POVERTY IN EUROPE - THE CURRENT SITUATION ACCORDING TO EUROPE 2020 STRATEGY

Elena Širá

Abstract

Social exclusion, material deprivation and poverty are today very acute topics, in Europe, too. Europe countries faced to problems with migrants, economic crisis caused by virus Covid-19 and many other problems. Strategy Europe 2020 set 5 main aims, which are dedicated to three main priorities. One of them is inclusive growth. This priority is dedicated to unemployment and poverty. The aim of this article is to set, if the EU countries fill the poverty aim from the strategy Europe 2020. It is very important to fulfil this aim, because it may caused the improvement in other areas, especially in employment, consumption, etc. During the period 2010 - 2019, I analyse the EU countries and the situation in the area of social exclusion and poverty, there. I analyse the situation in this area through selected indicators. The Gini index and material deprivation of the EU countries will be analysed, too. At the end, I try to make conclusions according to set data and the results gained from various methods.

Key words: Strategy Europe 2020 , poverty, Gini coefficient

JEL Code: F55, I32

Introduction

In 2010, the European Commission released an official communication titled *Europe 2020 – A strategy for smart, sustainable and inclusive growth*. It succeeded the European Single Market programme (1986–92) and the Lisbon Strategy (2000–10) and was decided on by the European Council at a meeting on 26 March 2010, chaired by President Herman Van Rompuy. The Lisbon Strategy aimed to transform Europe into the most competitive economy in the world (Silander, 2019), but according to some problematic areas and other problems, it was not so successful, as expected. The Europe 2020 strategy is the EU strategy for sustainable and inclusive growth, for fighting the structural weaknesses of the European economies, and for improving their competitiveness (Radulescu et al., 2018).

1 Literature review

The Europe 2020 strategy set out the overall goals to be achieved by the EU. It is up to the Member States, at national and regional level, to take action and try to achieve these goals. (Radulescu et al, 2018) This strategy focuses on three key areas. Established main objectives to be reached. One of them is inclusive growth. It is the third objectives. Other two objectives are focus on sustainable and smart growth. Inclusive growth is a top priority in the European Union's overall strategy (Darvas, Wolff, 2016). Inclusive growth is defined by European Commision as fostering a high-employment economy delivering social and territorial cohesion. The specific goal of this inclusive growth by 2020 is to reduce by 20 million people at risk of poverty (Barroso, 2010).

Inclusion requires equal opportunities in terms of access to resources and to the labour market. The inclusive growth represents the social dimension of the Strategy Europe 2020. (Dumitrescu, 2016) Inclusive growth, with a high-employment economy providing economic, social and territorial cohesion and integration, refers to empowering Europeans by offering job opportunities, an improved labour market, lifelong training, education and social protection from poverty and marginalization. The main themes to prioritize were employment and skills and fighting poverty (Silander, 2019).

The purpose of inclusive growth is implemented by the concept of the social economy, which is a sector having a significant contribution to employment creation, sustainable growth and to a fairer income and wealth distribution. The social economy is the part of the economy that is neither privately nor publicly controlled. It is sometimes referred to as the third, citizen, or plural sector (Ryszawska, 2013).

Poverty and social exclusion have become more pronounced problems in the EU, especially after the economic (2008), sovereign debt (2009), and migrant crises (2015). These problems have a negative impact on the lives of every EU citizen individually, but also on the EU as a whole, because they limit the ability of a part of the population to reach its maximum work potential and thereby contribute to the development of the entire community (Radulescu et al, 2018). There is a growing recognition that economic growth in itself does not provide equal opportunities to different segments of society (Darvas, Wolff, 2016).

When assessing inclusive growth, poverty and income inequality are the two most relevant indicators, although there are many others, including non-monetary indicators. Income inequality and poverty have an impact on inequality of opportunity and prospects for social mobility, with major consequences for individuals and societies (Darvas, Wolff, 2016).

Without efficient education, health and social systems, appropriate tax benefit and employment policies, the risk of poverty is transmitted from one generation to future generations. Achieving the goals in the area of education increases employability and higher employment reduces poverty (Radulescu et al, 2018). Inequality and poverty also influence the prospects of social convergence across regions, generations and families belonging to different socio-economic groups (Darvas, Wolff, 2016). Poverty may be defined as a situation that reflects failures indifferent dimensions of human well-being (Bossert, Chakravarty, D'Ambrosio, 2013).

In each study of people's perceptions of the causes of poverty, we can observe several perspectives. On the one hand, we see an individualistic view that poverty is the product of factors acting on an individual level, such as personality traits and the behaviour of people themselves. On the other hand, there is a social explanation according to which poverty is the result of structural factors (economic, political, cultural and other) operating at the social level. Poverty is seen either as the result of uncontrollable factors affecting people, e.g. from the macro environment, or as a result of the actions and behaviour of individuals or groups (Lepianka, Gelissen, Van Oorschot, 2010).

Lepianka et al. (2010) distinguishes between five categories of antecedents of causal poverty beliefs: awareness of the existence of poverty, personal experience of disadvantage, values and wider beliefs, socio-demographic characteristics and (national) contextual characteristics.

Gallie and Paugam (2002) point to three sources of cross-national differences in poverty attributions: socio-economic structure, related to (objective) socio-economic conditions; welfare regime, especially the type of social security provisions; and culture, understood as a constellation of values, norms and attitudes shared by a society.

The socio-economic structure can define the significance of poverty and inequality, and thus influence the attributes of poverty. In general, higher unemployment rates and economic stagnation and declining economic performance reduce respondents' tendency to attribute poverty to individual failures and increase the likelihood of perceiving material deprivation from the external environment. The classification of poverty could also be determined by the type of social security. Poverty may be less pronounced in countries where social security schemes are generous and universal than in other countries where selective social policies are in place. Poverty rates can also be determined by national culture. Due to the diversity of definitions of culture, finding suitable cultural variables is challenging.

However, most studies speak of culture as a set of collective meaning constructions: a system of ideas, values, norms, and beliefs that are common to the majority of the population (Lepianka, Gelissen, Van Oorschot, 2010).

In this area of knowledge, we often come across the term working poverty. It is a hybrid concept combining the issues of poverty and employment (Dudić, Dudić, Agbaba, 2020). Poverty is seen as a household concept, while employment relates to an individual situation. Working poverty thus means counting individual workers living in a poor household (Fraser et al., 2011).

The difference between multidimensional poverty and material deprivation is in some respects. In particular, the multidimensional measurement of poverty takes into account all dimensions of well-being that may be important (including intangible attributes such as health and political participation), while the material deprivation index limits attention to functioning failures related to material living conditions. According to EU policy, material deprivation indices are to be combined with income-based poverty measures and low employment indicators (Bossert, Chakravarty, D'Ambrosio, 2013).

Material deprivation is typically the outcome of income poverty when this persists over time, or when individuals experience repeated spells of it (Boarini, d'Ercole, 2006). Callan et al. (1993) defines it as exclusion from the minimum acceptable way of life in one is own society because of inadequate resources.

2 Methodology

The aim of this article is to set, if the EU countries fill the poverty aim from the strategy Europe 2020. This aim sets, that till 2020, every EU country must reduce the amount of people at risk of poverty and in the total, this reduction might be in the amount of 20 million people. The next question of the paper is to set, what is the current situation of poverty in the EU.

During the period 2010 - 2019, I analyse the EU countries and the situation in the area of social exclusion and poverty, there. I analyse the situation in this area through selected indicators - the Gini index and material deprivation of the EU countries will be analysed, too.

The data for comparison was taken from the Eurostat. I analysed all EU member states, including the Great Britain, because in the analysed period, this country was a member state.

3 Results and discussion

First of all, I analysed the fulfilment of the aim set in Strategy Europe 2020. The aim set in inclusive growth says, that by 2020, the number of people at risk of poverty will be reduced by 20 million. The table 1 shows, how the EU member states meet, or what extent the number of people at risk of poverty is changing. The green cells in the table shows the reduction of people at risk of poverty.

Can be seen from the table, that not all states are doing well or have succeeded in reducing the number of poor people. Throughout the period, this indicator was reduced in Poland, Romania and Austria. Poland saw the largest decline, followed by Romania and Bulgaria. On the other hand, I must state that in some countries the number of people at risk of poverty has increased throughout the whole analysed period (Belgium, Denmark, Spain, Cyprus, Luxemburg, Malta, Netherlands and Sweden) and in some countries only in recent years.

These growing numbers are due both to the demographic changes that have affected Europe in recent years (migration flows) and to changes in the performance of economies. According to mentioned reasons, the pressure on the social system is higher and the amount of people of risk poverty, too.

I added to the table the last column, that shows us, whether a given country fulfils its partial share in reducing people at risk of poverty. The countries, that have met their target have the stated "OK" value, that means - the aim is fulfilled. Countries, where is set target yet fulfilled are Bulgaria, Czech Republic, Latvia, Lithuania, Hungary, Poland, Portugal, Romania and Slovenia. Some countries do not have a set share of fulfilment the target and others have failed to reach the set value.

Tab. 1: People at risk of poverty or social exclusion, cumulative difference from 2008, in thousands

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TARGET	Target result
EU	**516**	**3 404**	**6 320**	**5 512**	**4 714**	**1 952**	**992**	**-4 224**	**-7 208**	**-9 942**	**-20 000**	
BE	41	77	162	92	146	143	136	107	53	:	-380	
BG	298	272	200	72	-512	-439	-531	-654	-1 106	-1 142	-260	OK
CZ	-71	32	14	-58	-35	-122	-191	-299	-302	-260	-100	OK
DK	120	82	78	138	119	112	64	93	86	52	-22	
DE	-383	-271	-435	-133	163	-262	-310	-828	-1 092	:	:	:
EE	-2	16	21	22	48	24	28	15	27	27	:	:
IE	171	269	332	327	229	180	110	38	-24	:	-200	
EL	-15	357	749	857	838	782	743	655	302	116	-450	
ES	1 243	1 577	1 841	1 844	2 616	2 389	2 040	1 450	1 261	979	-1 400	
FR	561	690	610	94	389	-103	313	-433	-106	:	-1 900	
HR	:	63	63	-51	-78	-105	-162	-237	-313	-394	:	:
IT	-190	1 776	2 894	2 147	2 064	2 387	3 055	2 325	1 360	:	-2 200	
CY	21	26	53	59	54	63	53	34	25	14	-27	
LV	59	82	-9	-38	-94	-134	-186	-196	-197	-222	-121	OK
LT	158	101	65	7	-106	-53	-39	-68	-116	-176	-170	OK
LU	11	12	23	24	24	23	42	54	54	:	-6	
HU	154	298	478	604	302	-59	-253	-329	-908	-986	-450	OK
MT	6	9	14	21	20	19	9	7	8	16	-6,56	
NL	51	166	59	216	319	312	364	432	400	385	-100	
AT	-133	-105	-157	-127	-89	-147	-156	-135	-187	-227	-235	
PL	-1 083	-1 295	-1 364	-1 744	-2 155	-2 731	-3 270	-4 218	-4 516	-4 800	-1 500	OK
PT	-65	-157	-90	121	106	7	-163	-359	-535	-543	-200	OK
RO	-689	-849	-441	-723	-1 071	-1 680	-1 420	-2 074	-2 755	-3 041	-580	OK
SI	5	25	31	49	49	24	10	-16	-34	-68	-40	OK
SK	7	1	-2	-41	-151	-148	-161	-255	-239	:	:	:
FI	-20	39	5	-57	16	-7	-14	-62	-17	-62	:	:
SE	119	201	150	219	224	446	432	237	293	390	:	:
UK	142	-26	1 029	1 517	1 202	928	290	256	1 054	:	:	:

Source: own processing according to data from Eurostat

Material deprivation is connected with the term of poverty. The next table shows the % of people in EU countries hit by severe material deprivation.

Values above 10 % have three countries, namely Bulgaria, Greece and Romania. These are the countries that are considered to be one of the poorest in the EU. In this table we can also see a significant difference between countries. The countries with the lowest values in the whole monitored period are Sweden, Finland and Netherlands. These examples show

significant differences between individual member countries, in the performance of their economies reflected in the current level of material deprivation.

Tab. 2: Severe material deprivation in %

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EU	8,4	8,8	9,9	9,6	8,9	8,1	7,5	6,6	5,9	:
BE	5,9	5,7	6,3	5,1	5,9	5,8	5,5	5,2	5	4,3
BG	45,7	43,6	44,1	43	33,1	34,2	31,9	30	20,9	19,9
CZ	6,2	6,1	6,6	6,6	6,7	5,6	4,8	3,7	2,8	2,7
DK	2,7	2,3	2,7	3,6	3,2	3,7	2,6	3,1	3,4	2,6
DE	4,5	5,3	4,9	5,4	5	4,4	3,7	3,4	3,1	2,7
EE	9	8,7	9,4	7,6	6,2	4,5	4,7	4,1	3,8	3,3
IE	5,7	7,8	9,9	9,9	8,4	8,5	6,7	5,2	4,9	:
EL	11,6	15,2	19,5	20,3	21,5	22,2	22,4	21,1	16,7	16,2
ES	4,9	4,5	5,8	6,2	7,1	6,4	5,8	5,1	5,4	4,7
FR	5,8	5,2	5,3	4,9	4,8	4,5	4,4	4,1	4,7	4,7
HR	14,3	15,2	15,9	14,7	13,9	13,7	12,5	10,3	8,6	7,2
IT	7,4	11,1	14,5	12,3	11,6	11,5	12,1	10,1	8,5	:
CY	11,2	11,7	15	16,1	15,3	15,4	13,6	11,5	10,2	9,1
LV	27,6	31	25,6	24	19,2	16,4	12,8	11,3	9,5	7,8
LT	19,9	19	19,8	16	13,6	13,9	13,5	12,4	11,1	9,4
LU	0,5	1,2	1,3	1,8	1,4	2	1,6	1,2	1,3	:
HU	21,6	23,4	26,3	27,8	24	19,4	16,2	14,5	10,1	8,7
MT	6,5	6,6	9,2	10,2	10,3	8,5	4,4	3,3	3	3,6
NL	2,2	2,5	2,3	2,5	3,2	2,6	2,6	2,6	2,4	2,4
AT	4,3	4	4	4,2	4	3,6	3	3,7	2,8	2,6
PL	14,2	13	13,5	11,9	10,4	8,1	6,7	5,9	4,7	3,6
PT	9	8,3	8,6	10,9	10,6	9,6	8,4	6,9	6	5,6
RO	30,5	29,5	31,1	29,8	25,9	22,7	23,8	19,7	16,8	14,5
SI	5,9	6,1	6,6	6,7	6,6	5,8	5,4	4,6	3,7	2,6
SK	11,4	10,6	10,5	10,2	9,9	9	8,2	7	7	7,9
FI	2,8	3,2	2,9	2,5	2,8	2,2	2,2	2,1	2,8	2,4
SE	1,9	1,7	1,8	1,9	1	1,1	0,8	1,1	1,6	1,8
UK	4,8	5,1	7,8	8,3	7,4	6,1	5,2	4,1	4,6	:

Source: own processing according to data from Eurostat

The Gini coefficient is the most common statistical index of diversity or inequality in social sciences. This coefficient can also be used as a measure of inequality in length of life (Shkolnikov, Andreev, Begun, 2003).

This coefficient obtain the value between 0 and 1 (or 0 - 100), to measure the inequality in the distribution of income in a given population. A low Gini coefficient indicates

a relatively equal income distribution in a given population, with 0 denoting a perfectly equal income distribution (i.e., everybody has the same income). A high Gini coefficient, signifies a very uneven distribution of income, with a value of 1 signalling perfect inequality in which one individual possesses all of the income in a given population (Vasa et al., 2009). I can therefore assess that the lower the figure obtained in the Gini index, the fairer the distribution of income in a given country.

Tab. 3: Gini coefficient, scale from 0 to 100

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EU	30,5	30,8	30,5	30,5	31	31	30,8	30,6	30,8	:
BE	26,6	26,3	26,5	25,9	25,9	26,2	26,3	26,1	25,7	:
BG	33,2	35	33,6	35,4	35,4	37	37,7	40,2	39,6	40,8
CZ	24,9	25,2	24,9	24,6	25,1	25	25,1	24,5	24	24
DK	26,9	26,6	26,5	26,8	27,7	27,4	27,7	27,6	27,8	27,5
DE	29,3	29	28,3	29,7	30,7	30,1	29,5	29,1	31,1	:
EE	31,3	31,9	32,5	32,9	35,6	34,8	32,7	31,6	30,6	30,5
IE	30,7	29,8	30,4	30,7	31,1	29,7	29,6	30,6	28,9	:
EL	32,9	33,5	34,3	34,4	34,5	34,2	34,3	33,4	32,3	31
ES	33,5	34	34,2	33,7	34,7	34,6	34,5	34,1	33,2	33
FR	29,8	30,8	30,5	30,1	29,2	29,2	29,3	28,8	28,5	:
HR	31,6	31,2	30,9	30,9	30,2	30,4	29,8	29,9	29,7	29,3
IT	31,7	32,5	32,4	32,8	32,4	32,4	33,1	32,7	33,4	:
CY	30,1	29,2	31	32,4	34,8	33,6	32,1	30,8	29,1	31,1
LV	35,9	35,1	35,7	35,2	35,5	35,4	34,5	34,5	35,6	35,2
LT	37	33	32	34,6	35	37,9	37	37,6	36,9	35,4
LU	27,9	27,2	28	30,4	28,7	28,5	31	30,9	33,2	:
HU	24,1	26,9	27,2	28,3	28,6	28,2	28,2	28,1	28,7	28
MT	28,6	27,2	27,1	28	27,7	28,1	28,6	28,2	28,7	28
NL	25,5	25,8	25,4	25,1	26,2	26,7	26,9	27,1	27,4	26,6
AT	28,3	27,4	27,6	27	27,6	27,2	27,2	27,9	26,8	27,5
PL	31,1	31,1	30,9	30,7	30,8	30,6	29,8	29,2	27,8	28,5
PT	33,7	34,2	34,5	34,2	34,5	34	33,9	33,5	32,1	31,9
RO	33,5	33,5	34	34,6	35	37,4	34,7	33,1	35,1	34,8
SI	23,8	23,8	23,7	24,4	25	24,5	24,4	23,7	23,4	23,9
SK	25,9	25,7	25,3	24,2	26,1	23,7	24,3	23,2	20,9	:
FI	25,4	25,8	25,9	25,4	25,6	25,2	25,4	25,3	25,9	26,2
SE	25,5	26	26	26	26,9	26,7	27,6	28	27	27,6
UK	32,9	33	31,3	30,2	31,6	32,4	31,5	33,1	33,5	:

Source: own processing according to data from Eurostat

The best or most even distribution of income in the observed period was in countries highlight by green colour. They are Slovakia, Slovenia, Czech republic, Belgium, Netherlands and Finland. Surprisingly, among these countries are regions where economic performance is not as high as in the EU's most powerful countries. On the other hand, the countries highlight with red colour are these, where the inequality in the distribution of income is the highest. They are e.g. Bulgaria, Latvia and Lithuania. However, there were not very significant differences between the EU countries in the achieved values of the Gini coefficient.

Conclusions

The EU set the main aim for the inclusive growth, to get 20 million people less at risk of poverty. In the year 2019, few member states did not have set values for this indicator. I added to the table 1 the last column, that shows us, whether a given country fulfils its partial share in reducing people at risk of poverty. The countries, that have met their target have the stated "OK" value, that means - the aim is fulfilled. But even so, I can say that in total for all EU countries, the set aim has not been achieved. It is only a year before the end of the period when the target is to be met, and at present (2019) only half of the set target has been met.

Member states are trying to meet the target through a number of measures, but they are failing, also due to a number of factors. E.g. massive migratory flows brought many refugees to Europe. Another factor that negatively affects the fulfillment of the set goal is the impact of the economic crisis on the economy performance of the country.

Material deprivation is connected with the term of poverty. Material deprivation are the highest in the EU countries with the poor economic performance and high indebtedness. This indicator show significant differences between individual member countries, in the performance of their economies reflected in the current level of material deprivation.

According to the results of Gini coefficient, there were not very significant differences between the EU countries in the achieved values. There were identified countries with highest and with the lowest inequality in the distribution of income.

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Contact
Elena Širá
Faculty of Management, University of Prešov
Konštantínova 16, 080 01 Prešov, Slovakia
Mail: elena.sira@unipo.sk