AN EU DIRECTIVE ON ADEQUATE MINIMUM INCOME

Ensuring adequate minimum income schemes throughout the EU as the basis for high level social protection across the life span

This position paper is one element of a broader Social Platform common framework position on an adequate minimum social floor in the EU.
Ensure every person’s fundamental right to live a life in dignity

The right to an adequate minimum income should be recognised as a fundamental right and should enable people to live a life in dignity, support their full participation in society and ensure their independence across the life cycle.

Adequate minimum income schemes play a key role in reducing (the severity of) poverty.\(^1\) They are a cornerstone of a well-functioning society and of the larger European social model. They form the basis on which high quality social protection schemes should be built.

Ensuring adequate minimum income protection as a tool to fight poverty is also economically sound. Evidence shows that member states with good social welfare policies are among the most competitive and prosperous.\(^2\)

Already in 1992, the Council adopted a recommendation with common criteria on sufficient resources and social assistance in social protection systems, acknowledging the right of every person to such support.\(^3\) Unfortunately, the implementation of this recommendation has been very limited up till now.

The Commission’s Recommendation on Active Inclusion of 2008 recognised that apart from facilitating access to quality employment for those who can work, active inclusion policies should “provide resources which are sufficient to live in dignity, together with support for social participation, for those who cannot” e.g. people with a disability, long-term unemployed workers”.\(^4\) Up till now however also the implementation of this recommendation has been limited.\(^5\)

I. WHAT we want

We call for the adoption of an EU framework directive on Adequate Minimum Income Schemes that establishes common principles, definitions and methods, to achieve a level playing field across Europe.

Such a directive should ask from member states to put in place adequate minimum income schemes that are accessible for all that need them.\(^6\) Within the current EU Treaties article 153, 1 (h) TFEU could be used as the legal basis for such a directive.\(^7\)

An adequate minimum income is an income that is indispensable to live a life in dignity and to fully participate in society, across the life span. It has to be above bare minimum and needs to allow people, including children in poor households, not just to survive but to thrive.

For people of non-working age, such as children and older people, adequate minimum schemes need to be introduced through the relevant social inclusion strategies, respectively the Recommendation ”Investing in children: breaking the cycle of disadvantage” and the White Paper “An Agenda for Adequate, Safe and Sustainable Pensions”. EU directive on minimum should be part of a broader EU and national policy response aiming to promote income adequacy, social inclusion and autonomy beyond working age.

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\(^3\) Council *Recommendation 92/441/EEC on common criteria: basic right of a person to sufficient resources and social assistance*, June 24, 1992.

\(^4\) EC *Recommendation on the active inclusion of people excluded from the labour market*, October 3, 2008.

\(^5\) For example in the 2013 *Joint Employment Report*, EC and EMCO are demonstrating how, only seven member states made any progress regarding the implementation of active inclusion strategies last year.

\(^6\) Minimum income schemes are income support schemes which provide a safety net for all those who cannot work or access a decent job and are not eligible for social security payments or whose entitlements have expired (definition based on H. Frazer and E. Marlier, “Minimum income schemes across EU member states”, October 2009).

II. HOW should we shape an EU framework directive on minimum income and ensure its successful implementation?

We consider that a key role of the EU lies in the development of an EU framework directive that includes the obligation for all member states to put in place adequate minimum income protection schemes.

Such an EU directive on adequate minimum income should:

a. Set common methodologies for defining adequacy (e.g. 60% at risk of poverty indicator, material deprivation, reference budgets), common approaches on coverage, avoiding exceptions and backdoors, and efforts to ensure take-up and common information requirements;

b. Include the principle of proactive granting of benefits;

c. Enable gender mainstreaming, gender impact assessment and gender budgeting;

d. Address the needs of particular groups (for example single parents, long-term unemployed older people, young people, etc.);

e. Provide for systematic uprating mechanisms;

f. Ensure monitoring and evaluation and adjudication by independent bodies and procedures in cases of dispute between the administration and recipients;

g. Ensure minimum income schemes are shaped within a comprehensive active inclusion approach that goes beyond activation and the "one-stop-shop" idea, and does not include negative conditionality;

h. Put in place directions on the engagement of stakeholders in developing, implementing and monitoring minimum income schemes;

i. Support member states to work towards the progressive realisation of adequate minimum income schemes, as it is difficult for some of them to go from no or poor quality minimum income schemes to high level schemes;

j. Be ensured effective implementation by following up on the establishment of adequate minimum income schemes into key EU processes such as the Europe 2020 Strategy. 8

III. WHY do we need an EU framework directive on adequate minimum income?

Why adequate minimum income schemes benefit social as well as economic goals

- They ensure that people who receive them remain integrated and participate society, they help them reconnect to the world of work and allow them to live in dignity. The danger of inadequate minimum income schemes is that they trap people in poverty and lead to greater social, health and economic costs. Even if they help addressing very basic needs, they can contribute to locking people in a cycle of dependency without adequate means to access opportunities or to fully participate in society;

- They can play a positive role in reversing the destructive trend of rising numbers of working poor in Europe when they ensure a positive hierarchy with minimum wages in order for minimum wage to be higher than minimum income;

- They are a very small percentage of the government’s social spending and represent a huge return on investment;

- As the base for high-level social protection systems, they act as "economic stabilisers". 9

- They are effective economic stimulus packages, as the money is used to address pressing needs and immediately re-enters the real economy, often reaching disadvantaged areas experiencing market failures;

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8 The Commission already stated that according to them, minimum income schemes form an important element for achieving the poverty headline target of Europe 2020; Michel Servoz, Director General of DG Employment and Social Affairs speaking at the EC Seminar on Improving Minimum Income Support, April 3, 2014.

9 This was demonstrated by countries with high-level social protection systems being best able to resist the negative impacts of the crisis; SPC, Social Europe: Many ways, one objective - Annual Report on the social situation in the EU (2013), February 2014.
Why we need an EU Directive

- It is no longer viable to develop national social policy without considering the European perspective. Common EU level efforts are needed to achieve high level social standards;
- As the 1992 Recommendation nor the Active Inclusion Recommendation has delivered after all these years, a new and stronger base for action and cooperation is needed.
- The directive is compliant to and would give meaning to the Horizontal Social Clause and the social provisions of the Charter of Fundamental Rights of the European Union, specifically to article 34 on combating social exclusion and articles 25 and 26 on the rights of the elderly and of disabled persons to live in dignity and independence.