%	7,0%	6,0%	3,0%	5,0%	7,0%	2,0%	7,0%	12,0%
France	13,0%	6,0%	3,0%	9,0%	20,0%	7,0%	5,0%	13,0%	12,0%	5,0%	3,0%	7,0%
Ireland	13,0%	6,0%	4,0%	6,0%	20,0%	8,0%	5,0%	9,0%	19,0%	9,0%	6,0%	11,0%
Spain	8,0%	3,0%	2,0%	3,0%	17,0%	4,0%	2,0%	5,0%	23,0%	na	4,0%	8,0%
Italy	4,0%	1,0%	1,0%	3,0%	12,0%	5,0%	3,0%	3,0%	22,0%	7,0%	3,0%	5,0%
Luxembourg	na	1,0%	1,0%	2,0%	na	3,0%	2,0%	3,0%	na	3,0%	2,0%	9,0%
Netherlands	na	na	1,0%	3,0%	4,0%	1,0%	1,0%	3,0%	na	1,0%	1,0%	2,0%
Portugal	na	20,0%	16,0%	30,0%	na	na	18,0%	35,0%	na	na	24,0%	45,0%
UK	7,0%	1,0%	0,0%	1,0%	3,0%	1,0%	1,0%	1,0%	na	na	0,0%	0,0%
EU Average	10,1%	6,2%	3,8%	8,5%	12,7%	5,8%	4,8%	10,5%	16,6%	7,0%	6,0%	12,8%
(1) All households												
(2) Households with low income ie with less than 50% of average net income of each country												
Source: Eurostat, Europe Social Picture, 1998 and 1995 editions												

As regards basic housing conveniences (toilets inside accommodation, bath or shower, current hot water), situation has generally improved between 1980 and 1994 in all countries

(see table 22). However, if one split in 1994 households being poor in the meaning considered above, they still lack these conveniences in a proportion that is often worse than it was in 1988 for all households. For example,

10,5% of poor households were still lacking bath or shower in the 12 EU in 1994 compared to only 5,8% in 1988 for all households).

E. Qualitative indicators on perceived poverty

Other non monetary indicators refers to households' perception of poverty (answers are dated 1995) with special reference to two aspects:

?? household considering they can not afford specific consumer goods;

?? household declaring that their income permit them hardly or easily to make both ends meet.

Table 24 show that countries of Southern Europe (Spain, Italy, Portugal and Greece) are those in which there is a higher percentage of households being not able to buy selected consumer goods:

?? 59% of Portuguese households can not have one week of holidays instead of only 11% for their German counterparts;

?? Proportions are situated between 40% and 50% in other southern European countries but also for British households.

Unsurprisingly, there are much less negative answers to the question "can you afford to buy new clothes?"; however, countries such as Portugal and Greece got the highest percentage of

negative responses with respectively 47% and 32%, while British households are no more in special difficulty.

The second indicator on perceived poverty confirms answers to the first question, i.e. a large majority of households in southern European countries find it difficult or extremely difficult to make ends meet (see table 25). However, some countries in Northern Europe (UK and Ireland) are also experiencing such hardships with respectively 62% and 60% of households that cannot easily live on their income.

Table 24 : Households declaring they can not afford given goods, 1995 (% of total households)

	Can't afford a week of holidays outside place of residence	Can't buy new clothes
Belgium	28,0%	12,0%
Denmark	15,0%	5,0%
Greece	50,0%	32,0%
Germany	11,0%	14,0%
France	32,0%	9,0%
Ireland	38,0%	8,0%
Spain	13,0%	8,0%
Italy	38,0%	15,0%
Luxembourg	13,0%	5,0%
Netherlands	14,0%	13,0%
Portugal	59,0%	47,0%
United Kingdom	42,0%	16,0%
Austria	24,0%	10,0%
Finland	na	na
Sweden	na	na
EU Unweighted Average	29,0%	14,9%

Source: European Community Households Survey 2nd wave, quoted in Eurostat, Europe Social Picture, 1998 edition

Table 25 : Households declaring it is easy or difficult to live off with their income, 1995 (% of total households)

	Extremely difficult, difficult or rather difficult	Very easy, easy or quite easy
Belgium	42,0%	58,0%
Denmark	31,0%	69,0%
Greece	78,0%	22,0%
Germany	30,0%	70,0%
France	51,0%	49,0%
Ireland	60,0%	40,0%
Spain	63,0%	37,0%
Italy	68,0%	32,0%
Luxembourg	17,0%	83,0%
Netherlands	31,0%	69,0%
Portugal	78,0%	22,0%
United Kingdom	62,0%	38,0%
Austria	54,0%	46,0%
Finland	na	na
Sweden	na	na
EU Unweighted Average	51,2%	48,8%

Source: European Community Households Survey 2nd wave, quoted in Eurostat, Europe Social Picture, 1998 edition

Finally, these results are broadly consistent with our interpretation of the split between post-Fordism in the eighties and to indicators on monetary poverty, especially those related to income inequalities between Southern and Northern Europe. Considering perceived poverty indicators however, situation in Ireland and UK may well be worse than the one shown by indicators on monetary poverty. Such a situation has to be linked with figures on long term unemployment that have significantly risen since the beginning of the 1990 decade-in particular in UK. But also with the fact that family links are more deteriorated in "richer" UK than in Spain or Portugal, hence the specific difficulty to "afford a place outside" by comparison to "afford new clothes".

F. Impact of Domestic Production on Poverty

Domestic production may be defined as goods and services produced by households for their own needs, besides their professional activity. Several indicators may attempt to approach domestic production such as diversity of activities performed by identifying:

- ?? basic domestic production i.e. child care, linen and dishes washing up, cooking, house cleaning;
- ?? enlarged domestic production: basic domestic production plus gardening, do-it-yourself and sewing,

and time spent calculated either in minutes or converted into monetary equivalent.

Table 26 presents data for France (end of the 1980 decade) about time spent on domestic production by households split into income slices. Compared to a reference income slice for each category of households (here couples, women single, men single, one parent families), differences in time spent on domestic work for each income slice are shown.

As expected, households under the reference income tend to spend more time on domestic work than richer households that prefer to pay somebody for that kind of work.. The excess of time of poorer households (earning less than 38 790 FRF or less than 30 000 FRF according to categories) does not seem to be higher than other households under the reference income. That is to say, that lack of income is not compensated by a significantly higher domestic production.

This does not mean that exclusion is indifferent to extra-economic activities. Rather, it may be induced that, when excluded from job, one is likely to lose the capacity to mobilize other resources such as family or, as will be shown in other chapters, neighborhood resources. Exclusion once again appears as a multi-linkages social phenomenon.

Table 26 : Time spent on basic and enlarged domestic work: France late 1980s

Income per unit of consumption	% of respondents	Aver. time spent for domestic work (1)		Difference with ref. income slice (2)	
		basic	enlarged	basic	enlarged
Couples (with or without children)					
less than 30 000 FRF	7,0%	6:27	8:43	+30,0	+33,0
from 30 000 to 38 790 FRF	7,8%	6:48	9:12	+51,0	+62,0
from 38 791 to 46 230 FRF	9,3%	6:29	8:38	+32,0	+28,0
from 46 231 to 54 172 FRF	9,8%	6:20	8:40	+23,0	+30,0
<i>from 54 173 to 62 749 FRF</i>	<i>10,2%</i>	<i>5:57</i>	<i>8:10</i>	<i>+0,0</i>	<i>+0,0</i>
from 62 750 to 72 179 FRF	10,4%	5:49	7:58	-8,0	-12,0
from 72 180 to 83 842 FRF	11,6%	5:40	7:46	-17,0	-24,0
from 83 843 to 100 247 F	11,6%	5:27	7:24	-30,0	-46,0
from 100 248 to 129 566F	10,9%	5:11	6:58	-46,0	-72,0
129 567 FRF and more	11,5%	4:45	6:15	-112,0	-115,0
Average		5:49	7:52	ns	ns
Women single					
less than 38 790 FRF	24,5%	3:13	4:04	-9,0	-15,0
from 38 791 to 54 172 FRF	21,7%	3:41	4:49	+19,0	+30,0
<i>from 54 173 to 72 179 FRF</i>	<i>18,0%</i>	<i>3:22</i>	<i>4:19</i>	<i>+0,0</i>	<i>+0,0</i>
from 72 180 to 100 247 FRF	19,2%	3:13	3:58	-9,0	-21,0
100 248 FRF and more	16,5%	2:28	3:07	-66,0	-72,0
Average		3:13	4:06	-9,0	-13,0
Men single					
less than 38 790 FRF	19,3%	2:04	2:52	+7,0	+24,0
from 38 791 to 54 172 FRF	15,6%	1:53	3:01	-4,0	+33,0
<i>from 54 173 to 72 179 FRF</i>	<i>17,1%</i>	<i>1:57</i>	<i>2:28</i>	<i>+0,0</i>	<i>+0,0</i>
from 72 180 to 100 247 FRF	21,5%	2:11	2:51	+14,0	+23,0
100 248 FRF and more	26,6%	1:28	1:58	-31,0	-30,0
Average		1:53	2:35	-4,0	+7,0
One parent families					
less than 38 790 FRF	34,5%	4:39	5:26	+77,0	+84,0
<i>from 38 791 to 62 749 FRF</i>	<i>32,9%</i>	<i>3:22</i>	<i>4:02</i>	<i>+0,0</i>	<i>+0,0</i>
62 750 FRF and more	32,6%	2:40	3:21	-42,0	-41,0
Average		3:35	4:18	+13,0	+16,0
<i>In Italics = reference income</i>					
(1) hours and minutes					
(2) minutes					
Source: INSEE, Enquête Modes de Vie 1988-1989					

III. EU POLICIES COMBATING SOCIAL EXCLUSION

A. Chronology of EU policies against exclusion

The main steps in what concerns this policy show first that EU awareness of social exclusion comes as late as 1989 and secondly that policies targeted against exclusion seems to focus primarily on job market type of exclusion:

- ?? 1957: Treaty of Rome including the creation of the Social European Fund (SEF) through item 123 aimed to fight long term unemployment and to facilitate job insertion of young and excluded persons in a more general purpose: building Europe with social cohesion (items 117 and 118);
- ?? During years 1957-1974, European programs were more focused on economic matters i.e. building Europe to face the increasing international competition. There was a limited number of social programs targeted towards specific populations and actions (women, handicapped, improvement in working conditions).
- ?? It is only in 1975 that the first Social Action Program (SAP) aimed at fighting against poverty was passed by the Council of Ministers (it was allocated with a 20 millions ECU budget). Concerning the 1985-1986 period, the second SAP (known as Poverty 2) was enacted in 1984 (with a budget equal to 29 million ECU). Nevertheless, these programs did not constitute an overall policy against exclusion because they were focusing on social innovations and on exchange of experiences.
- ?? 1988: publication of an *interim report on the specific European action in what concerns fight against poverty* that has paved the way to several new decisions taken the following year.

?? 1989 is a key year in the meaning that several key decisions have been taken:

- ? ?the basic social rights Charter is endorsed (not compulsory and not endorsed by UK): it stipulates specific social rights on the European job market;
- ? ?creation of an group Poverty-Social Exclusion concerning several European directions;
- ? ? a new SAP (Poverty 3) is passed (with a significantly increased budget of 55 millions ECU). This program is still concerned with social innovations and exchange of experiences but also insists on the need of a better coordination of EU actions towards underprivileged people. Similarly, it is said that knowledge of the disadvantaged sections of the population has to be improved thanks to appropriate studies and statistics.
- ? ?creation of national Observatories of policies fighting against social exclusion funded by FSE in order to improve their efficiency.
- ? ?Creation of the European Anti-Poverty Network (EAPN) with European NGOs fighting against poverty.

?? 1992: Maastricht Treaty comprising an annex on a Protocol on social policy including for the first time fight against exclusion (that has to be understood as integration of people excluded from the job market). However, it has to be noticed that the Protocol stipulates that only minimal requirements would be enacted through European directives. According to matters of intervention, qualified or unanimous majority of member countries is needed to decide on social policy issues:

Matters requiring unanimity of EU countries	Matters requiring qualified majority of EU members	Matters outside EU intervention
Workers Social Security	Improvement in the working environment (health, security)	Wages
Workers Social Protection	Working Conditions	Unions Laws
Workers Protection in case of firing off	Workers Information and Consultation	Strike Laws and Lock-Out
Workers and Employers representation	Men and Women Equality	
Job Conditions for non EU migrants	Integration of Excluded People from the job market	
Financial assistance towards job creations		

?? 1993: preparation by the Commission of an Poverty 4 program (122 millions ECU budgeted) which should have cover the period 1994-1999, but Germany has refused to endorse it in 1994;

?? 1994: White report on Social Policy expanding fight against exclusion related to the job market to other domains (housing, aging and health); employment remains however a priority through tailor made measures such as training policies, minimum workers rights, health and security conditions in the workplace, insertion of non EU migrants;

?? On this basis, proposed SAP for 1995-1997 concerning exclusion from the job market mixing new economic and social programs and existing ones such as SEF, Leader, Urban), specific actions towards handicapped and elderly people, forum of European NGO fighting against poverty. This SAP has few constraining action measures and is corseted by application of subsidiarity principle between EU and countries levels of decision (which has blocked the program Poverty 4 and specific measures towards elderly people).

?? SAP 1998-2000 aiming at promoting a decent quality of life and standard of living in an inclusive society encourages access to employment, good working conditions and equality of opportunity.

B. Some results of EU policy instruments against exclusion

1. Overview of the main European funding

Three types of European financial contributions are currently implemented:

- ?? mainstream Structural funds which include purpose programs and Community Initiative Programs (CIPs);
- ?? cohesion funds;
- ?? European action programs such as SAP i.e. Poverty programs.

Purpose Programs are contributing to finance national and local development operations in favor of disadvantaged areas, the ultimate goal being to mitigate inequalities of development between EU regions. CIPs translate specific EU policies into action. Four Structural funds are operating:

- ?? European Regional Planning Fund (ERPF) which accounts for 50% of the European budget for the 1994-1999 period;
- ?? European Social Fund (ESF) equivalent to 30% of the budget for the same period;
- ?? European Agricultural Orientation and Guarantee (EAOGF) and Fishing Orientation Financial Instrument (FOFI) both equal to 20% of the budget.

Out of the six objectives pursuing by these Structural funds:

- ?? areas lagging behind in economic development;
- ?? declining industrial areas;
- ?? employment and training;
- ?? agricultural modernization;
- ?? fragile rural areas;

?? arctic regions,

some are relevant in what concerns fight against poverty and social exclusion, as illustrated in the following table:

	Goal 1	Goal 3	Goal 4	Goal 5
Definition	Structural Adjustment of Areas lagging behind	Fight against long term unemployment, professional insertion	Manpower adaptation to industry changes	Structural Adaptation of fragile rural areas
Target Public		People at risk of exclusion i.e. young, long term unemployed, handicapped, drug addicts and women	Poorly qualified wage earners in SSEs less than 250 employees	
Examples of Actions	Creation and Development of socio-economic Activities, Enhancement of Human Resources	Mostly training, also individualized social support	Salaried and Teacher Education	Opportunities in creation of jobs for local communities
Funding Details	EU may finance up to 75% of the project total amount	EU may finance up to 50% of the project total amount		

The main Community Initiative Program related to fight against exclusion is CIP Horizon. The objective of this program is to grant job opportunities for disadvantaged categories of population such as handicapped, migrants, ex-prisoners, people without permanent accommodation. Other relevant CIPs are Helios (focused exclusively on handicapped persons), Youthstart (professional insertion for young people less than 20) and Integra

(devoted to migrants and refugees). It is to be remarked that CIP Horizon is linked with:

?? the Urban Program which goals are to include again excluded or marginalized people in the framework of urban district rehabilitation operations;

?? the Leader Program, which is the counterpart for Urban in what, concerns rural areas.

Cohesion Funds are conceived to help some EU members (i.e. Greece, Portugal, Spain and Ireland) in the finance of important projects in areas such as environment, transportation infrastructures.

The purpose of European Actions Programs is to encourage common transnational actions in specific domains. As already mentioned, SAPs -Social Action Programs against poverty and more specifically Poverty 3 and 4 programs- are concerned with help to innovative actions against poverty and exchange of experiences related to specific target groups, i.e. one parent families, long term unemployed, young unemployed, migrants, marginalized people especially homeless and elderly people.

2. Past and proposed achievements in EU programs fighting against social exclusion

Achievements related to European Social Fund (ESF) **for the period 1989-1993** concerned 13 millions persons split as follows:

- ?? long term unemployed (33%);
- ?? other jobless (31%);
- ?? persons at risk of exclusion (6%);
- ?? migrants (3%);
- ?? women and retired persons (2%);

?? handicapped (2%);

?? others (21% including employees and SSE).

During the same period, France and UK were the main recipient countries with almost 50% of the total budget targeted towards objectives 3 and 4 (which amounts to 6,7 Mds ECUS).

In what concerns **the period 1994-1999** covered by SAP 4, it is anticipated that 11% of total funding should be devoted to adults and young people at risk of exclusion. It has to be reminded however that 19% and 20% of total funding would be directed towards long term unemployed and young people looking for a job respectively. Moreover, a 1996 paper about ESF strategic orientations consider that a priority should be given to programs aimed at job creation at a local level and at the SSE level.

The proposed SAP 1998-2000 anticipates a closer integration between social policy of EU countries and other actions such as developing equal opportunities between women and men as well as integration of health protection requirements. In particular, social policy is viewed to have an important role to play in promoting an inclusive society aimed at:

?? Modernising and improving social protection in particular adapting the system to the consequences of an aging population and the resulting increased costs;

?? Enhancing job creations and preventing unemployment through linking employability, entrepreneurship, adaptability and equal opportunities in front of the job market for women, young, long term unemployed.... Special attention will be provided to human resources development especially by using NTIC.

?? Promoting free movement of workers between EU countries.

Moreover, in the prospect of EU enlargement to some Eastern Europe countries, the Commission will:

?? Assure the gradual involvement of accession countries in social policy programs and activities especially for employment related subjects, considered as key aspect of integration;

?? Assist applicant countries to improve their social infrastructures and legislation in order to bring it to existing EU standards.

Finally, face to hardening economic conditions, European policy makers are aimed to better understand and to make a diagnosis of problems involved by social exclusion and to reorganize programs in a more efficiency-oriented approach.

C. Impact of EU policies against exclusion on national policies

1. Country Policies

Germany

Social assistance to underprivileged people is governed by the social federal law (*Bundessozialhilfegesetz*) dated 30/6/61. Boroughs and *Länder* are in charge of the management of Social Assistance. This one entails two components:

?? a subsistence allocation (*Hilfe zum Lebensunterhalt*) ensuring a minimum guaranteed income;

?? benefits paid to help groups in need of a specific assistance during a given period of their existence (*Hilfe in besonderen Lebenslagen*).

The latter type of assistance concerns notably medical care for people not insured to the social security or refund for schooling expenses. Prior to 1995, handicapped persons were the category of population that was mostly helped, but the dependence insurance for elderly people made into law in 1995 begins to change this matter of fact.

Municipalities and *Länder* are also in charge of the housing policy for the disadvantaged, the former being in charge of the urgent accommodation and of the management in attribution of public housing while the latter has merely a role of regulation, funding and management of resources.

German unemployment system of protection is of a dualistic nature in the meaning that it considers both aspects of:

?? **employment promotion** i.e. vocational training outside or inside companies and wage costs reductions in order to create job positions for the benefit of specific categories of people without any work (public concerned especially are long term and(or) aged unemployed);

?? **compensation for jobless** through the unemployment insurance (*Arbeitslosengeld*) and an welfare system (*Arbeitslosenhilfe*) for those deprived of work who are no more entitled to unemployment benefits.

Traditionally, 50% of the social budget is directed towards to employment promotion measures while in 1992, three quarters of the German got indemnification through the unemployment insurance system despite the strong rise of the compensation based on assistance. Like many of its European counterparts, Germany leans to incite jobless -either entitled to unemployment insurance or not- to find actively a job by means of specific measures (wage costs reductions and part-time training courses).

Austria

During the 1970s, the welfare system used to be quite generous:

?? beneficiaries were entitled to sickness insurance and every citizen had access to

health care;

?? welfare allowances for unemployed no more entitled to unemployment benefits were equal to 95% of these benefits and were paid during 52 weeks;

?? other excluded persons benefited of a social assistance, granted by each *Länder* and calculated according to a subsistence level fixed by the Ministry of Social Affairs.

During the 1980s however, access to the welfare system has become increasingly tied with incentives measures in order that unoccupied persons look by themselves for a job.

Belgium

Welfare system in Belgium comprises two kinds of compensations::

?? allowances targeted to specific groups i.e. elderly people (since 1969), handicapped, and even children when parents get not enough resources to raise them (from 1971);

?? an income support called *Minimex* and created in 1974: it is a differential allowance devised to improve recipient resources up to the level of the minimum guaranteed income.

Nevertheless, it has to be noticed that the *Minimex* concerns only a tiny part of the population (less than 1%) since the Belgium national insurance system is a mix between insurance based allowances and welfare based benefits. The mixed nature of the system stems from the fact that benefits paid are reduced in terms of amount but they are enjoying no time limit.

Policies focused on social integration are composed at a regional level; for instance; Flemish Poverty Funds (*Fonds de Pauvreté*) which are paid to local health and social centers and which are directed towards neighborhood integration programs. Neighborhoods are selected

according to specific criteria such as number of Income Support holders, proportion of unemployed.

From the late 1980s onwards, there is a closer link between work incentives and allowances payment. This trend may be illustrated through some restrictive measures enacted since then:

- ?? unemployment benefits are cut in case of "unusually long period of unemployment" appreciated as being twice fold the normal length in a similar kind of job and in the same branch;
- ?? after 9 months of unemployment, jobless aged less than 26 have to take part in a individualized professional project;
- ?? Minimex holders under 25 must sign a insertion contract with public health and social centers.

Traditionally ill equipped with social housing which has led to an increasing number of homeless, Belgium has taken since the beginning of the 1990s a few steps to reverse this matter of fact. The 1993 Onkelinx Law has permitted to add resources in areas such as funds for building public housing. Moreover, welfare centers are now liable to help the homeless. This evolution happens in a broader context i.e. the new 1994 Constitution, which acknowledges the right to have a roof.

Denmark

In Denmark, the welfare system concerns persons living below the subsistence level.. The resulting income support is paid when a person (from the age of 18) is deprived of resources and is unable to pay for his needs and those of his family. Additional benefits related to elderly people and to children are also granted; elderly and handicapped are entitled to these benefits if the income support appears to be the sole resource. Local authorities and the Central State jointly finance this scheme.

Since 1992, Denmark policy geared towards an activation of public spending aimed at ensuring professional integration of the unemployed instead of a passive policy based on income support and welfare transfers. For example, a job offer is systematically proposed to a jobless after 7 months of unemployment (and after 6 months for persons aged less than 25), training propositions of an average of 22 weeks duration are also offered as well as a two year training allowance. Till now however, these programs have had little impact in fighting against long term unemployment.

For housing, Denmark concentrates on lowering renting costs instead of proposing public housing units. This policy is devised to offer equal housing conditions despite income gaps between households and is willing to avoid an housing segregation according to urban districts.

Spain

Compensation for inadequate resources engendered exclusion is organization through two channels:

1. extension of the Social Security through minimum pensions (*completos por minimos*), granted to whomever needs it (under conditions of resources) and generalization of the National Insurance system to every citizen whose income is situated under a subsistence level;
2. an income support kind of system has developed during the 1990 decade and comprises two components: an allocation -amounting to 50% of the minimum guaranteed wage- is granted to groups who have never paid Social Security contributions) and benefits financed by autonomous regions of Spain (amounting to about 60% of the minimum guaranteed wage).

Finland

As all Scandinavian countries, Finland ensures a minimum wage to all of its residents thanks to an income support system that has two parts:

- ?? the basic amount equals to 80% of the minimum guaranteed wage for singles and 170% of this wage for couples; it is paid under conditions of residence and resources;
- ?? additional allowances accompany the first system; they concern housing or children health care benefits for instance.

Otherwise, public utilities assure a much greater number of social services than in the other EU countries (for homeless and elderly people accommodation notably).

France

Several instruments are used in the framework of the French Social Security to combat poverty:

- ?? children benefits is meant to achieve an income redistribution towards poorer groups; family income support is delivered and calculated under conditions of resources: several compensations are available such as the schooling or the special education allowances;
- ?? financed by tax, the welfare system concerns persons not able to benefit from social insurance allowances; allowances based on welfare corresponds to specific needs i.e. health care, handicap, children in difficulty);
- ?? an income support called *revenu minimum d'insertion (RMI)* constitutes a differential allowance aimed at raising the recipient's level of resources; it is also of a subsidiary nature i.e. it intervenes only after that people concerned has applied unsuccessfully to other sources of finance. Finally, it is also linked to an

insertion objective, which may be of a professional or of a social nature.

Greece

In Greece, the welfare system is only organized under the umbrella of local authorities on a discretionary basis, procuring a limited coverage for risks of exclusion. However, persons not belonging to the National Insurance System are entitled to health care free of charge. A non contributory pension scheme is granted to people aged 65 but it is limited in amount.

Ireland

In Ireland, 40% of social transfers stems from welfare expenses, which shows a quite redistributive system. Income support is called Supplementary Welfare Allowance (SWA): it is targeted to given groups such as elderly, handicapped, widows and orphans. SWA opens rights such as free health care, financial assistance for heating and clothing, special allowances in case of emergency. The welfare system as a whole covers 10% of the total population.

Dated 1996, a new program of vocational training has been put on track while several measures aimed at increasing job creations were passed (Employment Incentive Schemes, social fees exemptions, Neighborhood Employment Program for long term unemployed and young poorly qualified). A new dimension has also been introduced stipulated that local development initiatives were a important policy tool to combat unemployment. These local programs are building through a partnership between the unions and the government.

Italy

At a nationwide level, guarantee of a minimum income only applies to specific groups i.e. handicapped and elderly people could not enough living off to their income. By a matter of

fact, two systems coexist:

?? the first ensures a minimum pension for retirees and crippled persons having paid social contributions during 15 years;

?? based on the welfare system and thus non contributory, the second procures a minimum amount of resources to elderly and handicapped people with insufficient income.

It is only at the local authorities level that an income support kind of resources exists. Its conditions of attribution and its amount are fixed on a discretionary basis but are generally not tied with too tough criteria.

1978 Law related to health care stipulates that every resident without social fees and status (active or inactive) conditions may accede to health. Health care is totally free of charge in what concerns serious illnesses or injuries, for people aged 65 or more, handicapped, children less than 6 and for those perceiving an income support from local authorities.

Italian policy pertaining to housing consists in building and renovating flats thanks to national subsidies. Local and especially regional authorities have a strong power in what concerns attribution since urban and housing policies have been largely decentralized.

Since the 1980 decade, job integration policy dealing with young unemployed people has been developed:

?? special allocations have been granted to young people between 15 and 25 for which amount is tied up with their education background;

?? job and training contracts at low pay and with social contributions paid by the State have been put in place for young less than 32.

Luxembourg

Established in 1986, income support in Luxembourg procures the highest level of resources of all UE countries but criteria to obtain it, i.e. at least 10 years of residence and 30 as a minimum age, are also the most severe. Payment of income support is theoretically linked to an obligation of professional integration but in 1994, only 10 % of beneficiaries were obliged to.

Financial assistance to companies procuring training periods on one hand and public interest jobs paid by the State and the local authorities on the other are extra measures related to the job market.

The Netherlands

In the Netherlands, there is a double system of minimum income operating through the channel of the social insurance system on one hand and through the non contributory welfare regime on the other:

?? the first refers to the ABW (*Algemene Bijstandswet*) Law dated 1963, which procures a minimum of resources for needy persons not able to work such as elderly people, invalid, one parent families with children aged less than 12;

?? the second is based on the RWW (*Rijksregeling Werkloze Werknemers*) Law which concerns first time job seekers, young unemployed having not enough contributed, jobless not covered by another system.

The level of income provided thanks to ABW Law is the highest of EU (about 40% of GNP per head) and concerns 4% of the total population; however, this proportion is increasing strongly because of the long term unemployment climbing. Resources provided by the RWW regime is an income support type of resources because its payment is linked to an social

integration counterpart.

Reform proposals are currently in discussion but the main features would be:

- ?? a merger between the two regimes ABW et RWW;
- ?? a greater role for the local authorities which would have the power to distribute additional allowances tied to supplementary conditions;
- ?? still at a local level, other tools such as income support programs would be proposed to categories dealing with unexpected financial difficulties (situations of overindebttness for example).

Social integration preoccupations were crystallized in the so called "Social Renewal" Policy, which plans three areas of actions, exercised mainly at a local level:

- ?? active measures for promoting employment: programs towards target groups such as long term jobless (since at least 6 months), young unemployed aged less 27, and ethnic minorities, the perspective being to induce these categories to look actively for a job;
- ?? urban rehabilitation operations for districts with a large number of disadvantaged people i.e. PCG (*Probleemcumulatiegebiedenbeleid*);
- ?? long term actions in areas such as health and education.

Pertaining to housing policy towards unprivileged people, the main instrument is an housing benefit granted to low income households in order to help them at reducing renting cost. The second instrument is the fact that attribution of low rent accommodation is reserved to low income households first.

Portugal

Portugal is the EU country with the highest poverty level that explains by the weakness of earned income and by an non contributory substitution income even weaker i.e. between 30% and 50% of the minimum guaranteed wage.

Housing policy towards low income households is limited. These categories of households are incite to buy their own flat or house through an attractive interest rate for credit while the refocusing of people living in the dwellings of Lisbon and Porto is favorized by means of state subsidies aimed at reducing construction costs.

Even if the unemployment rate in Portugal is one of the lowest in EU, a great number of jobless are not covered by the unemployment insurance because of restrictive access (amount and duration of contributions). Some measures have been taken since 1989 in order to extend the coverage and the continuance of unemployment benefits. Vocational training is an another important priority on the agenda policy in Portugal since the number of unqualified workers is high.

United Kingdom

Income Support in UK differentiates from its European counterparts because of the number of persons and categories concerned. One Briton over Seven perceives the Income Support reserved to citizens aged 18 or more. Additional benefits may add to the Income Support such the *Family Credit* which reaches households in which one of the adult has a paid job or the quite generous Housing Benefit which pays a rent entirely and partially.

However, the level of resources guaranteed by these allowances and the Income Support is too slight to permit most vulnerable households to face cumulative handicaps and thus to get

out of social exclusion. It is so even if one of the household adult get a job again, because of the systematic reduction in the amount of allowances received. This low level of resources may be illustrated by the case of pensions paid to low income elderly people not able to subscribe to pension funds, and which are only a bit higher than the Income Support.

Payment of these financial resources is now systematically linked to a professional insertion objective leading to "a Welfare to Work" which translate in the willingness to increase productivity of the unemployed while decreasing costs in job creation:

- ?? young aged less than 18 must follow training programs such as the *Youth Training*;
- ?? long term unemployed are inclined to take part to the *Restart Program* in order them to develop individual projects;
- ?? there is an *Enterprise Allowance Scheme* aimed at incite unemployed to create their own business.

Outside the Housing Benefit quoted below, it is interesting to note that, in virtue of the Housing Act dated 1985, local authorities must ensure an accommodation to homeless people. British authorities have also developed a specific urban policy for distressed areas; private enterprises have been strongly incited (and are still induced) to invest in these areas while State and local authorities freed themselves from this obligation (*Enterprise Zones and Urban Corporations Programs*).

Sweden

Besides pensions served to elderly people, Swedish income support is notably complemented by unemployment and housing benefits:

- ?? the Welfare system derived from the *Social Services Act*. Income Support is

financed entirely by municipalities and is paid to legal residents aged 18 or more. It is also linked to willingness for the recipient to look actively for a job. Income Support may be complemented by housing and by children benefits;

?? an unemployment allowance is specifically directed towards jobless not able to subscribe to the unemployment insurance system.

Housing policy in favor of low-income people consists of an housing benefit calculated according to family income and expenses and a rent freeze for flats belonging to local authorities associations not having a profit objective.

Job integration policy entails vocational training for low qualified unemployed (average duration is equal to 17 months). Participants are entitled to a training allowance in case they have no access to unemployment allowances. Public Interest jobs (average duration of 6 months) are proposed in public services in favor of young and long term unemployed.

* * *

This review of EU national policies against poverty shows the main following trends:

1. There is a strong move towards active spending against unemployment linking by the same token payment of allowances and willingness from the recipient to look for a job (or to accept training);
2. Passive spending (income support and welfare transfers) got less priority even if in some countries, there are an extension in social insurance coverage (especially in South EU member States) and a creation of targeted allowances (e.g. insurance dependence for elderly people and schooling allowance);
3. Tied up to that policy change, amount of allowances tends to decrease leading the most

fragile of excluded groups to the "Poverty Trap" as clearly illustrated by the case of UK.

4. This priority devoted to measures towards integration to the job market (for long-term and young unemployed especially) is performed to a large extent in the detriment of fight against other aspects of social exclusion (housing for example);
5. Although declining, funding of public housing is somewhat counterbalanced with urban rehabilitation operations aimed at addressing poverty on a more broader perspective than just exclusion on the job market (e.g. in the Netherlands, UK and France).

2. Interaction of national policies with EU policy

The White Paper on growth, competitiveness and employment led to the 1993 Revision of Structural European Funds, this Revision echoed EU new preoccupation as illustrated in the social protocol of the Maastricht Treaty in 1992. Nevertheless, this Revision has intervened in a context of growing long term unemployment as well as young people becoming jobless; thus, professional integration became a major concern from the beginning of the 1990 decade. Two additional elements have played a important role: the situation of groups at risk of social exclusion was getting worse and the preventive dimension of the fight against unemployment was becoming more crucial. This revision led to the definition of specific goals concerning the European Social Fund (ESF) 1994-1999 program:

- ?? facilitating professional insertion of young and adults at risk of exclusion of the job market;
- ?? combat long term unemployment;
- ?? reinforce equality between men and women on the job market.

Prior to this revision, social EU policies were, as we have already seen, more concerned with aspects such as improvement of working conditions and workers adaptation to technological

changes.

Before 1994 equally, EU was more concerned with policies related to rehabilitation and revitalization of urban centers and disadvantaged areas, such action being of the responsibility not only of ESF but also to other Structural funds ERPF, EAOGF and FOFI. Countries such as France, UK and Netherlands paid a peculiar attention to these problems.

The ESF objectives for the 1994-1995 period have been recently widened during the employment Summit in Luxembourg dated December 1997 (known as the "Luxembourg Process"). Four employment guidelines were formulated:

1. develop entrepreneurship:
 - ?? facilitate starting and management of Small Scale Enterprises;
 - ?? transforming the fiscal system in a way more conducive to job creation and by limiting non wage costs.
2. reinforce professional integration capacities:
 - ?? development of apprenticeship in order to reduce young unemployment due to inappropriate qualifications;
 - ?? procure to each young people being unemployed less than 6 months, either a training or a professional experience solution;
 - ?? procure to each person being unemployed less than 12 months, a similar solution or a professional reorientation solution viewed as a preventive action against risks of exclusion.
3. encourage adaptability of workforce and businesses to technological and work organization changes:
 - ?? annualization and reduction in working hours;
 - ?? development of part time work;

?? encouragement to vocational training and to career interruptions.

4. enhance equal opportunities

?? reduce the gap between women and men unemployment rates;

?? help to reconcile professional and private life thanks to career interruptions and resumptions, part-time work.

Each member State has to build National Action Plans (NAP) describing what methods he is expecting to use in order to translate these employment guidelines into their national policies.

EU Commission in charge of employment led a first evaluation by late 1998. It reveals that, considering contents of 1998 National Action Plans (NAP) for Employment, a clear concentration was to be noticed towards "Welfare to work" and entrepreneurship policies which are quite liberal approaches of job market policies (in that respect, Britain is clearly a showcase).

Let us remind that, "Welfare to work" policies consist of measures aimed at improving professional qualifications together with a revision of unemployment allowances in order to facilitate job creation and entrepreneurship (Belgium, French, Dane, Spain and British NAPs contain the most comprehensive measures in these matters). There may some doubts about the efficiency of such a policy. The supply of more people made "employable" does not create it is own demand for workforce if macroeconomics is not managed properly at national and (more and more) at European level.

The other employment guidelines (i.e. long term unemployment, promotion of equality especially between men and women) are somewhat neglected. Belgium, Germany, Ireland

and Finland are the only countries that have reinforced significantly their action towards professional integration of long term unemployed: these countries have directed the most important part of ESF allowances to this aspect. It is also to be noticed that proposed actions targeted against long term unemployment focused more on persons being in this situation since a long time instead of being directed towards persons who have just entered in this status. Concerning social integration of persons at risk of exclusion, Luxembourg is the sole EU member state to have significantly dispatched ESF resources in this area (40% of the total ESF budget granted to that country against less than 20% for the other EU countries). At last, Austria, Germany, Italy and Luxembourg are the only countries that have devoted 4% or above of their ESF funding to the women and men equality objective.

Finally, the lack that is perhaps the most crucial in NAPs is the widespread absence of quantified indicators that would permit a measurement of results achieved. This blank constitutes two impediments:

?? The first is the impossibility to identify properly target groups for each type of measure taken;

?? The second hinders quantified comparisons between displayed objectives and results actually performed.

To give a more comprehensive of actions taken, some national examples of measures specifically devoted to fighting against exclusion may be described:

?? **Austria:** for long term unemployed and persons at risk of being so, wage subsidies have recently been granted to employers hiring such people;

?? **Greece:** for facilitating professional insertion of specific target groups (women, handicapped, migrants) and in support of corresponding EU programs (Now,

Horizon and Integra), subsidies to recruiting enterprises have been decided; the goal is to create 1 180 jobs.

?? **France:** a new law against exclusion has been passed by the beginning of 1998.

Main measures related to employment creations consist of improving qualifications for young with a low level of education (Trace Program), extension of subsidized job contracts to all adults (CES and CEC contracts);

?? **Portugal:** a three year regional action plan (1998-2001) has been enacted in order to fight long term unemployment and young people unemployment in the economically distressed area of Alentejo. Specific training and professional reorientation actions will be provided to both categories of unemployed as well as support to local SSEs development.

IV. AN EXAMPLE OF NEIGHBOURHOOD PUBLIC ACTION: THE DISTRICT OF ETOUVIE (MUNICIPALITY OF AMIENS, FRANCE)

Finally, let us take an example of these public policies in a neighborhood case-study.

A. Socio-economic indicators

Etouvie is a Northern district in the municipality of Amiens (region of Picardie, north of France) and populated with 8 900 inhabitants representing 7% of the town's population; it is a outer area far from downtown (3,5 km) and not easily attainable in terms of transportation. Area's population characteristics may be sum up as follows (Table A):

Table A : ETOUVIE :POPULATION AND HOUSEHOLDS

		Age				Nationalities		Of which aged less than 15
Population		less than 15	between 15 and 24	between 25 to 59	60 and more	French	7 528	na
	8 908	31,4%	21,6%	41,2%	5,7%	Foreign	1 380	515
% of Amiens population	6,8%	na	na	na	na	% of pop.	15,5%	37,3% (1)

(1) % of total foreign population

		Size of Households			
Households	Singles	Couples without children	6 members and more	Other households	
2 905	24,9%	23,3%	11,9%	39,9%	

- More than half of the population of Etouvie is aged less than 25 whereas it is only 38% for the rest of Amiens;
- A significant proportion of households entails 6 persons or more (12% in the district against 4% in average for the other areas);
- Etouvie's foreign community mounts up to 15% of the total population; among foreigners, it has to be mentioned that a large proportion (37%) is aged less than 15.

But the district of Etouvie also uses to be to a large extent an unprivileged area, socially speaking (Table B):

- 29% of the active population is unemployed against 15% in average for the other areas of Amiens; an important proportion of the unemployed (30%) is less than 25 which reflects larger problems of inappropriate qualification for some youths inside the Amiens agglomeration;
- a large part of people out of work are being so since 2 years or more (31%); however the situation is similar in the other districts of Amiens with an average of 33%. Jobless aged 50 and more are by far the most concerned by long term unemployment (they represent 54% of

the total number of jobless in Etouvie against 52% for the rest of the town);

- moreover, the residential mobility rate has decreased along with the rise in unemployment since 38% of Etouvie households do not possess a car, the proportion being only 31% in the other areas of Amiens.

TABLE B : ACTIVE POPULATION AND UNEMPLOYEMENT

	Foreign Active Population	Active Population	Stable work	Precarious jobs	Of which short term contracts	Of which temping
	434	3 843	79,2%	20,8%	8,6%	4,6%
Women activity rate	na	53,5%				
Foreign women activity rate	33,1%	na				

	Unemployed	Age between 15 and 24	between 25 to 49	50 and more
	1 107	29,5%	62,9%	7,6%
Unemployment rate	28,8%	na	na	na
Unemployment rate in Amiens	15,3%	na	na	na

	Length of unemployment less than 1 year	between 1 and 2 years	2 years and more	Undeterm.
1 107	47,5%	13,6%	31,3%	7,7%

	Age between 15 and 24	between 25 and 49	50 and more	
Long term Unemployed (1)	346	14,1%	33,6%	53,6%

(1) more than 2 years

Moreover, Etouvie district appears to be a dormitory area without almost any economic activities and seems to suffer from housing conditions (Table C):

- most inhabitants are tenants in public housing which stock represents 90% of accommodation available in the area; this figure is much more higher than the proportion prevailing in the other Amiens districts for which public housing only amounts to 31% of the total housing stock;
- the average number of persons per flat is quite high in comparison to the situation observed

in the rest of the town (3,07 persons against 2,50);

- because of these socio-economic condition, flats vacancy rate is larger than the average figure for the other districts of Amiens (7,5% against 6,2%).

TABLE C : HOUSING CONDITIONS

	Number of Housing	Of which primary homes	Of which vacant flats			
	3 175	2 905	237			
	Primary Homes	Public Housing	Private Housing	Landlord	Persons per flat	Persons per room
	2 905	89,9%	1,4%	6,8%	3,07	0,82
% of Foreigners	na	11,4%	na	na	na	na

B. The positioning of EU programs combating social exclusion in relation to similar national programs existing in Amiens

1. Current National Policy tools used in Amiens

The Local Economic Integration Program (*Plan Local d'Insertion Economique -PLIE-*) has the goal to integrate economically long term unemployed, which can not achieve to find a job by themselves. This Program has the objective to create 1 500 jobs within 5 years for the whole agglomeration of Amiens.

The Urban Development Contract (*Contrat de Développement Urbain -CDU*) is focused towards the fragile areas of Amiens (among which Etouvie). It was signed by the municipality of Amiens together with the French Central State and the Picardie Region. Its intertwined objectives intend to:

- reintegrate the disadvantaged areas in the agglomeration of Amiens in the realm of a global urban project, especially with a renovated network linking all these districts;

- promote responsibility and citizenship at a grassroots level;

contribute to the local economic development through professional integration and training programs on one hand and creation or consolidation of economic activities;

- develop prevention actions against insecurity and schooling failure and promotion actions in what concerns health.

2. The URBAN CIP Program in Amiens

The goal of the European program URBAN is to help distressed urban areas in order to improve standards of living for their inhabitants. Taking into account the local context, the URBAN program is considered to back CDU and PLIE programs. URBAN fits in with the above mentioned CDU objectives by adding supplementary financial resources and thus permitting to obtain a threshold effect, which may modify the socio-economic environment of the chosen districts.

Exclusively concerned with the Etouvie and North Amiens districts, The URBAN Program in Amiens will cover the 1995-1999 period. Its objectives and sources of funding were initially planned such as in the table D.

The URBAN Program has mobilized the structural EU Fund ERPF for all the main lines except the second one (Economic Integration) for which the ESF has contributed. It is to be noticed that the most important weight of effort concerned the first line i.e. enterprise development which has a budget of 9,7 millions ECUs (that is to say almost 50% of the total amount of resources). At the same time, social aspects of the URBAN program -economic integration and social development main lines- got only 6,7 millions ECUs.

Table D :URBAN FUNDINGS			
Main Lines	Measures	Total Funding	Source of Funding (in %)
Enterprises development	<ul style="list-style-type: none"> - develop productive investments for new SSEs and SSIs - fiscal exemptions for land investment in favor of businesses - assistance towards craftmen, shop retailers - consulting services and establishment of common facilities devoted to the business community 	9,8 millions ECUS	EU: 17% National Contributions: 66% (of which Private funding 66% and Public funding 17%)
Economic Integration	<ul style="list-style-type: none"> - social and professional integration pilot actions in relation to an improvement in life environment - assistance in the creation of convenience jobs inside the districts 	3,4 millions ECUS	EU: 50% National Contributions: 50%
Social Development	<ul style="list-style-type: none"> - creation of a pole of services in link with inhabitants needs - improvement in the practice of social, associative activities 	3,3 millions ECUS	EU: 50% National Contributions:50%
Urban Development	<ul style="list-style-type: none"> - improvement of the urban environment and enhancement of the URBAN areas identity - facilitation of the URBAN districts opening up 	3,6 millions ECUS	EU: 50% National Contributions:50%
Technical Assistance and Valorization		0,3 millions ECUS	EU: 50% National Contributions:50%
TOTAL AMOUNT		20,5 millions ECUS	

3. Results achieved at the end of 1998

During the execution of the program, budget revisions are periodically made according to the realizations actually achieved and those predicted for the remaining years of the program. The last revision (end 1998) before the completion of the project by late 1999 gives the following results:

TABLE E: RESULTS		
Main Lines	Initial Funding 1995	Revised Funding end 1998
Enterprises development	9,8 millions ECUS	5,3 millions ECUS
Economic Integration	3,4 million ECUS	3,4 millions ECUS
Social Development	3,3 millions ECUS	3,6 millions ECUS
Urban Development	3,6 millions ECUS	4,9 millions ECUS
Technical Assistance and Valorization	0,3 millions ECUS	0,3 millions ECUS
TOTAL AMOUNT	20,5 millions ECUS	17,5 millions ECUS

There is a global gap of 3 million ECUS between the initial budget and the latest revised budget. Past realizations for each of the main lines and anticipated actions for 1999 help to explain such a revision:

Enterprises Development

Programs elaborated for this main line have strongly lagged behind expectations at helping the creation of SSEs and SSIs. It is widely acknowledged by the follow up committee that an inappropriate phasing in the launching of programs has occurred. A Business premises program of 4 000 m² was still to be realized in 1999 which explains in part why projects emanating of would be entrepreneurs has been so low. In fact, only one enterprise project (call center for business incubators) has been instructed.

Considering the probable non attainment of all the anticipated objectives for the time remaining for the project, part of the funding have been transferred towards the Social Development and Urban Development Main Lines.

Economic Integration

Budget devoted to this objective is consumed according to expectations especially for the objective individualized professional orientation and training programs. However, the item creation of convenience jobs appears to be in competition with the national program "Youth Employment" (*Plan Emploi Jeunes*), even if the Program takes into account the perpetuation

of the jobs created through stable work contracts.

Social Development

This main line will benefit in 1999 from the partial transfer of resources devoted initially to programs previously targeted for Enterprises Development. Funding for 1999 will concentrate in the development of services for inhabitants offered by grassroots associations, especially related to NTICs. In comparison to the initial budget, the creation and the transformation of socio-cultural premises has much largely been taking into account.

Urban Development

Measures related to the improvement of the area identities are already accomplished especially in the redefinition of the place of downtown for each district. The programs related to the opening up of the areas are still to be realized in 1999 (urban connections, rehabilitation of abandoned parcels). These anticipated actions will benefit from a substantial transfer from the Enterprises Development Axis on one hand and will benefit from the national French "Urban Free Zone" (*Zone Franche Urbaine -ZFU-*) that concerns Northern districts of Amiens. ZFU objective is to induce fiscally existing companies in order them to establish in distressed areas.

CONCLUSION

This contribution has followed the path from the major economic restructuring of the 80's-90's in Europe to unemployment, poverty, exclusion, and from the social policies of EU to their implementation in a French neighbourhood. In this investigation, we relied only on statistics and official texts, and we noticed the difficulty to "make statistics speak". Yet some results appeared:

- Neither unemployment nor exclusion are fate-gifts. European countries highly differ, from a Scandinavian, Alpine and Rhine Europe with low unemployment and weak rates of exclusion, and a South-and-West periphery with high rates of exclusion.
- Moreover, the hierarchy may change with time. Politics and economic policy matters, even at a small-country level.
-
- But economic growth does offset neither unemployment nor exclusion. The "contest in jobs of economic growth" differs according to labour time. On the other hand, atypical job contracts and part-time may path the way to exclusion in the Case of single persons.
 - Family and neighbour relations matters; their existence may mitigate exclusion, though it is not obvious time for domestic activity.
- European social programs can only "trot" behind the course of economic trends. They are important when local authorities are rather poor, but the proper use of the money depends on local capacities of social engineering.

Nowadays, (late 1999) European recovery may reduce the concern about exclusion. It would be a big mistake, as the data have also shown that the share of long-term unemployment (exclusion as a status) may increase when total unemployment steps back...