

EAPN WORKING PAPER



GETTING OUT OF THE CRISIS TOGETHER *ALTERNATIVE APPROACHES FOR AN INCLUSIVE RECOVERY*

Paper to the conference

*Getting Out of the Crisis Together – Alternative approaches for an
inclusive recovery*

Friday 23rd September. 2011, Brussels

Drafted by Dr Katherine Duffy for EAPN

with EAPN working groups and Sian Jones, EAPN policy coordinator

THE EU WE WANT

Views from those fighting poverty and social exclusion on the future development of the EU





EUROPEAN ANTI POVERTY NETWORK


Voices from the Poverty Line:
Jobs and Unemployment in the EU



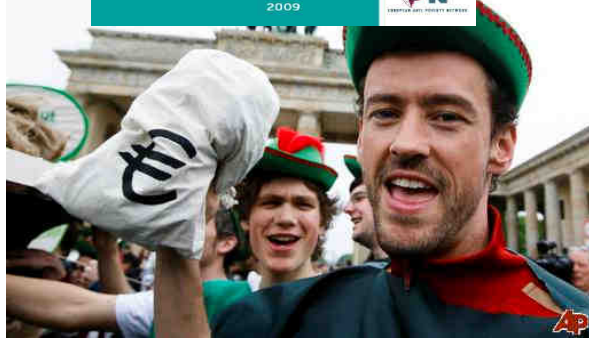
POVERTY AND INEQUALITY IN THE EU



EAPN Explainer #1



2009



Structure of presentation

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- 1. Causes and impact of crisis**
- 2. Poverty and role of the EU**
- 3. Alternative policies**

What caused the financial crisis?

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- Speculation, **gambling**, greed and “herd” behaviour
- Failure of **governance**
- “Group-think” **neo-liberalism**

- **Globalisation** and power of transnational corporations
- Trade imbalance, credit, debt, **poverty**
- Long-term rising wealth and income **inequality**

What path did the crisis and policy response take 2007-2011?

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“Credit crunch”, GDP crash, recession

Bank bailouts & G20 reflation of economies

Public deficits

Sovereign debt

Eurozone crisis: from the “periphery” to the “core”

Austerity strategy spreads

Growth stops

EAPN assessment of the social impact

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Before the financial crisis

- Poverty rose *before* crisis e.g. due to commodity price inflation
- Targeting of social budgets *before* the crisis (EU led)

In recession

- Big variation in scale, depth, pace of problems and response
- Serious social strain evident (mental ill-health, domestic violence, blaming the victims)
- Social protection and social services targeted for cuts
- Big cuts to NGOs and community groups: smaller NGOs and advocacy worst affected
- Countries with best social protection systems recovered best from recession (SPC)
- Breakdown of social contract in worse affected periphery countries
- “Austerity” strategy spreading by 2010 (despite some states out of recession) but **– most impact still to come**

The crisis provides cover for stepping-up an unpopular “shrink the state” strategy

What happened to poverty in Europe?

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1. ***The “boom” years: relative poverty did not fall in most countries; it rose in some***
2. ***Poverty on a fixed standard rose in the recession, before implementation of “austerity”; inequality did not rise (ex Italy)***
3. ***Poor and disadvantaged people risk to suffer more and longer from austerity programmes than from the crisis itself***

Europe 2020: better or worse than Lisbon on tackling poverty?

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1. Poverty target, indicators and Platform against poverty –
 2. Structural Funds budget for inclusion is increased
 3. Europe 2020 economic strategy
1. A step forward on instruments; a big step back on process and ambition compared to Lisbon OMC
 2. But too small and implementation may be negative (including threats to penalize deficit regions)
 3. More of the same dominant Lisbon economic strategy; but moving from economic *governance* to economic *government*

What happened to **social & political** capital in the crisis?

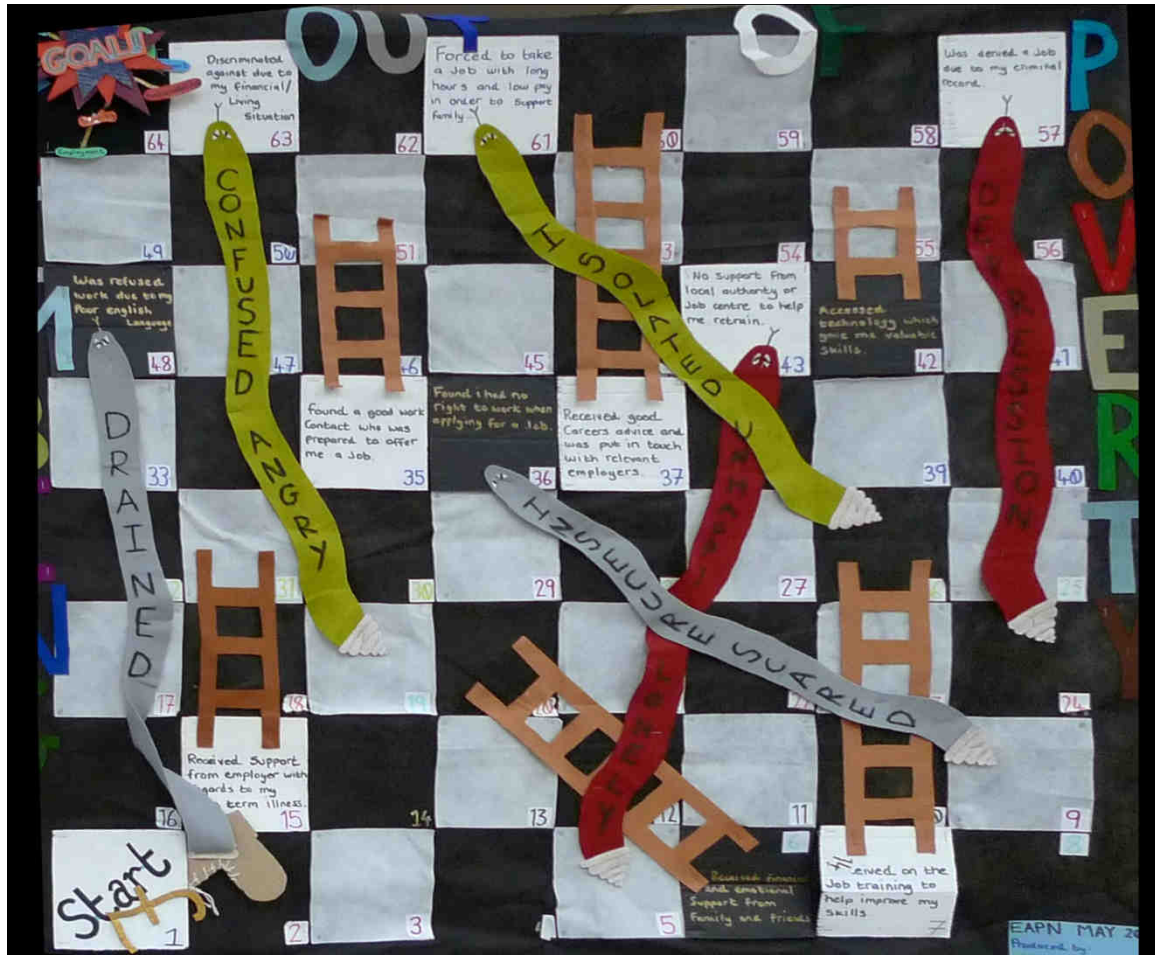
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1. **Global solidarity:** early macro-economic coordinated responses
 2. **Nation state competition:** “*beggar-my-neighbour*” policies on spending cuts, tax and currency competition stopped recovery
- **Social insecurity, loss of trust, social unrest**
 - **Democracy damaged**
“*Colonialism*” (EU and international institutions)

Not only GDP reduced: social and political capital have reduced – bit it's not measured

“Austerity” → insecurity as well as poverty

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The confidence fairy

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Anything positive come out of the crisis?

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- People are more aware of the economic system they live under
- Corruption is more visible
- People are discussing alternatives and how to achieve them

“Economics must be re-embedded into ecology, society and politics”

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Transition or transformation?

We need a transition agenda now – but it must be pro-poor

Immediate changes in macro and trade policy

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We want to...

1. **Prevent a slide into “double-dip” recession**
2. **Save the eurozone**
(disorderly break-up is worse)
3. **Manage competitive and trade imbalances**
4. **Put the financial economy at the service of people**

How...

1. Slow deficit reduction, immediate stimulus
2. debt write-down, big financial stability fund, balanced fiscal policy
3. Flexible exchange rate management, FTT, global regulation of transnational corporations
4. Bank reform, including ring-fencing, capitalisation rules, transparency..

From pro-growth to pro-development

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We want... responsible development

1. More , better, useful clean green and white jobs
2. Share our wealth widely
3. Redistribute our national wealth fairly
4. Get our resources fairly

How...a race to the top?

1. Social investment pact; green development
2. 0.7% GNP to Millennium Development Goals; ILO “social floors”
3. Minimum wage 60% of average wage; minimum social standards and incomes above relevant poverty threshold; maximum wage?
4. Global tax justice and better regulation of trans-national corporations

Regeneration from the base

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1. Put social inclusion of people and communities first
2. Put more resources into poor localities and regions for community, social and sustainable development
3. A level playing field for all forms of small enterprise including small business, social economy, “mutual” organisations and social business
4. Learn from new movements and beyond Europe

And for a social and sustainable Europe...

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We want

1. **Employment and social protection as the heart of Europe and a reformed Europe 2020**
2. A “**race to the top**” in social protection and services
3. **Social and green investment in a better future**
4. **Open and inclusive governance**

How...

1. **Change to the Treaties**
2. **Universality and equity** as the core principles of social investment and welfare
3. Pro-development “**social investment pact**” and green infrastructure
4. **Representative + participative democracy** especially EU institutions; make Europe 2020 a model

Paying for sustainable development

“Only the little people pay taxes?”

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- Supporting **tax justice**
- **Progressive tax**
- Tax as **citizen solidarity**
- **Fair shares of tax** paid by the rich and big business
- General principle **against avoidance**
- Close tax **loopholes** and tax **havens** and end **secrecy**
- **Financial transactions tax**

But... *The Trafford Centre, Manchester, England*
a temple to **consumerism**; 177,000 m² of retail
space

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Choose life

Thank you, Katherine Duffy; k.b.duffy@talktalk.net

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