

SOCIAL EXCLUSION IN EUROPE

State of Play of Social Inclusion Policies at the European Level

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At the time of writing (September 2010), much remains unclear about the future of the EU Social Inclusion Strategy. The parameters for the Europe 2020 strategy have been agreed, but the connection between this overarching strategy and the EU's Strategy for Inclusion is still to be agreed. This report makes some comments on the Europe 2020 strategy, looks at how the EU Inclusion Strategy has functioned over the past 10 years and presents some ideas from the European Anti-Poverty Network's (EAPN's) perspective as to how the strategy could evolve.

Europe 2020

The Europe 2020 strategy is the key overarching strategy for the European Union for the next 10-year period. It coincides with the start of a new five-year EU institutional cycle (with a newly elected European Parliament and the ratification of the new set of European Commissioners) and will be reviewed at its midpoint when a new five-year cycle will begin.

The European Commission published the Europe 2020 strategy in March of 2010 (European Commission 2010a). Its broad parameters were endorsed by the heads of the EU Member States and governments at the 2010 Spring European Council. The 2020 strategy does not define all of the key areas of EU work, but attempts to communicate to EU citizen's the EU's key priorities and actions for the coming period. It will be a key driver in the establishment of key priorities for the EU; hence, the importance of ensuring that social policies are integrated into the strategy. It is important to note that social policies were downplayed in the 2005 revision of the precursor to the Europe 2020 strategy – the Lisbon Strategy – which has had an enormous negative impact on the EU Social Inclusion Strategy.

The Europe 2020 strategy establishes three key priorities, sets five targets and provides for seven flagship programmes.

The three key priorities are:

1. Smart growth: Developing an economy based on knowledge and innovation

2. Sustainable growth: Promoting a more resource efficient, greener and more competitive economy
3. Inclusive growth: Fostering a high-employment economy delivering social and territorial cohesion

The five targets are:

1. Employment rate of 75% for people between 20 and 64
2. Investment of 3% of the EU's GDP in research and development
3. The '20/20/20' climate/energy targets met
4. Share of early school leavers under 10%, and at least 40% of the younger generation with a tertiary degree
5. Twenty million less 'at risk of poverty'¹

The Europe 2020 strategy proposes seven 'flagship programmes' to reach the five targets. One of these programmes (the only one dealt with in this report) is connected to the target to reduce poverty: the 'Flagship Programme – Platform against Poverty'. The aim of this Platform is:

...to ensure social and territorial cohesion such that the benefits of growth and jobs are widely shared and people experiencing poverty and social exclusion are enabled to live in dignity and take an active part in society. (European Commission 2010a)

The details of how this Platform will be implemented should be the subject of a Commission Communication to be issued in November 2010.

The Europe 2020 strategy envisages the following:

- Delivery through a 'transformed' Open Method of Cooperation on Social Protection and Social Inclusion (OMC) as a "platform for cooperation, peer-review and exchange of good practice" (European Commission 2010a).

¹ The original version of the poverty target proposed by the Commission was contested at the Spring Council and a final version was agreed at the June European Council, which, in addition to the 60% median equivalised income indicator proposed to measure progress towards the target, contains an indicator for material deprivation and for jobless households.

- Concrete action to reduce social exclusion through targeted support from structural funds – particularly from the European Social Fund.
- An assessment of the adequacy and sustainability of social protection and pension schemes and access to healthcare.
- At the national level, Member States are expected to define specific measures for at risk groups and 'fully deploy' social security and pensions to ensure adequate income support and access to healthcare.

Architecture and governance

The Europe 2020 strategy will be delivered through National Reform Programmes and a new set of integrated 'Europe 2020 Guidelines'. The draft Guidelines (European Commission 2010b) have been presented by the Commission and will be formally adopted by the Council in autumn 2010, following consultation with the European Parliament. The draft contains 10 guidelines divided into macro and micro economic guidelines and employment guidelines. One of the employment guidelines (Guideline 10) is a new social guideline meant to ensure follow up of the poverty target. In the recital to the Guidelines there is a new explicit reference to stakeholder involvement:

...the Europe 2020 strategy should be implemented in partnership with all national, regional and local authorities, closely associating parliaments, as well as social partners and representatives of civil society, who shall contribute to the elaboration of National Reform Programmes, to their implementation and to the overall communication on the strategy.

EAPN comments on the Europe 2020 strategy

EAPN broadly welcomes the reintegration of the social element into the EU's overall priorities and strategy for the next 10 years. The establishment of a concrete target to reduce poverty should give issues of poverty and social inclusion high visibility on the EU agenda, as well as ensure the high-level political attention necessary for real progress. However, there is a lot of ambiguity in the way the target has been framed – "to lift

at least 20 million people out of poverty". For EAPN, the only tolerable interpretation of this target is an ambition to improve the situation of everybody living in poverty, while lifting at least 20 million people above the relatively high EU 'at risk of poverty threshold', which is based on 60% of the median equivalised income and material deprivation indicators. An alternative interpretation could lead to the manipulation of the target through the application of measures to reach the easiest to reach to lift them slightly above the poverty threshold. With such an interpretation the EU would be complicit in developing a 'two-thirds society', with two-thirds doing well and one-third being left behind to carry the burdens and risks associated with poverty and social exclusion. Without an explicit reference to reducing growing levels of inequality in EU societies, and with the focus on 'growth' in the strategy, it is not clear that social cohesion is an objective of the 2020 strategy in its own right. With the knowledge available that "more equal societies are better for almost everyone" (Wilkinson and Pickett 2009), it is difficult to see how we will achieve a society with greater social cohesion without a focus on addressing inequality as well as poverty.

The inclusion of a social guideline within the Integrated Guidelines for the Europe 2020 strategy, and the requirement to have stakeholder involvement (including NGOs) in the preparation, implementation and evaluation of National Reform Programmes, is undoubtedly a great opportunity to ensure the effective mainstreaming of social concerns across all the areas of the Europe 2020 strategy. EAPN and other social stakeholders will work to try to ensure that this opportunity is maximised. However, the inclusion of the social guideline under the employment section of the Guidelines raises fears that actions to tackle poverty will be limited to employment related actions, and that the focus on the broad social protection and social inclusion, which is part of the current Social OMC, will be lost. Early signs in relation to the preparation of national targets to reduce poverty in line with the European target have indicated little willingness to engage relevant NGO stakeholders in the process.

Perhaps the greatest fear of EAPN in relation to the Europe 2020 strategy is that mainstreaming social concerns across the broad strategy will lead to the diminishment of the distinctive role of the Social OMC and, in particular, the process within the Social OMC aimed at active stakeholder engagement at the national and local levels. This report attempts to deal with these concerns.

EU Social Inclusion Strategy 2000–2010

To understand the Europe 2020 strategy, it is important to look at the key elements of the EU Social Inclusion Strategy, or the 'Social OMC'. This section does not try to indicate the subtle, but important, changes that were made to the Social Inclusion Strategy during the course of its development, but rather presents it as it operated in the period 2008 to 2010

The key elements of the Social Inclusion Strategy included: 1) agreement on Common EU Objectives in the fight against poverty and social exclusion, including the objective of mobilising all relevant stakeholders, 2) agreement on common indicators to measure progress, 3) the development of National Strategic Reports for Social Protection and Social Inclusion – which incorporated National Action Plans on Inclusion, 4) mutual learning and exchange through peer review mechanisms, and 5) an annual EU assessment in the form of a Joint Report on Social Protection and Social Inclusion. In addition, an EU Programme (the Progress Programme²) was agreed to support actions to contribute to the strategy.³ While the Social Inclusion Strategy did not succeed in reducing poverty in the EU during its period of operation, some important successes can be noted:

- The strategy has been instrumental in keeping poverty and social exclusion on the EU agenda.
- It has contributed to better common EU statistics on poverty and social exclusion, as well as to the development of some common analyses and understandings.
- It has engaged different stakeholders from the different levels (local, national, EU) in the process, including people experiencing poverty (European Anti-Poverty Network 2010).
- It has facilitated mutual exchange and peer review.
- It has identified key common areas of concern for Member States to work on and key consensus areas to move forward (e.g., active inclusion, child poverty, housing/homelessness, indebtedness, in work poverty, migration).

² For details of the programme see <ec.europa.eu/social/main.jsp?langId=en&catId=327>.

³ A detailed evaluation of the EU Social Inclusion Strategy 2000–2010 is available in 'A social inclusion roadmap for Europe 2020' (Frazer et al. 2010) and the background papers prepared for the Belgian Presidency Conference 'EU Coordination in the Social Field in the context of the Europe 2020: Looking back and building the future'. A published version of these background papers will be available later in 2010, check Belgian Presidency website.

While an assessment of the impact of the global economic crisis on people experiencing poverty and social exclusion is beyond the scope of this report, it is important that it is understood that the failure to pursue a more social Europe and to prioritise addressing growing levels of inequality over the last 30 or more years was a contributing factor to the crisis. Knowing this, it is very difficult to accept that people experiencing poverty and social exclusion are the ones being asked to pay for the crisis through reduced social protection and social services.

With a fairly constant figure of about 17% of people in the EU (approximately 85 million people) facing poverty and social exclusion (Eurostat 2010), it is clear that the Social Inclusion Strategy was too weak to meet its overall objective, as agreed at the Lisbon Council in 2000, of "making a decisive impact on the eradication of poverty". The Strategy's weaknesses include:

- Poverty cannot be dealt with by social policies alone, and necessary efforts were not made to mainstream poverty and social inclusion concerns across all areas of EU policy. This was especially true after the revision of the overall Lisbon Strategy in 2005, which diminished the place of social policies in the overall strategy and prioritised growth and jobs.
- There was weak political leadership for the strategy, demonstrated by the lack of clear targets.
- There was a lack of public and parliamentary scrutiny of the strategy, which was needed to ensure that the strategy really engaged in national priority setting and policy making, and the strategy became a reporting exercise to Brussels, rather than a key tool for policy planning, implementation and evaluation.
- There was a sense that the strategy failed to engage the right actors in the key areas identified in the strategy, for instance, in the area of housing and homelessness.
- The OMC, which is a soft law approach, needed more rigorous monitoring and evaluation to show the extent to which Member States engaged meaningfully in the process and needed to be complemented by harder instruments, such as Directives, in areas where common understandings had been developed.

In moving forward, it is hoped that the Inclusion Strategy, within the Europe 2020 strategy, can build on the strengths of the former Social Inclusion Strategy, while also addressing its shortcomings. That possibility still exists with the opportunity to have a clear 'mainstreaming' of

social concerns across the Europe 2020 strategy and real stakeholder engagement. While at the same time, the 'Platform against Poverty' raises hope for a more effective EU Inclusion Strategy. However, as outlined above, there is concern that the integration of the social dimension into the Europe 2020 strategy may be at the price of abandoning the key elements of the Social OMC, i.e., National Strategic Reports on Social Protection and Social Inclusion and National Action Plans on Inclusion. These national reports allow for the input of national stakeholders and the development of in depth thinking and learning on preventing, as well as alleviating, poverty (as well as on social protection issues), beyond the narrower confines of Guideline 10 for the National Reform Programmes. EAPN believes that abandoning these reports would be an enormous step backwards.

Recommendations: EAPN proposals for the European Platform against Poverty

This section outlines what EAPN considers necessary to ensure that the Platform against Poverty represents a step forward in terms of EU cooperation in the field of social inclusion. When the Commission proposed the Flagship Programme – Platform against Poverty, it was clear that there was much scope for developing the content of this Platform. EAPN took this as a positive opportunity to develop a stronger EU Social Inclusion Strategy and set out proposals for the content of the Platform.

The key EAPN recommendations are:

1. Reinforce the Social OMC by building a dynamic EU and national platforms against poverty that can actively engage relevant stakeholders in developing multi-annual strategies to implement agreed EU priorities: This national approach needs to be complemented by thematic approaches to follow up on the key areas that emerged through the Social Inclusion Strategy, such as child poverty, active inclusion, housing and homelessness, and migration.
2. Develop mechanisms to assess the effectiveness of current instruments and move forward on establishing European frameworks to guarantee EU social standards: The existing soft law instruments of the Social OMC have not been sufficient to enable progress on the agreed objectives, nor to guarantee the European social model. The EU needs to affirm its commitment to implementing fundamental rights and ensuring affordable access to rights, resources and services, and to reducing inequality. While good progress has been made in the environmental, health

and safety fields, the lack of common frameworks to ensure social as well as economic standards is hampering social progress in the EU and undermining the credibility of the EU's social goals. The Lisbon Treaty lends weight to such an approach, and EAPN is spearheading a campaign for a Directive on the Adequacy of Minimum Income Schemes, which could be a first step in this approach.

3. Mobilise EU financial instruments to support the development of social and sustainable service infrastructure, social inclusion demonstration projects, and participation of stakeholders: The Commission's Communication on Europe 2020 makes it clear that policy initiatives can only move forward if EU funding is targeted to delivering the key objectives, priorities and targets. The EU must continue to ensure that the solidarity principle is applied in lagging regions and areas, as well as supporting measures and approaches to tackle poverty and social exclusion. While Structural Funds are given a central role to back the political objectives of the Europe 2020 strategy, all EU financial instruments need to be mobilised as part of the review of the Financial Perspectives. Consideration should be given to a new framework programme to support delivery on the poverty target, with an explicit objective to reduce and prevent poverty and social exclusion.
4. Ensure that social inclusion objectives are mainstreamed across Europe 2020 and linked to effective social impact assessment: The Flagship Programme – Platform on Poverty will need to be given the power to ensure that the social inclusion objective is a central concern and that other policy initiatives within Europe 2020 do not undermine or contradict this. In particular, in the key debates on 'bottlenecks to growth', equivalent weight should be given to identifying the bottlenecks to inclusion, particularly in relation to public policy spending priorities in the exit strategies, which are threatening cuts to public services and benefits.

Conclusion

In assessing the state of play of the EU Social Inclusion Strategy, it is clear that there is a long way to go to achieve cooperation between the EU and Member States to ensure the protection and development of the European Social Model (based on quality employment, high levels of social protection and active participation). However, the way forward is clear and the crisis (economic, social and environmental) has shown that a new direction is needed. There is a growing sense of alienation of citizens from the

European Project, with a recent Eurobarometer survey showing that only 42% of people have trust in EU institutions. Against this background, it remains to be seen if within the Europe 2020 strategy and the Platform against Poverty the EU leaders can fashion a strategy that responds to the need for change. The elements are there to lay the foundations for a fairer Europe, but we must wait and see if the political will is also present. ■

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