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Unacknowledged, unseen, unmentioned

Poverty in Europe

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Impoverished German children dream of the USA; one Greek person in four is behind with their most basic bills; sixty per cent of the poor in Romania have outdoor toilets. Cracks are appearing in Europe's beloved image of itself as the egalitarian alternative to the United States, writes Per Wirtén.

What do we really know about poverty in Europe? Not a lot. The constant flow of facts, images and stories from the other side of the Atlantic means I know more about American poverty than its European counterpart. There is a steady stream of books and articles about “the working poor” at Wal-Mart, Latinos in Los Angeles and Afro-Americans in run-down slum districts. How many of us have read books like *Nickel and Dimed*, Barbara Ehrenreich’s account of struggling to get by in low-wage hell? Or avidly immersed ourselves in the slums of Baltimore in the TV series *The Wire*?

But there is poverty in Europe, too. It brushes past my face in daily life, when I am travelling, or on rare occasions in the odd newspaper article I have kept. But only as fragments, dead leaves and flakes of black soot in the wind. I am aware that it exists, but know hardly anything about it.

Last summer I walked in the shadow of thunder clouds through Stockwell in south London: dilapidated buildings, worn pavements, grilles over the doors and windows of each individual shop. The whole environment was reminiscent of the former GDR. The next day, I travelled through small, dreary, post-industrial towns in the north of England. On my journey I read



that a British report had found that the proportion of poor people is back at the level it was in the 1960s, that growing class divisions are tearing the middle classes apart, and that the only positive news is the reduction in numbers of the most vulnerable.

In October 2007, while in Berlin, I read two German sociologists' description in the anthology *Neighbourhoods of Poverty* of the situation of the poor in the working class district of Neukölln. Those interviewed had a monthly income of between 300 and 500 euros, that half had not had a proper job for 15 years, that they have given up on the labour market, and that, by relying on a disciplined "management of scarce resources", they get by on odd jobs and welfare handouts. Children become locked into poverty when they are forced to give up school to help bolster the family's meagre income. Many dream of emigrating (maybe to the US).

It reminds me of the situation in Paris, in the *banlieue* – the excluded peripheries of the city. Liberal newspeak talks of outsiderhood, when it is actually nothing but the same old poverty of a racist, class-ridden society, harsh and degrading: "People who are not where they want to be; people not living the lives they want because of unemployment and financial worries," as Torun Börtz puts it in his book *Betongen brinner* ("The concrete is burning"). The striking thing is that the institutions of the welfare state are in place. They have not withdrawn, researchers maintain, just no longer seem to function as they should.

Sibiu is a town in Transylvania in Romania. I was there recently for a long weekend, locked away in a conference for the most part, but still finding time to enjoy an espresso on the impressive main square and a stroll along the narrow streets. After a day or two, I discovered Sibiu is divided into sectors. There is the upper part of the old town, stunningly restored and thoroughly touristified. In its shadow lies the equally old lower town, its buildings fading into grey decay. And then there is the drab modern city, with grey blocks of workers' homes and traces left by the years of shock politics. Between 1989 and 1993, the number of poor in the East – not counting the war-torn states of Yugoslavia – rose from eight to 58 million. It was calculated in 1993 that 75 per cent of all Romanian children were growing up in poverty. The figures were considered so demoralising that Hungary and the Czech Republic abandoned certain methods of measuring poverty. The trend has since been reversed, but has left its mark in the



boundaries between the different parts of the town and the living conditions there.

Sibiu is like an insistent image of the whole EU. We sun ourselves in the upper town, like a heritage theme park with its churches and palaces, reminders of the long cultural history of the continent, and avert our eyes from the lower town, where the people actually live.

You could equally well choose Hamburg as a concentrated image of the European situation. It has grown to be one of the continent's richest cities, with standard incomes way above the German average and a growth in jobs contrasting sharply with the country's general stagnation. The Hamburg of the 1990s was a stylish success story, a perfect illustration of how to make the change from traditional industrial city to a modern centre for a combination of manufacturing, advanced technology and a strong service sector. But even as this was happening, the number of Hamburg residents in receipt of social security benefits or income support was rising dramatically: the 1970 figure of 17 650 had increased to 159 681 in 1997, the second highest share of any large German city, with only Bremen faring worse. Hamburg has become a polarised city in a divided economy where growth and decay walk hand in hand.

Knowledge of this kind about Europe seems to remain shrouded in darkness. Why should that be, I wonder. Has it anything to do with how Europe views the USA?

In the autumn of 2005, New Orleans was submerged after hurricane Katrina breached the levees. It was the city's poorest quarters that suffered the greatest devastation. The authorities' arrogance and inability to react shocked the rest of the world. Europe offered the US emergency relief; in Paris, intellectuals wondered how the country could afford to wage war in Baghdad but not to protect its own people; and Swedish premier Göran Persson declared that a catastrophe of such a kind would be unthinkable in European welfare states. Exactly two years later, Greece was in flames. The Greek state was just as ineffectual as the American state had been after Katrina. Help from the EU was slow to arrive; people died and villages were left in ruins. Of course, questions were asked in the European media, but the criticism came nowhere near the wave of indignation that was directed at the US after the New Orleans disaster. Yet Greece's position in the EU as one



its most corrupt, unequal and poorest member states is not unlike that of Louisiana in the US.

Perhaps the storm of criticism of the Greek government failed to materialise because it would risk shattering the self-image Europeans have been keen to create since the 1990s. In terms of the politics of identity, the magnet that binds together the EU more than any other is that of being an alternative to the US. Europe is more peaceable, more enlightened and civilised, more democratic, more egalitarian and without any real problems of poverty, more soft power than hard power, saying yes to market economy but no to market society. The identity construct of the Union rests not on culture and ethnicity, but on the idea of not being the US. Europe sees itself as an anti-America.

In this context, criticism of conditions in America assumes particular significance. It works like a television screen in the living room. Europe soaks up anything critical of the US: books, news items, documentaries and feature films. Our eyes are drawn to the moving pictures. But this seems to mean that we stop seeing our own living room.

The emerging European self-image is not a conspiracy orchestrated from Brussels. Rather, it is a grass roots expression of will concerning how Europeans wish to see their continent. This identity construct also accommodates political energy. The problem is the shaky assumption underpinning it: that Europe is so much fairer than the US.

Michael Moore's film *Sicko* is one obvious example. Moore's criticism is as clear as a bell and was fuel for the European Left's longstanding criticisms of the wrecked American health insurance system. But no one devotes a fraction of that energy to the injustices in Europe's own system. In actual fact, few people know anything at all about the healthcare picture in the European Union as a whole. *Sicko* is the brightly coloured TV screen in an otherwise darkened room.

Studies nonetheless reveal that awareness of the genuine problem of poverty is growing among Europeans. They encounter it in their daily lives and when travelling. My experience is no exception. What is more, most of our citizens attribute this poverty to injustice and the structure of societies, not to the shortcomings of poor people.



But I am not satisfied with my own fragmentary observations. I want to understand the whole picture. Is Europe better than the US to the extent that we want to believe? I start to hunt for books and research findings, trawl library catalogues and the Internet, but come up with amazingly little. The pile on my desk does grow, admittedly, but relevant content is sparse. If I had looked for American research on poverty in the US, I would have been drowning in information.

Eventually I find a weighty survey from the European Commission: *Social Inclusion and Income Distribution in the European Union* (2007). From this I discover that 16 per cent of EU citizens live below the poverty line, that is, their income is 60 per cent less than the respective national average. That is total of 75 million people.

Measured in this way, the proportion of poor people has not increased, even since Romania and Bulgaria joined the Union. On the other hand, inequality has been growing for a quarter of a century, particularly in three countries: Britain, Finland and Sweden. Unemployment is obviously the foremost reason for people sinking into, or remaining trapped in, poverty. In some countries, such as Belgium and France, about half of all migrants live below the poverty line. Another study, *Making the City Work* (University of London 2005), shows that ninety per cent of low-paid jobs are done by migrant workers.

The research team behind the European Commission report wrestles with the problem of adequately measuring poverty in the Union. It opts for yet another method, using interviews to try to uncover concrete cases of poverty as actually experienced. Abstract statistics start coming to life. One Greek in four is behind with the most basic bills, for example electricity and water. Thirty per cent of all Estonians and slightly fewer Portuguese describe their accommodation as slum-like, with leaking roofs and damp walls. Of those living below the poverty line in Romania, 60 per cent have outdoor toilets, and in Lithuania 45 per cent...

The statistics hammer down like heavy autumn rain. But they fail to join up. I am lacking the bigger picture: any coherent overview of the EU.

Concealed behind bar charts and Gini coefficients, rendered invisible everywhere, is an additional group of workers, the continent's new, low-paid proletariat: migrants without documents. They toil on the fruit farms of Italy, grow cucumbers in Dutch greenhouses, work all night as cleaners on the



London underground, are bussed between building sites in suburbs and cities all over Europe. They work long hours for low pay, with hardly any legal rights. On October 24, Swedish Television's investigative magazine programme *Uppdrag granskning* revealed that Swedish hamburger chains hire cleaning staff on six-hour night shifts, seven days a week with no holidays, for monthly wages of about 7000 kronor (700 euros), cash in hand. Those without documents inhabit a spreading grey zone, where at the bottom end of the labour market wages are in free fall. They are black islands, sunk in silence, never featuring in any published income statistics. European politicians have always criticised the many low-paid jobs in the US, but they now accept that similar conditions, if not worse, are increasingly found at the heart of their own continent. In mainland Europe, trade unions have started to organise such workers, but their Swedish counterparts are lagging behind.

One evening, I re-watch Jean-Pierre and Luc Dardenne's award-winning film *L'Enfant*, the story of Bruno and Sonia, two marginalised youngsters in a northern French, or perhaps Belgian, town. Whenever I watch films by the Dardelle brothers, Mike Leigh, or the whole host of French directors who depict the European working class, I am struck by how rarely I encounter stories in which the characters are not locked into the role of political stereotype or representative, but are allowed to remain human beings, struggling with guilt, forgiveness and reconciliation. They are there in their own right, as an ordinary, everyday element of the run-down districts of cities. But the only place they are heard is in the darkness of the cinema. They seem to be erased from journalism, literature and politics - and apparently even from academic research. Film is the only narrative form of the last two decades that has succeeded in creating any visible tear in Europe's self-image.

The fight against poverty is often held up as a goal by the machinery of the EU. But responsibility for action has been limited to the national level, with the inevitable consequence that any ambition to see the whole picture is thwarted as it disintegrates into a national mosaic.

I find a résumé of what the member countries have actually done. All of a sudden, there is an impression of remarkable uniformity. Country after country has implemented tax reforms that have heightened inequality. Then



they have tried to mitigate the effects by increasing support for the poor. In short: the rich have sailed off into the distance, leaving *les nouveaux pauvres* as a communal responsibility for the rest.

There seems to be a common policy, based on the assumption that increased wage differentials and deregulated labour markets are good for Europe. But Europeans also want to live in a “social Europe”, a more egalitarian, fairer union than the American version, and in this they receive verbal encouragement from Brussels. This is where a European dilemma arises. What happens if we attempt to see the Union as a single political and social union, I wonder. Most of the research reports I have found claim this is pointless or impossible, just as the EU Commission report does. Poverty is clearly not to be measured across borders. The result might be too demoralising, as it was in Hungary or the Czech Republic during the years of shock politics. But might a comparison of the statutory minimum wage in different member states offer some kind of pointer? What it shows is a breathtaking regional gulf between incomes. The monthly minimum wage in Bulgaria is 92 euros. In other Eastern European countries it is between 130 and 225 euros. In France, by contrast, it is 1280 euros a month – fourteen times higher than in Bulgaria.

The average income in Spain is sixty per cent of that in Germany. Roughly the same disparity, incidentally, as that between white and black Americans. If comparisons are drawn with low-wage countries like Romania and Portugal, the disparity becomes greater than any in America.

These disparities can be simply explained away by variations in the local prices for food, accommodation and so on. But for how much longer? They are rapidly evened out by trade and market mechanisms once borders are opened. In Sibiu’s beautiful old town, a coffee was just as expensive as in Berlin. Open borders lead to something else, too: people no longer only compare themselves to the local elite, but begin to measure their own standard of living against that in Vienna, Munich and Paris. The horizon of possibilities begins to shift. Once transitional regulations have been dismantled, there will be nothing to stop anybody taking the train west to get better pay for the same job. Poverty, too, will be integrated; it will in a certain sense stop being national and become European.

This change is confirmed, one might say, by another EU Commission report, *Poverty and Exclusion* (2007). It shows that those who perceive



themselves as poor in countries like Portugal, Romania and Bulgaria are far more numerous than those who actually are poor, in bare statistical terms. Perhaps because they have started seeing themselves as Europeans.

Finally, I come across a long article by American economist James K. Galbraith, "Maastricht and the Fate of Europe" (Friedrich Ebert Stiftung 2007). As I read it, alarming cracks begin to appear in Europe's entire self-image.

With his American leftist perspective, it is natural for Galbraith to think of the EU as a whole, just as radical Americans have always fought for the US to be seen as a single political entity, with federal measures to alleviate poverty and unemployment. "Poland is no longer an independent labour market, but a province of greater Europe. The unemployed are not the unemployed merely of Poland, but the unemployed of all Europe." Galbraith goes on to maintain that the US is more egalitarian than the EU. And he is sufficiently right for his provocation to turn the debate upside down. Looking at wages, the differentials are in fact roughly the same size in the US and the EU countries. Moreover, in the 1980s and 1990s pure wage differentials increased more in Sweden, for instance, than in the US. It is only when the measure is of income, that is, after taking the effect of tax and other transfers and benefits into account, that American inequality overtakes Europe's. The difference is thus not in wages, but in welfare systems. For various reasons, Galbraith makes no allowance for this. He looks only at what people earn.

It is when he abandons European national borders and views the EU as a single labour market that the results are dizzying. He compares the difference in wages in the US and EU, making allowance for regional inequalities. Looked at in this way, the gulf between high and low wages in the EU is twice that in the US. He can scarcely believe the figures himself – he is, after all, a left-leaning, Keynesian economist who has always looked to Europe – and therefore recalculates on a slightly different basis. But the result is the same. "Across continental distances, average European incomes are dramatically more unequal than are those in the United States."

As the markets level the cost of living in different parts of the Union, inequality – and poverty – grows into a political monster. The Commission's major report *Social Inclusion and Income Distribution* makes an interesting



observation: increased growth, falling unemployment and higher public welfare costs in the budgets of the various states have not automatically reduced poverty. The result can just as easily be an increase in poverty. There is no simple correlation. Anyone who believes that growth and higher levels of benefit will solve the problem may feel deceived. Poverty and inequality thus demand specific political reforms with a fixed purpose. Galbraith, a little dramatically, likens the situation in the EU to that in the US in the 1930s. But his point is that the US, with the New Deal and concerted national policy, started to help up its poorest states, and in so doing also helped its most impoverished citizens. This is the situation in which Europe now finds itself.

“The EU must identify specific measures and prove the model with bold experiments,” he writes. What is needed is a concerted equality policy targeted at those on the lowest incomes in the poor peripheries of Europe. If their income levels can be raised, the whole continent will benefit, with falling unemployment and a higher standard of living, the same effect achieved by the New Deal in the US.

The alternatives are stark: “Either income convergence *will be made to happen* in the poorer regions of Europe, or migration will swamp labour markets in the core countries. In the alternative scenario, the European project will fail and be replaced by a xenophobic nationalism and the social policies of the extreme Right.”

Europe’s self-image, its political identity as a fairer and more egalitarian alternative to the US, is a European dilemma. Unless the self-image is based on a real political project, it will become self-deception, echoing ever more hollowly and ultimately degenerating into a pure lie.