

Contribution to the Informal EPSCO Council Brussels, Belgium, July 7-8-9, 2010

“The EU supported banks and countries in debt.
It should now also focus on tackling
the social consequences of the crisis.”

“In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health”.

- Article 9 of the Treaty of Lisbon

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Social Platform is the largest civil society alliance fighting for social justice and participatory democracy in Europe. Consisting of 43 pan-European networks of NGOs, Social Platform campaigns to ensure that EU policies are developed in partnership with the people they affect, respecting fundamental rights, promoting solidarity and improving lives.

1) The crisis and its social impact: poverty and discrimination

What we know

- **2010 is the European Year Against Poverty.** 80 million people are living in or at risk of poverty in the EU 27 - 20% are children. Spain, for example, 23% of the population is poor according to Caritas Spain. With the increase in unemployment, the number of people living in poverty will increase. In May, 17% of EU citizens had no money to pay ordinary bills, buy food or other daily consumer items (*Eurobarometer, 2010*). Although new forms of exclusion must be addressed, decision makers cannot disregard people who were facing discrimination and exclusion also before the crisis.
- **The social impact of the crisis is far-reaching.** The Social Protection Committee together with the Employment Committee recently highlighted the following consequences of the crisis: increasing over-indebtedness, the negative impact on benefits, minimum income, access to public services and housing exclusion, budget cuts for civil society organisations, volatility of funded pensions schemes, and threats to future financing of social protection systems.
- **At the same time, across Europe, public authorities are cutting their budgets for social services or putting plans for development on hold.** This is happening at a time when more people need social services to support them through the crisis. Social services, and therefore their users, are suffering due to the crisis and the cuts in social budgets. In Germany, for example, at least 40% of cuts made in the framework of austerity plans come from the social protection budgets (*Le Monde, June 26, 2010*), not to mention Greece and Spain.
- **Meanwhile, the social impact of the crisis has not been tackled at the EU level.** The EU and member states have worked extensively through several Summits on the financial crisis (supporting banks in difficulty). They have also worked on the economic crisis (supporting countries in difficulty like Greece). However, the social consequences have not yet been tackled at EU level (supporting people in difficulty).
- The current crisis shows the danger of excessive deregulation and of a system where growth, profit and competitiveness are the only objective. **The crisis therefore represents an opportunity for a major shift, where economic growth is placed at the service of social cohesion**, the well-being of people and environmental goals.

What we support in the Belgian EU presidency's background note:

- "Social protection systems play a crucial role in protecting the population against poverty and social exclusion".
- "After the adoption of the Council recommendation of 1992 on minimum income and after the adoption of the Commission Recommendation on Active Inclusion, a combination of adequate income support, inclusive labour markets and access to quality services is necessary to achieve active integration. Minimum income schemes ought to be adequate (60% of the median national household equivalised income) and accessible to all groups of people".

What we propose

- **Design and implement budget consolidation in line with the Article 9 of the Lisbon Treaty:** “In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health”.
- Based on the Council recommendation of 1992 on minimum income and on the Commission Recommendation on Active Inclusion, **adopt a framework directive to guarantee an adequate minimum income for all fulfilling the obligations under the EU Charter of Fundamental Rights.**
- Cohesion requires the removal of all barriers to inclusion in our societies. **Adopt the Article 19 Antidiscrimination Directive** on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation (2008/0140) to enhance the protection of the victims of unfair treatment, no matter where the discrimination takes place.
- **Adapt Community rules on public procurement for social services.** The liberalisation of the services market has had detrimental effects on working conditions and salary levels for professional staff. Social Platform calls on EU institutions to adapt legal frameworks and reorient policies – e.g. by means of the Commission Guide on socially-responsible public procurement that should be published soon – in a way to promote the use of the “most economically advantageous offer” as a criterion for contract award, as in reality Social Platform members observe that it is as a rule the lowest price offer that is being retained. Social Platform also reminds competent authorities to incorporate the view of service users to understand what type of service they need.

2) Employment: job creation in care sector and the issue of working poor

What we know

- **Unemployment in the EU is the highest in more than 11 years.** It has reached 10% - which means that 23 million people are without a job (Eurostat, May 2010).
- **The working poor represent 6% of employees and 17% of the self-employed in the EU.**
- **Tackling jobless households does not necessarily tackle poverty.** The 'jobless households' indicator set in the Europe 2020 Strategy is not an efficient tool for tackling poverty. As one person employed in the household often provides for the subsistence of the whole family, having a job does not lift them out of poverty but only changes that person's category from 'poor' to 'working poor'.
- **Precarious jobs are on the increase.** Short term, part-time and temporary contracts increase the precariousness of workers and their families. The number of fix-term contracts has increased by 44% in the last years, while the number of people working with permanent contracts is decreasing. In some EU member states such as Germany every fifth employed person is faced with precarious employment.
- **There are several challenges for quality employment.** The average gender pay gap is 17.6%, non-standard working hours are more frequent, and hourly earnings are below average.
- **The care sector is a source of new jobs.** The care sector currently employs around 11% of the total EU workforce. Almost 20% of jobs created between 1995 and 2001 were in the health and social services sector - or 3.3 million new jobs between 2000-2007. The sector has an important potential with a possible increase of 5-7% in the EU 27. It is therefore economically relevant considering that the demand for social services already exceeds the supply of resources available. With an ageing population the need for care will only increase while the sector is facing staff shortages in most member states.

What we propose

- **Prioritise the quality of jobs at the centre of the EU employment policies as indicated in the employment Guideline 7:** "The quality of jobs and employment conditions should be addressed. Member states should fight in-work poverty and promote occupational health and safety. Adequate social security should also be ensured for those on fixed-term contracts and the self-employed". Member states should also "increase labour market participation, combat segmentation and gender inequality". The latter should comprise living wages, working conditions, job security, employment protection and reconciliation between private and professional life.
- **Create conditions for fair employment in social services** including adequate salaries, training opportunities, lifelong learning opportunities, stable contracts and adequate benefits. Good working conditions are a pre-condition to deliver high quality services to users.

3) Europe 2020: “promoting social inclusion and combating poverty”

What we know

- The Europe 2020 Strategy, with its poverty reduction target, provides opportunities for addressing social exclusion. However, **employment is not an automatic solution to poverty and social exclusion** – this focus excludes people who do not access employment (e.g. children, retired people or family carers). A job can be an important tool, but only if quality of work is ensured, as well as pathways to jobs. Other policies are also necessary to ensure social inclusion, such as quality social protection and social security systems including adequate minimum income, affordable access to quality services, pro-active policies to combat discrimination and inequality.
- One of the three indicators included in the Europe 2020 strategy alone - **‘jobless-households’ - is an inefficient tool to tackle poverty**. As one person employed in the household often provides for the subsistence of the whole family, having a job does not lift them out of poverty but only changes that person’s category from ‘poor’ to ‘working poor’.

What we propose

- **Implement guideline 10 of the Europe 2020 Strategy: promoting social inclusion and combating poverty.**
- **Ensure that member states use the full set of indicators measuring poverty** as endorsed by the Laeken European Council of December 2001.
- **Ensure that partnership with civil society organizations becomes best practice** in the implementation of Europe 2020 Strategy, as stated in recital 14 of the proposal for Council decision on guidelines for the employment policies (see Annex 2), together with monitoring and evaluation processes.
- **Ensure the coherence of the poverty target with other policies:** In line with Article 9 of the Lisbon Treaty, policies shaped on the basis of the Strategy need to be coherent to ensure that fiscal and economy policies serve social objectives and are a means to an end, rather than an end in themselves.
- **Deliver concrete outcomes for people experiencing poverty by shaping Europe 2020 Strategy Flagship Initiative: “European Platform against Poverty”:**
 - 1) Demand the political agreement of the EU and member states to deliver concrete outcomes for people experiencing poverty, developed through participative National Action Plans, building on the processes developed through the Open Method of Coordination.
 - 2) Guarantee partnership in the decision making process at national and EU level, in the National Reform Programmes and National Action Plans, with people experiencing poverty and social exclusion, organizations that represent them and the civil society groups that work on the prevention of poverty.

- 3) Ensure that the financial instruments of both the EU (such as the European Social Fund) and member states are coupled with the implementation plans to reduce poverty. Ensure that the ESF support is not conditional to employment market reforms, but rather remains a support for those excluded from our societies.
- 4) Establish strong monitoring and evaluation process in the Council and the European Parliament to maintain high visibility for the Platform against Poverty
- 5) Ensure that the working methods of the Platform against Poverty reflect the multidimensional character of poverty, as referred to in [our letter to President Barroso of June 22, 2010](#).

4) Social consolidation: addressing the social consequences of the crisis

What we know

- **The EU and member states have started to measure the consequences of non investment in social infrastructure such as education.** With the headline target 4 of the Europe 2020 Strategy (“improving education level in particular by aiming to reduce school drop out rates by 10% and by increasing the share of 30-34 years old having completed tertiary or equivalent”) governments now realise that increasing rates of school drop-outs does not only have social consequences but also economic ones.

What we propose

- **Generate a new consensus across Europe: a Social Pact** in the form of a Council commitment to make social progress central to the EU project and reassuring social objectives of the EU during the crisis and confirming the rights of those most harmed by the ‘austerity plans’
- **Organise an extraordinary summit for heads of state and government, to address the social consequences of the crisis on people**, particularly on those most in need. This event would also address the issue of solidarity with EU member states under IMF bailout plans and the sustainability of social protection systems
- **Screen all ‘austerity plans’ through social impact assessment.**
- **Use indicators that go beyond GDP**, including multiple indicators on well-being, the eradication of poverty, gender equality, equality for all (between the regions and rich and poor), and energy, natural resource use and ecosystem pressures.

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