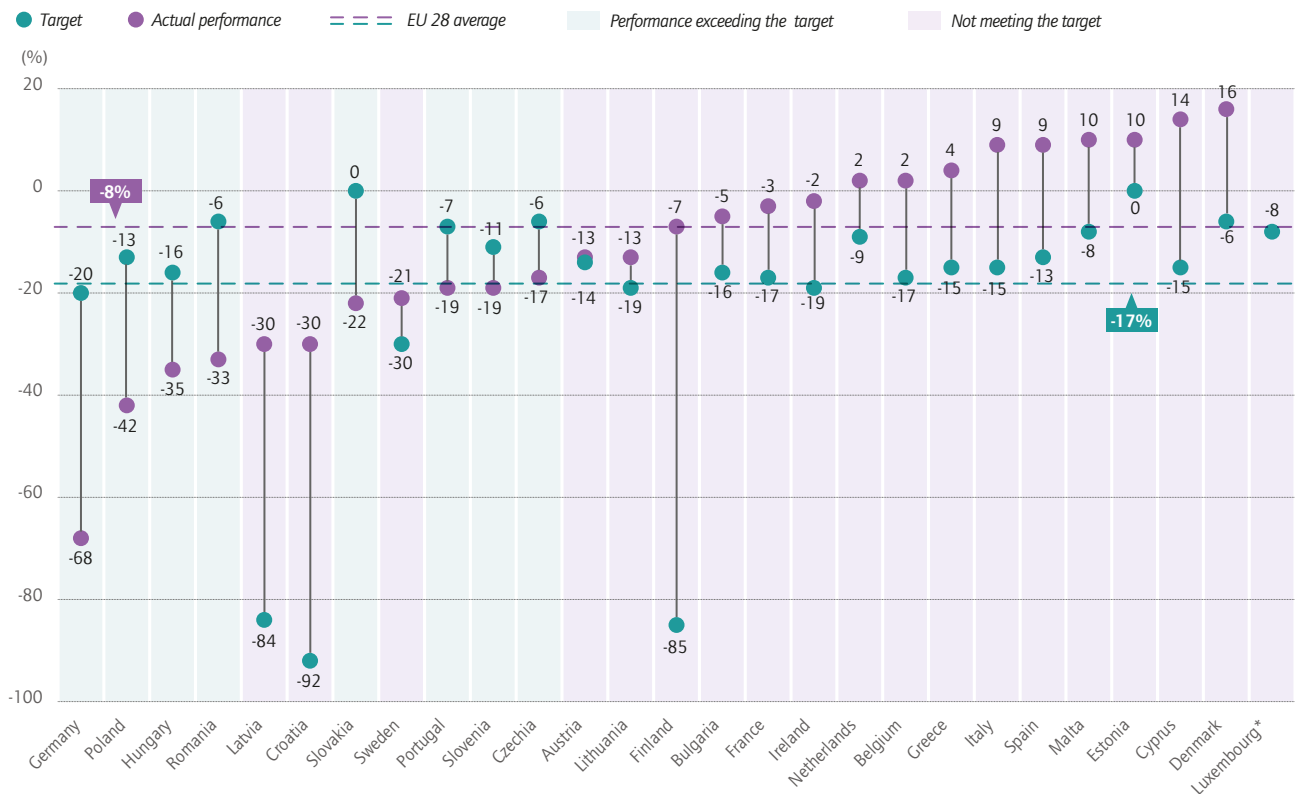


Social inclusion

Europe 2020: heading in the right direction, but social exclusion still a problem

Figure 2.20 Reduction of social exclusion, compared to Europe 2020 country targets, 2008-2019 (%)



Source: Eurostat [T2020_50, T2020_52, T2020_52, lfsa_ugad, lfsa_igar].
 Notes: In NL and DK, the social exclusion rate is calculated as the number of people in households with very low work intensity; in BG and EE, it is the number of people at risk of poverty after social transfers; in DE, the number of long-term (>1 year) unemployed; in SE, the number of inactive workers; in the remaining countries, the number of people at risk of poverty or social exclusion. Data for the UK are not included.
 *Luxembourg had a 75% increase, this is left out of the figure.

The Europe 2020 strategy set out to ensure growth and jobs through different targets (see ETUI and ETUC 2011). The EU-wide employment target for 2020 (75% employed) was almost reached in 2019 (73.9%), with 17 countries meeting their targets. The EU as a whole is also close to its education targets, with the share of young people leaving school early at 10.3% in 2019 (against a target of 10% at most) and the share of graduates increased from 31% in 2008 to 41.6% in 2019, meeting the 40% target.

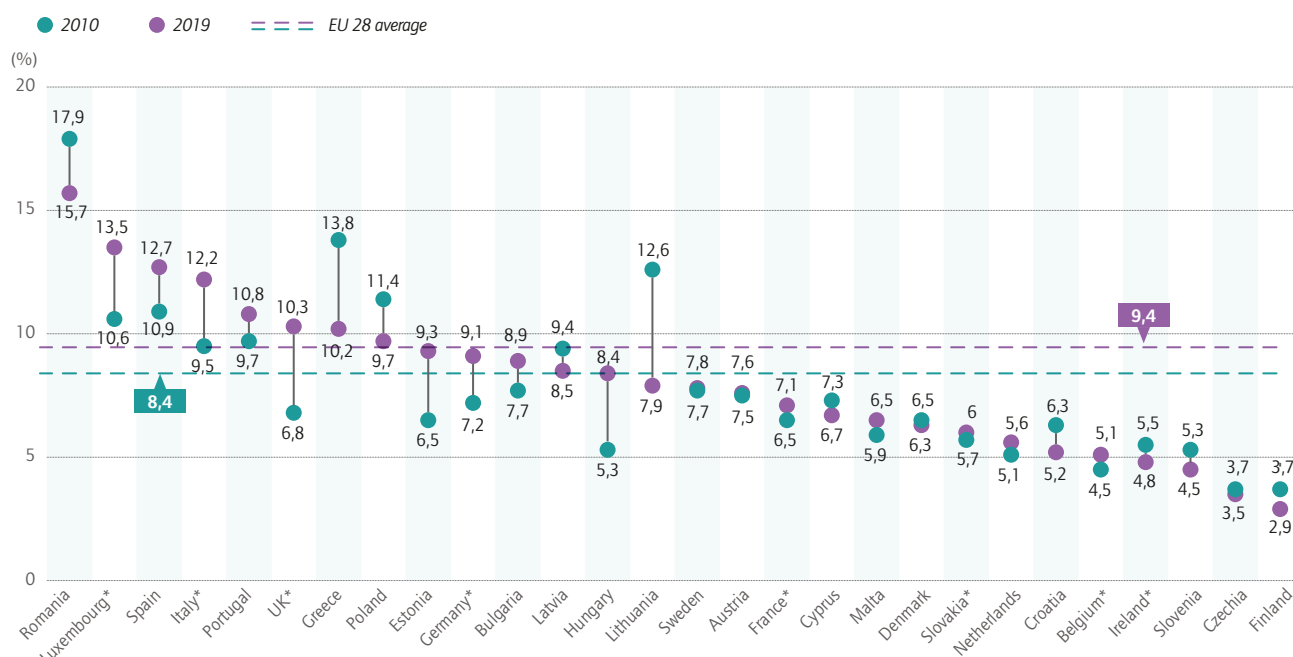
Yet while progress has been made on employment and education objectives, the Member States also committed to reducing the number of people at risk of poverty or social exclusion by at least 20 million by 2020. Different national targets have been set up to measure progress on these issues. Figure 2.12 contrasts the performance in each Member State against their own target.

Until the pandemic outbreak, the EU as a whole had been moving in the right direction, with the number of people at risk of poverty decreasing by 9 million (8%) from 2008 to 2019. However, this is still 11 million short of the target (which equates to 17%

of this group). Social exclusion decreased in the majority of Member States, and even by more than 20% in Germany, Poland, Hungary, Romania, Latvia, Croatia, Slovakia, and Sweden. However, it went up in 10 countries (the Netherlands, Belgium, Greece, Italy, Spain, Malta, Estonia, Cyprus, Denmark and Luxembourg).

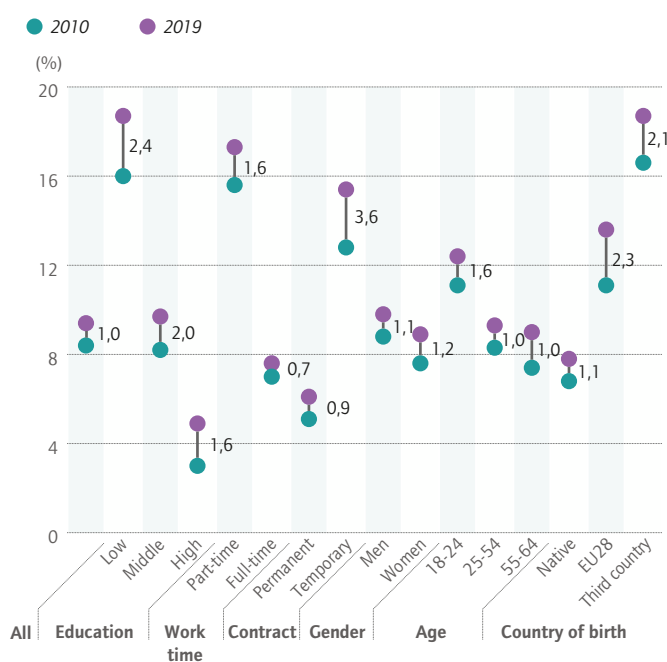
Meanwhile, national targets were met in only nine of the Member States (Germany, Poland, Hungary, Romania, Slovakia, Portugal, Slovenia, Czechia and Austria). While Latvia and Croatia are among the best-performing Member States in terms of reduction of social exclusion, their targets were very high and were not reached. Since relevant data for the pandemic period are not yet available and the Covid-19 crisis is not yet over, it remains to be seen what impact it will have on the social inclusion indicators. Preliminary evidence suggests that those workers who are already in precarious and low-pay positions are also at a higher risk of having to reduce hours or lose work altogether (Eurostat, 2020), thereby increasing inequality and reducing the chance of the Europe 2020 targets being met.

Figure 2.21 In-work at-risk-of poverty rate, 2010-2019 (%)



Source: sdg_01_41, and demo_pjan to weight.
 Note: the EU-total is the weighted average of the shares of all EU28 countries; the in-work at-risk-of-poverty rate is the share of the working population (18+) whose equivalised household income lies below 60% of the median equivalised household income, after social transfers.
 *data refer to 2018, as 2019 not yet available.

Figure 2.22 At-risk-of-poverty rate for the working population in EU28, 2010 and 2019 (%), age group 18+



Source: sdg_01_41, and demo_pjan to weight.
 Note: the EU-total is the weighted average of the shares of all EU28 countries; the in-work at-risk-of-poverty rate is the share of the working population (18+) whose equivalised household income lies below 60% of the median equivalised household income, after social transfers.
 *data refer to 2018, as 2019 not yet available.

In-work poverty is rising

Employment is the key to increasing social inclusion, provided work pays a decent wage. The in-work at-risk-of-poverty (AROP) rate is the share of persons in the population who are in work and have an equivalised household income that is below 60% of the national median equivalised household income, after social transfers such as pensions and unemployment benefits.

Figure 2.21 shows the in-work AROP rates in 2010 and 2019. The share of workers who are at risk of poverty increased somewhat in the EU as a whole, by 1pp. It went up in 17 of the Member States by an average of 1.4pp, but was static or even decreased slightly in countries that were already among the better performers (Ireland, Slovenia, Czechia, and Finland); it also came down in Romania and Greece, which had very high rates of working poor in 2010.

This variation between countries shows the scope for setting EU-wide regulation on minimum wages that guarantees a decent wage (Müller & Schulten 2020b; see also Chapter 4 in this volume). With the share of working poor close to 10% in the EU as a whole and above 10% in several countries (Greece, the UK, Italy, Spain, Luxembourg and Romania), such regulation could have a positive impact on many people.

Share of working poor rises most among vulnerable groups

Figure 2.22 breaks down the EU-wide in-work AROP rates. The shares of working poor are over three times higher among lower-educated than higher-educated workers. They are also far higher among part-time workers, and those on temporary contracts. The risk of in-work poverty remains higher for younger than older workers, but this difference has decreased over time. Finally, migrants are much more at risk of being in poverty than native-born workers; and the risk is simultaneously higher for third-country nationals than intra-EU migrants. Alarmingly, these gaps have generally widened over time, as the working poor rate increased most in the already at-risk groups: the lower-educated, part-time workers, those on temporary contracts, and migrants.