

Anti **POVERTY** MAG

Magazine of the European Anti-Poverty Network

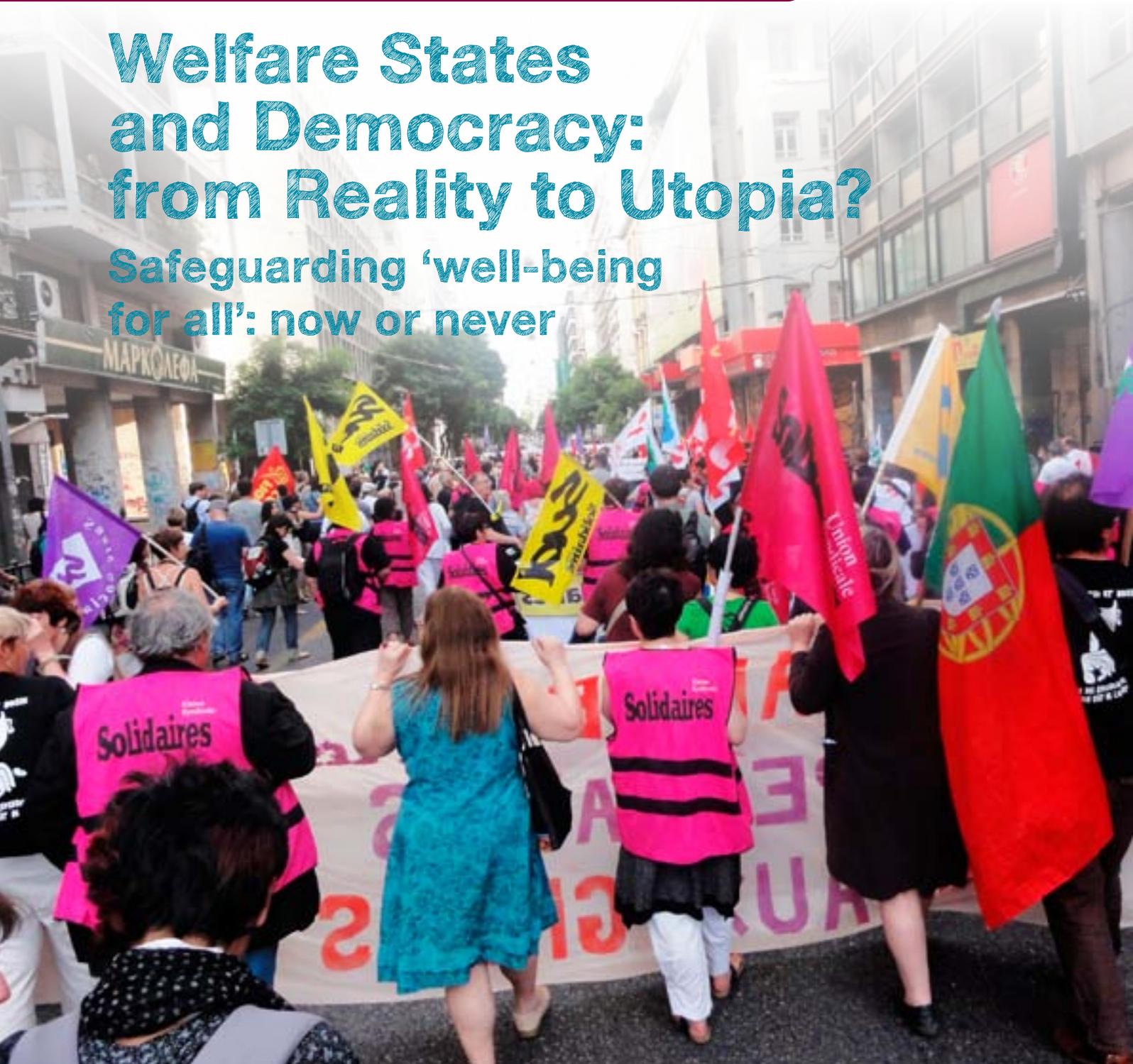
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Welfare States and Democracy: from Reality to Utopia?

Safeguarding 'well-being for all': now or never



Social Protection as a Common Ideal?

What is happening to our welfare states and possible alternatives, by Francine Mestrum, Coordinator of Global Justice

The Attacks on the Welfare State in Bail-Out Countries

The case of Greece, Ireland, Portugal and Romania

What kind of welfare state does **France** want to be?

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The future of welfare states:

Voices from the European Public Services Union (**EPSU**), **Caritas** and the International Labour Organisation (**ILO**)



Welfare States, from reality to utopia?

BY BARBARA HELFFERICH, DIRECTOR OF EAPN

I opened *The Independent* this morning which cited new research showing that the poorest people in Britain have been disproportionately affected by the financial crisis and recent welfare cuts have driven up inequality levels further. But Britain is not the only European country where the dismantling of the welfare state is causing hundreds of thousands adults and children to fall into poverty. European states which were once hailed as models of comprehensive social protection systems provide little of that now. And as the social security nets become more and more restricted, many more people will fall even deeper into the clutches of poverty.

What is happening to our welfare systems, to the welfare-state concept, is a political choice. In line with the austerity measures, as they have been pursued, the attack on welfare states is a direct consequence of the singular choice to give priority to the markets, at the expense of people. This choice is not new, the crisis did not happen because the welfare states had become 'unsustainable'. Welfare states emerged with the belief and knowledge that more equal societies do better. Political leaders decided to ignore that reality when answering to the crisis, by a "there is no other choice" and growth-driven austerity measures. At the expense of people, societies and even economies. The economic and financial crisis and the political response to it has created an unprecedented social crisis, with inequalities, poverty and social exclusion reaching peaks. It is time to rethink our market systems, the way they operate and the way they serve only a few while ignoring the greater good for the greatest number. What is needed is a fundamental re-definition of our economy into one that is both socially just and environmentally sustainable, which enables a welfare state of the 21st century to develop.

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Social Protection as a Common Ideal?

What is happening to our welfare states and possible alternatives



BY FRANCINE MESTRUM¹⁾, COORDINATOR OF GLOBAL SOCIAL JUSTICE

“Poverty-reduction policies were not seen as completing or extending existing welfare states, but as an alternative to them. The proposed ‘anti-poverty’ strategies were focusing on structural macro-economic reforms aimed to produce growth”.

1990: anti-poverty policies start attack on welfare states

When the World Bank introduced its proposals on poverty reduction in 1990, it was difficult to understand that this was the start of a serious attack on welfare states, including in Western Europe.

Typically, development organisations thought that poverty reduction was ‘the human face of globalization’, with international organisations finally taking into account the real social needs of the majority of people in poor countries.

Ten years later, this first impression was confirmed by the adoption at the UN of the ‘Millennium Development Goals’.

However, a careful analysis of World Bank and UN documents of that period, reveals another subagent objective: poverty-reduction policies were not seen as completing or extending existing welfare states, but as an alternative to them. Social protection, so it was said, was not a core mission of states. Moreover, the proposed ‘anti-poverty’ strategies were focusing on structural macro-economic reforms aimed to produce growth. Social policies, except health care and education, were not part of the programmes.

In the European Union, the call for ‘modernizing’ welfare states started at the end of the 1980s. While the European Commission had, until then, been demanding more social competences, it started to examine the fiscal sustainability of welfare states and their compatibility with the internal market. Commission President Delors and the trade unions lost their battle for a ‘social dimension’.

The current crisis reveals the dramatic social consequences of this neoliberal turn. If Millennium Development Goal number one – halving extreme poverty by 2015 – is met, it will only be thanks to China. Poverty has only declined in Latin America, where social policies have been introduced. In Sub-Saharan Africa, it remains at an alarming high level. Inequality is on the rise, globally and within most countries. In the same way as happened

in third-world countries, to-day, European welfare states are threatened by budgetary constraints.

New proposals for social protection?

It may come as a surprise then that precisely at this moment, international organisations are making new proposals for ‘social protection’ and that the European Commission is focusing on ‘social investments’.

This shift away from poverty reduction certainly has to be welcomed, though we also have to examine what exactly the new proposals mean.

Their potential for achieving better protection, social and economic security for people and societies is high, though they all suffer from one basic limit: their prime objective is not to protect people, but to promote growth. Even if based on human rights, their major concern is for a productive economy and a well-functioning market.

Nevertheless, these proposals can be extremely useful because they allow for a thorough re-thinking of our welfare states and for a serious reflection on the kind of protection people need and want.

Four principles for healthier societies

It should be clear that social-protection systems never can be the result of top-down procedures. They can only be rooted in social demands and be the result of negotiations with all societal actors.

But the past experience with welfare states in Europe and with poverty-reduction policies in third-world countries do confirm the relevance of certain principles and values that should be promoted in the future.

The first one is universalism. Poverty is a social relationship. It is not the problem of poor people, but of the whole of society. This is but one reason for leaving behind the stigmatizing and administratively costly targeting mechanisms. We know that systems for the poor inevitably become poor systems.

The second one is citizenship, based on equality. This means that all people have equal rights, irrespective of even their nationality. Residence-based citizenship should be the basis for welfare benefits.

The third one is de-commodification, which means that services of general interest – needed by all citizens – cannot be left to the market. This does not mean that states have to provide all services, but states have to regulate them and guarantee access for all.

A fourth and final principle is organic solidarity, which means that one looks beyond families, communities and countries. Solidarity mechanisms exist also for people we do not know, at the national and global levels.

‘Social commons’ at the heart of sustainable alternatives

The social protection that can be built on the basis of the new proposals will necessarily be very broad. If we want to tackle poverty as a societal problem, we have to look at the whole of society and see to it that all are protected. It is the only way to stop the impoverishment processes as a condition to eradicate poverty.

This means that an ideal social protection will encompass social insurances and social assistance, labour rights and services of general interest, as well as environmental rights.

One may call these ‘the social commons’ and it is up to peoples everywhere to give them more concrete contents, depending on local circumstances and needs. This could become a real common agenda for social movements, even beyond Europe.

Social protection then, could become our common ideal, far beyond poverty reduction. It can be a real agenda for change.

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The Attacks on the Welfare State in Bail-Out Countries

The case of Greece, Ireland, Portugal and Romania

BY KATHERINE DUFFY, EAPN UK AND AMANA FERRO, EAPN

With the onset of the economic crisis, a number of European countries were faced with significant difficulties in balancing their budgets, and had to ask for external financial assistance. These countries were “bailed out” by a trio of institutions – the European Commission, the International Monetary Fund, and the European Central Bank – known as “the Troika”, except for countries who are not members of the Eurozone, where the ECB is not involved. Governments of these countries have signed Memoranda of Understanding (MoU) with the donor institutions, which contain measures on how to bring public finances back on track, while reducing debt and deficits. Most often, these include measures with serious repercussions on the rise of poverty, social exclusion, and overall inequalities in these countries. In July 2012, EAPN set up a specific Task Force to measure the social impact of the MoU in four selected countries receiving such financial assistance – Greece, Ireland, Portugal, and Romania.

A cursory look at the MoU of these countries indicates that the preferred tools to achieve deficit reduction are spending cuts and “structural reforms”, including privatisation and labour market deregulation, rather than progressive taxation. In general, the emphasis in the MOUs is on consumption-based taxes, and new or higher user charges for utilities and transport. These hurt poor people the most, as they are regressive on incomes. Tax justice will need to be a core part of any package to help protect vulnerable and poor people and those on moderate incomes. There have been significant reductions in jobs and wages in the public sector, as well as essential social protection and much-needed social services. There are closures, mergers and reductions in public administration and in public services including health, education and social care. The MOU for Portugal, Greece and Romania all include cuts and mergers in local administration, with smaller changes in Ireland. National public servants have experienced cuts to wages, pensions, hours and conditions of work as well as headcounts (number of staff).

Social protection systems have come under harsh attacks, and in all reviewed countries, there have been cuts in disability benefits, elderly benefits, child benefits, among others, as well as elimination of some specific

benefits. Maximum duration of benefit has been cut, while harsher conditionality has been attached. Cuts to social services, especially those provided locally, have particularly affected poor and vulnerable people, who have limited or no alternative options, and who cannot afford transport costs to more distant services. In Greece, there were 35% cuts in general services, which mostly affected chronically ill and elderly people, and those without insurance. Cuts to drugs budgets and the introduction or increase in co-payments for medicines are common. Access to affordable housing is a problem across Europe, but compounded by austerity cuts.

The Greek, Irish and Portuguese MOUs agreed privatisation of state assets, or preparation for privatisation by liberalisation of markets. In Greece, utility bills have increased by 25%. In Portugal, measures include privatisation of the national air carrier, energy firms and insurance business of regional banks. The MOU for Romania cover deregulation of energy and transport, including energy tariff increases, and liberalisation of the retail sector. Despite agreement to a programme of price rises in liberalised/privatised utilities and transport, there is little specific in the MOUs to protect poorer people from the adverse effects of privatisation and liberalisation.

Regarding labour markets, all MOUs seek budget cuts through cuts in public sector wages, changes to collective bargaining, downward pressure on minimum wages, and increased deregulation and flexibilisation. In Greece the minimum wage was cut by 22%, in Portugal, minimum wage is frozen for the period of emergency assistance. The Romanian MOU explicitly mentions cuts in the lower minimum wages for youth. Dismissal has been made easier across the board, and severance

pay has been cut in Greece and Ireland, and is proposed for Portugal. All four countries have agreed to the removal of centralised collective bargaining, especially in the public sector, which is a clear attack on social partnership arrangements.

What distinguishes the countries with MOUs is the scale and pace of the cuts, as well as the conditionality attached to their loans, which enforces a neoliberal solution to the current financial crisis, without democratic accountability. Governments have found themselves with their hands tied, faced with a loss of political and social, as well as economic, sovereignty. Conversely, in other countries, Governments have used the cover of these bail-outs to push for even harsher neo-liberal measures and austerity cuts than the creditors themselves demanded.

The damaging effects of these policies are obvious. The heaviest burden in all the austerity programmes is borne by the welfare and public service budgets. Purchasing power has dropped significantly, and internal consumption is at a halt. Privatisation, liberalisation and changes to collective bargaining are likely to increase inequalities. There is low or no priority for issues of relative poverty and social exclusion. The spread of food banks in Greece and Portugal is evidence of the rise of severe and absolute poverty. After four years, there is evidence that it is hurting, but not working.

The European Union committed to reduce the number of people experiencing poverty by at least twenty million by 2020. But the growth model which it pursues in bail-out countries, and through instruments such as the Two-Pack, the Six-Pack, and the Fiscal Compact, is achieving the opposite result. We need a social, inclusive Europe, which we can trust, now!



What kind of welfare state does France want to be?

If the country's social services are so robust and well-organized, why are new changes not adding up?

BY JEANNE DIETRICH, EARN FRANCE

Budgets are shrinking, and the quality of services is suffering

Like other European countries, France is having to tighten its belt, leading to ever-reducing spending on social services.

The budget for CHRS (Accommodation and Resettlement Centres) - a long under-funded sector - is down by 0.5% in 2013, for example (budget circular dated 3 May 2013). This will inevitably affect the quality of support provided to the most excluded and undermine accommodation provision.

More generally, publicly subsidised voluntary welfare agencies - from small local community groups to national network peak organisations - are also seeing their budget funding slashed, forcing them to stop round-the-clock opening, cut the amount of support they give to people in difficulties, shut down services once winter is over, make people do jobs they are not qualified for, or simply do less.

As a result, the name of the game is increasingly co-financing, involving local and regional authorities, and joint management, particularly for access to housing policy plans¹, and for funds to help people get and stay housed².

With local authorities themselves strapped for cash and struggling to fulfil their statutory duties, relations with the state are growing strained.

Social entitlements going unclaimed

Failure to claim rights is increasingly in evidence, leading the government to step up its public education to encourage people to exercise their rights, while balking at the idea of the

funding it will have to free up if people actually do so, and the ramifications that will have for local government finances in particular.

User fees as a means of financing, and private finance initiatives

The user charges that were used by some inclusion groups to gradually get users back into the habit of budgeting as a way back into the mainstream is now seen as a standard means of financing the running costs of accommodation provision for those facing exclusion from society due to public subsidy shortfalls.

Similarly, topping up voluntary organisation budgets from private funding is increasingly seen as a way of offsetting public funding cuts. The problem is, private funding is never guaranteed. Some businesses do go in for corporate sponsorship to burnish their corporate social responsibility credentials, but this is far from compensating for the loss of government subsidies.

Subsidising ... social innovation

At the same time, stakeholders are urged to overhaul the way they work and undertake structural reforms focused on innovating. Calls for innovative projects are launched in many areas (shelters for women victims of violence, hostels for persons with mental health problems, etc.) with funds dedicated to such innovations and experiments.

The Anti-Poverty Plan: a good idea - but where's the money?

A 5-year anti-poverty plan was launched at voluntary community urging in late January 2013, with real inter-ministerial responsibility for the



first time on such a scale. The plan addresses the issues of housing, health, jobs, debt, social policy governance ... with an estimated 5-year €2.5 billion overall budget. It includes measures like increasing the earned income supplement (RSA - minimum income) and the creation of a "young person's guarantee" to give adequate resources to young people who are in employment, training, or integration schemes but do not yet qualify for the RSA which is payable only to those aged 25 and over in France. The plan also provides for 150,000 new social housing units to be built each year for 5 years.

That being said, no 5-year government expenditure authorisation Act for the plan has yet been passed and the exact appropriations for each measure are not known. Stakeholders are therefore wondering how it will be implemented. As it stands, its merit lies in trying to hold out hopes.

It all adds up to a feeling that it is hard to fund what we already have; that the old-style welfare state is running out of steam, but that attempts are being made to look towards alternatives for coming up with a new, but as yet indeterminate, model.



1) Departmental Access to Housing Plans for Disadvantaged Individuals, jointly managed by central government and county councils.
2) Housing Solidarity Fund, providing help with rent arrears, for example, jointly funded by central government and county councils.

Social Protection in a candidate country to the EU

Anti-poverty platform campaigns for decent minimum income

BY MILA CAROVSKA, MACEDONIAN ANTI-POVERTY PLATFORM (MAPP)

The Macedonian social protection system: a hybrid model

The idea of the “welfare state” means different things in different countries.

The system of social protection in the Republic of Macedonia encompasses contributory and non-contributory services and benefits. The Contributory part of the system is referred to as social insurance and includes: pension and disability insurance, health insurance and unemployment insurance. The non-contributory or tax-financed part of the system, referred to as social welfare encompasses: social assistance (social financial assistance (SFA); permanent financial assistance; personal care allowance; one-off financial assistance and assistance in kind), child protection, residential and non-residential care and social prevention.

Like most post-socialist countries, Macedonia has developed a model of social protection that has kept many of the characteristics typical of the Yugoslav model, and amended others, as required by the process of transformation towards a new, democratic society. It developed into a hybrid model of protection that in most part has similarities with the social democratic model of Nordic countries, but is also increasingly marked with residual elements of the liberal model of welfare. Within this hybrid social protection model, although reforms encourage an increased involvement of private and non-governmental institutions, the social protection sector is so far still the domain of the Government, particularly as regards the provision of cash benefits, as well as in the provision of services.

Reforms in the Macedonian social protection system: the impact of global financial institutions and of EU Directives

Membership in international institutions was supposed to speed up reconstruction and adaptation of legal frameworks and administrative procedures and approaches according to international standards. However, the impact of global financial institutions on social policy in Macedonia is characterised by coerciveness and conditionality in the process of developing national social-policy goals, contents and instruments¹.

First and foremost, the European integration process marked most of the key re-

Macedonian facts:

- More than 30% of population live in poverty
- Minimum income as a public security net: 35 euro per month for the first 12 months; 50% cut onwards (2 euro per day during the first year; 1 euro onwards)- Is this minimum income?
- Active measures for employment are absorbed in 20-30% from the target groups of unemployed persons
- No universal access to health services
- Gini index: 28 in 1998 ; 43,2 in 2009
- Systematic discrimination of some populations still existing in Macedonia
- Roma people still discriminated in Macedonia
 - LGBT population still not recognized by anti-discrimination
 - ‘Equal opportunity’ between women and men still very low,
 - Violence from society against women still not recognized as a barrier for more active inclusion of women in society
 - International documents for protection against discrimination still not recognized as something that needs to be respected and guaranteed by the government
- No systematic path of communication of the government with socially excluded groups
- No participative mechanism in decision-making processes

forms that were undertaken. Many laws and regulations have been passed following EU Directives. Although most European Directives in the domain of social welfare belong to the so-called “soft legislation”, these directives have sometimes been unconditionally observed, failing to adjust them to the local circumstances. Herein, especially in cases where reforms are restrictive in nature, the Government too often uses the EU integration process in their rhetoric to justify their policies and decisions, as well as changes and amendments in laws, even when these are not specifically related to this process. Most often, the requirements for harmonisation of Macedonian with EU legislation are interpreted as something that Macedonia “must do”, irrespective of the distinctive characteristics of the country, rather than something that Macedonia “should attempt to do” in conformity with these characteristics. However currently no reference is made to positive initiatives which the EU support outside the EU, for example the ILO Social Protection Floor agreed in 2012 which attempts to provide a framework for progression towards adequate social protection systems.

Participation and transparency: a bottleneck

Participation and transparency in policy-making have been identified as weak points in the Macedonian policy-making arena by both domestic and international players, who recommend improvements in this direction in various research and evaluation documents. Indeed, policy-makers have complied with this recommendation, but the initial attempts were based on the involvement of external third parties whose participation used to be more formal than substantial².

Macedonian social-policy reforms still haven't reduced poverty, even though this means the widespread violation of human rights.

The Macedonian Anti-Poverty Platform and its campaign for a decent minimum income

The Macedonian Anti-Poverty Platform – MAPP started in 2012 with the project

1\ Gerovska-Mitev, 2001, 2007.

2\ E.g., the participation of NGOs in MLSP's policy-making and strategic planning.

“Strengthening citizen participation in the legislative process,” implemented by the National Democratic Institute (NDI). MAPP is a partner organisation working on legislative initiative “Decent Minimum income in Macedonia.”

During the period November 2012 - May 2013, several activities were organised, notably a public information event on minimum income, which was marked by an active involvement of MAPP members’ through focus groups and of people experiencing poverty.

Through the focus groups, the MAPP identified indicators for and defined the level of an adequate minimum income to live a decent life in the country. These indicators were presented at the Public debate on “Decent Minimum income in Macedonia” held on 15th February 2013. The debate highlighted the necessity of defining and introducing minimum income as part of the social policy of the Republic of Macedonia.

In May 2013, 4 regional trainings were held for members of MAPP, to strengthen their capacities and mobilize more members and



citizens to support the introduction of a decent minimum income in Macedonia.

In the next period, MAPP will continue to move forward for the introduction of a de-

cent minimum income in Macedonia by trying to get on board parliamentarians and more people experiencing poverty.

UK welfare after the crisis

Empowerment and activation of young people in disadvantaged situations

BY KATHERINE DUFFY AND PETER KELLY, EAPN UK

Poverty and inequality

UK income inequality is amongst the highest in the EU. The poorest 10% get 1% of national income; the richest 10% get 31%. The share of wages in output has been falling since the 1980s while the incomes and assets of the top 1% have soared away from the rest. Average purchasing power wages stagnated from 2003 and fell most for the poorest. From the late 1980s financial deregulation enabled household indebtedness to compensate the living standards of the bottom 50% and contributed to the financial crisis. Since then median real incomes have fallen 9% and are not predicted to recover until 2020.

Legal minimum wages are well below “living wages”. Relative poverty in some minority ethnic communities is 40%, twice the national average. From 2005 child poverty stagnated at 20%; it is predicted to be 25% by 2020. Unemployment at 8% is below the European average, but is rising despite falling real wages, the most “flexible” labour

market in Europe and a significant fall in net migration. Youth unemployment is 21% and the UK has one of the highest levels of young people not in education, training or employment.

Since 2010, recession and “austerity” budgets of the Coalition government have increased absolute poverty and destitution. In 2012 homelessness rose 18% and families were housed in “bed and breakfast” rooms for much longer than the legal six weeks. Food banks supported half a million people, mainly due to welfare benefit delays and cuts plus low incomes from work.

Ideology and social change

The post-World War II welfare state aimed for collective security “from cradle to grave”. In the 1970s the global oil price crisis – up 400% - and its consequences for incomes and profits resulted in a crisis of the social settlement. Government was influenced by the “Chicago school” of economists whose model centred on free market

pricing, control of inflation by monetary policy and a smaller, less activist state that no longer managed the economy for full employment.

The Thatcherite 1980s challenged welfare state “affordability”. The UK dealt with “demographic aging” and “perverse incentives” by delinking state pensions and unemployment benefits from earnings. Unemployment benefit fell from 20% to 10% of average earnings. There was a major sell-off of municipal housing. In England by 2008, 1.77m households were on the social housing waiting list. Post-crisis, home ownership has fallen from 71% to 65% and private landlords have increased their share of the housing stock by 42%. In 2012, UK house-building fell 11% reaching a record low of 98,280 whereas 250,000 per year are needed.

Never waste a good crisis

Education and the National Health Service (NHS) were better funded under the

Labour governments up to 2010. Instead of tackling low wages, low-wage families were subsidised. The Coalition government says Labour spending was “profligate” and the cause of high government debt, rather than the private sector banks’ bail-out and coordinated world reflation of 2010.

The Coalition’s 2010 three-year spending plan (Country Specific Recommendation) announced £99b of spending cuts and £29b of tax rises (6.2% of GDP). The average cut to departmental budgets was 19%. The scale was deemed necessary to “calm the markets”. There is a narrative of financial emergency although the UK established the welfare state when war debt was 200% of GDP.

The cuts/ tax rise ratio is the highest in Europe: more than 80:20 in favour of cuts, with the heaviest burden on low-income households, women and children and disabled people.

£19b of cuts were made to central welfare budgets including support for the additional costs of children; working-age unemployed benefits; support for the additional costs of disability and housing support. Working-age welfare cuts were 30% of the total bill. Additionally, there is a 1% cap until 2016 on benefit uprating for inflation. But public attitudes to poor and disadvantaged people have hardened and there is minority public support for better social protection.

The UK Government focuses on worklessness despite four million adults in working families living in relative poverty. Behaviour modification through benefit sanctions is



the key tool. The Work Programme (2011) introduced for-profit provision of back-to-work and training services, paid by results. A 2013 Parliamentary report showed it utterly failed to get people into sustained employment.

Municipalities’ current spending was cut 27% and capital spending, 100%. The Communities element was cut 51% current and 74% capital. This has devastated social services and support for voluntary and community sector providers. Social housing funds were cut 60%; new tenants pay higher rents; there is a “bedroom tax” for “unoccupied” rooms and unemployed adults aged below 35 can claim support only for one room in a shared house.

In 2012, £11.5b of extra cuts to welfare provision was announced. Additional cuts are expected until 2018 because the economy has stagnated despite a 25% fall in the value of sterling.

To complete the Thatcherite revolution new laws embed privatisation (increasingly to multifunction global businesses), greater centralised control and crucially, detach need from provision under capped AMEs (“actively managed budgets”). Reforms include the Localism Act 2011; Education Act 2011; Welfare Reform Act 2012 and Health and Social Care Act 2012, with major reforms also in access to justice and offender management.

Widespread wage and social justice campaigns have had limited impact but are amongst the more popular responses from campaigners. Living wage and tax justice campaigns present counterweights to the public portrayal of welfare ‘scroungers’. Outside central UK Government local authorities and devolved administrations can offer some alternatives to the austerity agendas. In Scotland, for example, extra

resources have been put into the replacement Social Fund and many English and Welsh local authorities are developing innovative approaches to circumvent key policies such the removal of benefits from social housing tenants deemed to have extra space at home.

These developments may be small scale and do little to change the direction of the UK Government policy, but they can be used to build alternative arguments. This is particularly important in the context of rising populist English nationalism with two scapegoats - EU and migrants. It is destabilising the agendas of the UK government and opposition.

The justification for ongoing fiscal “consolidation” and “structural reform” is the same one given by the European Commission: to stimulate growth and competitive fitness in a globalised world. A globalised ruling class is sucking power and wealth from nation states and forcing a race to the bottom on wages and welfare. That is the real challenge to address.



Note: All data are from a longer fully referenced report available on EAPN website

Change is possible, should the EU want it

EPSU's views

BY PENNY CLARKE, HEAD OF EU POLICY OF EPSU

Public services have been key to foster economic and social development and cohesion, equal opportunities, job creation, as well as the fair distribution of income and wealth. Why should they not feature strongly in EU policies? EPSU has for many years called for a positive EU agenda for public services as part of our demands for a social, or 'Welfare', Europe. The EU Treaty and the binding Charter of fundamental rights provide for the right of access to public services, and several provisions also presuppose their existence, such as the right to education, the right of children to protection and care, the right to social and housing assistance, to healthcare, to justice, the right to a good administration etc... Why has the EU not acted to implement these rights in practice?

Trade and competition, rather than services

The key driver of European integration has been, and continues to be, the Internal Market, which sees public services as closed markets, to be opened up as much as possible to trade and competition, rather than services to be nurtured and developed. In this logic public services have a place - if at all - when they are targeted only at the poor and disadvantaged.

The advocates of liberalisation continue to claim that citizens have better, cheaper and more sustainable services as a result of market opening and competition in the face of all the evidence to the contrary¹.

EPSU calls for a moratorium on liberalization of public services, not least health and social services and education. It is also leading a campaign for the right to water² to guarantee its availability to all, now and in the future.

EU economic governance: more is not better

Now with the EU economic governance and increasing pressures on public budgets, a positive EU policy for public services - one which also recognizes the role of public services and investment in driving economic growth, social cohesion, employment and sustainable development - is even more far off. The people of Ireland, Portugal, Spain, Italy, Greece are facing increasing poverty and inequalities, with particular concern in Portugal and Greece about the deterioration of public health provision. Unemployment is continuing to rise, with youth unemployment now at 50% in Spain and 60% in Greece. There is no sign of economic recovery and Portugal and Ireland are forced to make further cuts in public spending. In Cyprus, public sector workers are once again seen as a primary target. Wages have been cut by 20% and pension rights have been negatively affected. Unemployment is forecast to reach 25% in the next two years.

Even the recent message from the International Monetary Fund that coordinated austerity is preventing any prospect of recovery seems to be ignored by the European institutions: we see continuing cuts in welfare services, unemployment benefits and other public services at a time when more, not less, investment is needed to tackle poverty and support employment. Findings from the International Labour Organisation (ILO) Public Sector Adjustments, co-sponsored by the employment directorate of the European Commission, also show many instances of falling quality in public services: cuts in security services leading to increased insecurity; longer delays in judicial decision-making, along with pay reductions, leading to increased corruption; lack of skills, including IT,

EPSU is the European Federation of Public Service Unions, representing more than 250 trade unions organising 8 million employees in health and social services, local and regional government, national governments and utilities. It is a member of the European Trade Union Confederation (ETUC) and the European region of the Public Services International (PSI).

in the public sector due to reduced investment; lower services also in healthcare, including the closure of emergency centres; and in education higher class sizes and fewer teachers in France, Romania and many other countries.

EPSU with the ETUC argues that it is time for Europe to change course and we call for a 'Social Compact' to support investment in the European economy, fair and sustainable growth, a strengthening of public revenues based on just and progressive taxation, and support and encouragement of proper processes of social dialogue and collective bargaining³. Much pressure will be needed however to make Europe more socially orientated.

For while the EU finds it easy to agree deep budget cuts that decimate existing public services and prevent their future development, it seems incapable of putting in place effective measures to fight tax fraud and evasion and of supporting the progressive and fair taxation systems that are necessary to develop welfare states. We should remember however that until a few years ago taxation was a no-go area at EU level and the Financial Transaction Tax (FTT) was seen as 'utopic.'

So, change is possible and EPSU supported a European Tax Justice Week from 17-23 June as part of our campaign to put fair and progressive taxation higher up on the EU agenda⁴.



- 1) See for example the PIQUE research www.pique.at. A recent study for EPSU also shows that inherent policy-making flaws in the internal market for electricity and gas have still not been addressed after 15 years.
- 2) European Citizens Initiative (ECI) to declare water and sanitation a Human Right www.right2water.eu
- 3) EPSU statement on the social and economic crisis April 2013 (www.epsu.org/a/9436).
- 4) EPSU campaign against tax fraud and tax evasion (<http://www.epsu.org/a/9139>). Research on impact of austerity on jobs in tax services shows that most governments across Europe have cut back services with nearly 50,000 tax jobs axed between 2007 and 2011 (<http://www.epsu.org/a/9397>).

The Role of the EU: from rhetoric to action, high time to walk the talk!

BY JORGE NUÑO MAYER, SECRETARY GENERAL OF CARITAS EUROPA

Caritas' experience at local level shows that poverty has increased dramatically and conditions of living in poverty have worsened in most countries since the start of the economic crisis; in some cases even dramatically. One marker: Today we are not only speaking about malnutrition, but even about children suffering from hunger in the outskirts of the cities of a world-leading economy: the European Union. It's a true badge of shame. What is happening to the welfare states? At Caritas Europa, the network of 49 organisations in 46 European countries, we are deeply concerned about this issue. Therefore, we have invested some time making an in-depth analysis of the different welfare systems in Europe that we will publish in the coming months.

Caritas' views on what is going on and what role the EU should play

Before the economic crisis burst out in 2008, a significant part of the EU population (between 84 and 120 million people, depending on the criteria used) was already living in poverty despite the economic growth observed at that time. This economic growth however, was not used to strengthen welfare systems (social protection, social services, education, housing, employment for disadvantaged groups, etc.) Instead, a mentality of individual overspending and no-need-for-solidarity was promoted.

The financial and economic crisis has definitely worsened the situation of those who traditionally were in a bad situation: children and families (especially large families and single-parent families), youth, people with low skills, migrants, etc. Moreover, in recent years, many Caritas organisations have witnessed a growing demand for help from additional groups; many coming from what was considered the middle class, people who were long-term employees and who are now long-term unemployed, entrepreneurs of small and medium enterprises... the backbone of the European economy.

In most EU countries, the welfare systems cannot even fully guarantee a very basic living standard, so that additional help from organisations like Caritas is requested.

Change of paradigm: up to people to take responsibility?

Surprisingly, even those countries proud of their social welfare system, like Germany, are experiencing an increase in food aid to their population. The issue becomes alarming when the social minister of the country praises a food-for-deprived system that shows a glaring failure of the welfare system. In doing so, political

leaders are renouncing responsibility of the state to a rights-based welfare system, leaving it up to the good-will and voluntary solidarity among citizens.

The Netherlands are suffering strong cutbacks in the welfare system. The Austrian government is reducing development aid dramatically. Are these frightening signs of a change of paradigm among the lighthouses of the Rhine (social capitalism and welfare states in Europe)?

Poverty is becoming structural

We all know that the economic crisis is a man-made disaster. First of all, we suffered from bad practices in the financial sector. Then this very sector had to be rescued on the shoulders (and pockets) of all citizens. And then well-intentioned political decisions attempting to stabilize public finances brought the European Union into a dynamic of austerity measures.

Most countries are affected, although the so-called 'programme' countries are affected the most. They are forced by the Troika to reduce pensions and unemployment benefits amongst other social protection measures while their governments have to continue to take further decisions.

Austerity is not working. Caritas Europa's recent report "The Impact of the European Crisis" provides the evidence for this statement. Austerity measures are failing to integrate economic and social policies. The cutbacks in social protection and social and health services are diluting the safety nets on which people in need were relying. Poverty is not only increasing, but even becoming structural. And the safety nets, the welfare systems to guarantee the continuity of a normal life, are becoming weaker every day.

Even a moral or legal persecution of people in need has started in some countries, targeting

notably homeless, undocumented migrants, with those who help them also in the target line.

Social cohesion is under serious threat. The present situation and the measures taken are fomenting conflicts and mutual hatred, as the Archbishop of Toledo recently stated in the British media. Even the German Finance Minister Wolfgang Schäuble warned that abandoning the continent's welfare model would cause "revolution".

At European level, at least in terms of the rhetoric, things are fine. We have the Europe 2020 Strategy with its poverty-reduction target. We have some good initiatives on social investment, social innovation and social economy aiming at tackling the crisis. But it is high time that the European Institutions, starting with the Council and the Member States, start walking the talk. Europe must:

- Provide leadership in relation to vulnerable groups
- Ensure an adequate social dimension in the Europe 2020 Strategy and in all economic decisions
- Introduce social monitoring for programme countries
- Lead on policy development for the reduction of child-poverty
- Show leadership in respect to youth unemployment

Caritas Europa will be even more committed to the development of renewed welfare and solidarity models in Europe in the coming times. We still have hope. We have to bring hope to the people, but we also want to bring hope to the political decision makers.

And please, first and foremost: put people in the center!



Basic social protection for all is affordable nearly everywhere

The International Labour Organisation's Campaign for a Social Protection Floor

BY RUDI DELARUE, DIRECTOR ILO OFFICE FOR THE EU AND THE BENELUX COUNTRIES¹

What is a Social Protection Floor?

A Social Protection Floor (SPF) is a nationally defined set of basic social security guarantees, consisting of both income transfers and services. Such a floor, or parts of it, could also be defined or supported at regional level, such as the EU. A SPF constitutes one of the key schemes and systems to prevent and combat poverty, to foster social investment and to build a social welfare system.

The Recommendation N° 202 on Social Protection Floors (SPFs)

With more than 5 billion people lacking adequate social security, the ILO adopted in 2012 Recommendation N° 202 on Social Protection Floors (SPFs). It was a concrete implementation of the new wider social protection strategy, endorsed in 2011 by the ILO and supported by both the G20 and the UN. This strategy also encompasses the promotion of the ratification and implementation of the ILO social security minimum standards Convention N° 102, in particular by industrialised and by middle income countries.

The Recommendation N° 202 equally includes guiding principles, such as on universality of coverage, the rights based approach, sustainable funding and good governance with a key role for the public authorities and with involvement of social partners and relevant civil society. The EU fully supported, both within ILO and in other fora, the adoption and implementation of the Recommendation N°202. This is also in line with the social-economic objectives of the EU Lisbon Treaty and the EU Charter on fundamental rights.

Why is social protection so essential?

First of all, a basic social protection reduces poverty, inequality, lack of access to health services and the number of premature deaths. The ILO Recommendation also supports countries in covering the unprotected, the poor and the most vulnerable.

Second, social protection has proven to be a powerful anti-crisis measure. It protects and empowers people, and contributes to boosting economic demand and accelerating recovery.

Third, social protection is a foundation for sustainable and inclusive economic growth. Social protection is necessary to carry out sustainable

and adequate reforms to ensure that people can live in dignity and improve their skills and competences and not just survive.

A number of emerging economies are quickly building up comprehensive and universal social protection systems, including full coverage on access to health care. The drivers are social stability, fostering sustainable domestic demand, and addressing new family structures and demographic change.

What are the requirements for implementing Social Protection Floors?

The ILO requests that countries to define and implement their Social Protection Floors as early as possible in national development processes. There are many positive examples in all regions of the world. These examples show that basic social protection for all is affordable nearly everywhere. In this regard, the adopted Recommendation explicitly says people employed in the informal, as well as the formal economy, should also benefit from social security. As such, it should support the growth of formal employment and the reduction of informality. In this way, the new labour standard sends a strong message to the world to extend social protection systems despite the on-going economic crisis. This means: bringing higher levels of social security guaranteed by national laws to as many people as possible, as soon as national conditions allow it. Countries are encouraged to establish Social Protection Floors as a fundamental element of their national social security systems and as part of their social, economic and environmental development plans. Those countries who cannot afford basic social protection measures can seek international cooperation and support to complement their efforts.

What are the challenges for social protection in the EU?

Social protection had a stabilizing role in responding to the financial, economic and social crisis. However the transformation of the crisis into a sovereign debt crisis as from 2010 onwards weakened the effectiveness of national automatic stabilizers. This is the case particularly in the most crisis affected EU periphery countries. It is important to note that a number of these EU Member States suffered already during the pre-crisis period of weaker social security and social investment systems. Some of the conditionalities, part of the assistance packages negotiated with the Troika, not only



weakened the guarantees but also the role of actors and institutions dealing with e.g. minimum wages and income, and access to health services. The governance of the Euro crisis, very much dominated by the "triple A" EU Member States' finance ministers, resulted in a suspension of policy coherence as enshrined in the EU Treaties.

In line with the ILO, the European Commission and the European Social Protection Committee, warned in 2013 against increasing poverty levels, child poverty, social exclusion and working poor in the EU.

Therefore, measures should be taken to increase the effectiveness of the social protection systems in terms of design, funding, coverage, interaction and coherence with other policies and measures. The European Parliament, in its October 2012 proposals for a "Genuine Economic and Monetary Union" included the Social Protection Floor as well decent jobs creation and social dialogue. The European Council President Van Rompuy and the European Commission also refer to initiatives on social protection, social investment and social dialogue in their proposals and suggestions on the EMU and crisis responses. There is a growing awareness that social protection should be part of a more coherent approach to the EMU and EU social and economic governance.

¹ Mr. Rudi Delarue was still the Director of the ILO Office for the EU when he wrote this article.

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