

Economic crisis is not over

- worst is still to come, claims Caritas Europa

A new Caritas Europa study reveals disturbing levels of poverty and deprivation in the five EU countries worst hit by the economic crisis; Greece, Ireland, Italy, Portugal and Spain.

The prioritisation by the EU and its Member States of economic policies at the expense of social policies during the current crisis is having a devastating impact on people - especially in the five countries worst affected - according to a new study published today by Caritas Europa. The report finds that the failure of the EU and its Member States to provide concrete support on the scale required to assist those experiencing difficulties, to protect essential public services and create employment is likely to prolong the crisis.

First in-depth study

The report “The Impact of the European Crisis“ **is the first to provide an in-depth examination** of the impact that current policies are having on people in the five EU countries worst affected by the economic crisis. It presents a picture of a Europe in which social risks are increasing, social systems are being tested and individuals and families are under stress. The report strongly challenges current official attempts to suggest that the worst of the economic crisis is over. It highlights the extremely **negative impact of austerity policies** on the lives of vulnerable people, and reveals that many others are being driven into poverty for the first time.

MAIN CONCLUSIONS

The report’s conclusions are based on the unique grass-roots perspective of Caritas organisations working with people experiencing poverty. Its principal conclusion is that the **policy of prioritising austerity is not working** and that an alternative approach should be adopted. It points out that the authorities have choices that they can make in deciding what policy approaches to use, and how various measures are targeted. It calls for a **fair solution to the debt crisis** to be found.

Recommendations

The report also makes a series of recommendations aimed at European Institutions, National and Local Governments, and other key stakeholders. These include:

- Economic and social policies must be integrated at EU level to a much greater extent
- Stronger leadership is required at EU level for groups at risk of poverty, focusing on child poverty and youth unemployment
- Social Monitoring should be put in place for countries in EU/IMF Programmes
- EU Funds must play a bigger role in addressing poverty
- The EU must increase the involvement of Civil Society Organisations in Governance

Response of Caritas

Caritas Europa is a network of 49 Caritas organisations in 46 European countries. Caritas organisations are on the ground in the five countries examined. They address the challenges being faced by those who are vulnerable on a daily basis. Their work ranges from the provision of basic necessities such as food and clothing to the poorest, to language classes for recently arrived migrants, to micro-credit or micro-loans made to families and to small businesses, to offering training to help create new businesses or social co-operatives. **Trócaire** is the Irish member of Caritas Europa while **Social Justice Ireland**, who prepared the report, is an associate partner.

Jorge Nuño-Mayer, Secretary General of Caritas Europa:

“I hope that this report will not only provide timely information on a worsening situation, but also serve as a tool for European and national decision makers in their attempts to identify more appropriate policy responses to deal with the crisis. Caritas Europa and its member organisations across Europe wish to work in partnership with the EU institutions and national governments to develop effective and socially just approaches to managing the crisis and promoting recovery in Europe.”

Nessa Childers, Member of the European Parliament:

“The Caritas study will be invaluable for politicians, like myself, who care about the impact of austerity on the most vulnerable; for those of us who wish to stand up for ordinary people during debates and discussions on solutions to the debt crisis. We need to be able to challenge the proponents of cuts, to argue for tax justice, and for better and more caring policies.

Séan Healy, director of Social Justice Ireland:

"This study shows that the implementation of austerity policies in countries in crisis in the EU has disproportionately impacted on people who are poor and vulnerable while failing to address the huge levels of unemployment all of these countries are experiencing. The study clearly sets out the scale of the challenge being faced by policy makers and makes proposals for action they should adopt immediately."

Notes to the Editor – Main Findings & Figures**1) Unemployment**

Unemployment has reached a historically high level of 25.7 million people or 10.6% of the labour force in September 2012. This is a rise of 2.1 million within one year (source: Eurostat 2012). Long-term unemployed people reached 10.7 million in 2012, which is roughly twice the figures from mid-2008. This means that two out of five unemployed people in the EU are likely to remain unemployed for more than one year, a trend likely to continue (source: European Commission 2012).

2) Youth Unemployment

The report provides clear evidence that a whole generation of young people **experiencing unemployment** (over 50% in Greece and Spain, 22.5% EU average) and a lack of economic security. Youth unemployment in the EU has been recognised by the European Commission as the ‘most urgent social matter of our times’ which it acknowledges may deteriorate further, leading to poverty and social exclusion and other social challenges.

3) Child poverty

The report highlights the way in which Child poverty has become an **issue of concern** in many Member States. Children were at a greater risk of poverty or social exclusion than the rest of the population in 21 of the 25 member States, with an at risk of poverty rate of 26.9% in 2010 (EU27). The evidence indicates that levels of child poverty are likely to continue to increase.

4) In-work poverty

The rate of poverty for those who are working is a problem across Europe and the average rate has increased slightly between 2010 and 2011. The rate for those who are the least well educated (with lower secondary education or less) has increased more and has gone from 16.3% in 2010 to 18.1% in 2011 (8.7%, EU27 average, 2011. Source: Eurostat 2012).

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