socialplatform

Background document for the speech of Conny Reuter, President of Social Platform

Stocktaking on the progress made in 2012 and the way forward:

Combatting inequalities and poverty for people's well-being

Social Cohesion and wellbeing are the wealth of Europe

EPAP Convention, December 5, 2012

CHECK AGAINST DELIVERY

Summary of key messages

1. ***There is no social Europe for a better future without combatting together rising inequalities and rising poverty in Europe.***

2. ***We need a social investment package to prevent even larger economic and social costs from arising in the future.*** Such initiative should not only comprise services and infrastructure, but it should focus more broadly on investing in people's well-being.

3. **The European Convention of the European Platform Against Poverty and Social Exclusion must be an essential instrument in the implementation of the poverty target**. It should take stock of the implementation of the poverty target in all countries, and provide a forum for reflection by the EU, the member states and civil society on the actions needed to improve the situation. The Convention should provide recommendations to be taken up by the member states

THE SOCIAL SITUATION IN EUROPE TODAY

The austerity measures promoted by many governments and encouraged by EU economic governance, are resulting in increased inequalities, poverty and social exclusion.

The rise of the number of people experiencing poverty is one challenge. There has been an increase of over 2 million of people in poverty since the beginning of the crisis, weakening our social cohesion and our wellbeing in Europe.

Accelerating of inequalities due to amongst other reasons the austerity measures is the other challenge:

- **Inequality has been growing since long before 2008 because the policies implemented over more than 20 years in the EU** and its member states have contributed to deepening social and financial or wealth disparities. While the crisis amplifying and accelerating this development, **the structural changes in income distribution were actually one of the factors that triggered the crisis**. Policy choices in relation to growth and employment lead to a weakening of social cohesion and greater inequality in terms not only of income but also of education, training, access to the labour market social security entitlement and benefits, healthcare. (source, ETUI, 2012, benchmarking working Europe)

- **Wealth inequality**: Income inequality in OECD countries is at its highest level for the past half century. The average income of the richest 10% of the population is about nine times that of the poorest 10% across the OECD, up from seven times 25 years ago

- Many people have greater difficulties in accessing quality education, housing, health care, employment or a decent pension at an affordable price. This is due austerity measures that lead to staff reduction, increase of fees or privatisation of services. This leads to an emerging divide that can result in having, on the one hand, services for the ones experiencing difficulties and, on the other hand, services for the ones who can afford them.

One example: last week in Spain the privatisation of hospitals and health centres brought thousands of workers out protesting in the streets of the Spanish capital. Protesters blame austerity measures for a plan to make six hospitals and 27 clinics private in the Madrid region alone. Unions say patient care is already suffering as the healthcare budget is cut by six billion euros a year.

Rise of poverty and inequalities are leading us in the medium and long term towards a two-tier society that we don't want. This is a serious threat to our social cohesion and to the wellbeing of all of us.

We want two things: **end poverty and reduce inequalities**. We want people to have a decent and quality life out of poverty. But this is not enough. We also want to live in a society where wealth is better shared among the population and where there is universal access to all quality and available services for everyone. **We don't want to be confronted with services for the most vulnerable on the one hand and on the other hand services for the ones who can afford them. Social cohesion and wellbeing are the wealth of Europe – and are not up for bargaining.**

This is unfortunately not prioritised by the Commission in its last Annual Growth Survey that came out last week. It mentions "**fairness**" in term of impact on society and maintains the same recipe as last year to respond to the crisis while the EU is getting deeper entering into recession.

Can we accept what is happening in Europe with the austerity measures to be "fair"? Do we share the definition of fairness given on December 2 by the British Chancellor George Osborne who leads the fiscal consolidation policy in the UK when he said that "Fairness isn't just about taxing the rich. It's also about ending the something-for-nothing benefits culture" "of those living a life on benefits."

The European Economic governance needs a strong social pillar to balance the current austerity measures. This is clearly lacking at the moment. A social pillar that would assess the social consequences on people of the current policies and which will also integrate the need for a social investment package to support people's wellbeing and social cohesion

This is the divide that is created in Europe and that we don't want to witness. So instead of fairness we prefer another wording: social justice and solidarity.

HOW TO RESPOND TO THE SOCIAL CRISIS

Despite the recent declarations on the need for growth, the main focus of the economic governance is still primarily on austerity measures and cuts in budget expenditures. The first priority of all the Country Specific Recommendations is always on correcting an excessive budget deficit and requires "rigourous implementation of budget strategy". Our economies are clearly struggling. After two years of austerity measures, we are entering another economic recession and the unemployment rate has reached an historic peak of 10,6% and poverty has reached 116 million people. Following in the footsteps of Greece, Portugal Ireland and Cyprus Spain is gioing to ask for a bailout since they cannot borrow anymore on the financial market. We reject any fiscal, monetary and economic integration without social integration. The current approach totally contradicts article 9 of the Treaty and undermines democratic legitimacy.

- **The fight against poverty is obviously absent from EU top priorities**

- **To respond to the deteriorating and preoccupying social situation in Europe, we propose to support an inclusive growth with quality jobs, adequate social protection systems and accessible public services that ensure poverty reduction and social inclusion.**

1) Investing in long term cohesion instead of cutting down on social budgets

A) In the richest economic region of the world, it is now time for a social investment strategy in order to achieve sustainable and inclusive growth, adequate support system to address the social impact of the economic crisis, the redistribution of wealth and prosperity, and intergenerational solidarity. This will ensure that long-term social investment and short-term fiscal consolidation are mutually supportive at both EU and MS level.

B) As Commissioner Andor stressed last week in his speech on the Annual Growth Survey 2013, "Europe needs social investment to prevent even larger economic and social costs from arising in the future." Also, last year already the Commission has pointed out that in-kind benefits would have the potential to reduce the poverty gap by 80% on average.[1]

C) Invest in people's wellbeing: While we welcome the Social Investment Package as a Commission's initiative for 2013, we consider that such initiative should not only comprise services and infrastructure, but that it should focus more broadly on investing in people's well-being.

D) Therefore, EU and member states should invest in:

- **Universal coverage**: Ensuring universal coverage at adequate levels through the life cycle in social protection and universal access to inclusive public services; inclusive education and life-long learning.

- **Investing in social infrastructures and health infrastructure and support**, such as good quality, accessible and affordable housing and care facilities

- **Introducing minimum income schemes** that should be recognised as a basic right for people to be protected from material deprivation and allowing for their participation in society;

- Providing enough resources for mechanisms combating social exclusion and poverty, such as **Active Inclusion Strategies** based on sufficient income support, access to quality services and inclusive labour markets, as well as other strategies targeting poverty and social inclusion;

- Ensuring sustainable financing in the context of fiscal consolidation by **supporting increased revenue through tax justice** with higher focus on progressive income tax, and on taxes on capital and environmental risks;

- Promoting financial inclusion, covering access to credit, savings and insurance, as well as the growing problem of over-indebtedness which has increased as a consequence of the financial and economic crisis and is also due to unfair credit and lending practices.[2] According to the European Commission, 30 million people in Europe do not have access to basic financial services[3].

[1] AGS 2012 Progress Report on Europe 2020 - OECD (2011) *The impact of publicly provided services on the distribution of resources*; Report for the European Commission.
[2] European Commission, *Financial services provision and prevention of financial exclusion*, March 2008
[3] Flash Eurobarometer 282, *Consumers' Views on Switching Providers*

2) A call for a true EU Strategy on Poverty and Social Exclusion

A) Combating poverty cannot wait for growth and employment to improve again since this might take several years – it has to be a policy priority on its own. The EU and its member states need to develop an integrated poverty and social exclusion strategy at both European and national level to ensure an immediate reduction of poverty. For the moment there is no commitment and no implementation. After the commitment made in June 2010, member states have not even reached a target of 12 million when they pledged 20 million 3 years ago. More worrying is that poverty is on the rise.

B) **The European Convention of the European Platform Against Poverty and Social Exclusion must be an essential instrument in the implementation of the poverty target**. It should take stock of the implementation of the poverty target in all countries, and provide a forum for reflection by the EU, the member states and civil society on the actions needed to improve the situation. The Convention should provide recommendations to be taken up by the Spring Council, and included in the European Semester through the Annual Growth Survey, the National Social Reports and National Reform Programmes and the country specific recommendations. This is to ensure that actions recommended by the Europe 2020 Flagship that is the European Platform Against Poverty and Social Exclusion, are implemented.

3) Cooperation for implementation

A) Social cohesion and wellbeing is about people. Therefore, policies aimed at improving the life of the ones in difficult situation should be thought through and designed with the people concerned and the organisations working with them. We call on the European Commission and the member states to involve civil society organisations at local, regional, national and European level in the decision making process of the economic governance and the implementation of the Europe 2020 Strategy and the poverty target. This will a voice to those who are directly impacted by budget and fiscal consolidation.

B) The European and National semester and other Europe 2020 strategy processes need to be opened up to social NGOs ready to play their role in their areas of expertise, in Europe's economic governance and in the implementation of the economic and social priorities of the EU.

C) The European Commission has to provide clear guidelines on a timely and enhanced participation of civil society as a core element of the Europe 2020 Strategy.

CONCLUSION

Social NGOs are calling on the European institutions and member states to ensure that economic governance and the EU policy priorities **invest in the implementation of true social objectives, and access to rights, resources and services for all.** This is the only road for Europe to go to efficiently and effectively combat inequalities and poverty for the well-being of all.

Last year only little political value was given to the messages and recommendations that came out of the Convention. The conclusions were only addressed "for information" by the EPSCO Council and not even considered at all by the European Council. This year, it should be therefore ensured that our messages and recommendations are reaching member states and other policy makers in an effective way.
