

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

Brussels, 23 September 2011

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

Bart Vanhercke

Co-Director, European Social Observatory (OSE)

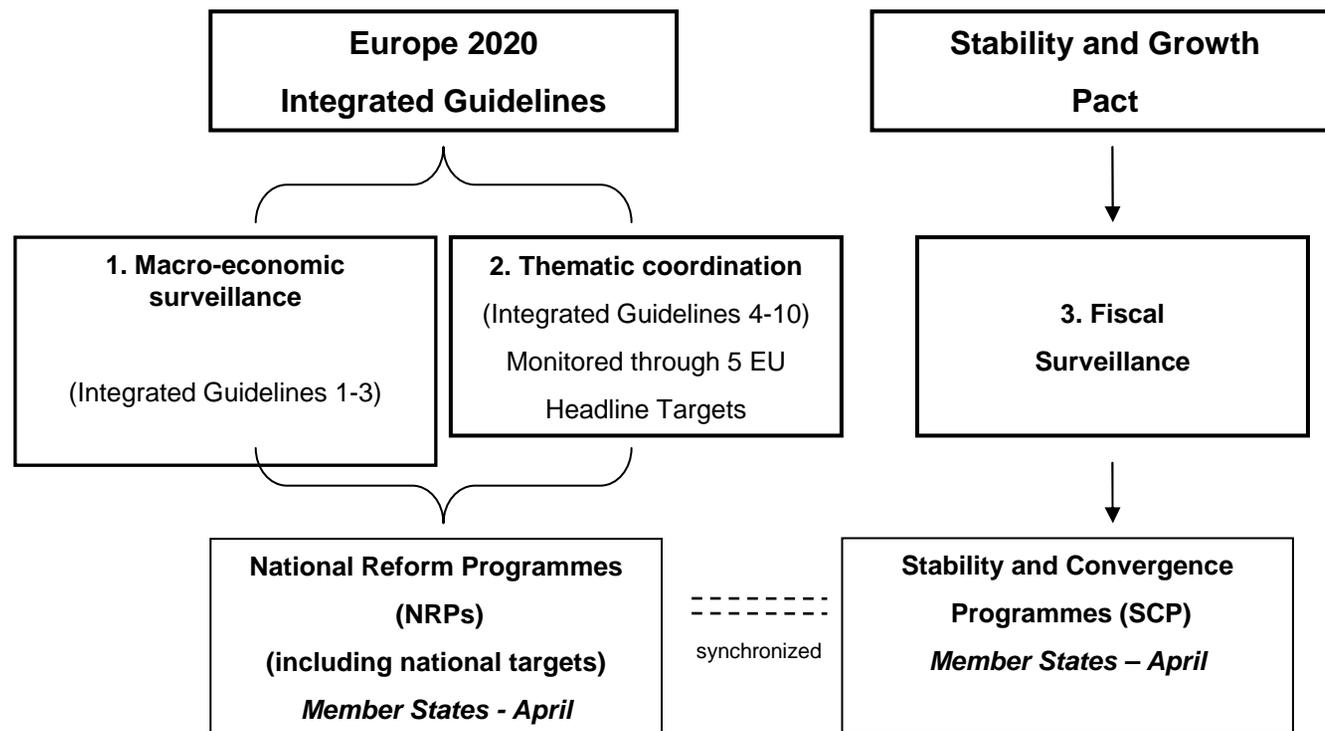
Associate academic staff K.U.Leuven (CESO)



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

Which should start with a little  
“putting into perspective”

Europe 2020 and Pensions



## 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!

Europe 2020 and Pensions



# 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

Macro-economic surveillance	Guideline 1	Ensuring the quality and sustainability of public finances
	Guideline 2	Addressing macroeconomic imbalances
	Guideline 3	Reducing imbalances in the eurozone
Thematic coordination	Guideline 4	Optimising support for R&D and innovation, strengthening the knowledge triangle and unleashing the potential of the digital economy
	Guideline 5	Improving resource efficiency and reducing greenhouse gas emissions
	Guideline 6	Improving the business and consumer environment, and modernising and developing the industrial base in order to ensure the full functioning of the internal market
	Guideline 7	Increasing labour market participation of women and men, reducing structural unemployment and promoting job quality
	Guideline 8	Developing a skilled workforce responding to labour market needs and promoting lifelong learning
	Guideline 9	Improving the quality and performance of education and training systems at all levels and increasing participation in tertiary or equivalent education
	Guideline 10	Promoting social inclusion and combating poverty

# *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

# 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

## 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”.

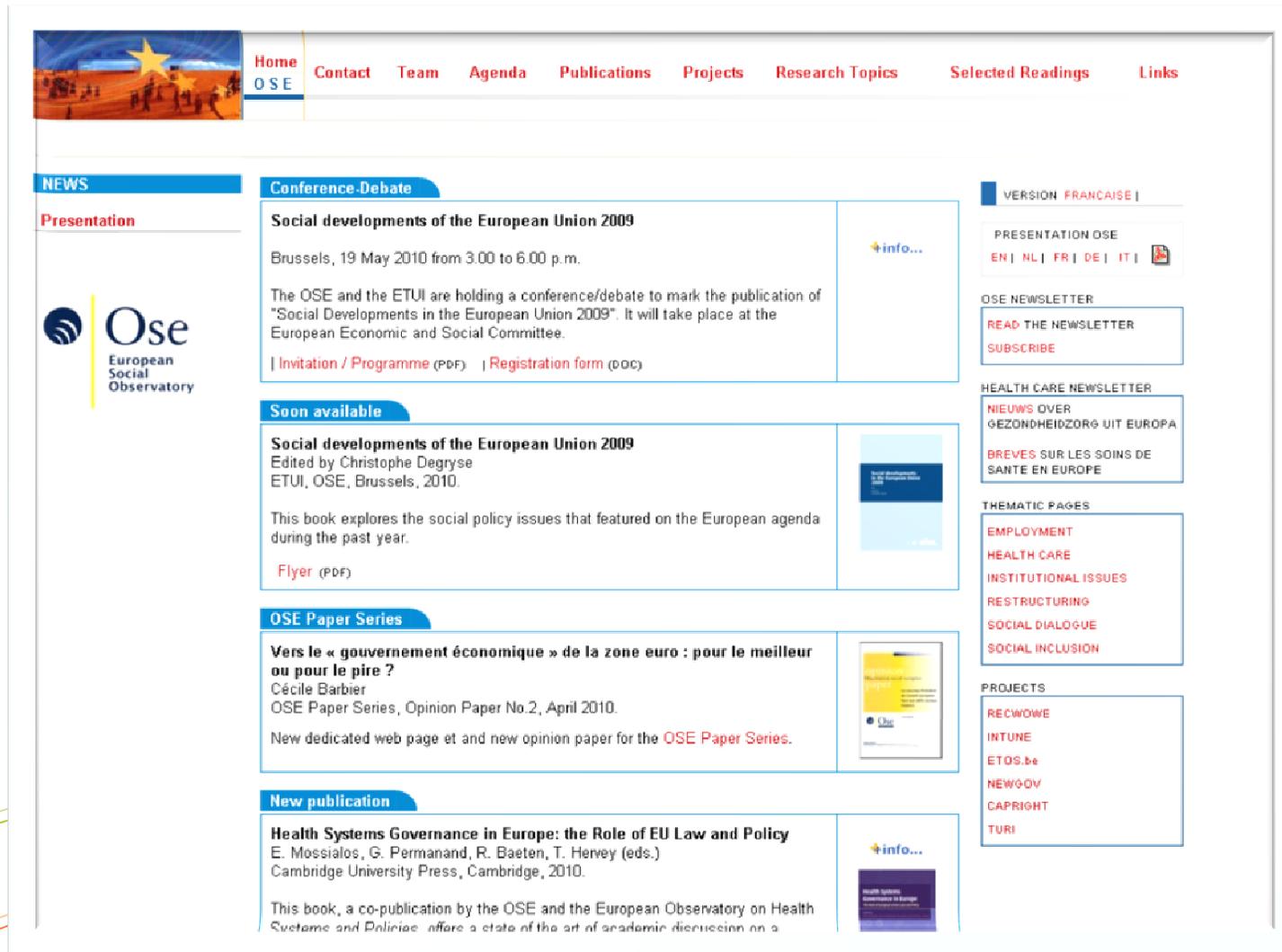
- . A more equal spread of wealth would mean more money recycled back into the real economy be consumers, underpinning businesses by providing stable demand
- Warren Buffet, writing in the New York Times, August 15 20: we megarich continue to get our extraordinary tax breaks
- Obama's plan to raise the 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)?!

# OSE website: [www.ose.be](http://www.ose.be)



The screenshot shows the OSE website homepage. At the top, there is a navigation menu with links: Home, Contact, Team, Agenda, Publications, Projects, Research Topics, Selected Readings, and Links. Below the menu is a banner image of a desert landscape with a large yellow star. The main content area is divided into several sections. On the left, there is a sidebar with the OSE logo and the text 'Ose European Social Observatory'. The main content area features a 'NEWS' section with a 'Presentation' sub-section. The first news item is 'Conference/Debate: Social developments of the European Union 2009', held in Brussels on May 19, 2010. The second news item is 'Soon available: Social developments of the European Union 2009', edited by Christophe Degryse, published by ETUI, OSE, Brussels, 2010. The third news item is 'OSE Paper Series: Vers le « gouvernement économique » de la zone euro : pour le meilleur ou pour le pire?', by Cécile Barbier, published in the OSE Paper Series, Opinion Paper No.2, April 2010. The fourth news item is 'New publication: Health Systems Governance in Europe: the Role of EU Law and Policy', edited by E. Mossialos, G. Permanand, R. Baeten, T. Hervey, published by Cambridge University Press, Cambridge, 2010. On the right side of the main content area, there are several sections: 'VERSION FRANÇAISE |', 'PRESENTATION OSE' with language options (EN, NL, FR, DE, IT), 'OSE NEWSLETTER' with 'READ THE NEWSLETTER' and 'SUBSCRIBE' buttons, 'HEALTH CARE NEWSLETTER' with 'NIEUWS OVER GEZONDHEIDZORG UIT EUROPA' and 'BREVES SUR LES SOINS DE SANTE EN EUROPE', 'THEMATIC PAGES' with links for 'EMPLOYMENT', 'HEALTH CARE', 'INSTITUTIONAL ISSUES', 'RESTRUCTURING', 'SOCIAL DIALOGUE', and 'SOCIAL INCLUSION', and 'PROJECTS' with links for 'RECOWOE', 'INTUNE', 'ETOS.be', 'NEWGOV', 'CAPRIGHT', and 'TURI'.