
EAPN's Key Messages to the Agora

The social impact of the crisis and recovery policies on poverty

BRUSSELS, 27 AND 28 JANUARY, 2011

In December 2009, EAPN's report on the crisis¹, drawn from members' inputs, highlighted the dramatic social impact of the crisis and of the policy options taken. One year on, in 2011, EAPN's new report² highlights that the crisis is far from being over. For many, it worsens daily, with a growing fear that the worst is yet to come. Today, it is not just the social consequences of the crisis itself which continue to cause concern, but the consequences of the negative policy choices made by Member States in their recovery packages, and the decisions over austerity measures. These wrong choices will not only risk increasing poverty and social exclusion but have a devastating long-term impact on social cohesion and the potential to build a strong and a more social and sustainable economy, which can deliver prosperity for all. The lack of debate on the causes of the crisis, as well as the impact, and the willingness to learn from previous mistakes are also crucial. The EU must re-affirm its commitment to the European project, seize the opportunities of Europe 2020 and the Flagship Platform against Poverty to tackle the social impact of the crisis and invest in people, decent jobs and social goods and take action, before it's too late.

FIVE KEY MESSAGES

1. The social impact is getting worse, as Governments' austerity measures make the poor pay and undermine a sustainable recovery.
2. The social impact is being systematically under-assessed and ignored.
3. The crisis was not inevitable and was a result of deregulation and increasing inequality not public sector spending.
4. Another, fairer way is possible – towards prosperity for all.
5. The EU must restore the core values of the European Project, and use Europe 2020 to drive an ambitious social and sustainable vision.

¹ [EAPN's Report on the social impact of the crisis and of the recovery package, December 2009](#)

² EAPN's Report: *The European Project is moving backwards: the social impact of the crisis and recovery packages in 2010* (out soon – on www.eapn.eu)

1. The social impact is getting worse, as Governments' austerity measures make the poor pay and undermine a sustainable recovery

Today the social impact of the crisis is getting worse – not just because of recession but **because the vast majority of governments have reacted to the economic and financial crisis with the same neo-liberal approach**: with priority given to reducing public deficits, mainly through austerity cuts in public expenditure, focused on reducing social benefits and public services. This choice not only penalizes the poor and dramatically increases their hardship, but seriously undermines the possibility of future sustainable recovery.

2. The social impact is being systematically under-assessed and ignored

The reality of the social situation is not being assessed or debated, despite the devastating consequences for millions of EU citizens and for Social Inclusion NGOs. The SPC/Commission report on the social impact highlights that most Member States are not even carrying out a social impact assessment of the crisis or of their policies. Where assessments are made, ie at EU level, they are limited and partial, and the findings are not taken on board, nor allowed to influence overall policy decisions on recovery measures, at national and EU level.

3. The crisis was not inevitable and was a result of deregulation and increasing inequality not public sector spending

Not all the Member States have been hit equally by the crisis. The consequences of this crisis **were not inevitable**, but they have been particularly devastating in Member States already engaged in the road of economic and financial deregulation and of the deconstruction of the Welfare State. In other countries, such as the Nordic countries, but also Poland, who didn't make the same choices the situation is different. Public sector investment in social protection and other public goods, commitments to reduce the inequality gap in income and wealth, as well as in access to services, reinforced the capacity of resistance to the crisis and the potential for a quick recovery.

4. Another, fairer way is possible – towards prosperity for all

EAPN is convinced that **alternative policy options can still be chosen** to support a **fairer sustainable recovery**, reflecting a pro-active long-term view towards creating prosperity for all, and restoring/reducing inequalities which have been one of the key triggers:

- Choosing anti-cyclical measures rather than the reduction in deficits at any price; investing in recovery: stronger minimum income and social protection, creating new jobs and local services, stimulating demand.
- Reducing deficits more gradually by increasing income (through a more equitable tax system including a greater focus on wealth, reducing inequalities and through developing new sources of revenue) rather than prioritizing cutting expenditure.
- Defending social priorities, when expenditure cuts are considered: ie red-lining essential social goods and services at the expense of other less essential spending lines.

5. The EU must restore the core values of the European Project, and use Europe 2020 to drive an ambitious social and sustainable vision

The social consequences of the policy choices made on the crisis, **jeopardize the core values of the European project**. The EU grew from an ideal of creating a common area of peace and democracy, instead today's policies only contribute to rising tensions and attacks against democratic principles. EU institutions must be in a position to pro-actively **safeguard this vision, in line with horizontal social clause** adopted with the Lisbon treaty and the Charter of Fundamental Rights:

- We need the EU to **defend solidarity** rather than **unfair competition** between countries, a **proactive regulation** of the markets, and **public intervention** likely to ensure the implementation of people's rights.
- Such expectations must be addressed in the implementation of the **EU 2020 Strategy and particularly in the European Platform against Poverty** if we want the people who live in the EU to trust the European institutions for delivering a better future.
 - A **pro-active social impact assessment** on the causes and consequences of the crisis and government policy responses.
 - A **public debate**, including the European Parliament, and in structured dialogue in the Council with stakeholders, including people experiencing poverty and NGOs.
 - A **recognition of the need to invest in the public good** – social protection, public services and new jobs, to defend social rights and provide a strong foundation for recovery and help to create new trust and confidence in the European Project.

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