Statement by Professor Olivier De Schutter,
United Nations Special Rapporteur on extreme poverty and human rights,
on his visit to the European Union (25 November 2020 to 29 January 2021)

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Key messages

- Poverty is still a reality in the European Union. One in five people—over 92.4 million or 21.1% of the population—are still at risk of poverty in the EU-27, and inequality levels have remained virtually static or even worsened since the 2008 crisis. A total of 19.4 million children, representing 23.1%, are at risk of poverty across the Union, an exceedingly high number. For a child, being raised in poverty has life-long consequences.

- The faces behind the poverty numbers are also markedly gendered: women experience higher poverty rates than men (22.3% vs 20.4%), and this gap only grows wider with old age (22.3% vs 18.2%) as a result of inadequate pensions deriving from career interruptions to assume care responsibilities.

- Although there has indeed been a decline in the number of people at risk of poverty or social exclusion since 2010 – the figure was 11.3 million lower in 2019 than in 2010 –, the Europe2020 target of reducing poverty by 20 million people was largely missed.

- In a number of key areas, the Green Deal succeeds in combining environmental objectives with social justice. But the Green Deal is not a substitute for a poverty eradication strategy setting targets and indicators of progress. As long as the status of social rights is not strengthened, people in poverty will remain at risk of having their rights -- to health, to adequate housing, or to a decent standard of living – violated.

- The Green Deal stops short of questioning the macroeconomic policy framework under which the EU operates. It is urgent to refocus efforts on the reduction of inequalities and on creating the conditions of an inclusive economy -- one that truly ensures equal opportunities for all, even in times of economic recession or stagnation.

- The constitutional framework of the European Union does not make the EU fit for the purpose of combating poverty. Instead, in areas that are key to the reduction of poverty, wages and taxation in particular, it institutionalizes competition between Member States. Regulatory competition in the field of taxation has deprived countries from public revenues necessary to provide public services and to finance social protection. Over the past 20 years, statutory corporate income tax rates have declined by an average of 11%. All in all, it is estimated that the losses due to this competition amount to around €160-190 billion for the Member States' budgets.

- Thus, while significant progress has been achieved in ensuring economic policy convergence, the EU is still failing to ensure proper social and fiscal convergence. The European Pillar of Social Rights provides an important answer, but it is still insufficient, in part because it relegates social rights which have a strong standing as international human rights norms to aspirational principles and optional targets. More systematic references to international human rights standards could significantly help improve the process of upward social convergence. For instance, consensus on the proposal for a directive on adequate minimum wages in the EU presented by the Commission in October 2020, requiring that Member States set minimum wages "guided by criteria set to promote adequacy with the aim to achieve decent working and living conditions, social cohesion and upward convergence", could be facilitated by a reference to the criteria derived from article 7 of the International Covenant on Economic, Social and Cultural Rights, as clarified by the Committee on Economic, Social and Cultural Rights.

- Within the European Semester process, future country-specific recommendations (CSRs) should address specifically both the issue of corporate income taxes and that of the progressivity of the personal income tax. A failure to act on this would result in a situation in which the tax liability of the most mobile actors – corporations and the wealthiest individuals — will be gradually reduced, and in which the burden will be shifted on to labour and consumers.

- Macro-economic policy convergence rules in the EU, and in the eurozone in particular, still represent an obstacle to the fight against poverty at Member State level. The Stability and Growth Pact as well as various macro-economic adjustment programmes have hitherto ignored the impact of fiscal and budgetary measures on social rights. It should be a matter or priority that social rights impact assessments be systematized to guide macroeconomic reforms and that a clear methodology be designed for that purpose, taking into account the Guiding Principles on human rights impact assessments of economic reforms.

- Following the outbreak of the Covid-19 pandemic, EU institutions have acted with remarkable swiftness, placing public health considerations above economic orthodoxy. However, the relaxation of rules regarding state aid to companies primarily benefited the Member States, such as Germany, that could best afford to help their economic actors: this increases the risk of imbalances across the EU.

- With the Covid-19 measures, the suspension of the Stability and Growth Pact puts its revision at the top of the political agenda. Social expenses that contribute to build human capital should be seen as long-term investments rather than as costs. There is a strong human rights rationale for allowing a deductible net social investment (for instance, up to 2% of GDP) in the revised version of the SGP.

- The centerpiece of NextGenerationEU is the new Recovery and Resilience Facility (RRF) accounting for €672.5 billion in loans (€360 billion) and grants (€312.5 billion). The National Recovery and Resilience Plans under preparation should ensure effective participation of social partners, civil society and people with experience of poverty in their design, and governments should be requested to assess the impacts of their plans on social cohesion.

- The presentation by the Commission of an Action Plan to implement the European Pillar of Social Rights provides a unique opportunity to further strengthen the social dimension of European integration. The Special Rapporteur highlights three priorities the Action Plan should include:

    - A comprehensive EU strategy to fight poverty and social exclusion, including a target of 50% poverty reduction by 2030, including child poverty, that applies equally across Member States based on the EU AROPE indicator.

    - A roadmap for the Child Guarantee, which should be designed including measures to address the non-take-up of rights and taking into account that support to children cannot be disassociated from support to parents' access to employment and to a decent standard of living.

    - A proposal for a framework directive on minimum income schemes in the EU, ensuring minimum income schemes across the EU are adequate and ensure universal coverage, including for homeless people, undocumented migrants, and the youth.

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