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EUROPEAN PARLIAMENT

Working Documents

1975-1976

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2 April 1975

DOCUMENT 4/75

Report

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drawn up on behalf of the Committee on Social Affairs and Employment

on the communication from the Commission of the European Communities to the Council (Doc. 466/74) on the programme of pilot schemes and studies to combat poverty drawn up in accordance with the resolution of the Council of 21 January 1974 concerning a social action programme

Rapporteur: Mr W. DONDELINGER



By letter of 23 January 1975 the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the communication from the Commission of the European Communities to the Council on the Programme of Pilot Schemes and Studies to combat poverty drawn up in accordance with the Resolution of the Council of 21 January 1974 concerning a Social Action Programme (Doc. 466/74).

On 5 February 1975 the President of the European Parliament referred this communication to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Budgets and the Committee on Cultural Affairs and Youth for their opinions.

On 11 February 1975 the Committee on Social Affairs and Employment appointed Mr Willy Dondelinger rapporteur.

It considered this communication at its meetings of 11 February 1975 and 3 March 1975.

At its meeting of 3 March 1975 the committee adopted the motion for a resolution and the explanatory statement by 12 votes to 1.

Present: Mr Alfred Bertrand, chairman; Mr Adams and Mr Marras, vice-chairmen; Mr Dondelinger, rapporteur; Mr Albers, Mr Durand, Mr Dykes, Mr Girardin, Mr Glinne, Mr Van der Gun, Mr Pêtre, Mr Radoux (deputizing for Mr Carpentier) and Mr Santer.

The opinion of the Committee on Budgets is attached.

The opinion of the Committee on Cultural Affairs and Youth will be given orally.

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A

The Committee on Social Affairs and Employment hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the communication from the Commission of the European Communities to the Council on the Programme of Pilot Schemes and Studies to combat poverty drawn up in accordance with the Resolution of the Council of 21 January 1974 concerning a Social Action Programme

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (SEC(74)5225 final);
  - having been consulted by the Council (Doc. 466/74);
  - having regard to the report of the Committee on Social Affairs and Employment and the opinions of the Committee on Budgets and the Committee on Cultural Affairs and Youth (Doc. 4/75),
1. Approves the Commission's proposal and stresses its innovatory nature at Community level;
  2. Feels that despite its limited scope, this proposal may represent a first demonstration of Community solidarity vis-à-vis the underprivileged and fringe members of our society;
  3. Is of the opinion that the proposed programme will promote the study of new methods of combating poverty and the collection of information, particularly on the causes of poverty, with a view to elaborating future policies in this field;
  4. Approves the criteria for selecting the schemes initiated by the Commission, priority being given to those having a particular Community interest;
  5. Regrets, however, that the programme has been submitted by the Commission in the form of a mere communication rather than a Council decision, which would have made it easier for the European Parliament to ascertain the basic elements and put forward appropriate amendments where required;
  6. Urges the Council to approve the Programme within the very near future, but requests that the Commission of the European Communities be entrusted with its implementation and administration;

7. Asks the Council to release immediately the budgetary appropriations required to finance the Programme for the 1975 financial year;
8. Requests the Council, since certain schemes extend over a period of several years, to consider the possibility of extending the financing arrangements beyond 1976;
9. Asks the Commission to add further projects to the present list, taking due account of their geographical spread and of whether they originate from regional or local public authorities;
10. Requests the Commission to submit to the European Parliament and the Council a report on the results of the programme;
11. Instructs its President to forward this resolution and the report of its committee to the Council and Commission of the European Communities.

EXPLANATORY STATEMENTI. The Commission's programme

1. To dispel the misunderstanding which has arisen during the discussions in the Committee on Social Affairs and Employment as to the objectives and scope of the Programme of Pilot Schemes and Studies to combat poverty submitted by the Commission to the Council, it would perhaps be advisable firstly to attempt to define exactly what this programme is and above all what it is not, on the basis of additional information provided by the Commission's representative.

2. In its resolution of 21 January 1974 on a Social Action Programme,<sup>1</sup> the Council referred to the priority action to be taken and in particular to the need for the Commission to establish 'specific measures to combat poverty'. Through its communication to the Council of 8 January 1975 the Commission has implemented the Council's decision and submitted to the European Parliament and the Council for their consideration and approval a limited number of experimental projects, the aim being, on the one hand, to establish new methods of combating and eliminating poverty and, on the other, to collect useful information, particularly on the causes of poverty so that new strategies can be drawn up.

The programme is not therefore designed to provide the poor of the Community with direct aid, nor is it of a regional nature. The funds allocated (2.5m u.a.) would be far too limited to have any impact whatever.

3. The Commission has consequently selected from the schemes submitted by the Member States those which have a particular Community interest, i.e. those whose results are likely to be utilized in more than one member state and which can be expected to have a significant impact on the evolution of policies to combat poverty at local, regional or Community level.

In addition, the Commission has refrained from giving a definition of 'poverty' in terms of income or 'minimum standard of living' that is valid for the whole Community. It stresses the importance of examining the phenomenon of poverty in an affluent society.

The programme, therefore, concerns only the poverty of individuals, of families or of groups of persons, in a well-defined environment, and disregards the general level of poverty or the number of poor people in the various Member States.

<sup>1</sup> OJ No. C 13, 12 February 1974

4. It should also be emphasized that the programme does not set out to finance pure research studies, i.e. the intention is not to pay sociologists or research institutes to make an academic study of how the poor live or why they have become poor.

The majority of the schemes can be described as applied research, as they will consist of activities in which the poor are to be given direct assistance, but through new methods or new structures.

The whole of the Community will then be informed of the experience gained with all these projects so that the new methods of assisting the poor may be generally applied.

In this context, the Committee on Social Affairs has requested the Commission to submit to the European Parliament and the Council of the European Communities a report on the practical results of the programme, on the lessons to be learnt from it and on the measures taken or envisaged by it or by the Member States on the basis of these results.

## II. Evaluation of the programme

5. The Committee on Social Affairs and Employment feels that the Commission's programme should be approved and supported by the European Parliament.

As some members of the committee have remarked, the programme represents a new form of Community solidarity vis-à-vis those who do not profit by the affluence of our society. These sections, which are frequently described as being on the fringe of society, have not succeeded in taking part in the process of growth or in benefiting from the social and material advantages of our society. They are social categories that are not linked in any particular way; they are in fact made up of all those who for various reasons have not been able to integrate themselves into our society or to participate successfully in the fight for a reasonable existence.

6. The fact that the Community is for the first time taking an interest in the problem of poverty is therefore a very positive move, which is worthy of the European Parliament's support.

This does not preclude the need for a closer examination of certain aspects of the programme which are likely to give rise to criticism.



### III. The form of the programme

7. One criticism voiced in the Committee on Social Affairs and Employment concerns the legal form of the programme. The fact that it is outlined in a 'communication from the Commission to the Council' does not make it easy for the European Parliament or the organs of the Council to consider it, and only with great difficulty can this communication be transformed into one of the conventional legal instruments for which the Treaty makes provision, for example a Council decision or resolution, let alone a directive or regulation.

When in 1973 the Commission presented its Social Action Programme which forms the basis of the proposal now under discussion, the same problem arose, and the Commission had to draw up a draft Council resolution, which after being considered and amended by the European Parliament, was finally adopted by the Council on 21 January 1974.

8. The Commission should therefore submit an appropriate draft Council decision or resolution to the Council's Social Affairs Group.

It is deplorable that a draft of this kind is not included in the programme submitted to Parliament; that would have made it easier to determine the basic elements of the programme, to evaluate them and possibly put forward appropriate amendments, as was the case with the Social Action Programme.

9. In presenting such a resolution or decision, the Commission could have avoided submitting to the Council all the details of the pilot schemes and activities to be implemented under the programme.

The Council's task consists in taking decisions of principle, while administration and implementation are the Commission's responsibility. This applies, for example, to the Social Fund, which in scope and financial resources is far more important than the programme to combat poverty: the Council takes the basic decisions, particularly as regards opening up new fields for operations financed by the Fund, but it is the Commission, assisted by the Fund Committee, which administers the Fund by selecting from the activities and projects submitted by the Member States those which are to be financed.

As regards the programme to combat poverty, there is now a danger that the discussions in the Council will centre on the details of the various government projects and become bogged down in completely sterile polemics on 'fair returns' or the countries favoured to a greater or lesser degree in the allocation of the available funds,

#### IV. Financial problems

10. The explanatory note on finance, which, as page 10 of the Commission's document indicates, was to have been attached to the programme, has not been included, and this makes it more difficult to evaluate the programme, particularly as regards the cost of each project.

11. Secondly, the problem of financing the programme has caused some confusion. Chapter 98 of the 1975 budget (non-allocated provisional appropriations) provides - thanks to the European Parliament, whose proposal that the initial appropriations (1m u.a.) should be increased was accepted by the Council - a sum of 3.2m u.a. intended for various activities in the social sector. The Council should therefore take a decision to release these funds.

They will not in any case be allocated solely to the programme to combat poverty (Item 3060), since they are also intended for the following:

- Item 3021 : Exchange of young workers
- Item 3050 : Programme of research on labour market trends
- Item 3051 : Housing for handicapped workers
- Item 3052 : Guaranteed incomes
- Item 3061 : Organizing and humanizing work
- Article 307: Participation of both sides of industry.

12. Some members of the Committee on Social Affairs and Employment were concerned that if the 2.5 m u.a. was allocated to the programme under consideration, the appropriations remaining for the other items would be insufficient and that if, on the other hand, a major share of the appropriations was allocated to other activities, the funds available for the programme under discussion would not be sufficient.

The Commission has, however, stated that there is no problem of lack of appropriations and that a request for a transfer of appropriations from Chapter 98 to Item 3060 was in the process of being submitted by the Commission's services.

#### V. The list of projects

13. Various members of the Committee on Social Affairs and Employment have voiced reservations as regards the geographical spread of the projects. This is a valid point since it would seem that the needs and requirements of each country have not been taken into account: Ireland, along with Germany and France, heads the list with three projects, and Luxembourg, despite its size, will have two whereas Italy has been allotted only one.

It is obvious that no country will be able to utilize the results achieved with the projects and research carried out in other states unless they are also applicable to its own specific situation. It is therefore to be feared that the present geographical spread of the projects, which is somewhat lacking in balance, will be detrimental to the application in all countries of the results achieved.

14. The representative of the Commission pointed out, however, that the fact that three projects were to be carried out in one Member State and only one or two in another was no indication of the finances earmarked for or the importance of each project. For example, the project submitted by the Italian Government would alone take care of 25% of the appropriations allocated to the programme, i.e. 640,000 u.a. of 2.5m u.a.

He also stressed that the list of projects included in the document was not final, the Commission and Member States having reserved the right to add other projects if necessary.

15. The Committee on Social Affairs has underlined the need for the Commission to give most attention, when choosing from among such projects, to the schemes proposed by regional or local authorities, which alone are in a position to gauge their impact and effectiveness in relation to the needs of the area concerned.

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman of the opinion: Mr A. TERRENOIRE

On 24 March 1975, the Committee on Budgets appointed Mr Terrenoire draftsman of the opinion.

It considered and unanimously adopted the draft opinion at its meeting of 24 March 1975.

Present: Mr Aigner, acting chairman; Mr Terrenoire, draftsman of the opinion; Mr Früh, Mr Gerlach, Mr Houdet, Mr Lagorce, Lord Lothian, Mr Notenboom, Mr Pêtre, Mr Radoux, Lord St. Oswald (deputizing for Mr Kirk) and Mr Yeats.

## 1. Introduction

With this proposal the Commission of the European Communities is launching a Community policy to combat poverty with very limited means and recognizes that modern society has not been able to eradicate all cases of chronic poverty in the Community's Member States.

The Committee on Budgets welcomes the fact that these initiatives recognize the existence of the problem of poverty in all of the Member States and aim to involve the Community Institutions in the battle against this social phenomenon.

## 2. The Commission's proposals

The Commission proposes Community participation in the cost of certain pilot projects, which, however, apart from exceptional cases, would not exceed 50% of the total cost. The Commission lays down a series of criteria which projects should satisfy to be eligible for support:

- they should be of an innovatory nature
- they should involve the active participation of the people concerned,
- they should have a particular Community interest.

In the light of these criteria the Commission proposes that support should be given to four types of project:

- (a) those with an area-based approach,
- (b) those focusing on poverty-stricken or poverty-prone categories of persons
- (c) those aiming at the creation of specific new services
- (d) those concerned with adapting existing services for the population at large to the specific needs of the poor.

The Commission proposes that a programme be adopted after consultation with the authorities responsible for dealing with the problem of poverty in Member States. A preliminary list of research projects in all the Member States is included in the Commission's proposal, together with models for the submission of pilot schemes to combat poverty and a list of organizations in the Member States which are active in the anti-poverty sector.

According to the Commission's proposal, projects approved within the framework of the programme should be the subject of periodical reports, which would be examined by the Commission using appropriate new systems of evaluation; as the Commission points out, 'in this manner the analysis of the problems of poverty and policy alternatives will, for the first time, be given a European dimension'.

### 3. The financial implications of the proposals

As noted above, the Commission proposes that Community participation should be restricted to 50% of the total cost of the project, except in very special cases. These exceptional cases would be projects to be promoted in more than one Member State 'for the purpose of inter-Community comparison, or for the support of an agency which had otherwise not yet attracted adequate outside resources'.

The Commission envisages appropriations of 2,500,000 u.a. for 1975 to cover some 20 to 25 projects; for the year 1976 the proposed allocation is 2,750,000 u.a., also for 25 projects.

The Commission's document mentions an annexed explanatory note on finance. It would seem that this explanatory note is intended solely for the Commission's internal use. Your rapporteur feels it is a pity that the Commission was not able to furnish in its communication to the European Parliament details which would have made possible a more exact assessment of the financial implications of this programme, especially as at first sight some of the projects seem rather costly. The explanatory note ought also to have shown whether the appropriations for 1975 would be sufficient.

As regards the budget estimates for 1975, the European Parliament has adopted Amendment No. 43, which inserts in Chapter 98 unallocated provisional appropriations to the amount of 2,500,000 u.a. Again in the social field, Parliament has adopted Amendments Nos. 42 and 42(a) in respect of items 3050 'programme of research on labour market trends' (200,000 u.a.) and 3051 'contribution to pilot projects on better housing for handicapped workers' (500,000 u.a.) to a total amount of 700,000 u.a. The Council accepted but modified, the two latter amendments and the amounts are entered under Chapter 98. The overall value of appropriations in the social field allocated to Chapter 98 amounts to 3,200,000 u.a.

If it is to be used, this amount must be transferred to the Operational Chapters of the budget and divided among the six following Items and Articles:

- Item 3010: 'European Vocational Training Centre'
- Item 3050: 'Programme of research on labour market trends'
- Item 3051: 'Contribution to pilot projects on better housing for handicapped workers'
- Item 3060: 'Control of poverty'
- Item 3061: 'Organizing and humanizing work'
- Article 307: 'Community measures for the participation of both sides of industry in the Community's economic and social decisions'.

The Commission now proposes that out of this sum of 3,200,000 u.a. a total of 2,500,000 u.a. should be transferred to the one item concerned with poverty control.

The Committee on Budgets is bound therefore to make a reservation, questioning whether the appropriations remaining under Chapter 98 after such a transfer would be sufficient to launch the programmes envisaged under the other five items. At all events, the Committee on Budgets will have another opportunity to examine the budgetary aspects of this problem when the proposal for a transfer from Chapter 98 to Item 3060 is submitted. It appears that this proposal is now in preparation.

#### 4. Conclusion

The Committee on Budgets

- having regard to the importance of a Community effort in the control of poverty
- having regard to the Parliamentary amendment which made it possible to add the appropriations to the 1975 budget

gives a favourable opinion on the present communication, but with certain reservations, notably as to the possible insufficiency of the appropriations for this programme and as to the balance of appropriations left under Chapter 98 for other programmes in the social field.

When the proposals for the transfer from Chapter 98 to Item 3060 'control of poverty' are submitted, the Committee on Budgets will take the opportunity to discuss further the financial consequences of this proposal.

