

1. Introduction—Missing a new vision: a social and sustainable EU.

On the 24th November, the European Commission published the Commission working document “Consultations on the future “EU2020” Strategy”, setting out the vision for the post Lisbon strategy 2010–2020. This working document builds on the Guidelines for the next Commission, produced by President Barroso in October 2009. The Guidelines and speeches led us to believe that the new EU 2020 would deliver a new vision. This does not appear to have happened. The current document is a “greener” Growth and Jobs strategy, but lacks the recognition of the weaknesses of the current model in delivering on poverty or reducing inequality, or a debate on the real challenges that must be met to deliver a new social and sustainable vision and model in the EU, and in a global context.

The vision which predominates in the Commission working document sees the collective goal as that of building ‘markets’ rather than ‘societies’ and the individual role as that of ‘consumer’ rather than of ‘citizen’ (in the broad meaning of the word citizen, rather than the narrower definition associated just to legal status). Within this vision the social is equated with ‘employment’ and social inclusion is reduced to being primarily a skills and education agenda. While access to quality employment is a key factor for fighting poverty and exclusion, and skills development and accessible education an important condition for building more inclusive labour markets, such a limited agenda would represent a step backwards from the broader vision underpinning the current EU Social Inclusion strategy. Such a limited vision fails to recognise that poverty and social exclusion remains one of the central challenges to be tackled in the European Union or to recognise the impact of living in increasingly unequal societies on the well being of the whole of the society. Therefore we think that the vision, and more particularly the agenda, proposed in the Commission’s working document misses the opportunity to set the EU on the path to a more social and sustainable future.

During 2008–9, EAPN has developed a consultation process with its own members—reviewing the progress of the present Lisbon Strategy in terms of its delivery on poverty and social exclusion, and produced its own proposals: [An EU we can trust: EAPN Proposals for post 2010](#). We annex this report to our contribution.

Our key findings were:

- The ‘Growth and Jobs’ strategy, before the crisis, failed to fairly distribute wealth and well being, combat discrimination or effectively promote social cohesion.
- The crisis has increased the risk of new groups being driven into poverty (through loss of jobs, homes and worsening cycles of debt) but also worsening the situation for those already in poverty—as the public deficits, aggravated by the bank bail outs and reduced tax revenues, start to be recouped through cuts in public spending.
- The crisis and the workings of the EU show a democratic deficit, and the urgent need to build a strengthened governance model, which actively engages its citizens in the defence of strong social values.
- A new debate and vision is needed to confirm the ethical vision and values of the EU, one that:
 - Puts people and planet before profit.
 - Puts the economy at the service of social and sustainable development.
 - Recognizes the fight against poverty, inequality and social exclusion as a pre-requisite for progress.

The way forward:

1. *A new social and sustainable post 2010 EU strategy, which makes progress on poverty and inequality a pre-requisite*
 - Establishing new overarching objectives prioritizing social cohesion and delivered through a new architecture—4 equal pillars (economic, employment, social and environmental).
 - Agreeing EU and national targets on poverty and exclusion, homelessness and child poverty and multiple indicators beyond GDP.
2. *A Social Pact delivering on rights and solidarity*
 - Challenge the causes of poverty by reducing inequality.
 - Transform social protection into a springboard, guaranteeing adequate income and access to services.
 - Create a pathway to inclusion through integrated Active Inclusion.
 - Defend quality employment and create new jobs for new needs.
 - Challenge discrimination and promote diversity.
 - Promote global social justice and equity.

3. *Building a dynamic partnership for change.*

- Implement participative and effective governance involving people experiencing poverty and NGOs at all stages of the EU policy cycle.
- Ensure financial support to NGOs, guaranteeing their independence as key agents facilitating the empowerment of people experiencing poverty and as service providers.

We highlight also the [Spring Alliance manifesto](#)¹ which we endorse on the broader EU social and sustainable agenda.

2. Putting the social dimension at the heart of EU2020

Even before the crisis, the “growth and jobs” strategy was not succeeding in reducing poverty and inequality in most Member States. A similar percentage of the EU’s population remain at risk of poverty (16%) as was the case in 2000, despite the commitments made by the Heads of State and Governments in 2000 to make a decisive impact on the eradication of poverty and social exclusion by 2010. The Social Protection Committee², in its recent opinion, highlighted that whilst growth may have lead to a rise in overall living standards “*inequalities have often increased and poverty and social exclusion remain a major issue*”.

President Barroso’s Guidelines³ emphasized the need for **social progress and a stronger social dimension**—a “*value-based approach based on rights and human dignity... defending environmental and social standards*”. The current working document also highlights that the “*new policies must demonstrably contribute to social cohesion*”, ensuring that “*social, economic and environmental objectives go hand in hand*”. However, this is not further developed in terms of concrete actions. The main focus is on “*mobilising new sources of growth*” without highlighting how this will ensure poverty reduction and guarantee social cohesion. As the Commission’s working document in 2008 monitoring progress on the OMC highlighted: “*There is no causal link between growth and living standards of different groups... where no mechanisms are established to improve the situation of those at the bottom of the income distribution (rise in low wages, income distribution)*⁴. This means new proposals on how the benefits of growth will be **redistributed**, how the earnings and income gap will be reduced to ensure a **fairer share of benefits**, proposals on **progressive taxation** and **reinforcing social protection and ensuring living wages**.

Whilst EAPN agrees that **decent employment** is a vital instrument for promoting inclusive societies, we would expect an explicit support to be given to **Active Inclusion approach**, proposed in the Commission’s Recommendation in October 2008 and endorsed by the EPSCO in December 2008, which would ensure **integrated approaches** towards supporting social inclusion into jobs and social participation, based on ensuring adequate minimum income, support into decent work and access to quality services. Although emphasis is given to job defence and creation, detailed steps need to be confirmed of how quality jobs will be developed which take people out of poverty, particularly in new areas of social need, recognizing the key role of social economy, especially work integration social enterprises.

What about those who can’t get a decent job, or are unable to work? This vision must include measures to promote social cohesion and inclusion which do not only depend on employment as the tool. Proposals are lacking for how appropriate support will be provided to ensure adequate income for a dignified life, defence of services and constructive support for empowerment and participation.

Most importantly, a **rights’ framework** is missing, which would give real meaning to the Charter of Fundamental Rights which now has a new status as a result of the adoption of the Lisbon Treaty. This rights framework should be reinforced by a clear statement of **how the economy will serve social and sustainable objectives**—ie a fairer, socially just society which will aim to ensure an adequate minimum income for all, high level social protection systems, invest in better quality jobs and guarantee access to quality services of general interest, whilst promoting the active participation and empowerment of all. Of equal importance is the absence of detailed **governance mechanisms** which will ensure active participation of national, regional and local governments as well as civil society stakeholders in the decision-making processes, linking national to EU levels. The role of the Social OMC must be highlighted as key to this.

1 Spring Alliance Manifesto: www.springalliance.eu

2 SPC Opinion on the post-2010 Lisbon Strategy (SPC/2009/11/12/final) [Political guidelines for the next Commission \(28 Oct 2009\)](#)

3 Commission Working Document: Monitoring Progress towards the objectives of the EU strategy for social protection and social inclusion (Oct 2008) [Commission Recommendation on Active Inclusion of people excluded from the labour market \(3 Oct 2008\)](#) endorsed by EPSCO December 2008.

4 Eurobarometer Report 71/2009 (published Sept 2009) p.150.

Main Proposals

- **Identify poverty, social exclusion and growing inequality as a key challenge for the EU 2020 strategy:** EAPN agrees that the crisis has exacerbated long-term social challenges, but these should include eradicating poverty and social exclusion and promoting fairer, more equal societies through reducing inequalities. The solutions must be offered to tackle structural causes of poverty based in inequality—supporting more redistributive systems and closing the income earning gap, prioritising measures to tackle inequality in access to services, as well as supporting integrated Active Inclusion approaches.
- **Establish social priorities, poverty and inequality targets and new indicators for progress:** The document highlights the main priority as establishing a “sustainable social market economy”. This does not answer successive Council’s Conclusions on putting the economy at the service of social cohesion. One of the main goals should be social cohesion, reflecting the objectives of the Social OMC and the commitment to eradicate poverty and social exclusion, using the economy as a tool. This means establishing clear targets to reduce poverty, social exclusion and inequality, including for children and older people, and implementing the EP commitment to end street homelessness by 2015, alongside economic, employment and environmental targets. These priorities must also be reflected in the indicators used to measure the success of the new EU2020 strategy. The EU must move beyond GDP as a prime measure of progress and make a commitment to establish a multiple index which measures progress on well-being and prosperity and includes the Social OMC indicators on at risk of poverty level and measuring the inequality gap. (Gini coefficient and 80/20% income quintile ratio).
- **Quality jobs, Active Inclusion and Social Economy to support inclusion:** The document rightly highlights the problem of jobs being destroyed, with people “*falling out of the system*” and being excluded. Defending employment should not mean compromising job security and quality of work. With 8% already suffering from in-work poverty, the aim must be to invest in sustainable jobs that provide quality employment with living wages, which respond to new social and environmental needs. Those already outside the labour market must also not be forgotten. EU2020 must deliver integrated **Active Inclusion**⁵ approaches, which ensure an adequate minimum income, supportive pathways into quality work and access to quality services, and ensure that flexicurity and active inclusion are developed as integrated strategies which prioritise measures to **reduce precariousness and insecurity**. The key role of social economy, particularly in creating inclusive jobs in new quality services of general interest (eg social and energy-efficient housing, preventative health care and child care etc) especially through work integration social enterprises, needs to be emphasized as key new tools for promoting inclusion through employment.
- **Empowering people to an inclusive society is more than job skills:** The skills agenda is important, but must reach people with lower incomes, and not be focussed on a narrow job skills approach, linked to transitory labour market demands. An EU2020 vision should emphasize an integrated education and training/life long learning vision for a new 2020 strategy which helps build capacities for the society we want—ie support the development of people’s capacities to realize their full potential in quality jobs, with their families and in the community, and underpinned with commitments to solidarity and social justice. Building an inclusive society also does not depend just on the efforts of the individual, but on the commitments of society and the state to defend everybody’s right to equal access of resources and services. Pro-active efforts to implement anti-discrimination requirements and to ensure equal access to jobs, resources and services must be a key priority.
- **Give EU new role to guarantee Social Rights and Social Standards:** If EU2020 is serious about delivering on social cohesion, it must confirm its commitment to a rights-based approach. The implementation of the Charter of Fundamental Rights in all areas of policies must be visible as a cross-cutting issue in all policy fields and be actively monitored. The latest [Eurobarometer \(71/2009\)](#)⁶ confirmed that 64% of EU citizens want the EU to play a stronger role in defending social rights. The EU vision must do more to deliver these expectations. Although the new Commissioner will play a fundamental role, delivery on rights will depend on implementing effective social impact assessment across all policy fields, but also by giving the EU new tools to defend and promote high level social standards. A key starting point could be the development of a framework directive on adequate minimum income as a follow up to the 92 Council Recommendation and Active Inclusion Recommendation 2008.
- **Ensure a greater link between anti discrimination policies and policies to combat poverty and social exclusion:** There are clear links between discrimination and poverty. This covers all grounds of discrimination and includes the reality

5 Barca F, (Apr 2009) An Agenda for a Reformed Cohesion Policy: a place-based approach to meeting European Union’s challenges and expectations.

6 Eurobarometer Report 71/2009 (published Sept 2009) p.150.

that women are more impacted by poverty than men. The current crisis has highlighted the particularly vulnerable position of migrants and in particular undocumented migrants. Ethnic minorities carry a disproportional amount of the burden of poverty which reaches extreme levels among the vast majority of members of the Traveller and Roma community. Therefore we need reinforced anti discrimination legislation. Policies and actions to fight poverty and social exclusion must address the specific realities for groups who experiencing discrimination as well as addressing gender dimensions of the realities of poverty and social exclusion.

- **Put restraints on banking sector and financial speculation; defend public services and an adequate minimum income schemes:** The financial and economic crisis caused by the mismanagement of the private banking sector and deregulation, not public sector profligacy has forced the expansion of public deficits. The effectiveness of EU social protection systems is one of the key reasons that the impact of the crisis has not been worse. Addressing the constraints arising from public deficits must focus on getting the banking and associated sectors to repay its debts and increasing revenue through tackling tax evasion/avoidance so as to safeguard vital public services and social protection systems. Effective regulation to avoid similar future risks is also required. Despite public sector constraints the importance of protecting and establishing adequate minimum income schemes, capable of allowing people to live a dignified life, must be recognised as a key way to address the current crisis and to ensure a level of stability and platform for recovery in difficult economic circumstances.
- **Better governance and participation – partnership with NGOs and People in Poverty:** The consultation document highlights the importance of partnership in the new strategy, emphasizing the role of national and European Parliaments, as well as civil society and social partners. The Social OMC at EU level and in a number of Member States provides a vital good practice, on developing constructive on-going dialogue with NGOs and people experiencing poverty. This needs to be built on by exchanging practice and then developing common guidelines, benchmarks and indicators for participation and governance across all policy-making fields. But NGOs and people in poverty will only be able to play their role in both service delivery and partners in governance processes, if they receive adequate funding. Structural Funds should contribute more to the social inclusion objective as advocated by the [Barca Report](#)⁷, particularly active inclusion and better target those who are the furthest from the labour market rather than mostly maintaining existing jobs. Specific measures need to be taken to remove obstacles for accessing Structural Funds for grass-root NGOs, through technical assistance and global grant systems, as well as support to new community programmes through PROGRESS which facilitate mutual learning on poverty practice at grass-root level.
- **New Architecture – New common objectives, with key role for strengthened social OMC:** Finally – we need to be clearer about how EU2020 will be delivered. We need a new social and sustainable architecture and integrated guidelines to deliver the new strategy in a coordinated fashion, with an explicit link to the EU and national parliaments. In EAPN's view this needs to be with overarching objectives to achieve social cohesion, the eradication of poverty and exclusion and reduction of inequality. This should be delivered through 4 equal pillars: economic, employment, social (the Social OMC) and environmental. Global Equity needs to be a cross-cutting strand. The new integrated guidelines should reflect these overarching objectives driving the specific requirements of each strand. The Social OMC should be retained and strengthened through stronger implementation driven by agreed EU and national poverty targets, and by strengthened recommendation processes. The social OMC must also be linked more clearly to National Parliaments and national policy making cycles. Greater commitment to on-going structured engagement of relevant national, regional and local actors, including NGOs and people in poverty, through revitalised National (regional and local) Action Plans for social inclusion is also needed. The Social OMC must also be used to develop more effective mutual learning, data collection and analysis to drive more effective, evidence-based policy making. Effective horizontal, cross-directorate institutional working parties need to be established monitoring the key objectives and priorities (i.e. eradication of poverty/reduction of inequality), and be linked to regular reporting and monitoring in the European Parliament.

3. An adequate social response to the crisis

The discussion on short-term responses to the crisis is vital, but must not be allowed to condition the longer term EU strategy. The Commission's working paper focuses on making a "*successful exit to the crisis and... shaping the next generation of public policies*", but a full analysis of the social impact on people in poverty has not been made. Without this the automatic shift from recovery package to exit strategies risks increasing poverty and widening inequalities. Insufficient attention has been given to the lessons learned through the Social OMC as reflected in the contribution of the Social

7 Barca F, (Apr 2009) An Agenda for a Reformed Cohesion Policy: a place-based approach to meeting European Union's challenges and expectations.

Protection Committee (SPC), nor has sufficient stocktaking being carried out on the impact of the crisis on people who were already in poverty, outside the labour market or trapped in increasingly poor and precarious jobs. EAPN's survey on the social impact of the crisis confirms that the EU is seriously at risk of **undermining social cohesion**, not only through the consequences of the crisis, but through the policy options developed through the recovery packages and exit strategies, particularly as they affect the financing of social protection systems as well as the lack of action to close the "inequality" gap. Key findings in the EAPN survey include:

- The crisis impacts on more than jobs - the impact on homelessness and housing exclusion, diminishing disposable income through rising energy, house and other service prices for those on low incomes, worsening cycles of indebtedness and financial exclusion, must also be tackled.
- The main focus of the recovery packages has been on stimulating growth and safeguarding employment, but little account is being taken of the long-term implications of wage cuts, downward pressure on wages, flexibility leading to increasing precarity.
- Defending and creating quality jobs must be given more priority – investing in new areas of job creation such as: social services for new needs, services of general interest and social economy initiatives, but equally ensuring access to jobs for those already outside the labour market
- Insufficient account is being taken of who is being hit the hardest – impact on women, children, younger and older people, migrants, ethnic minorities and other vulnerable groups.
- Rising social tensions are leading to worsening racism and xenophobia, which directly threaten social cohesion.
- Anti poverty NGOs are at the cutting edge – struggling to cope with increasing demands, while their financing and donations are being reduced.
- The worst is still to come: as the sustainability of social protection systems is threatened by reductions in employers contributions and cuts to public services and benefit levels

See: [EAPN Survey: Social Cohesion at stake: The Social Impact of the crisis and the Recovery Package](#)

Proposals

- Hold an **urgent debate** in the Council, analysing the **full social impact analysis** of the crisis and the recovery packages. This should be preceded by a debate involving relevant council formations (including the EPSCO) and a broader stakeholder debate including NGO's and people in poverty.
- Take urgent action to **reinforce social protection systems** as automatic stabilisers and as part of guaranteeing adequate minimum income – in line with the 92 Council Recommendation on minimum resources and the 2008 Recommendation on Active Inclusion, as a key means to prevent rising poverty and contribute to economic recovery.
- Ensure that the **Exit Strategies maintain public investment and invest in new social jobs** as well as green jobs. Remember those already outside the labour market and tackle access to the labour market through positive, supportive, integrated Active Inclusion strategies, outlawing punitive conditionality which create greater hardship and humiliation for the growing number of unemployed, when there are few jobs to go to.
- Insist that the **poor shouldn't pay for the crisis** - consider first progressive measures to restore deficits through tackling tax evasion and avoidance, progressive taxation which promotes greater redistribution, and ensuring that cost reduction doesn't fall primarily on reducing public services which are vital to social cohesion.

4. A flawed consultation process

In our view, the consultation process proposed in the Commission working document is deeply disappointing, and gives us little confidence that the EU is committed to better governance and a more social EU strategy post 2010. The consultation process is clearly not adequate to ensure the meaningful engagement and influence over the final proposal and results of key decision-makers or stakeholders at EU and national level:

- The publication on the 24th November until the 15th January barely fulfils the minimal requirements on consultation.
- More importantly, the proposed date for publication of the Commission's Communication in February, will not allow for proper consideration to be taken of the inputs made from stakeholders – including NGOs and social partners.
- The timescale is insufficient to enable the European Parliament to develop a considered response, despite the claims in the document to promote this new "partnership" ("*the desire that the European Parliament play a significantly greater role and be encouraged to express views before the Spring Council*").
- The New Commissioners will not be able to shape and provide significant input.

- This represents a missed opportunity to engage actively with national and EU stakeholders, building vital ownership for the new strategy.

Proposals

- Delay the agreement on the EU2020, developing a full stakeholder process including NGOs and people experiencing poverty, involving debate with the European and National Parliaments and Stakeholder Round Tables at EU and national level.