

POVERTY AMONG US



Part A : An Analytical Approach

Foreword

*Open your eyes and look at poverty.
Open your ears and listen to the voices of poor people.
Open your heart and meet people.
Open your mind and understand : we all are human persons !*

The divide between the so-called poor people and those who are living in wealth is artificial and mainly man-made. The actual financial and economic crisis is deepening and sharpening that divide. This divide is harmful to the society as a whole and to each single person. Nobody should live in poverty because of unjust structures or unfair conditions. "Zero poverty" is our moral claim. Caritas therefore believes that our societies need a new framework in which human rights are fully acknowledged and protected not because of sheer legal necessity, but because of the recognised dignity of the human person who is the source and the end of all rights and obligations. We believe that every single person is an image of God.

If you are going to open this paper you will find tools (part A) and stories (part B). Both are designed to be eye-openers to poverty in its diversity and multifaceted reality. Whether you choose to access the land of poverty through some proven analytical lenses or through real life stories, you will be guided by your own perception(s) and experience(s). Be open to convert your perspective(s) and test the approach chosen by those in our Caritas network who encounter poor people every day and those who study the phenomenon of poverty. We believe that every single person is a son or a daughter of God through Christ our Savior.

Caritas in Europe wants to contribute to a new way to look at poverty. Poverty is more than a lack of wellbeing. It affects the person in its body, its soul and its life. It affects the community where he or she lives. We can't afford to lose a single person as a community of human beings.

We have to repair unfair conditions from the past, avoid new injustices for the present and for future generation(s). This is what we commonly call responsibility. This principle of responsibility gives meaning and sense to our actions and behaviours beyond their most immediate and material impact. We and our fellow citizens are directly and indirectly affected by such actions and behaviours. But there are solutions, and they lay in our hands. Changes are possible. Caritas is a witness of changes in people who live in poverty and, still, succeed in crafting their lives

and destinies. Through its work with poor people and through its advocacy efforts towards the public authorities, Caritas advocates for sustainable living conditions for all by proposing concrete actions. Living responsibility can change ours and the life within the "City", "City" here refers to the organised community we are living in and which by now is becoming more and more global and interdependent.

We believe that we are interlinked through His Holy Spirit and therefore living in a communion of human persons beyond any borders.

Caritas as a charitable organisation of the Catholic Church does not differentiate between the people it serves and works with. Proselytism is even contrary to its nature and its mission (cf *Deus Caritas Est*, 31, c). Working with poor and ill people puts Caritas at the centre of the societal struggle between exclusion and inclusion. Inclusion is more than a key concept of the European Union which hopefully puts the fight against poverty among its priorities beyond the European Year of Combating Poverty in 2010.



Inclusion is an obligation directly linked to human rights. Inclusion might be seen as another way to build communion. This means that a process of active inclusion cannot be a unilateral task assigned to those who are lacking resources or those who are providing resources. It is a task for the whole community or "City" and one could even argue that the fittest have the greater duty in this dynamic and reciprocal process. Enabling others to live to their full potential is contributing to the full and true development of all persons and to the whole person (Paul VI, *Populorum Progressio*, 14; Benedict XVI, *Caritas in Veritate*, 11). Empowerment of the poor in the end means also empowerment of the whole community and the "City".

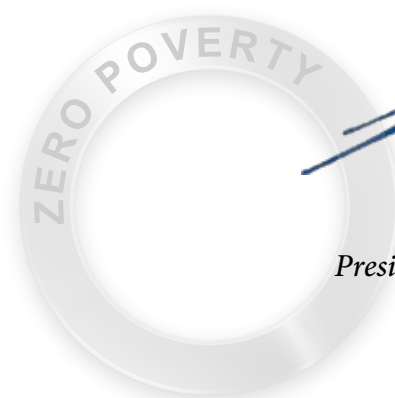
Recognising the poor as fellow citizens who contribute to building the "City" in the same way as all those who consider themselves self-supporting or independent people is to recognise that we all are in need of one another. The scientific approach chosen in this paper leads to the same conclusion. Sociologically speaking, we are not abstract monads. We are part of a society and we are building the future of that same society by our actions and omissions, by our behaviour and our silence. Mutual interdependency or solidarity should not be undermined by those who feel secure or beyond any risks. Not only can this change quickly but, above all, it is also a fundamental anthropological error.

Recognition is both given and received. Only those who are open to receive recognition can share it later. It is a source in which we are born to contribute continuously. Recognition means gratitude. Caritas is a place of gratitude. Many people in need express their gratitude to those who are able to help – albeit as professionals or as volunteers. This gratitude mirrors the real challenge of the "formation of the heart" (*Deus Caritas Est*, 31, a). Nobody is at the starting point of the source of recognition and gratitude. Everything starts with "*Deus caritas est*" as our Pope Benedict XVI summarises. God is the source and the end of all human beings and of all our undertakings.

I extend my personal gratitude to those who have worked hard in order to produce this poverty concept paper: Patrizia Cappelletti, Hubert Cornudet, Seán Healy, Carlo Knöpfel, Sébastien Mora Delgado, Adriana Opromolla, Paolo Pezzana, Miriam Pikaar, Robert Urbé, Gabriela Sonnleitner and Simone Villiger, and to the people behind the pages of wisdom and praxis, of science and reflection, who have shared their lives and experiences, especially in the empirical part. May their work be recognised in our Caritas network and beyond as an attempt to lay new foundations for the ways we look at poverty.

This concept paper is the foundation of a series of specific papers which will develop particular themes and concerns within the broad field of poverty. Together those papers want to build a resource "library" for social workers, politicians, decision-makers and researchers. Each paper was elaborated by a group of experts and approved by the Social Policy Commission of Caritas Europa. Thank you to all those who have contributed within the task forces, the commission and the secretariat general in Brussels to this result, which has received the valuable sponsorship of the European Commission under its program PROGRESS.

May the Year 2010 be a renewed commitment to combating poverty in Europe and in the world. May "zero poverty" become the claim of the whole "City" !



A handwritten signature in blue ink, consisting of several overlapping, slanted lines that form a stylized name.

Erny Gillen
President of Caritas Europa

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1. How Poverty works

1.1. A Model

1.1.1. Shaping the Model

Poverty is a scandal. Every human being has the right to sufficient means for a decent life, especially food, clothing, shelter, health care, rest and necessary social services. Consequently, in circumstances of sickness, disability, old age, unemployment, widowhood and any other involuntary situation of deprivation, every person has the right to be looked after. The internationally recognised right to social security is essential to guarantee human dignity for all persons, when they are deprived of their capacity to realise their rights.

Caritas is using a model that enables the analysis of a system of social welfare in national societies. When defining poverty as a *lack of well-being*, the focus is on the question of social welfare as a part of the well-being for all citizens of any given country. In this sense well-being means more than social security and social protection and even more than social welfare. Income-oriented social insurances and need-oriented social transfers cover aspects of well-being, but well-being also originates from labour market inclusion, the family and other communities as well as from the personal capacity to benefit from social security and social protection. It also includes all the non-material aspects of life.

If poverty is a lack of well-being, and social welfare reflects the **structural conditions** for developing personal and societal well-being, poverty is also a lack of Social Welfare. The one who can not find a job or earn enough by working, the one who will not find support from family or other primary networks; and the one who does not receive the necessary help from the state or other social organisations, will have to live in poverty.

Social progress of a country can be measured by the number of people who, being forced to live in poverty,

can move out of this precarious situation and achieve more well-being in the course of time. Where increasing numbers of people are being forced to live in poverty, social inequality increases, and so do social tensions; the spotlight on the common good fades and the country is threatened with a societal step backwards. The risk of social violence, criminality and flawed governance is then higher, thus impairing democracy and human rights.

The structural conditions for developing personal and societal well-being include:

- The possibility for all people to be able to manage daily life for themselves and for their families. This includes expenditure on food, housing, health, mobility and societal participation.
- The possibility for all people to protect themselves against social risks such as unemployment, sickness, accidents and disability.
- The possibility for all people to guarantee their living conditions in case of retirement by (social) insurances and/or by putting aside some savings for old age.

Three main sources shape these conditions: i) paid productive employment in the labour market; ii) solidarity within the family and primary networks, and iii) the support provided by the welfare state. People have no other choice but to live in poverty, if they cannot earn a living from their job to guarantee existence for themselves and their dependents; if the family support is not guaranteed; and if the welfare state provides insufficient assistance. The welfare situation of people is therefore always defined by the interaction between these three sources: the labour market, the family and the welfare state.

Figure 1: Social Welfare Model

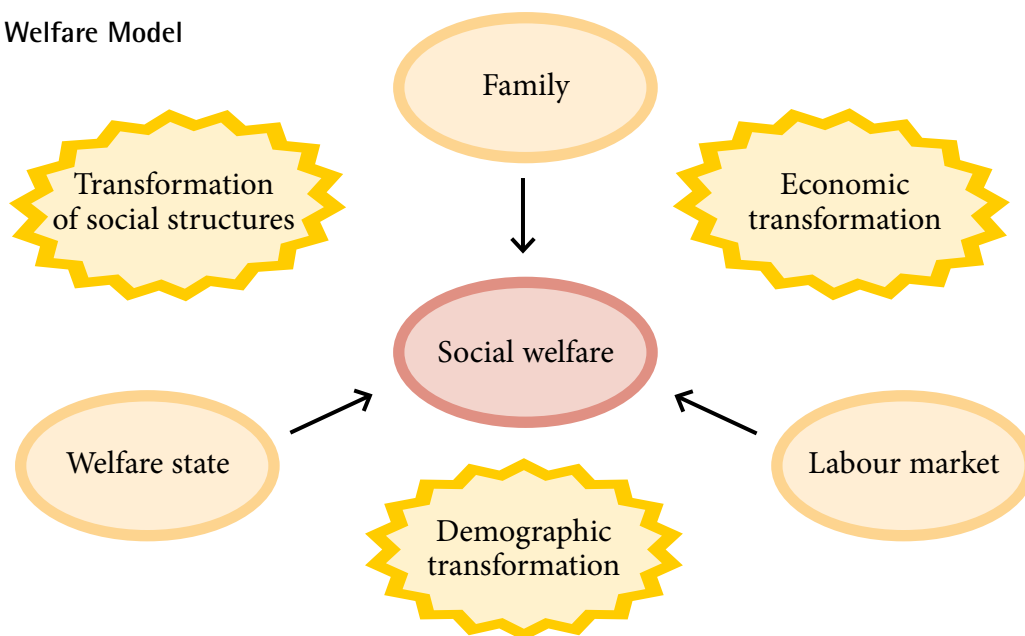


Figure 1 reflects the social welfare model. It encourages reflection on three issues :

- What is social welfare?
- How does social welfare come about?
- What influence does social transformation have on social welfare?

1.1.2. Poverty Risks and the Labour Market

Work is a source of well-being because it allows for the realisation of many other rights. It allows personal and family maintenance and, insofar as it is freely chosen or accepted, it is also a means of recognition and responsible participation in society. Moreover, the labour market is one of the three pillars of social welfare, since it is where an income can be generated to contribute to the existence and the financing of the desired living standards. These earnings differ according to occupational qualifications, sectors, regions, gender, age and nationality. However, the labour market also entails a number of poverty risks, especially unemployment. Whoever does not find a job as a young person in the labour market, whoever loses his or her job or leaves the labour market without protection is in great danger of becoming impoverished. Not all people of working age have the same access to a job. Not only is there a lack of paid work but people seeking employment do not always have the qualifications currently required on the labour market.

The international Human Rights instruments entitle all workers to just, decent, safe and healthy working conditions, including a fair remuneration that is sufficient for a decent standard of living for themselves and their families. Nevertheless, reality shows that simply having a job is not enough to avoid poverty. Where wages are lower; where atypical working conditions are widespread; where labour laws and occupational safety regulations are scarcely developed or respected, people remain in poverty despite being at work. That is why, in many countries, the State stipulates a minimum wage. This is however often not enough to guarantee the existential minimum for even one person.

Particular attention must be paid to work in the grey or black labour markets. In some countries, this segment of the labour market is the only possibility for a large number of people to earn any income at all. In many cases however, this extreme form of precarious employment is still not enough for them to escape from poverty, nor does it protect them against social risks or provide for a pension for old age.

Where work does not come to the workers, workers go to the work. Labour migration is a manifestation of the search of many people for a living wage, to escape from poverty or simply to improve their and their families' living conditions.

International migration affects the labour market in a specific way: the country of origin loses key workers while the country of destination experiences a societal sub-stratification effect. Migrants often have a weak legal status and are forced to accept low-paid jobs, because their occupational qualifications are either insufficient or not recognised. In this way they risk losing many of the skills they have acquired in their home countries. At the same time, the phenomenon of 'brain-drain' has negative consequences for the economy of the country of origin. Despite this, the remittances that migrant populations send back to their families can help to reduce poverty in their countries of origin on a micro level.

Special mention must be made of social partnership that reflects the participatory dimension of public decision making and plays an important role in the welfare system of many countries. Where workers are well organised, their representatives succeed in negotiating arrangements with employers that bring about higher wages, more holidays, better employment protection and increased job security. Today, however, this is only possible if these arrangements match the competitive needs of companies in globalised markets. Where trade union organisation is weak, where workers' organisations are discouraged because of their past history, or where social organisations can not fully play their role, workers (very often women) cannot escape from their precarious working conditions.

The labour market situation can lead people into poverty. Both the families and the welfare state are thus put under pressure. Solidarity within the family and primary networks are not always able to absorb this labour market-related poverty.

1.1.3. Poverty Risks and the Family

The family, as the first experience of community in one's personal life, is a place where capacities are nourished and where the foundations for well-being are laid. The family is entitled to receive appropriate social, legal and economic protection from society and from the State.

In this sense the family is another fundamental pillar of social welfare, resulting from its capacity to satisfy the material needs of its members and to cope with their difficulties.

In particular, in a family more than one person can obtain an income and the family may receive additional financial resources, such as child allowances, which also contribute to securing its maintenance. In many countries, impoverished families can survive and avoid hunger only thanks to the subsistence economy that they are able to develop, for example by obtaining food from their own tiny plots of land.

Nevertheless, families are increasingly facing certain poverty risks. The household income can remain below the poverty line, if the earnings on the labour market are low and the number of non-working family members is high. The extent to which both parents can get gainful employment also depends on whether childcare is needed and if so, how much. Often, other members of the family take on this task, or the children are left to look after themselves. The welfare system can promote the employment of men and women by providing suitable childcare services to complement family help.

Not all family forms are subject to the same poverty risks. Single-parent families and those with more than two children are often hit exceptionally hard by poverty. This has not only to do with low income, but also with an insufficient material relief from family costs. These are the reasons why very often children are at risk of poverty today, and indeed why child poverty is an issue in most European countries.

Solidarity within the family can also contribute to well-being, usually across three generations. Often, both material and non-material support flows back and forth between the various family members. One particularly important form of this family solidarity is the cash remittances that migrants send back to their families. Where solidarity in the family is lacking, it is mostly the children and grandparents who suffer from poverty.

The situation within households can lead people, especially children and young people, into poverty. Increased employment and social transfers do not always create an escape route from family-related poverty. Hence, the well-being potentially offered by the family will also have to be considered in terms of sociability and quality of relations.

1.1.4. Poverty Risks and the Welfare State

Well-being, from a cultural and social perspective, is well rooted in a political environment where justice, equality and solidarity are assumed as the basis of human co-habitation. The welfare state provides for, or should provide for concrete social infrastructures in which these basic principles are embedded. In this sense, the welfare state is a third important source of well-being. Indeed, the main political responsibility for every public institution is to continuously improve this well-being.

The welfare state can be organised in various forms, according to the different existing cultures, constitutional assets and levels of civility and social capital. On the benefits' side, it provides security against social risks such as unemployment, accidents, illness and disability, and supports old-age pensions. It also serves as a last social safety net before the plunge into material poverty. It is financed through tax revenues and/or deductions from wages and salaries.

In some countries the social insurance cover paid out against income losses is insufficient to live decently. Then, social risks such as unemployment, accident, sickness and old age will directly lead to poverty. Even when social assistance payments are paid out, the amounts are often

so small that they are scarcely enough to provide for a dignified survival.

This complex structure and balance can mean that a person's fate with regard to poverty also depends on the country or region he or she lives in.

One can not develop well-being when living at risk of poverty. In this sense, preventing poverty and protecting against poverty risks is the specific task of the welfare state. The welfare state has to protect those people who cannot ensure their wellbeing through either an income or family solidarity. Often the welfare state will not ensure this protection and introduces a new paradigm that mixes sanctions and incentives in programmes to bring people into work. Here one speaks of the 'activating' welfare state.

In a nutshell, in many countries the welfare state considers itself to be subsidiary to the labour market and the family. Nevertheless, self-reliance and intra-familial help rapidly reach their respective limits and can seldom really mitigate any social protection gap left open by the shrinking of the public welfare provision.



1.2. Societal Transformation and new Poverty Risks

1.2.0. Societal Transformation

Societies are in a state of constant transformation leading to changing levels of social welfare in different countries. There are some people who are "winners" in this process of societal change; they experience upward social mobility and achieve increased social welfare. There are others who are among the "losers" of societal transformation; their personal circumstances are uncertain and they are confronted with new social risks. The distance between the winners and the losers of the societal transformation of today is growing.

With regard to poverty and social exclusion, three main aspects of societal transformation are of great significance: the economic, the social and the demographic transformation.

1.2.1. Economic Transformation and New Poverty Risks

The economy of a country does not only follow a cyclical course of boom and recession, but is also subject to a continuous structural transformation. This structural change is driven by two forces in particular: the processes of globalisation and technological development that impact on both macroeconomics and the daily life of common people.

Economic and political globalisation is binding national economies together ever more strongly through trade, direct investment and financial transfers, and driving the global division of labour into the remotest corners of the world. Economic interdependence has become enormous. The global financial crisis that erupted in the summer of 2008 has made this very clear.

Due to new technical possibilities in the field of communication, companies are today less and less location-bound in the traditional way. They invest where local conditions bring them most advantages. This has long been the case in the national context, and now plays an increasingly important role in the global context too.

Economic policy is mutating into location policy. Moreover, because no location can be equally attractive for all business activities, strategic decisions must be made: for which branches of industries, companies and business functions can the respective location be particularly interesting, and for which ones less? Location policy is then reflected in the legal framework, in the quality and pay of workforces, in research and education policies, and many other aspects.

Added to this is what is commonly called technological progress. This can be seen not only in new products and services, but much more so in new procedures and processes. Today, automatisisation and the use of robots can be observed not only in developed economies, but almost universally.

The changes induced by both globalisation and technological development bring along consequences for the labour market, families and the public welfare system. Many national labour markets are undergoing change and are integrated into a global labour market. Workers are competitors in a global competition for employment. The pressure on wages and working conditions is increasing.

There is talk of 'flexibilisation': flexible workforces must be prepared to accept fluctuating earnings, change their location of work repeatedly, work irregular hours and continuously undertake further training. This stress has its consequences. The number of workers who are not able to withstand this pressure any more is increasing. The cost of this development to national economies is enormous. Some countries have tried to counterbalance this tendency by adopting a strategy combining flexibility and security (i.e. the "flexicurity" approach as it is also promoted by the European Union).

Low-skilled employees, older workers and people with health problems (mental health included), are finding it increasingly difficult to earn a living wage. In almost all European countries, the number of working poor is on the rise.

The economic structural transformation is also leading to sectoral shifts: employment in agriculture is on the decrease. In the industrial sector, differing trends can be observed. Where locations attract industrial production, the number of jobs is increasing; where these industries move away, jobs are lost. The number of people employed in the services sector however is growing everywhere. This development is accompanied by a growing offer of part-time jobs. These are taken predominantly by women. The labour force participation rate of women is rising accordingly.

Family life is changing too. The required flexibility is forcing families to organise their daily lives in a completely new way. This puts a lot of stress on families and may create additional tensions that could, in the worst case degenerate. Among other threats, domestic violence for example may rise. This leads to rising costs, both in material and psychophysical terms. For many, the disburseable household income may sink towards the poverty line.

At the other end of the income chain, managers who have replaced entrepreneurs at the head of business activities are meanwhile earning more than a thousand times the salaries of their workers, whereas this ratio used to be closer to one to ten. These managers do not have the same relationship with their business and their workers, as entrepreneurs formerly did. This puts the issue of corporate social responsibility to the foreground.

The welfare state has become a decisive factor for companies deciding where to locate their business. On the one hand, the welfare state appears as a cost factor that has a negative effect on the international competitiveness of enterprises. On the other, a well-functioning welfare state is a guarantor of social and political stability, and this is an important consideration for firms when deciding where to locate their firms. In addition, social services offered to workers (or their absence) may also be of interest to employers.

In this dynamic process of competition between locations, the political use of welfare is changing. Some

countries have started to reform their welfare systems. Instead of keeping high benefits which are blamed for preventing people from getting a job, so-called activating policies have been introduced. They consist of cutting benefits down to the strict minimum (and even less) while forcing people to take up any job in order to "make work pay". As these policies are often accompanied by sanctions as well as time limits on benefits, these policies may end up creating even more poverty than they propose to combat. To invest in people's capabilities on the one hand while safeguarding their daily life through decent income on the other, could be an alternative policy.

1.2.2. Social Transformation and New Poverty Risks

Social transformation has many aspects and poses specific poverty risks.

The dismantling and dissolution of social rules and systems, together with other structural factors, often leads to internal migration flows from rural areas to the cities where daily interaction is far more anonymous. People search for new opportunities for their occupational development but, despite all their efforts, they often find themselves in precarious circumstances once again. They form a reservoir of cheap and often low-skilled labourers who try to make ends meet in irregular working conditions. Even those family ties that once could have helped them over the worst times are now often lacking.

One quite special aspect of social transformation in many countries is middle class women's perception of their new role. Today, women attain significantly higher levels of education than their mothers did, they are more likely to have a qualified job, and even during the phase of founding a family they can keep a foot in the labour market. This female perception of the role of women is not matched by an equivalent change in attitudes among many men. This may lead to tensions in relationships and amongst other consequences to a significant increase in divorce rates. Single parents run the highest poverty risk of all family forms. In many of these cases the support

provided by the public welfare system is insufficient. All too often, it is still based on the male breadwinner model. As a consequence some women decide not to have children at all or at least to have fewer children than they might have wished, because they cannot balance work, career and family, and because they cannot find sufficient support for their desired life structure.

This process of social transformation is in various stages of advancement in European countries. This leads to specific difficulties concerning the integration of migrants, who are thus forced to find a path between very different systems of values and behaviour and who live a life in which they are rarely well-supported by the new society in which they now find themselves.

1.2.3. Demographic Transformation and New Poverty Risks

In almost every European country, a very similar pattern of demographic change is taking place. The balance between generations is shifting: the number of elderly and aging people is increasing, whereas the number of middle aged adults is on the decrease, as is also the number of children and young people.

Nevertheless, birth rates show significant variations; and this apparently has to do with how work and family life are reconciled in the respective countries, for both women and men.

The demographic developments have implications for the labour market, the family and the public welfare system. The risk of becoming unemployed can be expected to decline, because over the next two to three decades the number of people of working age in many countries will decrease. Hence new perspectives are opening up for young people. Above all, labour migration to Western Europe will continue to increase and it will have to do so.

The requirements for child care (see 1.1.3), and for the care for the elderly also have to be met. The health care systems are often inadequately prepared for these demographic changes and leave such caring up to the families. This will then lead to new poverty risks, when

this burden of care cannot be taken up within the family because of the declining family size, or when women will be forced to give up or reduce their gainful employment.

Another very important issue in the context of demographic developments is the adequacy of old age pensions. In most central and eastern European countries, these pensions are insufficient to ensure a decent standard of living and thus contribute to age related poverty. If the proportion of people of working age to people of retirement age in western European countries affects the capacity to fund adequate state pensions, these countries will also experience an increase in age related poverty. This puts the question of the increase in the retirement age firmly on the policy agenda.



1.3. Poverty Risks will remain and New Poverty Risks will arise

This brief and general description of the dynamic social development in Europe, made with the help of the model describing the social welfare system, is enough to show that the prospects of ensuring the right conditions for all European citizens to develop their own well-being are not satisfactory (the conditions being very different from country to country, and even within one country between regions). Nor does the eradication of poverty in Europe seem to be the goal of European governments anymore, as far as it ever was.

The old risks of poverty are not eradicated through economic and social transformation; indeed, new risks of poverty emerge. These risks are particularly severe in times of crisis. Thus, the key question is how the three sources of social welfare: i.e labour, family and the welfare state can be balanced in a new way, so that all three can play their proper roles again. One of the questions then also has to be how the public welfare system can respond to this development; whether - and here globalisation can not be used as an excuse - it can once again fulfil its obligations towards the public good. Here, the amount of leeway available differs from country to country. This means, therefore, that joint efforts are necessary also within the framework of the European Union and beyond.



2. What is Poverty ?

2.1. The Multidimensionality of Poverty

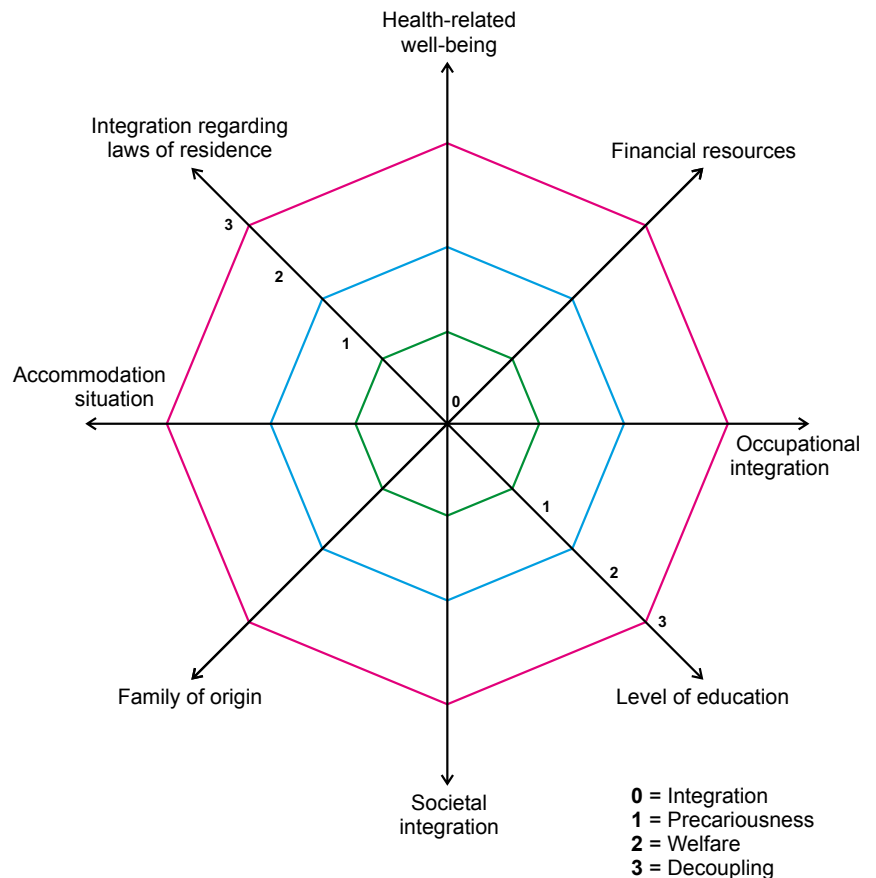
Caritas knows that poor people are not simply victims, but actors. Caritas believes in the dignity of each and every person. Both the perspective of the poor and *the preferential option for the poor* lead us to a description of the reality of poverty by means of the human sciences and to a resolute rejection of this reality.

Caritas sees poverty as a lack of well-being, including precarious circumstances typically characterized by a permanent lack of financial resources. In addition, poverty brings further severe restrictions and limitations: impoverished people often suffer from bad health; they are more frequently unemployed and for a longer time; they live mostly in cramped housing conditions; they are often characterized by poor education and occupational training; they often work in unstable jobs; and they rarely have a viable social network, often experience broken family relationships and an uncertain residence status.

Anyone who really wants to uncover the whole tragedy of poverty and social exclusion must seek a description of these precarious circumstances in all their dimensions.

Hence we consider here eight dimensions. In addition to financial resources, these are: health-related well-being; accommodation; level of education; occupational integration; societal integration; integration regarding laws of residence; and the family of origin. These eight dimensions can be visualised as in Figure 2. There are additional dimensions, i.e. psychological, cultural, ethical and spiritual ones; these are not analysed in the same frame or model. These dimensions nevertheless have their influence (and sometimes even the most influence) on the situation, which is not only the result of the material deprivation¹⁾.

Figure 2: Dimensions of Poverty



1) Caritas Switzerland has created an online tool (available only in german, <http://www.caritas-zuerich.ch/f53000342.html>): a person answers about 40 questions online, and a spider-web model (with the eight dimensions of poverty as axes) is used to show how well that person, or the household to which he/she belongs, is societally included.

The poorer someone is in one of these eight dimensions, and the more he faces limitations in these dimensions, the more precarious his circumstances are. Increasing instability is a "movement towards marginalisation" and poverty is a situation where one is living on the fringes of society. Poverty leads to social exclusion and social exclusion leads to poverty, but they are not the same. In a given society there may be poor people, who are nonetheless integrated into society. Similarly, one can easily imagine wealthy persons who are socially excluded.

Which events can trigger such a movement towards marginalisation, and thus a societal slide? Moreover, which factors contribute to a rise, that is, a movement back towards the societal centre? For each of the eight dimensions, examples of descendant and ascendant causes can be determined, but the actual life situation of persons and families are all different and individual. When analysing these situations, professionals themselves enter into human contact with the poor, and this is part of the process of care for those in need. Poverty and exclusion are not only the absence of material goods and social welfare. Linked to this is also the factor of loneliness, or of how supportive the person's network is.



1. Financial resources:

Financial risk factors that often lead to poverty are lasting unemployment, low wages, a low household income, high family expenditure and a crushing burden of debt. Moreover, specific events in the life of a person or family bring with them the danger of sliding into material poverty. In most of the countries the birth of a child can put a tremendous strain on the parental budget. A divorce leads to poverty if the joint income was scarcely sufficient even before the separation. The death of a parent, too, can destabilise a family financially.

Conversely, a new job, a change of function, an increase in the work quota, or new tasks, can lead to an increase in household income and thus to an improvement of the dimension of financial resources. In addition, clearing up of debts or a reduction of fixed costs through tax cuts or lower rents can help to ensure that the financial situation of a household improves. In addition learning to manage financial resources better can also improve the financial situation.

2. Health:

Although every human being has the right to the highest attainable standard of physical and mental health, conducive to living a life in dignity, in practice a person's health-related well-being depends significantly on his or her socio-economic status, that is to say, on his/her educational achievements, professional status and income: those with a low socio-economic status tend to live a less healthy life, are frequently ill or disabled and die younger. However, it is not just that poverty makes people ill, but that illness or an accident can also result in poverty. An addictive habit too can restrict the limits of a person's capacity and trigger a precarious situation.

In contrast, a person who conquers his or her addiction or recovers from an illness or an accident experiences a rise of health-related well-being. More importantly, an economic improvement also contributes to an improvement in health.

3. Housing:

Far from being interpreted in a narrow sense, the right to housing (understood as *adequate* housing) should be read as the right to live somewhere in security, peace and dignity. This means adequate privacy, space, security, heating, lighting and ventilation, infrastructure and an adequate location with regard to work and basic facilities, which should all be provided at a reasonable cost. Indicators of precarious circumstances with regard to housing therefore are: homelessness, size of living space, the quality of sanitary installations and residential areas. Low-income households often live in shabby accommodation with poor facilities and too little living space. These apartments are also often in neighbourhoods that are characterised not only by a high level of contamination from traffic noise and fumes, but also by a lack of recreational opportunities, immense insecurity and poorly organised public services, such as transport.

4. Education:

Education has been described in the International Covenant on Economic, Social and Cultural Rights as being "directed to the full development of the human personality and the sense of its dignity". Insufficient education has heavy material consequences. People with low educational attainment levels and low occupational qualifications run a high risk of impoverishment. This is because they are more frequently unemployed and for longer periods, or because they are among the working poor. They also find it more difficult to deal with critical events in life than higher educated people.

An improvement of the educational dimension can take place, due to a catch-up in education or training, recognition of migrants' educational or training certificates or participation in life long learning, and in many cases an educational advancement occurs by learning "on the job".

5. Occupational Integration:

Permanent unemployment results in a high risk of impoverishment, but as we have seen even working people cannot always escape the risk of poverty. This can be the case if they have to work in insecure, precarious working conditions. The latter are characterized by one or more uncertainties such as a short-term job, on-call work, lack of legal protection or irregular and insecure income.

Conversely, anyone who finds a job or finds their work situation normalised, will also experience a rise in their occupational integration.

6. Social Integration:

The full development of each person is achieved through community life, which is in its turn grounded on human dignity and human rights. Social integration thus describes how well a person is integrated into a network. A distinction is made between a primary, i.e. family network and a secondary network. The latter includes a circle of friends and acquaintances as well as involvement in voluntary work. Indicators of a precarious situation with respect to social integration can be broken family relationships, few social contacts and a withdrawal from social activities. People in a precarious situation often have no one among their family, friends or acquaintances, in which they can confide. They are very vulnerable to lose their grip when critical events occur in their lives that threaten to derail them.

However, if a person finds the way out of his or her social isolation and begins to nurture contacts with family and neighbours, or gets involved in a club and or in voluntary work for some organisation, this leads to an improvement in the social integration dimension.

7. Residence Status:

Migrants with temporary or no residence status, and un-documented people are primarily in a precarious legal situation which negatively affects their chances on the labour market and for qualifying for social security.

In addition, a non-clarified residence status represents a psychological burden.

If the residence status is settled positively, the migrant's integration increases and the person can restart the long-term planning of his or her life.

8. Family of Origin:

The "family of origin" dimension relates to the parental home of a person. This dimension summarizes what the person took along from the parental home in the form of "social inheritance", as he or she moved along the seven afore-mentioned dimensions of inclusion. Examples of this are whether the parents have a good education of their own, whether they are societally and occupationally integrated, and whether they are of a healthy constitution. The lower the economic, social, cultural and economic legacy of the parents, the higher the risk of impoverishment for the children. Of course, the child's personal willingness to perform as well as a good psychological (cultural, cultural, ethical, spiritual) profile may help to overcome that risk.

Conversely: The better the starting position from the perspective of the family of origin, the greater the chances are for a fulfilling journey through life.

2.2. The multidimensional interaction

The individual dimensions of poverty are not independent but are interconnected and interactive. Thus, working conditions can affect someone's level of health, low financial resources can restrict the choice of accommodation, and a low level of education can increase the risk of becoming unemployed. Frequently, a critical event in someone's life triggers a movement towards the societal fringe. This event will have a negative impact on other dimensions, so that ultimately there is often a manifestation of multiple deprivations. An example is when the loss of a job leads to a loss of identity, and the victim tries to overcome this with excessive consumption of alcohol. This in turn leads to tension in the relationship with a partner, who files for divorce, and the person withdraws from societal activities. Conversely, a positive development in one dimension can lead also to an improvement in the situation in another dimension. This can happen for example when a mental illness is overcome, so that the person can work again and a new family can be started; or when further training leads to a wage increase.

The description of poverty in these eight dimensions also allows solutions for change. If local financial administrative resources show poverty high values, then measures are called for such as budget and debt counselling, information concerning possible monetary assistance, a move into cheaper accommodation, or assistance in the form of unbureaucratic financial bridging (for example, the defrayal of a big bill for dental treatment). If the main focus is to be on furthering occupational integration, then coaching and mentoring projects, as well as employment and work integration programmes are appropriate. If intervention is needed for education, then it is appropriate to, for example, provide non-specific occupational, affordable courses that have been specifically developed for people with low qualifications.



Where, however, a deficit shows up in social integration, not only should courses in family counselling and education be provided that will help to reduce stress levels for both parents and children, but also easily accessible facilities to talk. Services like those providing visits at home or offering holidays to deprived families will help people who are lonely; and reduced entry prices to cultural and sporting events will facilitate social participation. Should intervention prove to be necessary on the housing dimension, then counselling activities will focus on finding sleeping facilities or helping to find a cheap apartment. If a need for support is indicated on the dimension of integration regarding laws of residence, legal and social counselling agencies can provide the client with assistance in achieving the maximum possible legal security. For administrative processes and dealing with authorities, private social organisations can assist immigrants who are unversed in such transactions; volunteer "bureaux guides" can also be made available to assist and mediate in conflict situations and help enforce existing rights.

When health-related well-being calls for action, the main focus will be on the funding of medical treatment. Moreover, where single mothers or fathers, and their children are not in good health, parent-child recuperation periods of several weeks duration, for example, can provide an opportunity to recover, and this time can also be used for giving specialist assistance and family counselling.

Thus professional counselling, support and personal recognition, the possibility to develop one's capabilities as well as social participation and experiencing acceptance in the community can give an important impetus on the personal way out of poverty, as well as prevent from sliding into it.

Thus, much can be achieved on an individual level within the framework of personal potential and skills, provided that the necessary resources are available. The societal conditions, however, often set narrow limits for such improvements. This is the challenge for the politicians. This description of multi-dimensionality makes it clear that poverty policy issues are cross-cutting, and highlight the need to be integrated into the whole political policy agenda.



■ When does Poverty occur ?

3.1. The Life Cycle Model

The third part of this paper presents an analytical tool that helps to better understand the phases of poverty and answer the question of under what circumstances people become impoverished and, vice versa, when they can find a way out of this difficult situation.

Many people have never experienced anything other than poverty. For others, phases of poverty alternate with phases without poverty. The phases of a typical biographical development are: family, schooling, occupational training, working, founding one's own family, and retirement. All these phases are characterised by specific poverty risks.

In the family, a growing child is endowed with certain resources, such as economic, socio-cultural, psychological, and spiritual resources. The lower the socio-economic status of parents (that is to say their education, their income and their professional status) the less of the aforementioned types of resources they possess. Consequently, such parents are not in a position to endow their children with the same resources as those parents with higher socio-economic status. This has serious consequences. Children whose parents have a low socio-economic status often have greater difficulties in achieving success at school and a successful working life than children from a privileged parental home. The endowment of different levels of resources may already manifest itself in the schooling the child receives; such is the situation when, due to financial constraints, the parents decide for him/her to undergo a shorter education process - or no education at all - which means an early entry into working life. Therefore, it is often not only the resources of parents but also their educational level that their children "inherit". The social background is an early but sustained poverty risk.

Education is the key factor in the labour market. A person with a higher level of education can usually attain formal qualifications that enable him/her to acquire a higher function, generating an income that is correspondingly higher. The more important this function is, the more qualifications are required. On the other hand, a person who has received little education has greater difficulty in finding an apprenticeship, often works in low-wage industries and under a-typical working conditions and is more frequently unemployed and for longer periods. He/she is thus highly vulnerable to the risk of poverty. This raises the question of whether the design of the educational system really enables everyone to compensate for differences in social origins. The level of education attained may thus bear crucial poverty risks in one's life path.

In those cases where poverty has not destroyed the very substance of family relations, it may be overcome by the parents' capabilities, and also by the children's innate potential. However, reality shows that the longer families experience poverty and exclusion, the more difficult it is to come out of poverty, notwithstanding these potentials and capabilities.

The family faces threats and opportunities and its situation may bear further specific poverty risks. Children may strain the family budget. Separation and divorce bring additional costs. Even single people, who are usually at lower poverty risk during their active life, have to face increased poverty risks when retired or ill because of lack of support from their relatives. These adaptations to new circumstances usually confront people with a lower socio-economic status to a greater extent than the privileged, who have been endowed with greater resources. This can be explained not only by the difference in financial resources, but especially by the different endowment of

social resources. Someone who is hit by a critical event in life can better deal with it if he/she has friends, relatives and acquaintances, who can stand by him/her, offering advice and support during difficult times.

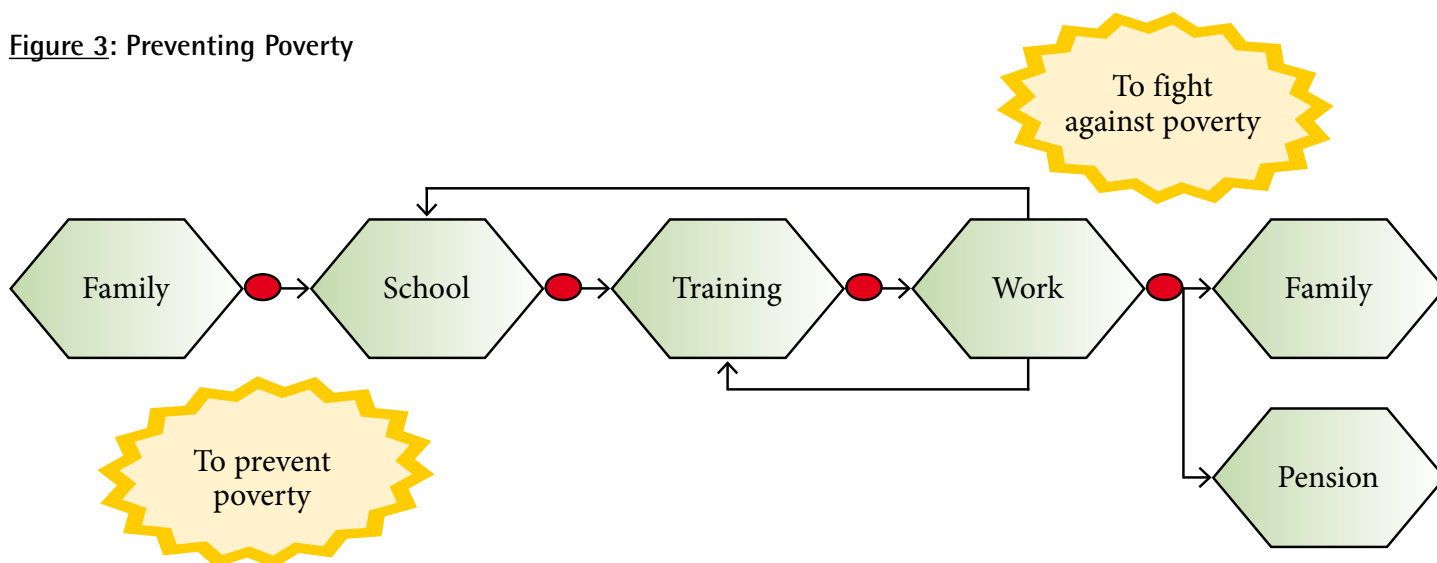
The poverty spiral continues whirling until old age. Whoever struggles all through his/her life with scarce financial resources and has an atypical social insurance background, will have a low pension without having been able to save anything for old age. Thus, the transition to retirement becomes in itself a further poverty risk. There is a high probability that people who do not receive a pension regulated by the state, or who receive one that is insufficient to live on, will be confronted with poverty also in old age.

In summary therefore, it can be said that those who are born in a family with a low socio-economic status, and thus grow up in poor conditions, will often be confronted with poverty later in life, because a child coming from a home with a low socio-economic status tends to be less successful at school than other pupils from privileged parental homes. This child will thus attain a lower level of educational achievement and thus experience more difficulties in finding an apprenticeship or a job. He/she will work more often in poorly paid or insecure jobs and be unemployed more frequently for longer periods. When he/she will later start a family, there will be a higher risk of sliding into poverty, and even in old age he/she will be more affected by poverty than a more privileged person.

3.2. Poverty Policies and the Lifecycle Model

Today, social policies are still focused on assisting poor people. As such, this is a good thing. However, if the fight against poverty and social exclusion is to be sustained and if furthermore, the ultimate aim is to promote well-being, this approach is not enough. Those involved in research on poverty and poverty policies agree that it is better to prevent poverty than to just fight it. Support must therefore, as shown in Figure 3, concentrate more on the early stages of life and on the transitions from one to another. It must be ensured that a slide into the spiral of poverty is prevented from taking place.

Figure 3: Preventing Poverty



This requires investment-oriented social policies. Such social policies take care of impoverished families at an early stage. They improve access to child-care facilities and education, and provide support in early life for subsequent transitions. To the extent that these policies can avoid the "intergenerational transfer" of poverty, there will be fewer adults affected by poverty who will need assistance.

Education policies are also vitally important. They must ensure that access to school and participation in the education system is guaranteed for all, regardless of characteristics such as societal or ethnic origin and gender, thus truly ensuring "equal opportunities for all".

Human dignity requires that all actors, both State and non-State, work towards social justice for all human beings. Not only political systems, but also social organisations like Caritas therefore play an important role in the prevention of poverty. In addition to what they already do to fight poverty, they must take a stand for investment-oriented social policies in their public

work of political advocacy. In their services they should concentrate on being the ones who "set the signals" for the early transitions along the tracks of life.

Examples include services that ease the transition from family to school by providing children of underprivileged families with additional care and targeted support. Another example is mentoring and coaching provided by experienced professionals to accompany and support young people in their search for occupational training and employment. In general, those policies should enhance the capability of people to lead a self-determined life. Empowerment of people should be a central aim of those services.

In addition, the private and public economy also play a role in poverty prevention, because all efforts to avoid poverty will fail if the economy does not offer enough job opportunities, as is the case, for example, in these times of economic crisis.

The best way of fighting poverty is to prevent it.



4. Conclusions

The theoretical considerations in this part, however fragmented, represent a first reflection which will be continued in future publications. It is also the first side of the coin, the other being presented in part B of this publication.

Poverty and social exclusion are a consequence of a break down in the three sources of social welfare (the labour market, the family and the welfare state) due to societal transformation. Therefore, a general conclusion should be that all efforts must be made to enable these three sources to play their role fully again. This means restoring the labour market's ability to create jobs - and good jobs - so that work may really pay, to enable families to play their role as communities of solidarity and support the capacity of the welfare state in ensuring the welfare of its citizens.

This leads us to recognise the great value of social and health services to help those in need on the one hand, but also to create jobs on the other.

In order to prevent poverty in early years, which is even more important than fighting it later, educational services are vital. Similarly, child care facilities are not only a means of reconciling work and family and providing opportunities, especially to women, to take up paid work, but they are also a place of early education. In addition, income measures and services like home care are equally crucial to avoid or to combat old age poverty.

Poverty being multidimensional, there is no one-size-fits-all solution, but indeed all dimensions have to be addressed. As for the ninth dimension (the psychological, cultural, ethical and spiritual dimension) it is clear that we can not expect the state to deliver all the right responses. **Therefore we affirm that poverty is everybody's concern.**

This does not mean that governments can leave it up to "everybody" to alleviate poverty; on the contrary they

have to take up their role: on the one hand by setting societal rules that prevent and combat poverty and on the other hand to build on the capabilities of the people. Changing situations together with the people rather than without or even against them brings society forward.

In this scenario, solidarity should support the social nature of human beings, as well as equal dignity and rights of all. Solidarity here transcends the subjective sense of compassion, or pity for the poor, rising to a commitment, shared within the community, to realise unity towards the common good. We all walk *with* and are committed to the poor and we experience an encounter *with* them. Thanks to this encounter, we acquire a wider knowledge of the social reality and we experience mutual recognition amongst people. Thanks to this relationship this act of cognition can then be turned into an act of "recognition" for that person, meaning being "grateful" to that person.

We must have a comprehensive overview of social reality stemming from human experience. This experience needs social thinking which can confront honestly and radically the grave problems which humanity suffers from. This true social thought must go beyond the social science and technology model. Such a task requires both nearness (encounter) to the poor's situation and a rigorous intellectual approach. In sum, we must not abandon scientific thought but we must go beyond it, mostly because getting to know the reality means becoming engaged with it.

This commitment leads us to a new way of thinking that perceives reality from the perspective of the poor and the excluded. In this sense, it is essential that they themselves speak up and are heard. The fact that our knowledge is limited and insufficient compels us to attentively listen to their lives. Moreover, our analysis must be completed and transcended by their words, by their experiences of struggle and liberation, of suffering

and joy. In fact, depicting this view is the main objective of the second part of this document.

In the concept of *well-being* at the foundation of our vision of Social Welfare lies the conjunction between the individual and society, the conjunction that gives them sense and makes them interdependent, since nobody can make it by him/herself nor be considered as exclusively responsible for him/herself in this globalised world. We are all responsible for one another; poverty therefore is a problem for all and a condition which, in the eyes of Caritas, becomes a particular concern for society.

We should embrace a vision of social reality which has its origin in the poor and with the poor themselves. In order to develop this assumption, we need to articulate a way of thinking that gives us an alternative vision of history, on the one hand, and of our common future on the other. The first can be named *memory* - for it presents history as interpreted through the eyes of the

common people by whom history itself is made; our memory should be also the memory of the poor and the excluded, contained in their suffering and experience. The second can be named *utopia*, understood as a new, very concrete way of looking at our common future with hope, participation and shared responsibility. As Caritas, we adopt a vision of social reality, and of poverty within it, which cannot make abstraction of social links and community. This is why, in our vision, this reconstruction of both *memory* and *utopia* can only be done within the community itself. Social participation, therefore, becomes a necessary instrument for fighting poverty. Our thinking needs to be enriched through "civic dialogue", social bonds, relationships and empowerment, especially of poor and oppressed people. Empowering the poor is the first step on the way to social inclusion. The best way to prevent poverty, and the best way to fight against it, is social participation.



Executive Summary

Poverty is a scandal. Every human being has the right to sufficient means for a decent life. Consequently, in the event of sickness, disability, old age, unemployment, widowhood and any other involuntary situation which provokes deprivation, every person has the right to be looked after.

When defining poverty as a lack of well-being, Caritas analyses social welfare as a part of the well-being of all citizens. Social welfare has three main sources: i) paid productive employment in the labour market; ii) solidarity within the family and primary networks, and iii) the support provided by the welfare state.

Societies are in a state of constant transformation leading to changing levels of social welfare in different countries. With regard to poverty and social exclusion, three main aspects of societal transformation are of great significance: the economic, the social and demographic transformation.

Poverty and social exclusion are a consequence of a breakdown in the three sources of social welfare (the labour market, the family and the welfare state) due to societal transformation. **Therefore these three sources must be strengthened so that they can play their role fully again.**

Poverty is multidimensional. Caritas knows that poor people are not simply victims, but actors. Caritas believes in the dignity of each and every person. Both the perspective of the poor and *the preferential option for the poor* lead us to a description of the reality of poverty based on human sciences and to a resolute rejection of this reality.

For Caritas, **poverty is not only a lack of financial resources.** We consider eight dimensions: financial resources, health-related well-being, housing situation, level of education, occupational integration, societal integration, integration regarding laws of residence, and

the family of origin. We also recognise the importance of other dimensions like the psychological, cultural, ethical and spiritual.

The phases of a typical biographical development are: family, schooling, occupational training, work, founding one's own family, and retiring. All these phases are characterised by specific poverty risks.

Today, social policies are still focused on assisting impoverished people. However, this approach is not enough. Support must concentrate more on the early stages of life and on the transitions from one to another. It must be ensured that a slide into a spiral of poverty is not allowed to take place.

This requires investment-oriented social policies that take care of impoverished families at an early stage. This includes improved access to child-care facilities and to schools, and support in early life for subsequent transitions. These policies can avoid the "intergenerational transfer" of poverty: **the best way of fighting poverty is to prevent it.**

We affirm that poverty is everybody's concern. Nevertheless governments have to assume their own role. Changing situations require embracing a vision of social reality which has its origin in the poor and with the poor themselves. Empowering the poor is the first step on the way to social inclusion. **The best way to prevent poverty, and the best way to fight against it, is social participation.**

*Open your eyes,
look and listen,
learn and act.*

→ **Have a look at Part B :
An Empirical Approach**