EAPN Conference
Getting Out of the Crisis Together: Alternative Approaches for an Inclusive Recovery

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Minimum Income, Social Investment, Maximum Income: Europe 2020 and Beyond

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A *short* presentation... about a *vast* topic

Which should start with a little “putting into perspective”
Europe 2020
Integrated Guidelines

1. Macro-economic surveillance
   (Integrated Guidelines 1-3)

2. Thematic coordination
   (Integrated Guidelines 4-10)
   Monitored through 5 EU Headline Targets

National Reform Programmes (NRPs)
   (including national targets)
   Member States - April

Stability and Growth Pact

3. Fiscal Surveillance

Stability and Convergence Programmes (SCP)
   Member States – April

The EU’s current governance framework
The social dimension is far from key (put mildly) in the EU’s current socio-economic strategy!

- Pursuing the wrong paradigm (growth, growth, growth)
- Criticism: repeat some of Lisbon’s flaws
- Social Protection and Social Inclusion reduced to fighting poverty (and activation)
- Social Dimension subsumed into economic objectives
  - Innovation and social progress tied to fulfillment of debt criteria (tunnel vision, even IMF/Lagarde agrees!)
  - Close link NRPs and Stability and Convergence Programmes!
And yet

• The same socio-economic strategy provides both *legitimacy* and *tools* to push the agenda on a European minimum income!
1. Legitimacy

• Devastating social effects of the economic crisis (policy responses from Member States): poverty, unemployment, housing...

• Those Member States with strong social systems have done better (SPC, 2011)!
2. Tools

• Compared with Lisbon (‘Titanic 2010’): some progress for Social Europe

  - Increased pressure on targets and monitoring of progress (peer pressure): poverty target and requirement to set national targets (respected?)

  - Country-specific Recommendations (Guideline 10?) – See Cyprus: AROP elderly

  - Social protection and Social Inclusion are back in (compared to 2005)
## Integrated Guidelines

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Existing tools of Social OMC

• Set of indicators
• ! Peer Reviews (eg PR Belgium about)
• (Joint) Reports, studies
• Networks (eg Independent experts on Social Inclusion)

➔ If these tools could be activated simultaneously around the issue of minimum income, they can create considerable leverage!
Where do we go from here?

Safeguarding Europe’s Social Dimension

• 2 possible (complementary) scenarios:
  - minimum scenario: upgrade existing instruments
  - paradigm shift: minimum income as part of ‘Social Investment Pact’
Minimum Scenario:

- Ensuring a role for the social policymakers (EPSCO, EMCO, SPC): Country Rec?
- Continue a broad OMC (all 3 strands)
- Beefing up its instruments (sub targets, monitoring, using horizontal clause, Peer Reviews)
- Greater involvement of stakeholders (SP, NGOs, etc.) → procedural rules?
- Financial support (e.g. ESF): ‘social’ conditionality

Paradigm Shift:

Social Investment Pact (Hemerijck, Palier, Vandenbroucke)

- Combine short-term fiscal consolidation and long-term social investment in the context of Europe 2020.
- Objectives: modernise welfare system, invest in people to prepare (capacitate) them for social change and global competition.
- Framework Directive on Minimum Income is one component
- Social Investment Pact

-Oriented to the achievement of greater equality.

-Priorities of social investment:

• Improvement of human capital as a means for a more competitive Europe
• Child care and education as a priority
• Later and more flexible retirement
• Capacitating orientation of services
V. Conclusion and Outlook

• Proof of the pudding is in the eating (still early days)

• New opportunities when compared to the Lisbon Strategy:
  - rather all-encompassing; increased visibility (IG 10, headline target, EPAP)

• But also serious risks:
  - Dominance of economic considerations (growth objectives and synchronisation); reduction to social inclusion; Social OMC?
Wealth, Inequality and social polarization in the EU (EAPN, 2011)

• The wealthiest tenth of the world’s adults now control 83% of wealth; 1% control 43%.
• “Plutocracy: a government or state in which the wealthy rule”
• Wealth (and income inequality) are underlying causes of the current economic crises. IMF: “Wealth inequality is the most serious challenge in the world”.

Europe 2020 and Pensions
• A more equal spread of wealth would mean more money recycled back into the real economy be consumers, underpinning businesses by providing stable demand

• Warren Buffet, writing in the New York Times, August 15 20: we megarich continue to get our extraordinary tax breaks

• Obama's plan to raise the income-tax rate for joint filers earning more than $250,000 a year (or more than $200,000 for individuals)
• Still room for building the Social dimension of Europe 2020 (but difficult!)
  - it’s a new-born...

• *Strong alliances* needed: up to the social actors to create leverage, and to make the best of this oxymoron (STOP-GO)
Making the best of the Oxymoron
(or fight it?)

• Use it as a step-up to EU legislation (but political context?)
  - Minimum income would be a first candidate (EAPN, EC tender EC, B Presidency)
  - What about upcoming Cyprus Presidency (procedural rules for stakeholder involvement)?

• Contribute to critical discourse (picked up: politicians, MEP’s, opposition, academics)
  - EAPN report on social dimension of NRP
  - Eurochild report on how ‘child poverty’ is being addressed

⇒ Where is Cyprus (22 national contributions)!!