

**Social Europe
in the age
of**

AUSTERITY

Threats and answers

Social Europe in the age
of austerity
Threats and answers



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Social Europe in the age of austerity

Editor: Michel Debruyne

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Preface

The Alliances to fight poverty thank every speaker who has made this seminar a success. They showed their commitment for a more social and equal Europe.

The Alliances thank also EAPN Portugal, without them the seminar wouldn't have been a real step to a more social and equal Europe.

This report book is the result of the recording of the seminar held in Lisbon in May 2013. The text is a fair representation of the seminar. The texts haven't undergo corrections by the speakers. All errors are the responsibility of the Alliances.

If you want to quote a text, then you use only the title, the page and the name of the editor.

The Alliances to fight poverty thank Sam de Ryck who has made a very good transcription of the recordings. It was a terrific job, but he did it more than well.

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Introduction

The outlook for the European countries looked in 2013 really poor. Almost all countries had to make severe budget cuts. The economy in many countries was shrivelled. Even the strictest countries were looking for a sanitation of the budget. But they all stayed in line of austerity. Austerity that threatens our social models.

In February 2013, The European Commission has launched a Communication on the “Social investment Package” (SIP). It reads like a complement to the economic governance policy. Some believe that the social pillar of Europe can develop now. Others think that the Communication is just nothing more than a Communication.

The important element is that the discussion on a social model for Europe can start now.

A year later, the outlook for most countries has changed. The outlook seems not so poor anymore. The end of the crisis is there, they say. The question is, what after the European election? Will there be more brightness for the people who are suffering from this severe crisis?

This report book brings the presentations from the seventh seminar of “Alliances to fight poverty”. In this seminar the Alliances examine the needs for a Social Europe.

This report book comes at the right moment, just before the European elections. This book tells what the crisis means, what austerity means, what commercialisation and privatisation means for people. In Greece and in other Troika countries austerity means more suicide, more people who haven't the money to pay their healthcare debts, more people who wait too long to go to the doctor, more people in care centres who don't get the necessary care anymore, more starvation, ...

Austerity kills. This report book gives some ideas on the consequences of the European economic governance.

The SIP has not brought a discussion on the social model. The elections are doing this. The question is if the SIP can re-launch this discussion. This report book gives enough food for re-launch this discussion.

The seminar looked at social policy of Europe and also on ways to re-model the economic governance.

At first, there are texts on 'daily life practice' of social benefits. Social benefits are nowadays used to "discipline" or activate the beneficiaries. The question is if disciplining people gets them out of poverty. In different European member states we find almost the same answers. Our final question is whether social benefits help to have more equality and equity in the member states.

Secondly, there are texts that discuss the evolution of social services and social work in the age of austerity. What are the consequences of the tendency of privatisation, disinvestment and the influence of the meritocratic culture for the social services and social work? What are the consequences on health care in our European countries?

Thirdly a lot of texts focus on the fundamentals of Europe: are the threats to our social models provoked by the bases of the single market? Is the dominance of the European single market a treat or an answer? Can we build a European social model in times of crisis? And is the basis for a European social model not a search for more equality between the European states?

In the last chapters you will find some new and old answers for a more social and equal Europe. The discussion is now open.

Brussels May 2014, Michel Debruyne

Social benefits in the age of austerity

Social benefits between rights and duties, between dependency and social investment

By Ides Nicaise, HIVA, University of Louvain

Introduction

It is quite a challenge to give you an overview of the European policies on social protection of the last 40 to 50 years. You will have noticed that I have added another idea to the title. I will not only speak about rights and duties, but also about dependency versus social investment. The term 'social investment' is currently very topical. The European Commission, after a long preparation, has issued in February 2013 a very substantial document called the Social Investment Package. It collects a number of proposals, recommendations and analyses that are very interesting, including an analysis of social protection issues. Therefore I chose to include the idea of social investment in my presentation. I will start in the first part by highlighting a few basic ideologies that have directly or indirectly influenced our social protection policies in the past decades. Then I will move to the European level and check to what extent (and what kind of) ideology and paradigm are dominating at European level. I will finish by giving some comments on social investment, which might be a new paradigm on which we can build.

The active welfare state has three fathers

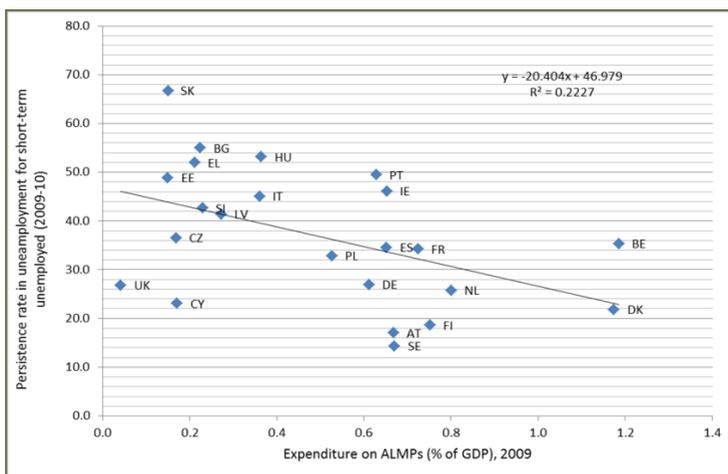
We can identify three important thinkers and scientists who have influenced the design of our social protection policies in Europe. There have been some shifts between the different paradigms and these shifts are on-going to some extent. The

traditional subdivision of welfare states, as we know it from Esping-Andersen and others, is continuously changing. Each father corresponds with one ideological root.

The first root of our present-day active welfare state is a social-democratic one. Pierre Rosanvallon stands at the forefront as one of the most important thinkers on the active welfare state. He established himself with the publication of *The crisis of the welfare state* in 1981, and he then in 1995 published his second important book *The New Social Question: Rethinking the Welfare State*. Rosanvallon's diagnosis of the crisis in the 1980s was that our traditional welfare state was built on the slightly naive assumption that the social risks in our society were distributed at random across the entire population, and that the social protection system could be built on the basis of reciprocity. This means that sometimes you win and sometimes you lose, that in good times you contribute so that you have an entitlement when you lose your primary source of income. This idea of reciprocity and of a random distribution of risks was the basis of our traditional redistributive welfare state.

This came under pressure in the 1980s after the first oil shock and when structural unemployment hit parts of the population in a very selective way. Young people and mainly low-educated people were worst hit by the crisis. These groups in society were no longer able to build up their rights for social protection. As a consequence, they remained excluded from society. Rosanvallon's answer to this big social issue was that the state should not exclusively focus on redistribution of income, but should in the first place take up its responsibility for full employment and guarantee the right to work to all people. That is the first truth of our active welfare state: the re-emergence of the idea of full employment.

The Nordic welfare states are obviously the best examples of this view on the active welfare state. They are characterised by generous social benefits, but more importantly by very active labour market policies tailored to the needs of individual job seekers. These comprise a wide set of services such as education, training, job placements and voluntary work. On the part of the individual, in response to that active support from the state, is a duty to participate in activation programs. But the activation duty is seen as a gateway to social rights. If you agree in principle to the duty to be active, the state will help you find your way to the labour market. There is quite some evidence demonstrating that these active labour market policies have



been very productive. I did not collect a lot of empirical evidence on this, but this graph from the Social Investment Package demonstrates that — on the horizontal axis you have the expenditure on active labour market policies in percentage of GDP, and on the vertical axis an indicator of persistence of unemployment — those countries investing more in active labour market policies face less risk of persistence of

unemployment. There is a lot to be said about more and less productive types of active labour market policies, but I will not elaborate on that here.

Let us switch to the second route of the active welfare state, the neoliberal one. Milton Friedman, the foreman of neoliberal economics, heavily influenced this very different view of the active welfare state. Here the individual is a homo economicus, a rational being who manipulates the system so as to maximise his personal welfare, combining income and leisure time. Leisure time is seen as precious, so someone who is out of work appreciates the leisure time that by coincidence is attributed to him and weighs that leisure time against the benefits of working more. This is the theory of moral hazard, manipulation and dependency that underlies the neoliberal view.

The prescriptions of that view are the following: you should maintain a sufficient gap between social benefits and wages — so keep the benefits down if possible, limit the duration of benefit entitlements and encourage the take-up of marginal jobs, part-time jobs, low-paid jobs and so on through in-work benefits which supplement to income from marginal work. The most important proposal by Milton Friedman obviously is the so-called Negative Income Tax. The main example in recent times in Europe has been the reform in France. I will not discuss the British case, where negative income taxes and similar reforms have been taken over time. But the most sensational, spectacular reform has been the *Revenu de Solidarité Active* in France. The idea is that people who work in small jobs should earn more when working more. It is a way of encouraging marginal employment.

What can we say about the Revenu de Solidarité Active and similar ‘making work pay’ reforms? Because ‘making work pay’ is the basis and the key argument of the neoliberal view, I think the role of the state here, in this view, is no longer to guarantee employment or guarantee access to rights. The role of the state is to create the market conditions in which the individuals have to take their responsibility and make a choice. On the one hand it respects individual freedom, but on the other hand it takes away responsibilities from the state and shifts them to the individual. The key instrument here is no longer services — this does not mean that no services are offered, take the example of the RSA in France where the state will still offer some mediation and training services — but financial instruments, financial incentives.

What do we know about the effectiveness of this type of approach? I think that if we are honest, we must admit that the effectiveness is quite disappointing. I refer to important work by the OECD and some other research, including my own, for yet 13 European countries, demonstrating that financial incentives have some influence but that it is a very marginal one. It is a supply-side type of approach whereas the key problem with mass unemployment is obviously the demand problem. Besides the limited effects on employment, a major risk of this kind of approach is that it encourages marginal work and so indirectly contributes to the further erosion of labour conditions at the bottom of the labour market. A third problem is that systems with Negative Income Taxes or alternatives tend to discriminate against people who are unable to work. Working poor become the norm and those who are unable to work are left aside. In the French RSA system, the absolute minimum — if you have zero hours of work — is actually quite low. It is below the poverty

threshold and, I think, lower than the previous Revenue Minimum d'Insertion.

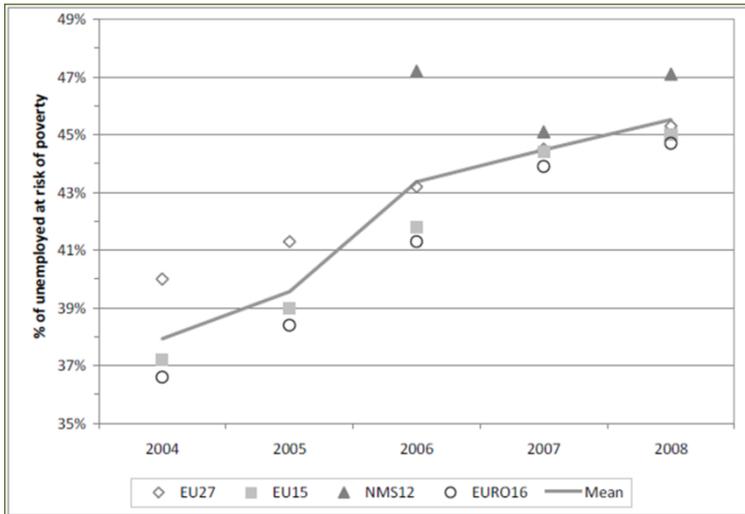
The third root of the active welfare state is the conservative view, leading to workfare systems. This view is predominantly present in the USA and less so in Europe, so I will not elaborate too much on it. Nevertheless, with for example the writings of Theodore Dalrymple (*Life at the Bottom*) and some seminal literature, this conservative view risks popping up here and there in European policies as well. Here the poor and the unemployed are seen as the class of the undeserving poor who depend on income transfers and who transmit their dependency culture from generation to generation. Think about the concern of the European Union about child poverty in jobless families. It is not that much the poverty of the family that matters, but the fact that the child has no role models anymore and will itself become accustomed to being dependent. So there is some risk of this culture emerging also in Europe. In terms of political prescriptions, it is a very moralising discourse, emphasising the individual responsibility. In the United States it has led straight to the dismantlement of the guaranteed minimum income system in the 1990s. In Europe, as I said, we have no clear-cut examples. But there are some reforms that go into that direction, like the Hartz reforms in Germany and some workfare-like measures in Bulgaria and Latvia. I think this conservative view of the dependency culture also influences and may help explain the reluctance of many governments to introduce guaranteed minimum income systems in some European countries. The key principles of this kind of policies are all about work and compulsion. Work comes first, so do not invest too much in people — just put them to work. Very often there is a compulsive element in substandard jobs. Behavioural rules are imposed, sanctions and exclusion are used extensively.

EU policies in relation to social protection

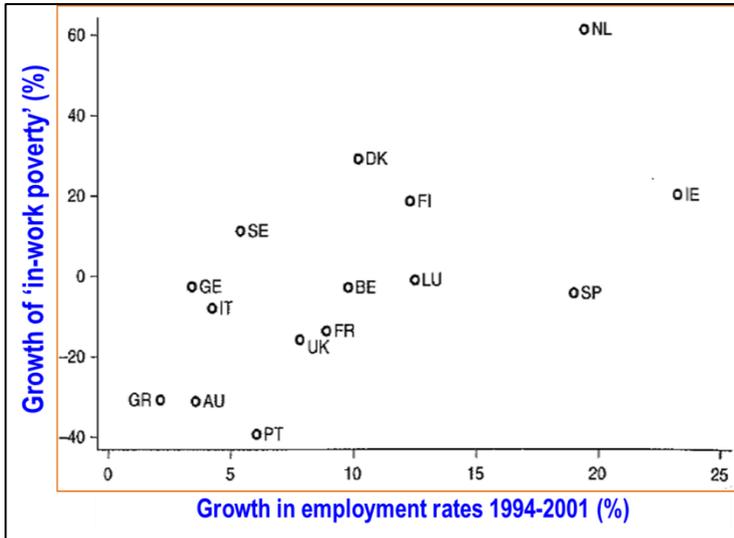
I will now switch to the European agenda. I think we can say that the European agenda regarding social protection is mainly influenced by the 'making work pay' ideology, so the neoliberal view. 'Making work pay' is an explicit principle that is one of the four pillars of the EU's co-called 'Strategy for the modernization of social protection'. So it is a very explicit paradigm in official documents. There is a strong rhetoric of incentives in the latest documents such as the Social Investment Package, a continuous emphasis on the incentives of social benefits, and a very cautious approach in terms of generosity. It is seen as a bad thing when social security is too generous to people. In the countries' specific recommendations, including to my own country Belgium, there are explicit recommendations to reduce benefits, to tighten conditions and to impose stricter durations limits. This is actually contrary to the emphasis of the EU on social protection and on the fight against poverty. So there is a contradiction between the practical policy recommendations and some key principles of the European Union. Many benefits have been reduced in the meantime, and almost all social minima in the European Union are currently lower than the official EU poverty standards.

The EAPN proposed the introduction of a European guaranteed minimum income system in 2010, but it is very hard to support this agenda at European level. The European Council is very divided about it. Over the last five years we have seen a dramatic increase in the poverty risk among the unemployed in Europe. This is because of the 'making work pay' ideology that recommends governments to keep benefits down, despite the fact that many unemployed are actually living in poverty.

Currently more than 40% of the unemployed in Europe are living below the poverty threshold.



But what is the impact of social protection at large on the reduction of poverty; to what extent do social transfers lift the poor out of their poverty? The average for the EU-27 appears to be that more or less one out of three people living in poverty are lifted out of poverty thanks to social protection. This is a very meagre result in societies that are extremely rich and that can certainly afford to reduce poverty. I am afraid that this very meagre result, this very low effectiveness of social protection systems, is not a coincidence. It is probably due to the underlying reluctance to make the system more generous.



There is some correlation between the growth in employment and the growth of in-work poverty in countries. So countries that have been very active in boosting the active welfare state, like the Netherlands, have also tended to produce more in-work poverty.

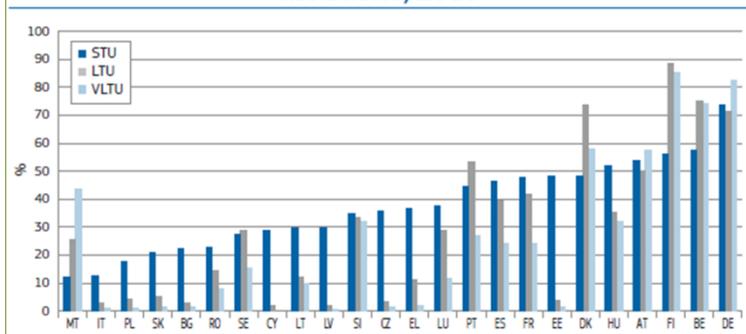
Social protection as a social investment ?

I come to some final comments about the social investment package. The question I would like to ask here is if social protection can be seen as a type of social investment. There are obviously other sectors in social policy that are more important examples of social investment. But to some extent you could say that social protection itself, the social benefits, represents an investment.

This is diametrically opposite to the 'making work pay' paradigm, which prescribes lowering benefits as a means to put pressure on people to accept work. So the 'making work pay' paradigm advocates lower benefits whereas the social investment paradigm advocates higher benefits. Why are higher benefits important? They invest in people. Generous benefits allow an unemployed person to invest in important areas as mobility, which is important for your employability; in training, which can require some endurance; in some continuity in your lifestyle; in the wellbeing of your family; in communication, having an internet connection and a phone costs money.

This is investing in people, which to some extent is also the role of generous benefits. I think there is some empirical evidence in the Social Investment Package, and I mainly refer to one of the documents called Employment and social trends in Europe 2012, that support the idea that lower benefits are not really contributing to more activation and that higher benefits can have a role as an investment. On page 91, we read that there is substantial literature showing that unemployment benefits do not necessarily extend unemployment. More generous benefits are thus not correlated with longer unemployment spells. This should not come as a surprise. Generous benefits, as I said, can allow job seekers to invest in their own employability. Higher benefits also allow for better matching between job seekers and vacancies. We can read on page 93 that in the context of insufficient labour demand, 'benefits that are too restrictive may lead to increasing poverty and social exclusion without necessarily achieving successful activation.' Here again, the EU admits that there is no empirical evidence for the 'making work pay' paradigm — or no systematic evidence. On the contrary, one should be more concerned about the poverty impact.

Chart 37: Coverage rates by unemployment benefits/assistance, 2010



Our European benefits systems are actually not really very generous. They are more generous in some countries like Denmark, and relatively speaking maybe Portugal before the recent reforms, but the replacement rates in Central and Eastern Europe are very low. In the vast majority of European countries, less than 50% of the people out of work draw an unemployment benefit. We should keep this figure in mind; it is terribly striking. Nevertheless, curiously, the EU seems to be still struggling with the idea of social protection as a social investment. And it continues emphasizing the 'making work pay' discourse. On page 94 of the same document, we read something that is contradictory with the empirical evidence: 'The risk of benefit dependence increases with the duration of unemployment transfers,' — this is exactly the opposite of what was written three pages before — 'unemployment benefits or assistance, and it is stronger when replacement rates do not substantially fall over the unemployment period.' Here we fall back on the old-fashioned 'making work pay' discourse.

Conclusion

To conclude, I think we must emphasise the evidence that social benefits are also investments in the capabilities of people. They help prevent long-term damage of poverty, especially in the case of job seekers. Maintaining people on low benefits means that their health deteriorates and that they risk to become increasingly marginalised in the long run, which can trigger crime. Generous social security systems also mean that the benefit recipients have a high consumption rate. The redistribution through social protection can thus act as a built-in stabiliser. This is a recognized phenomenon on the macroeconomic side. It is also important that minimum social benefits across Europe, including the idea of the framework directive for a European guaranteed minimum income system, could act as a brake on the social dumping tendency within the European Union.

I end with this well-known quotation from Barroso in 2012: 'Indeed, it is precisely those European countries with the most effective social protection systems and with the most developed social partnerships, that are among the most successful and competitive economies in the world.'

The Precariat: The Struggle against Poverty Traps, Precarity Traps and Workfare

By Guy Standing, University of London

Introduction

I think it is important to put our subject in a wider context than Europe itself. It is extremely important to see the situation as linked to globalisation and the whole neoliberal interpretation of globalisation. I am going to draw on my recent book *The Precariat*, and on one theme in particular.

I think it is important to start by saying, as any feminist should say, that work is much more than labour. We do ourselves a disservice if we talk about people in jobs as if that is the only type of work that we do as human beings. We are falling into a trap if we just allow ourselves to go along with the neoliberal model that wants us all to be labouring and in lousy jobs if necessary. I think it is a misconception. Those who talk about work when all they mean is labour should be told that it is not good enough. I think it is extremely important in confronting the crisis to recognize that many forms of work are being ignored altogether and penalized. That of course includes the work that women do, predominantly, in caring for people. It also includes the voluntary and community work and all the work that we do that is not remunerated with wages or social benefits.

The dismantling of rights

Now going to the globalisation context. When liberalisation began in the 1980s, governments across Europe and other OECD countries opted for a model of labour market flexibility. That

meant reducing the labour securities of workers. It also launched a policy of privatising -not just production- but the instruments of social policies as well. In doing so, but without saying so, it began a process of dismantling rights — of dismantling a whole sense of universalism where rights are things we all have entitlement to as human beings. That erosion of rights has taken place with a systematic dismantling of institutions and mechanisms of social solidarity that protect us against the forces of markets. You cannot understand what has been taking place without understanding the central purpose of the neoliberal model, which is to create an individualistic and competitive society without the institutions to defend and promote social solidarity. In a sense, what we have seen emerge is a very crude Darwinian model where we are all expected to be competitive, competitive, competitive. Me more competitive than you, you more competitive than me. This creates an existential stress that is a fundamental part of the social and economic crisis today.

But in the process, what we have seen is a new global class structure taking place. The fact that emerging market economies — China, India and elsewhere — came into the global system trebled the world's labour supply. It trebled the number of people competing for jobs all over the world. Global capital was very happy because global capital was a smaller amount than this global labour supply. Therefore, the bargaining of the two dramatically changed and the process of growing inequality emerged. Wages in our countries and the benefits that were attached to them were being pushed down, down, down. Now, it is a fool's errand, a fool's utopian dream to think that in Europe we are suddenly going to push our wages back up again, on average. If you think that, good luck, because I do not think you are living in the real world.

The governments entered a Faustian bargain in the 1980s and 1990s. They cushioned the blow of declining wages by things like tax credits, labour subsidies and various other forms of slowing the process of decline. However, like every Faustian bargain, it had to end, and it did so in 2008 with the crash. Since then, millions more people are being plunged into the precariat, with chronic insecurity. Now the global cost structure has a plutocracy at the top. A despicable minority of multi billionaires and global citizens who do not give a damn about any of us. A long way below them is the salariat, still gripping on to privileges like employment security, pensions, and all the benefits that go with that. Then the shrinking working class, for which the welfare state was constructed. And below that, the precariat. And below the precariat, a lumpenised underclass, a lumpen proletariat out in the streets, living with all their belongings in two paper bags. Homeless, helpless and deprived of humanity. That is the sort of society we have seen growing around us for the past 25 years. You come to Portugal and you feel the pain. I have been privileged to be asked to address various meetings in this country, and hearing some of the stories... If it does not make you angry, get out of here. Because it should.

The precariat

What is the precariat? The precariat consists of millions of people who are expected to live a life of insecure labour, homes and belongings — an insecure existence in society. It has distinctive relations of production, a Marxist would say, but it also has a distinctive relation of distribution, in the sense that this is the first class in history that is expected to rely almost entirely on money incomes that it gets from casual jobs. They

have no access to secure state benefits, no access to community support systems and no access to non-wage benefits provided by corporations or government agencies. In a sense, that is actually what is most important about the precariat. The precariat consists of people who are reduced to what I call denizens. A denizen is a medieval concept to refer to people who were given a more limited range of rights than the citizens. This is the first time in history, and I would love a good historian to do a study of this, were what we are seeing is a systematic reduction in the number of people with cultural rights, social rights, economic rights, civil rights and political rights. At the same time as we talk of citizenship, more and more people are being denied one or more of the famous five types of rights.

The key part of understanding the precariat is that people are being reduced to the status of supplicants. A supplicant is someone who begs, who asks, 'please give me some help, please be discretionally favourable to me, because I am doing the right thing.' To be reduced to a supplicant is dehumanizing, humiliating and stigmatising. None of us here today should accept that this process should be allowed to continue. We owe it to ourselves and to our fellow citizens to fight it. Alongside this existential insecurity, the precariat does not have secure occupational identities. They do not have an occupational narrative to give to their lives. 'I am becoming something, I am something, I am in retirement, I was something.' That denial of occupational narrative means that we are all hanging on.

At the moment, the precariat consists of three different groups. It consists of people falling out of working class traditions. Their parents were miners, dockers or factory workers, but they have none of those symbols of being a human being. The second group are the migrants. Whereas the first group is very angry

and nostalgic and therefore likely to go to the far right politically, the middle group better keep their heads down in case they are spotted by these authorities and demonised for what they are. The third group are the progressive educated people who are suffering from status frustration. Their education goes well beyond the qualifications required for the menial jobs they are expected to do.

The dismantling of social protection

Having described the precariat, I want to talk about how the social protection systems have developed. I will not repeat some of the points that were made earlier, but I would like to make some key issues. The first point is that when liberalisation began, the old insurance principles and universalism were the first to go. More and more people were in flexible, insecure jobs that did not entitle them to access to insurance benefits. Increasingly it came that the contributions were less than the demands, so taxation had to take up a greater and greater percentage of expenditure. Meanwhile, because wages were falling, the income replacement rate of benefits seemed to be high. It was not because the benefits were being raised; it was because the wages were coming down. Governments thus lowered the benefits and made them harder to get in order to keep a gap between wages and the benefits. But you cannot keep on doing that; it is a vicious circle. So more and more governments have ran to means-testing. This means we target, and only if you are a deserving poor person, you get benefits. How do you decide who is deserving? You automatically have to introduce behaviour tests. 'Are you seeking a job? Are you having a partner? Are you doing this? Are you retraining?' The very notion of active labour market policies became a fraud. I hope you all know the English word 'fraud'.

It started in Sweden. I worked there and wrote a book on the Swedish labour market policy, where it essentially became a coercive instrument obliging people to take low-wage jobs. In Sweden, when we talked about workfare, they said, 'Yeah, we don't like to call it workfare, but it is.' In other countries like the United States and the United Kingdom, they call it workfare and it is.

The poverty trap

Systems all over Europe and elsewhere have created deeper and deeper poverty traps. A poverty trap is literally finding yourself in a situation where even though your benefits are very low, going into the available low-wage jobs would reduce you to a marginal tax rate of 80-90-100%. They have done calculations: in Germany it is 84%; in Denmark I think it is the highest, 85%; in Britain it is something like 86%. The government admits that. At the same time, those same governments have been cutting corporation taxes to 25% with promises to reduce it even further. They have also been giving subsidies, tax reliefs and so on. We see how corporations are hardly paying any taxes at all. At the same time, those same governments have cut standard income taxes to 40% or 42%, something like that. Choose your number. What we do know is that they say we need to keep those taxes low to give incentives to the middle class, the salariat and the plutocracy to stay in our country. Because if we have taxes of more than 42% they will all run away! I would like them to run away, but that is another matter.

They are thus saying that if you are in the salariat, you face a tax of 40%. Whereas if you were in the precariat, you would face a tax of 90%. Moreover, they did not turn to the unemployed and the people in the precariat and say, 'You are lazy if you do not take a job paying a minimum wage, or whatever it is, without

benefits, without risk of having a long-term career in front of you.'

The savings trap

This poverty trap goes further into savings traps. A savings trap arises from the fact that people on a low income may actually save some money in order to give themselves a little security in case they need it. Then certainly they could become unemployed and they apply for benefits. 'Ah, Madame, we can't give you benefits because you've got savings! Your savings put you above the level where you are entitled to a benefit. Go away!'

This means people have to run down their savings to a minimum level before they can get access to benefits. They make themselves insecure in order to get short-term money. Now this situation of poverty traps produces moral hazards that bourgeois economists love to talk about. A moral hazard arises when incentive structures make it irrational to do what you would like to do. You might want to take a low paying job, but you cannot afford to because you would lose more in your lost benefits than you would gain — because you have to pay for the commuting, new clothes et cetera. The moral hazards are extreme. When in opposition, the man who is now the UK Minister in charge of welfare wrote that it would be irrational to take jobs in such circumstances. Once he became Minister, he said, 'You are all lazy and if you do not take those jobs, we will take your benefits away.' And he has done precisely that.

Besides moral hazards, there are also immoral hazards, which people do not talk about in decent company. The immoral hazard is: if you are faced by these poverty traps, what would be the rational thing to do? The rational thing to do would be to go

into the shadow economy, do not declare that small amount of income that you are earning — most of my Italian friends in the precariat are doing this. It is your immoral hazard. I say to everybody that if any first-year economist thinks that it is the wrong thing to do, he should have taken up something else. Is the only thing to do if you have any sense. The Canadian head of social policy at a big conference in Montréal stood up and asked me, 'What is your advise to such people?' My quick word was, 'Lie.' And that is what millions of people are reduced to doing. But in doing so they lose entitlement to benefits and central rights and so on. They are penalizing themselves either way.

The precarity traps

In addition to the poverty traps and the moral and immoral hazards that they bring, we also have what I call precarity traps. A precarity trap exists in the following way: because all these welfare state reforms have made it harder to get entitlement to benefits by imposing more behaviour tests on people, it takes not days, not weeks but many months in order to obtain entitlement to many of the benefits that they put out. Imagine that you are a woman with two small children and you lose a casual job. You have to go and queue in some place, some distant place. You find you have the wrong papers, you find you have answered the questions incorrectly because you are nervous. You find you are being in a situation where you are not sure if the man you are having a relationship with is exactly your partner or your friend et cetera. You do not know. Millions of people, and a huge of number have written to me about their own personal experiences, are in situations where it takes months to gain benefits. In the process they use up their friends, make themselves more indebted. They often become homeless, have to sleep on someone else's couch. Then, they get benefits.

Oof! They start to repay, they try to start rebuilding their life. Then along comes the employment agent, a young man or woman without much experience, probably in the precariat himself or herself as well, in short-term jobs, desperately frightened. And since you have to take that job at the other side of Lisbon, you have to take it. But what sort of job? Well, it is a casual job. It may not last for long, but it pays the minimum wage, no benefits. You think about it. You are facing the poverty trap. You are facing a situation where you might lose that job after three weeks, probably will. You then have to start all over again applying for the benefits. Again, any first-year economist at university should be able to tell you that it would be irrational to take such a job in such circumstances.

A second precarity trap arises from evidence that is well known around the world, that if you as a qualified person take a casual low-paying job outside your occupational sphere, you actually lower the probability of gaining your occupational identity later. So you actually penalize your long-term income by taking a short-term job that is hardly matter of caring. But if you do not take that short-term job, along comes mister Ian Duncan Smith or whoever it is, in whatever country, and says, 'Aha, you are a lazy person. We are going to take your benefits away and we are going to put you on a workfare scheme. Take the job.'

Conclusion: are there reasons to be optimistic?

We should demand that those situations be changed. We should demand that politicians should stop demonising the precariat. They should stop telling them that they will be sanctioned if they do not do what is essentially irrational. The precariat is growing more and more aware of the structural crisis it is facing, and more and more angry and determined to oppose

what is happening. At the moment, it is easy to be pessimistic and see workfare growing to the minority, for the disabled, for women with children, for youth in general.

But I believe that there is an energy out there that is going with the anger, and that the squalid attempt by the neoliberal state to demonise people and to individualise the interpretation of unemployment and poverty is running out of credibility. That is a reason for being optimistic, but it requires not just a sense of intellectual optimism. It demands collective action by all of us. It demands the precariat to become a class for itself. A class that says, 'You are ignoring our predicament, you are ignoring us and we have an identity.' I strongly believe that the indignado movement, the fantastic movements in Portugal, the other movements that have been in the Occupy movements and such in 2011, have created a new sense of identity in the precariat. That is the first stage. Having an identity means you do not feel sorry for yourself. 'I know it is a structural issue and that I am part of a growing number of people in similar circumstances.'

The next stage is demanding that our interests are represented in the state at every level. That is the stage we are going into now. I believe, and I have long believed, that we must move to a point where basic income is a universal right. No other system of social welfare could possibly address the inequalities and chronic insecurity. It is not a panacea; it must be the basis of new multi-tier social protection system. It is no use dreaming of the social insurance of the past that is dead with industrial capitalism. There is no use going for means-testing and social behaviour testing. We must be brave enough to demand that we as human beings and citizens of Europe should have the right to a basic income. I would like to urge all of you who do not know of this to join BIEN, the network promoting basic income, and to

sign the European Citizens' Initiative for an Unconditional Basic Income — which is collecting signatures to demand that the European Commission launch pilots and feasibility studies of moving towards a basic income. I plead with you to join a fantastic group of people. There is a network in 15 EU countries already working on this. I think that this is part of the progressive agenda ahead.

The impact of the crisis in Portugal

By Rute Guerra (GEP)

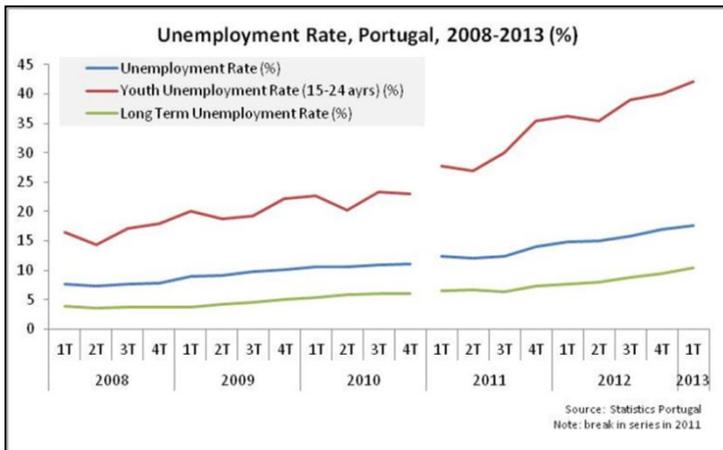
Introduction

My objective today is to illustrate the Portuguese situation. I come from the administration — I work at the Ministry of Labour and Social Solidarity — and my intention is to give you a state of the art of the social benefits in Portugal. I am going to try to explain a few features of the Portuguese context from the economic and budget point of view, and how this has an influence on the benefits. I will also compare the Portuguese situation with the situation in other European countries. Furthermore, I will explain the main indicators of unemployment and poverty — and there is a deterioration of the situation. Afterwards, I will introduce an overview of the different choices that Portugal has, outline the implemented strategy following the reform programme, and give some action lines. Finally, I will talk about active inclusion.

Portugal, as you all know, needed financial assistance because of its macroeconomic difficulties. And it has presented budgetary proposals that aim for growth and a more sustainable economy. It is important to say that before this adjustment programme, and with the Stability and Growth Pact, some measures have been taken in order to protect the beneficiaries. For instance, we want to redefine the access to the social benefits, we have defined the expenditure, and we have eliminated some measures adopted, for instance an increase of the 25% of the child allowance. And we have introduced some changes in the unemployment subsidies.

I presented those measures that have been taken in the year 2010. Afterwards you can see some social benefits and we have seen even the impact. With these adjustment programs we have strengthened some of the measures above with the social protection and limiting the maximum value of the unemployment allowance. We reduced 10% unemployment allowance after 2010. We reduced the length of this allowance and among other aspects we have changed some rules of access of the beneficiaries. There are other type of changes in the pension systems; as you can see, we have frozen the value of the social allowances in some type of benefits since 2009. Where the value is 419 euros, we have frozen the pension amounts by not updating the amounts and we did that in most schemes. We have also revised the legal protection regimes of the contingencies of sickness, maternity leave, paternity leave. We can see some aspects of trends that have been already explained and instated in the former speeches. And some of the indicators have aggravated, above all the unemployment rate.

In the next graph you can see the increasing of the unemployment and above all the young unemployment and the long-term unemployment.

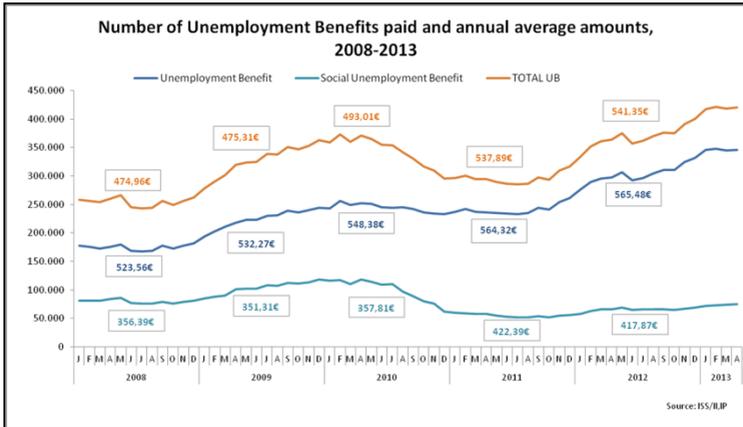


We maintained our welfare expenditures. In the next graph you can see that the expenditures have increased by 31% over the last decade and from the 21,9 of the GDP in 2001 to 27% in 2010. But it stays under the European average.

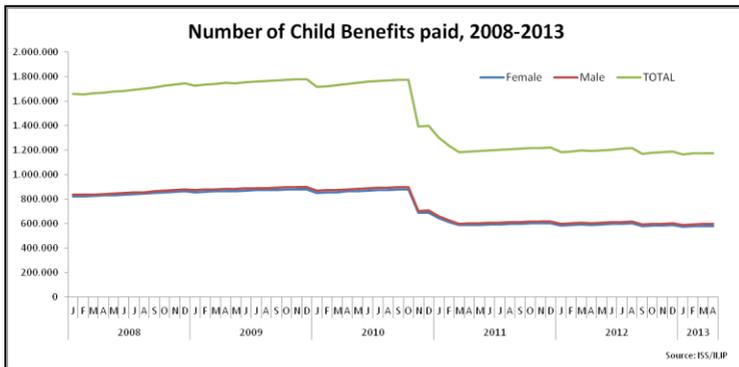
The evolution of the social benefits in Portugal

I am going to explain the evolution of some of the social benefits. I want to show the effect of the measures and the impact of those measures.

The next slide shows the unemployment benefits paid to the beneficiaries and the different values associated. You can see that between 2010 and 2011 a decreasing of the number of the beneficiaries covered with this unemployment allowance according to the rules adopted in the resources law of 2010. There are more people that benefit from this unemployment subsidy.



The number of child benefits paid, there is also a decrease and a change on the children allowances.



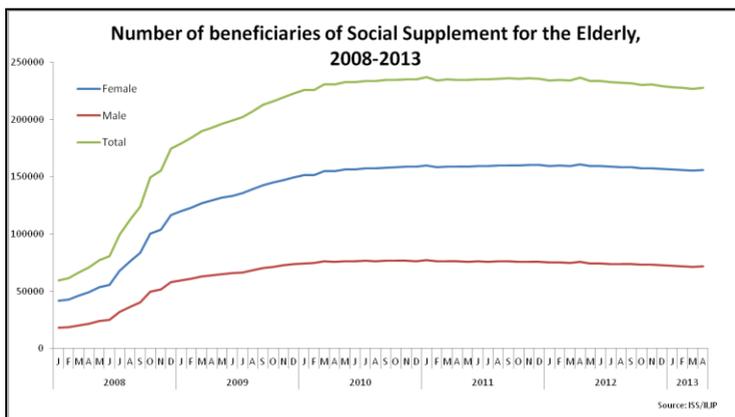
The rules have been becoming stricter and as a consequence the number of beneficiaries have declined.

On the next slide you see the effect of the reform of our welfare system on the number of social integration income benefits paid and the average amount for 2008 and 2013. The effect is quite

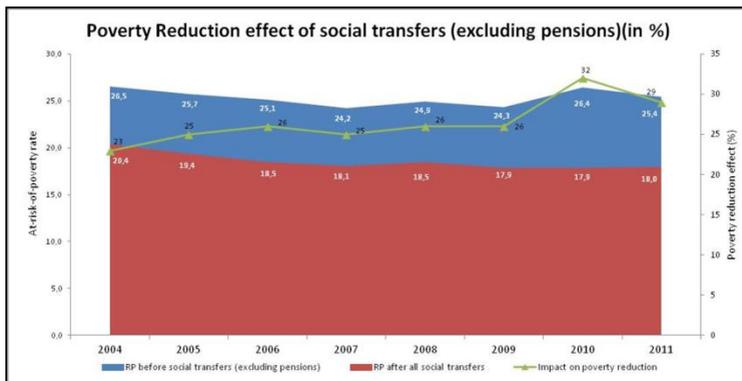
Social Protection Expenditure, 2001-2010											
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PORTUGAL	Millions of Euro (at constant 2000 prices)	28.417	30.116	30.438	31.700	32.751	33.151	33.014	33.368	37.050	37.394
	Δ 2001/2010 in %										31,6
	Euro per inhabitant (at constant 2000 prices)	2.761	2.905	2.915	3.018	3.105	3.132	3.112	3.141	3.485	3.515
	Δ in %		5,2	0,4	3,5	2,9	0,9	-0,6	0,9	10,9	0,9
	% of GDP	21,9	22,8	23,2	23,8	24,5	24,5	23,9	24,3	27,0	27,0
UE27	Euro per inhabitant (at constant 2000 prices)					5.626	5.702	5.740	5.873	6.255	6.258
	Δ in %						1,3	0,7	2,3	6,5	0,0
	% of GDP					27,1	26,7	26,1	26,8	29,6	29,4

visible.

On the next graph you can see the number of beneficiaries of a social allowance for the elderly. It raised very sharply at the beginning, when the crisis hit most, but right now it is quite stable.

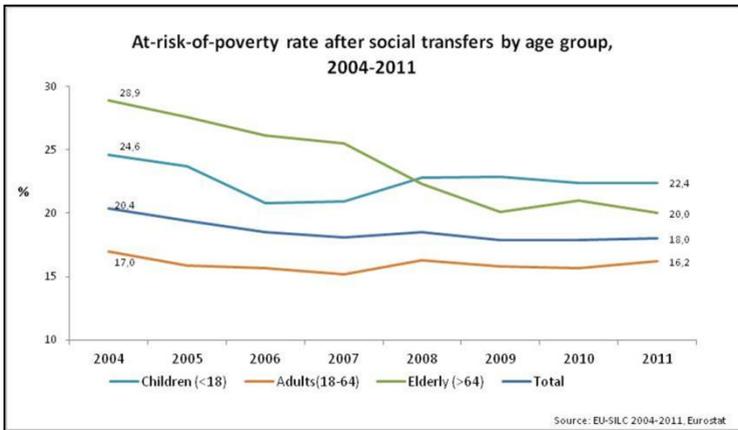


The social protection in Portugal has played an important role in order to reduce the inequality and the poverty risk. The social transfer has an important impact in the reduction of the risk of poverty. On the next slide, you can see, the poverty reduction effect of social transfers without the pensions. There is a positive impact of more than 25%.

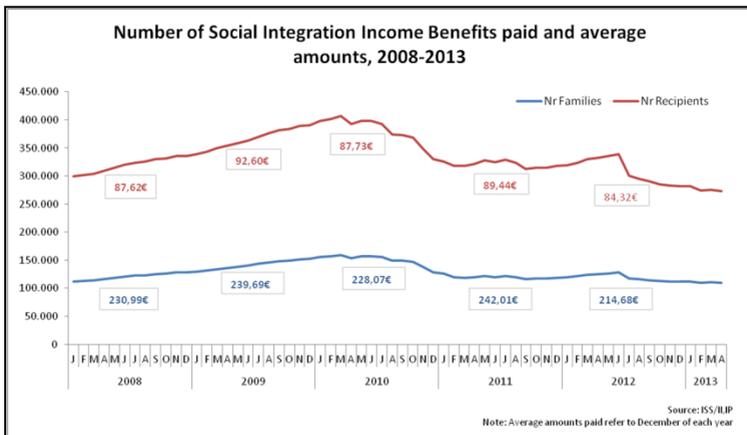


On the next graph, you can see the overall situation on poverty, but at different ages and we can observe in this trend some progress made of the poverty risk for all people. Especially risk-at-poverty for the elderly people has declined.

But our system has other weaknesses, for instance, the growing poverty among children.



The next graph gives us an overall situation on poverty and social exclusion.



All these inequality indicators show that there has been no negative impact on the poverty reduction during the crisis. And we are quite surprised by the fact that the crisis hasn't have any impact. Those indicators have not been altered, taking into account all the restrictions of the recent times.

Poverty, Social Exclusion and Income Inequality trends, 2004-2011						
	2004*	2008**	2011	Change 2004-2011	Change 2008-2011	Change 2010-2011
Risk of Poverty and/or Social Exclusion	27,5%	26,0%	24,4%	-3,1pp	-1,6pp	-0,6pp
At-risk-of-poverty rate	20,4%	18,5%	18,0%	-2,4pp	-0,5pp	0,1pp
Poverty threshold	4149€ / ano (346€/mês)	4886€ / ano (407€/mês)	5046 € / ano (421€/mês)	897 € (Δ21,6%)	160€ (Δ3,3%)	-161€ (Δ-3,1%)
Severe material deprivation rate	9,9%	9,7%	8,3%	-1,6pp	-1,4pp	-0,7pp
Very low work intensity (0-59yrs)	6,9%	6,3%	8,2%	1,3pp	1,9pp	-0,4pp
Material Deprivation	21,7%	23,0%	20,9%	-0,8pp	-2,1pp	-1,6pp
Poverty intensity rate	24,7%	23,2%	23,2%	-1,5pp	-	0,5pp
Gini Coefficient	37,8%	35,8%	34,2%	-3,6pp	-1,6pp	0,5pp
Ratio S80/S20	7	6,1	5,7	-1,3	-0,4	0,1

Source: EU-SILC, Eurostat
(*) break in series 2001-2003
(**) Reference year for Europe 2020 Strategy

The social emergency program

Now, there will be other indicators given by field organisations. They will show the reality of the country, because there are some mythological aspects that we have to take into account. Our figures don't tell everything, they show only the top of the iceberg.

We see that poverty will be worsening, that is something that has already been worsened right now. And it will be even worse in the next years. But our figures don't show it already.

So we have taken some choices. In this context of budgetary restrictions, the ministry has presented some indicators, above all of the social indicators. The measures taken in order to take into account the poverty reduction and taking into account the indicators, We will follow those measures and social promises in order to fight the poverty and on the other hand, some efforts in order to intervene in an early phase, taking into account the financial, economic crisis. The new intervention program started in 2011 and will last till the year 2014.

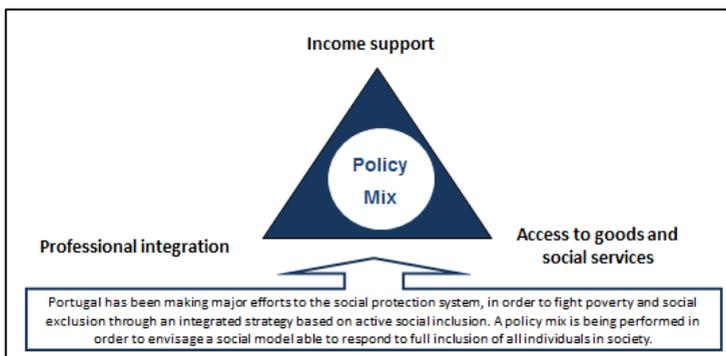
There are some priorities in order to support the more vulnerable families, the old people and helping the handicapped people, and working together with the social institutions. Concerning the European strategy 2020, Portugal wants to reduce the number of poor people by 200.000 poor people until the year 2020. And with the reduction that will take place in this period, we hope by recovering that the crisis will have less social consequences.

Taking into account what has been already said, we see the need to implement a short and midterm target on poverty, taking into account the difficulties that we are assisting. We want to safeguard the most vulnerable groups. We have sent a letter to the European Commission engaging with some of those objectives and to fight inequalities and to include and to promote the active inclusion and helping the most vulnerable social groups throughout the social protection and taking into account the promotion of the social economy, taking into account giving new responses throughout partnerships. Those initiatives are listed here in the flagship initiative:

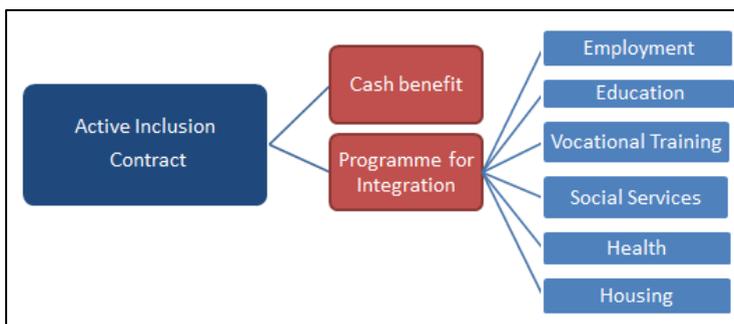
1. Safeguarding the most vulnerable groups in economic terms
 2. Promoting access of the most vulnerable to the Labour Market
 3. Providing access to quality and sustainable goods and services
 4. Fighting Child Poverty
 5. Improving Effectiveness and Efficiency of Social Expenditure
 6. Promoting Social Economy for a New Response in Partnership
- These are the six fields of interventions. Having a group of measures, each one has a number of measures.

In Portugal, we do not have yet an active inclusion strategy.

We want to translate this throughout three pillars, trying to support the professional integration, the income support and



the third pillar to give an access to goods and to social services and social equipment. This active inclusion that speaks of the social income in Portugal we consider quite emblematic and we give an active inclusion approach. This is because of why I show you this graph with the social income.

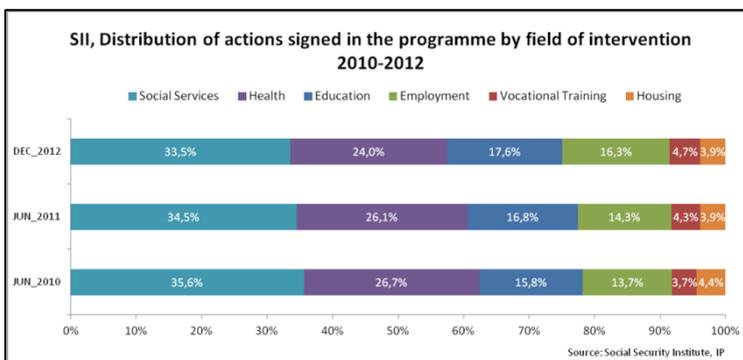


We try besides this support to develop an integration program to have an access to the health and social services. And it is quite a paradigm and it will continue to be this mix that can act and can assist the more vulnerable layers of populations. In the report of OECD it is quite funny to find out that this has been

defended: that there is a need to submit some social support outside the social benefits. And the OECD wants to maintain this outside the social support, and stress the importance of social support. To give more coverage to the unemployment subsidies to people that are unemployed.

I will remind you that we have almost 700.000 unemployed and the coverage given is short. I would like to give you this information and taking into account one of the recommendations of OECD.

The last graph shows the social integration income and taking into account the beneficiaries of this minimum social income.



There is a trend to maintain and to give more wage to the social services as health and education, which is basic for the integration. And above all taking into account the active inclusion as you can see throughout the evolution of these green component of fifteen or sixteen per cent of the unemployment. And we have a higher pressure of this professional education, which is very important to find out on entering the work market.

The impact of the crisis in Ireland

By Mike Allen, Focus Ireland

Introduction

It is true that there are a lot of similarities between Ireland and the other countries with the EU recovery package. People will be aware that Ireland was the first of the countries to come under that sort of regime. So I am not going to go through the history of that.

I am going to talk about the social welfare system and how it has reacted to the crisis. But I will first explain how our system used to work and what we did during our economic boom period.

The Irish social welfare system before the crisis

The structure emulated to the labour market, or people who were unemployed or unable to get paid work, has a three-tier system historically. It is a classic system. If you had been working, paid social insurance payments and lost your job or became sick, there was an insurance-based system first of all. You would go on it for 18 months and receive a benefit on that. If you had not paid sufficient social insurance or had exhausted it, there was a means-tested payment beneath that. It was indefinite in duration and you had to be looking for employment, so it was still labour market-linked. If you were not looking for employment for one reason or another, you would fall back onto a final payment. It was a supplementary payment, a safety net system in the social welfare system. Next to these labour market payments were dozens of other payments for particular contingencies: if you were blind or had

a disability, if you were a carer and so on. But the main structure is that three-tier system.

During the boom period, we moved so that all those three systems essentially paid the same amount of money, if you qualified for them. So if you were on the social insurance system and exhausted your social insurance contributions, you would move on to the means-tested payment. And if you had no means, you would stay on the same payment. The supplementary welfare system, the safety net system, was also the same level of payment. There was thus no variation in the amount of money you got if you had no independent income. I think that is quite unusual and it meant, and continues to mean, that if you lose your job, even an average paid job, you immediately fall to what is the lowest level of social welfare payment, because it is also the highest level of social welfare payment.

During the boom period, there was a very strong concentration on pushing up the level of those payments. By 2007, at the end of the boom, people on social welfare, a single person on social welfare, would be receiving over 200 euros every week as their payment. That is not including anything to do with housing, so just for your living expenses you would be receiving the relatively high amount of 205 euros per week. But that was combined with very low levels of labour market activation. During the boom period, when huge numbers of jobs were being created in the Irish economy, there was no concerted effort to work with people who were long-term unemployed and to assist them to participate in that boom. During that period of jobs growth, the number of people that worked doubled. So we doubled the number of people in the labour market over the boom period, but huge numbers of people came into the country. Some of them were returning Irish. We have, like

Portugal, a long history of emigration, so a lot of people came back. But also a lot of Eastern Europeans and other people came into the country, which added to the social mix and had a lot of benefits. But the negative part was that for long-term unemployed Irish people, there were very few efforts made to get them into the labour market during that period of time. If you compare our picture of long-term unemployment with that in Denmark — which is a very different approach — in Denmark the broader long-term unemployment was down to virtually zero, and in Ireland the percentage of long-term unemployment fell. But that was because the total size of the labour market grew; there was a very substantial number of people who were just left on the side-lines. We are paying the consequences of that now.

The crisis changed everything

What happened during the crisis that started in 2008-2009? There is one important punctuation point: we had an election in 2011. We had a change of government and some changes in promises, if not in policy. But the government that was in power at the beginning of the crisis had cut social welfare payments twice. The first time was when they had an emergency budget and they cut the social welfare payments, and then with a second budget they cut the social welfare payments again. So that led to a lot of discussion on that topic. Cutting of benefits or payments became an issue during the election. The current has a promise that they will not cut the level of payments on any of the social payments. Until now they have kept that promise and they are likely to continue to do so. So there were two cuts before, but that process of cutting the payments has stopped.

But if you do not cut the level of payment and you have to cut public expenditure, then you have to cut something else. So they have reduced the duration of the benefit payment system from 18 months to one year, and they have reduced a range of other conditions and access to benefits for a lot of people. There is now a lot more people depending on means-tested payments than there would be otherwise.

They have thus introduced a labour market activation program at exactly the wrong time. When there are no jobs, people are told: 'You must look for a job!' And they have restructured the institutions of social welfare payment to make them much more aligned to the labour market. There has always been rules saying that you must be looking for work. All the legislation and framework is there. But it was not very consistently or effectively implemented. Then they started implementing a range of measures to interview people and to make them go on training, or other interventions so they take up work. In many respects those are not bad things in principle. They are good things. What is wrong is that they should have been doing those in a supportive way when there were jobs. It is just a very frustrating thing for somebody to be told to look for work when they are looking for work and there is no work.

One of the problems with the way it has been implemented is that they are focussing very strongly on people who are better educated and shorter-term unemployed. Those are the ones who are actually most likely to be able to look after themselves. The people who are long-term unemployed are low-skilled. And the people who were unemployed even during the boom are largely still being ignored and left on the outside. So if we are optimistic and we think in a few years we might have a functioning economy again, we will have a large number of

people who have not worked for a very long period of time. That has been a constant feature of Irish anti-poverty and labour market policy: to abandon significant numbers of working class and marginalized people. Historically, such people would have emigrated to work on building sites in America or in England. But nobody wants unskilled migrants anymore; they want skilled migrants. And so we have that problem to deal with at home.

One of the consequences of the very high concentration on levels of social welfare payment — as I said we pushed up social welfare payments to over 200 euros per week, and have been quite successful in holding them with no more cuts in recent time — is that we have underdeveloped services and public services to people who are poor. We have very much concentrated on putting money in people's pockets, but we have a very weak health service, a very poor public housing service, very poor mental health services and so on. And, again, we are paying the consequences of that because a strong public service culture is a crucial protection against poverty. Even though it does not appear on the income-related poverty graphs that we have just seen here.

Another very important aspect of what has been done is that the previous government has cut the minimum wage. In the type of argument that Ides Nicaise was talking about with to 'make work pay', they cut the minimum wage and they cut social welfare to try to reduce the general cost in the labour market. But the incoming government re-increased the minimum wage again, which was a positive measure, but at the same time seriously undermined a lot of the others measures that existed to protect low-paid workers. We had quite a strong structure of protecting low-paid workers in addition to the minimum wage. And all those were taken away. It means that a lot more people

are working zero hour contracts and forms of contracts that are very precarious and very weak for them. So they have very much weakened the bottom of the labour market in an attempt to get people to take up work.

The problem with the indicators

I think one of the features in this discussion, which is important, is the concentration that the anti-poverty sector had on relative risk of poverty, on income. It is important and we should not ignore it. But I think we over concentrated on putting cash into people's pockets — and insufficiently on the sort of systems they would actually need to get a decent job, and therefore look after their own income as independent workers in society. We, as I said, underestimated the importance of building strong public and social services.

It is also true that if the average income was falling because wages have been cut, then if you measure poverty just in relation to that average, people who were poor yesterday are not poor today. Although they have even less money than yesterday. So I can buy less bread, but I am less risk of being poor. We are thus missing something very important in terms of people's actual lived experience of the crisis when we say we have been very good at reducing the risk of poverty. What is the use of telling somebody that they are less at risk of poverty when they cannot feed their family, but they could feed their family before? That is something for us to reflect on as organisations working against poverty. To see that it is not just about money, it is about your capacity to pay.

It's about fairness

It is also, and this is my last point, about fairness and how we understand fairness and its relationship to justice. In Ireland, there is a consensus that it is fair that everybody should carry some of the burden. So it is fair if I am an average-wage worker and I have my wages cut. Then they say it is fair that somebody on unemployment payment or disability payment should also have a reduction. But there is another way of looking at fairness, which would be that the people at the bottom should not have to carry any of the burden. That fairness would mean that people who are more privileged or have a higher income should be the ones who are carrying all of the burden, right the way up to the very rich who should be carrying the greatest of the burdens. So is this something that has to be shared fairly — meaning equally or proportionally by everybody — or should we in fact be uniquely and completely protecting people who are at the bottom of society in the first place? And I think that certainly in Ireland the concept of fairness that means that even people who have nothing should be contributing to the answer has predominated, and that it is something we need to challenge in terms of understanding where we go now.

Conclusion

It is hard to give a picture of so much that is happening. I hope that I have given some sort of view of some the issues which I think are emerging from the country that was first into the pit, and has some optimism that it might be first out of the pit. At least out of the particular pit of the Troika and the recovery program. But there are very large numbers of people who are going to be stuck in that pit for a long, long period of time.

Unless we radically change the way that we approach the issue of poverty, fairness and justice in our society.

The impact of the crisis in Spain

Graciela Malgesini, Plataforma del Tercer Sector

Introduction

I belong to the European network for the fight against poverty in Spain, the EAPN. It exists in all regions of Spain and many different social organisations belong to the network and take part in it. But here I am going to take the floor in the name of the Plataforma del Tercer Sector. The Plataforma comprises seven different alliances, partner-ships and entities. It is made up of organisations for people with disabilities, for volunteer work and for the blind; other members are the Red Cross, Caritas, the NGO Platform for social action and the EAPN as well.

We have one million volunteers and we provide care to five million people. We have 0,5 million employed people, which represents actually 2.5% of the current employment population in Spain. We are talking about many different middle and small sizes entities. And the reason why this platform was created is to just have one voice as stakeholders and as partner for the government in Spain. Our platform was created in 2012, and right now we have a dialogue with the government of Spain in order to have a certain impact when it comes to the fight against poverty. Of course, our task is really difficult.

I am going to tell you about the shadow report, the alternative report that we have drafted all together, that we are going submit to the political commission and to the European Commission. It is based on the national programme for reforms that was created in 2013 and that was submitted to the European Commission in April.

The Spanish case

Spain is not under the governance of the Troika, but we have a memorandum of understanding. Spain has committed to reduce the public deficit and is obliged to fulfil some austerity measures due to the bailout in 2012, and due to being part of the Eurozone. For all those reasons, some changes were made in the constitution. There was a very strict reform and adjustment policy in Spain, which led to a reduction of benefits from 25% to 6% in 2012. That was the aim.

Our vision regarding that national programme of reform is that all these policies are going to damage and hurt the more vulnerable people, namely the elderly, the children, single parents families, unemployed people, homeless people, immigrants, refugees, disabled people and poor workers. All these people are going to be the most damaged. With a regression in the GDP for the third semester, the government has decided to reduce social expenditure in order to reduce the deficit. This has a negative impact on our social services — services which, it has to be said, never reached the European average.

The reduction of the social budget has been observed: only pensions have increased the last year. There are also some social services and social promotion services that have increased very slightly, but all other budgetary envelopes, such as access to housing, unemployment, education and public health have all decreased. Our budget is going, generally speaking, from 55% in 2011 to 53% in 2013. Some budgetary envelopes have even disappeared, such as the envelope for immigrants and integration. There are also other social services that have been suffering from cuts up to 70%. Activation for

employment has almost disappeared completely from the budget. There is also another very important aspect to take into account, and we are here following the same scheme as our Portuguese colleagues, namely the scheme for the viability of pensions — and we are questioning that. It implies postponing the age for retirement and substantially increasing the requirements to access pensions. And this without taking into account the unemployment rate in Spain, and without taking into account that a great deal of employment in Spain consists of part-time work, especially in the case of women. This pension system is nothing more than a suicide in the long run.

There are other reforms as well, some tax reforms which are going to increase inequality in Spain — they are regressive. We have increased the VAT in Spain, which has had a very important impact on households budgets. We have applied 21% of VAT to some products which were just 4% VAT before. We are talking about, for instance, school canteens going from 4% to 21% VAT. There are also all those products which have increased their VAT from 8% to 10%. The government only maintains the 4% tax for things such as bread and basic foods. But the VAT has increased from 8% to 10% in a lot of basic products such as public transport, foods, tampons, sanitary towels, etc. We have also to take into account that other taxes have raised for products such as alcohol and cigarettes, and for services such as electricity. Furthermore, we have stopped supporting mortgage payers, which renders the situation more and more difficult for all those people. As you know, year after year, 50,000 families are evicted from their homes because they cannot pay the mortgages. And 300,000 households are right now homeless due to this situation.

There is another measure which is going to have a very big impact on the social protection system: the dis-indexation law. This means that instead of the inflation rate — the current reference in order to update pensions and minimal wages — we are going to use another index, another rate. We still do not know what it is going to be, but it is never going to be over 2%; no matter what reality looks like.

We are undergoing a very high inflation process with an inflation rate of about 3% or 4%. So we have a decreasing GDP while at the same time the inflation is increasing. This is going to have a negative impact on the value of pensions and on any other kind of permanent subsidy. We also have seen how the labour conventions and labour agreements will not depend on inflation anymore. And in this national reform programme they are talking about fighting against unemployment and the social consequences of the crisis — but do I have to remind you that the unemployment rate in Spain reaches 27%? For foreign people the rate is at 39%, for people with disabilities it is an even higher number. And for people in vulnerable situations, such as the gipsy and poor communities, the rate reaches 71%. Young people, finally, have an unemployment rate of 57%. This means that there is no employment in Spain.

Now, facing this situation, the government has decided continuing on with this internal devaluation. The current reform programme applauds this devaluation of 3.4%. But this had led the poor and the working class into an even worse situation than before. There is a very high poverty rate amongst people who are working; the in-work poverty has reached 12%. There is an increase in inequality; the average in Europe is 5.3 while in Spain it is 6.8 — this is the gap between those who have more and those who have less. We are freezing the salaries for civil

servants, we are easing out redundancies, we are witness-sing a process of impoverishment, and this has led 1.9 million families out of employment. And this means totally unemployed, all members of family. There are 13 million people with no income whatsoever. For this year, we have foreseen that we are going to lose 500,000 jobs. Due to lack of consumption, most companies are closing — and especially SMEs, which are the most important ones in Spain.

So the measures that are contemplated by the government are minimal. In fact, they are non-existent. We are talking about a plan to support the gipsy population and also a support plan for children and adolescents. Among all the national reform programmes, these two measures are the only ones that have a budgetary allowance already. In the case of the gipsy population, we are just talking about 10,000 people and 10 million euros. For the plan for adolescents, we are talking about 5,000 million euros in the following four years. Meanwhile, child poverty has reached more than 30%. This means that one-third of children in Spain are poor or under the poverty threshold. This is a chronic situation.

The shadow report

And now I am going to tell you about the alternative recommendations of the PNR, of the national reform plan, and the recommendations by the Tercer Sector, our platform. We have submitted these recommendations to the European Commission.

Firstly, we want to include poverty eradication in the Europe 2020 strategy. It cannot be considered as something additional; it has to be a priority. As our Irish colleague was saying, it is not

only those who have less who have to carry all the burden. Their resources have already been drained. And here, our recommendation is that we actually need a governance that takes into account all social stakeholders, and that contemplates all reform programmes. We have been called to submit our proposals just at the last minute, but we have succeeded in bringing some proposals which were not listened to. However, they have said that they have contemplated our proposals of the Tercer Sector. We are wondering whether to continue this collaboration or not, due to the lack of response. Of course we want a plan to fight poverty and social exclusion. We know that this is a great burden on the GDP, and we know that if we do not take any measures it is going to be impossible to tackle the situation — let us not forget that there are 47 million people concerned.

Conclusion

We also want to draft and approve a social and economic development strategy. Moreover, we want to prepare a sustainability plan, because we have been suffering from cuts. Meanwhile, we are receiving avalanches of people who are expelled from any kind of subsidy. And last but not least, we want to propose a joint work for social cohesion. We think that we do have a possibility to exert some kind of lobby, some kind of pressure to submit all our demands. So I really encourage you to follow us and to keep working along those lines.

Social Europe in the age of Crisis

Overview on poverty in the European Union in relation to the crisis. Is the current European social policy the right answer for Europe?

By Peter Lelie, advisor in the Belgium Ministry of Social Affairs

Introduction

I am an advisor in the Belgian Ministry of Social Affairs. And I have been there for some while, working on the European strategy. I have been involved in the Social Open Method of Coordination since its inception right after 2000. What I will be telling you will of course be influenced by the role I am playing in the process myself. But I would like to stress that I will be speaking on my behalf. So if I am giving you some comments on the Social Investment Package, for instance, you should not think of this as a position my employer would want me to defend. It is my personal opinion.

I was asked to give you some feedback, some information on two issues. First, the situation regarding poverty and social exclusion in the EU. And second, tell you a bit about the European Commission's new proposal on social policy, the Social Investment Package. I will end with a few ideas and comments on positive and negative aspects, in my view, of the Social Investment Package. I am not an economist, I am a social scientist, so I will refrain from going too far in judging the economic policies of the European Union. But I am sure that the speakers after me will tell you more about this aspect.

Poverty and social exclusion in the EU

What I will be telling you is based on the common indicators at EU level. Especially in academic circles, these indicators have often been criticized for being not innovative enough, not sophisticated enough. In my view, their added value is especially in the fact that these indicators have been agreed by the member states.

There is one major problem with the indicators for the moment, and it is the problem of time. The most recent data I will be showing you will be based on the Survey on Income and Living Conditions (SILC) from 2011. Some of the information dates back to 2010, that is certainly a drawback. I will be referring a lot to the annual report of the social



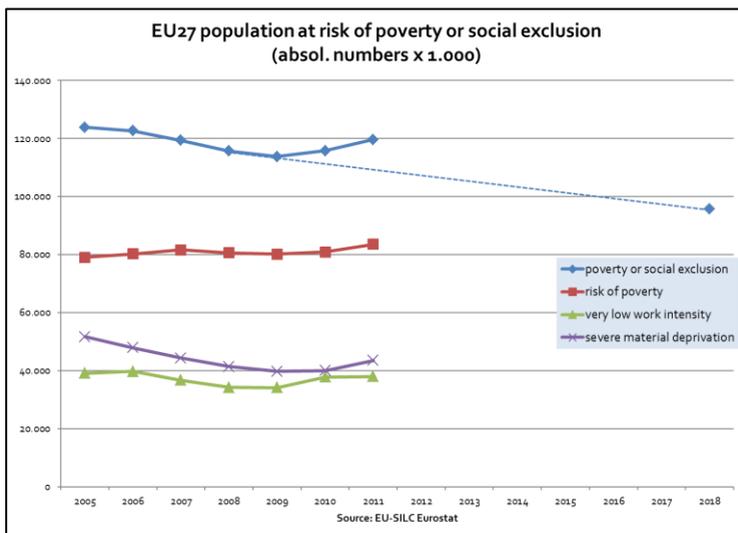
protection committee, which is called Social Europe: Current challenges and the way forward. I think we are making real progress in trying to measure poverty and social exclusion in Europe. This publication is an example I would really

recommend you to download. It is freely available in the bookshop of the European Union. Have a look at it; it is really interesting.

This annual report of the Social Protection Committee, which is actually the SPC's way of dealing with one of the remits it has under the Treaty, is to monitor the social situation in Europe. It is built around the Social Protection Performance Monitor, a new instrument based on indicators that already existed before. We have tried to come up with a new tool that would make it better in trying to measure the situation.

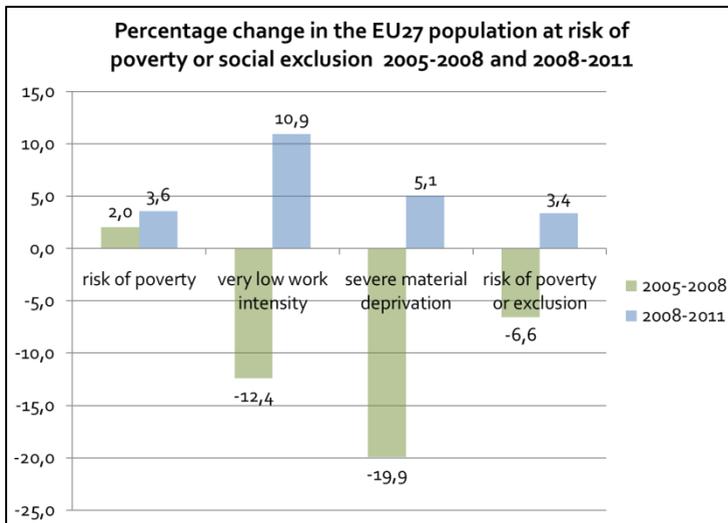
The monitor consists of three parts. First, there is a graph on the evolution terms the EU headline targets, poverty and social exclusion. We know that under Europe 2020, the idea is to reduce poverty and social exclusion by 20 million by 2020. The second part is the dashboard of key social indicators that covers all member states and the three strands of the Social Open Method of Coordination. These comprise social inclusion but also pensions, health and long-term care. The final and third part of the monitor consists of country profiles, which will give you an in-depth look at progress on key social indicators in each member state. This includes, by the way, the national targets. So we have the European target, all member states have come forth with their own national target, and in these profiles you can see whether countries are really delivering on their target. There is also of list of key challenges I will show you in a minute.

Looking at this graph, you can see what happened to the population at risk of poverty and social exclusion before the



start of Europe 2020. Right at the top, the blue line, is the population at risk of poverty and social exclusion. It is a composite indicator that consists of three sub-indicators and those are pictured underneath. So in red you have the risk of poverty rate, it is relative income poverty, the percentage of people in population that are below 60% of the median income threshold. In purple you have the severe material deprivation rate, it is a more absolute measure. You score on this indicator if you are confronted with at least four out of nine deprivation items. It has to do with the possession or the ability to afford consumer durables, being able to pay your rent and utilities, being able to afford a meal with fish or meat every second day and so on. The final indicator just below is the very low work intensity households. This refers to people who live in a household where the adults work less than 20% of their

potential. If you look carefully at the development of this indicator, you can see that the population at risk of poverty or social exclusion was going down in the period just before 2008 and the start of the new strategy. At risk of poverty is more or less stable. The purple line of severe material deprivation and absolute poverty is going really down, and this is especially due to developments in East and Central Europe where this rate was plummeting in this period. And then you have also the very low work intensity households indicator, which also goes down.



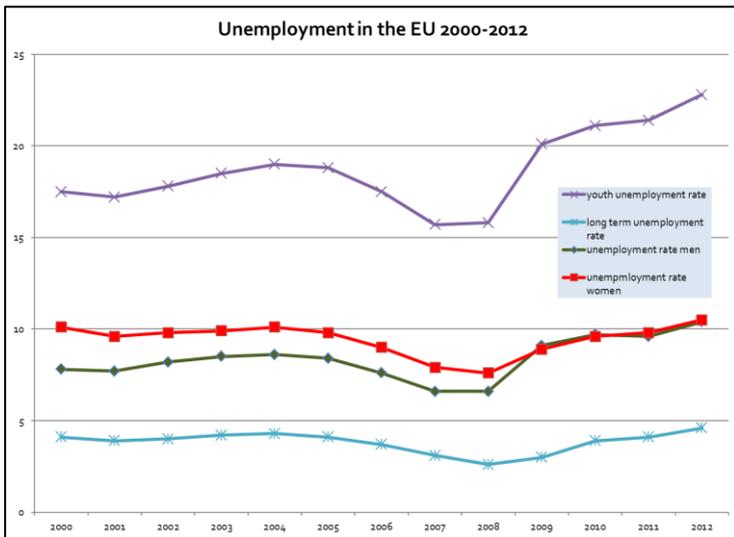
This is what happened in the years following 2008, and you can see that while in 2008 we were still on track more or less for achieving the target, this is no longer the case in recent years. It is the impact of the crisis, of course, and you can see the line edging up. It is the line with the risk of poverty or social exclusion, and also the other indicators are showing a negative development.

Looking at it in percentage terms, in the period 2005-2008 there was a decrease in the risk of poverty, a substantial drop in the very low work intensity and even a bigger drop in the severe material deprivation. And this boils down to a 6,6% drop in the combined indicator.

In the most recent period we see an increase in the risk of poverty, a substantial increase in very low work intensity, an increase in severe material deprivation. This boils down to a 3,4% increase in the risk of poverty or exclusion.

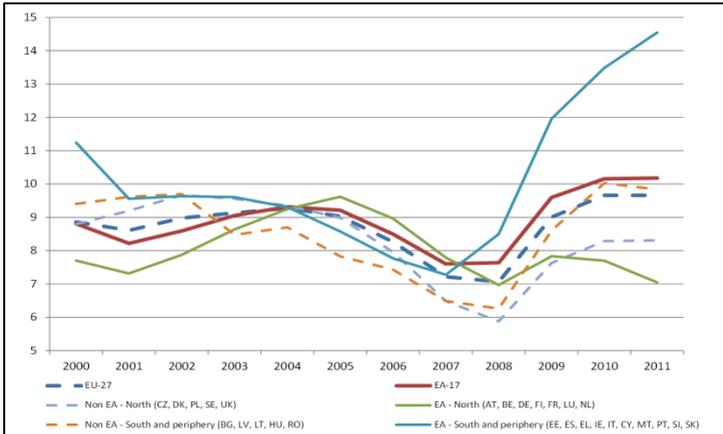
The change or the increase in very low work intensity is linked to the unemployment figures.

The next graph shows the unemployment rate. You can see on



the top, the youth unemployment. In the middle is the unemployment rate for women, in red, and for men, in black. Right at the bottom is the long-term unemployment. So you see all these lines edging up.

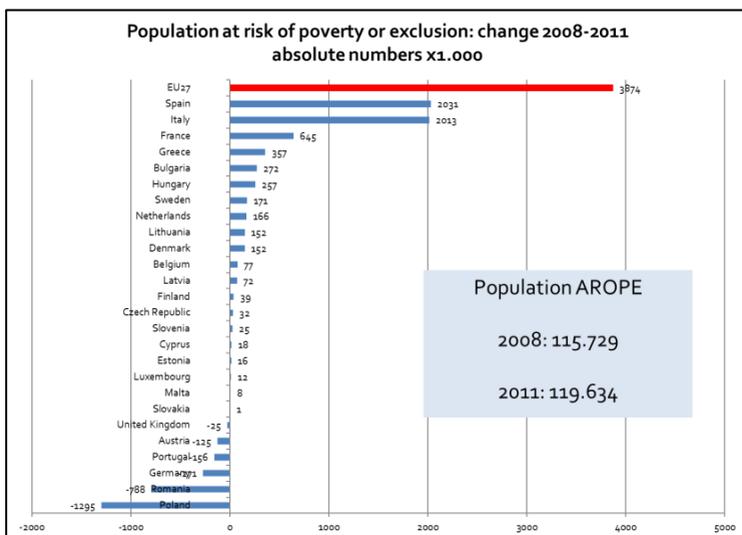
The next graph shows that the impact of unemployment is very different depending on whether you are in the North or the

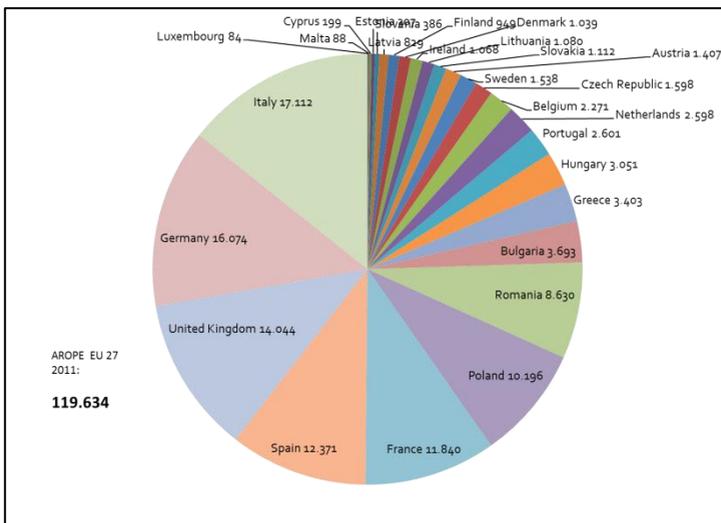


South of Europe. So if you look at the blue line at the top, it shows the development of the unemployment rate in the Southern periphery Eurozone member states, while the green line at the bottom shows the development in the Northern part. The red gives you the total evolution for the Eurozone. The impact of the rising unemployment has been substantial, but in a different way in different parts of Europe.

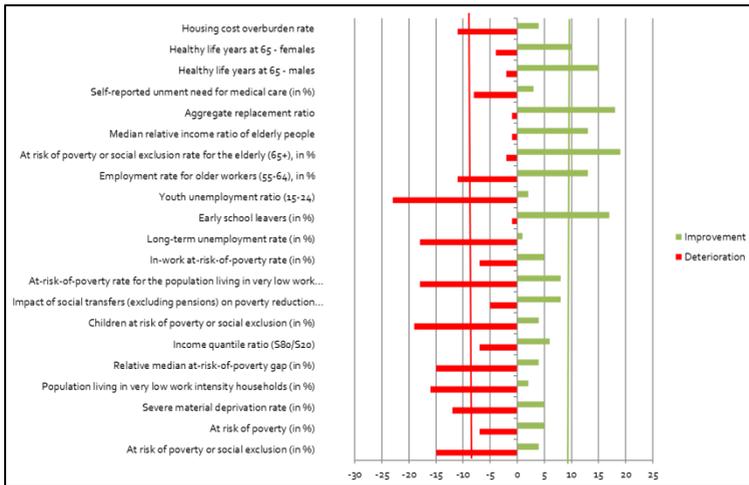
There is another way to look at the figures. You can see in the next graph that there is in total a development or an increase of nearly 4 million people at risk of poverty or social exclusion. The biggest increases are in Spain and in Italy, where you have an increase of 2 million. If you look at the best performance, you see that Poland, for instance, has a reduction of 1.3 million people. Romania, Germany and Portugal are mentioned here as some of the countries with the better results.

Another view I will pass through very quickly, but just to give you an idea, if we are talking about absolute numbers, you can see in the graph on the next page that if you only look at four countries — Italy, Germany, the United Kingdom and Spain together — they represent half of the population at risk of poverty or exclusion. This is what I wanted to tell you about this first component of the protection monitor. It is looking at the situation in the aggregate at EU level.





The second component is this dashboard of indicators. In this dashboard, we have a selection of key indicators that has been agreed by the Social Protection Committee. They are in the rows; in the columns you have the different member states. And for all of the indicators you have two developments, that is the evolution 2008-2011 and the evolution in the most recent year, 2010-2011. All countries are scored in all these indicators and if it is green it means that your situation is improving; if it is red it means that your situation is deteriorating. What do we learn from this exercise or this new monitor? Here you can see the number of countries that are showing a positive or a negative development, positive in green, in red the negative or deterioration of the situation. Countries where there is no statistically significant development have not been shown. The idea has now been that each time that at least 9 countries show a certain trend, we define it as being a new trend in Europe.



It would take us too far to go into depth on this, but if you look at the right side of the graph, at the green bars, you will see that especially those indicators that are about the poverty rates of the elderly or that are about, for instance, the generosity of pensions and so on, on these indicators there is definitely an improvement. There is a contrast between this situation for the elderly and indicators that refer to youth exclusion, because they are on the other side. So you will see that over the years, in general, all the people are better off, while the younger people are in a worse situation. Some of the most important trends where most countries qualify are the youth employment ratio, the long-term employment rate, the risk of poverty for people living in very low work intensity households, and children. This is what we can learn over the period 2008-2011.

This is the most recent year, and I will go on straight to the trends that have been identified by the Social Protection Committee as being the most worrying trends. Based on the

most recent evolution 2010-2011, there are four trends that have been identified. First, the increase in the poverty and social exclusion for the overall population has been registered in 13 member states. The increase in the number of children living in poverty and social inclusion registered in 10 member states. The increase in the working poor population registered in 12 member states. And the increase in the poverty risk for population living in so-called (quasi-)jobless households again registered in 12 member states. What is new about this monitor is that it has been decided that when the Social Protection Committee identifies these negative trends, it will automatically trigger a thematic review. And so in the SPC, after the summer, we will have three thematic seminars on three of these trends. One is on child poverty, one on the working poor, and one on (quasi-)jobless households' poverty risk. The idea will be that we have a discussion between those countries that are performing best and those that have the worst performance.

I will quickly show the four trends countries where there is a decrease, stability or an increase.

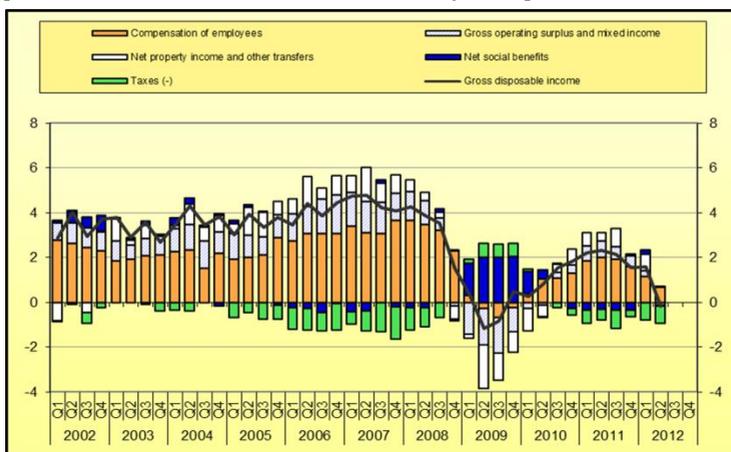
On the overall risk on poverty or social exclusion rate, you can see worrying increases in Ireland, Italy and Latvia. We can see a decrease in Portugal, Poland and Romania.

On child poverty, a very strong increase in Bulgaria, but also in Ireland. There are decreases in Germany, the UK and Poland.

On in-work poverty risk: here also there is a strong increase in Romania, Italy, Estonia, the UK and Ireland again. A strong decrease in Greece, but some of these things we really have to look into. In this case, what you see is probably that the number of people who were in employment on very low wages and have now lost their jobs. This leads to a better improvement in the in-work poverty risk rate.

The final trend is the one on adjusted poverty rate for the population living in very low work intensity households. And there you can again see a very strong increase in for instance Greece, Romania and Belgium, and decreases in Ireland, the UK and so on. This is an important indicator because when you have a very low work intensity household, it means that the struggle against poverty or income poverty will require benefits.

And in this respect, there is a graph I would like to show you. It is a graph that has been taken from the Commission's publication, which is an excellent analytical publication on the



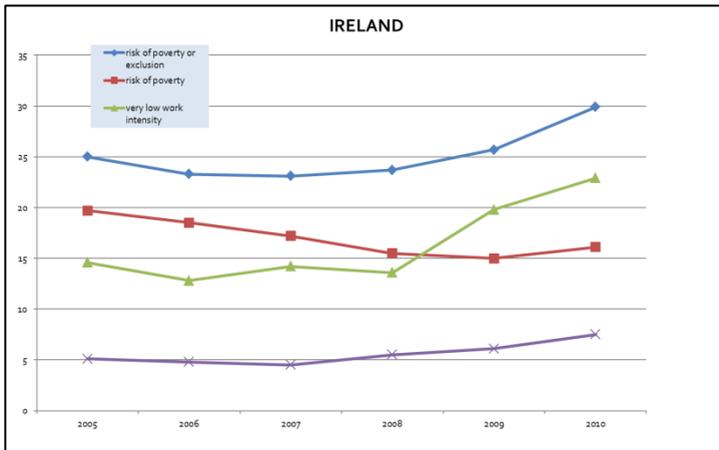
employment social developments in Europe. And what you can see here, is the evolution of the nominal gross disposable income of households. You can see that it, it's the black line, increases but then with the start of the crisis suddenly goes down, it drops. It goes up again in 2010-2011 and goes down again in 2012. Now, the important point here is to look at the contribution of different components of this development of gross disposable income of households. And if you look at the

blue bars and the green, they refer to taxes and to social transfers.

So what are the Commission's conclusions on the basis of this graph? It is that in the first phase of the crisis, social transfers played an important role in protecting incomes, but that in the second phase of the crisis, the impact of the social protection system on keeping our benefits is much lower. This is due to the recovery in some countries, to the phasing out of entitlements and to the end of stimulus measures. But also to fiscal consolidation measures. Especially worrying according to the Commission are consolidation efforts in countries where the unemployment keeps on increasing, and there is the reference to Ireland, Greece, Spain, Hungary, Portugal and the UK.

This is what I want to tell you about the dashboard, and the final part of the monitor shows the developments in individual countries. Poland is the country that has the best performance if you look only at the European defined poverty and social exclusion indicators. There is a fairly substantial drop, especially in severe material deprivation. The national target for Poland was to reduce the population at risk of poverty and social exclusion by 1,5 million. That target has almost already been reached now.

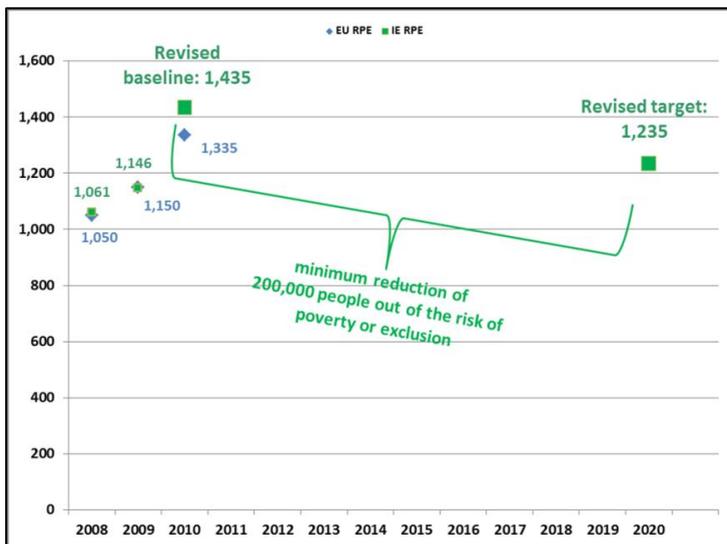
The worst performer is Ireland, and here you can see especially



the very strong increase in the green line, it is the very low work intensity population.

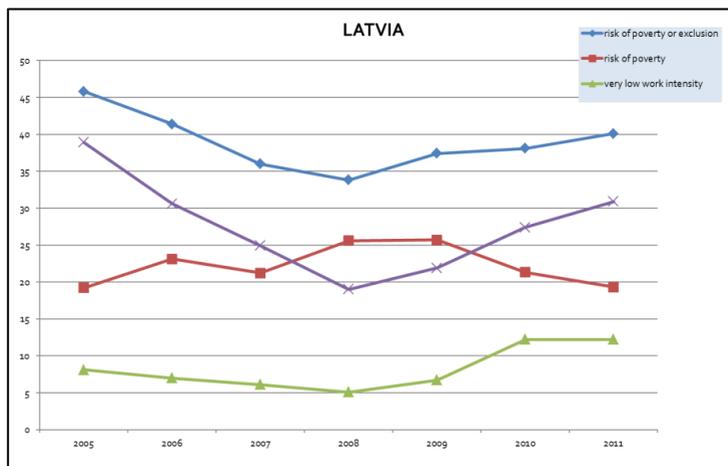
There is also an increase in the severe material deprivation and a slight increase in the risk of poverty rate.

This is the target for Ireland, it has been defined in terms of consistent poverty. This is a new measure. It is a kind of a combination between the at-risk-of-poverty rate and the material deprivation rate.



Just a quick word on the situation in Greece. It used to be quite stable but it is now deteriorating very quickly. The same in Spain, where we have a very strong increase also in the very low work intensity indicator. Then I will show you Latvia, and it is for a particular reason.

Very often, if you look at the Baltic States, you will see that they react very quickly to developments. There are erratic, very strong changes in the poverty indicators. And here you can see

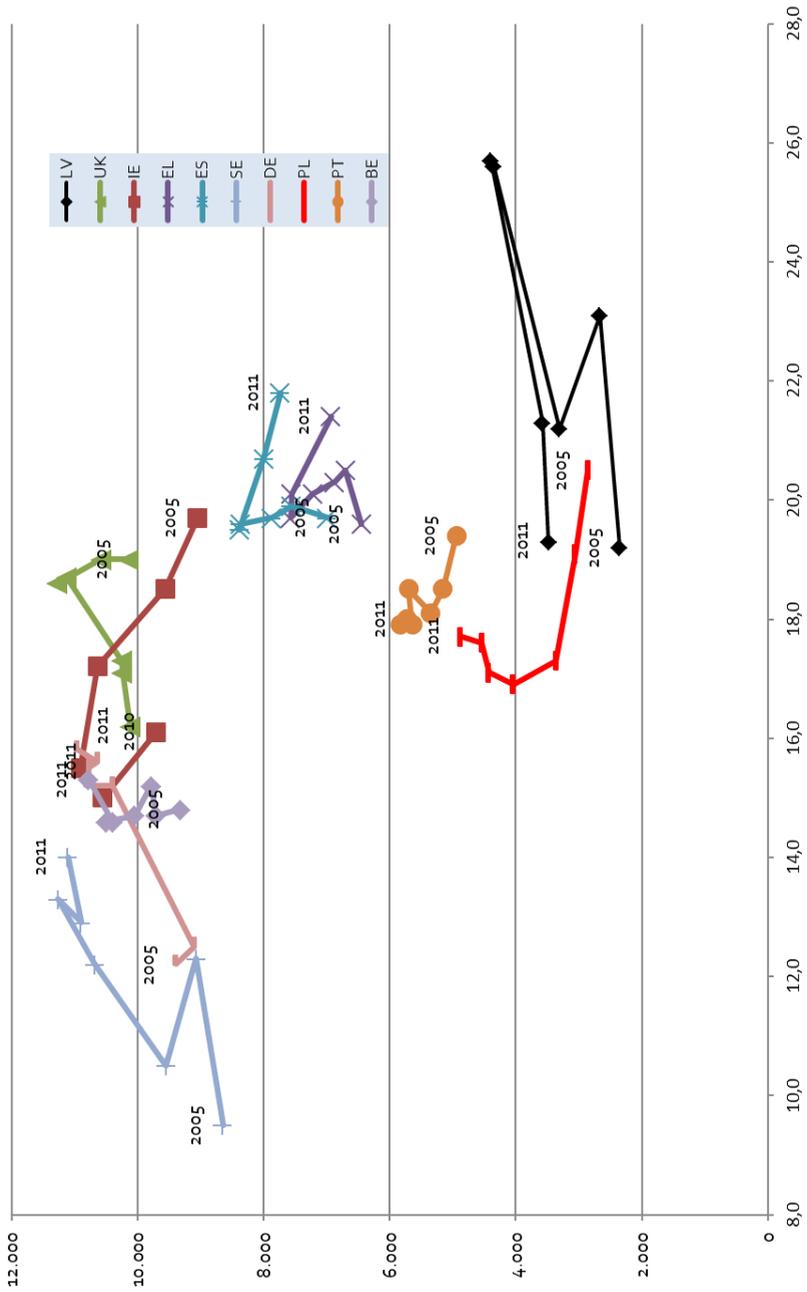


that for Latvia they have quickly gone from a positive development of the risk of poverty and social exclusion and material deprivation, to a quickly worsening situation with a strong increase in material deprivation. I want to especially draw your attention to the fact that the at-risk-of-poverty rate, here, is dropping.

And that is precisely why I have developed the next graph. We discussed already, whether we should focus on relative poverty or look at other measures. Bear with me for a moment, because you have to really go into the graph to see what I will be explaining now. Of course, the at-risk-of-poverty rate has two variables: you have the threshold that will move and you have the percentage of people that are beneath the threshold and will move. Now, in order to be able to look at both at the same time, I developed the graph. On the horizontal axis is the at-risk-of-

poverty rate, on the vertical axis is the threshold. The ideal situation would be that the threshold goes up, meaning that the average living standards are going up and the at-risk-of-poverty goes down. So, looking at the graph here, it will mean that you could go to the top left-hand corner, so the northwestern direction would be the good direction.

At risk of poverty rate and threshold 2005-2011



This is what happened to Latvia, as an example. You can see the path Latvia has followed from 2005 to 2011. There is a very strong increase the first year in the at-risk-of-poverty rate. And there is an increase, at the same time, in the threshold. But in the second phase, you will see a drop and there you will see that the at-risk-of-poverty rate drops again, but the threshold also drops. So it means, the threshold goes down, the percentage of people at risk of poverty also goes down. Another example, in the UK, where the threshold during the first two years goes up, but then it goes down. And in this case also, like in the case of Latvia, the drop in the threshold also means a drop in the percentage of people at risk of poverty and social exclusion. It more or less means, I think, that there is no big movement in the income distribution. Ireland shows another pattern, and we were discussing this morning what you can see here is that Ireland was really following the ideal path, so it means the threshold was going up, average living standards were going up, and at the same time the at-risk-of-poverty rate was dropping. This is exactly the ideal evolution, but then of course there was the impact of the crisis and you can see that the threshold also went down. The worse situation is for Greece and Spain. And what you can see here, is that even if the threshold goes down, there is an increase in the at risk of poverty. And this indicates a really important change in the income distribution. So I think you should always look at both developments. What is the threshold doing and what is the at-risk-of-poverty rate doing?

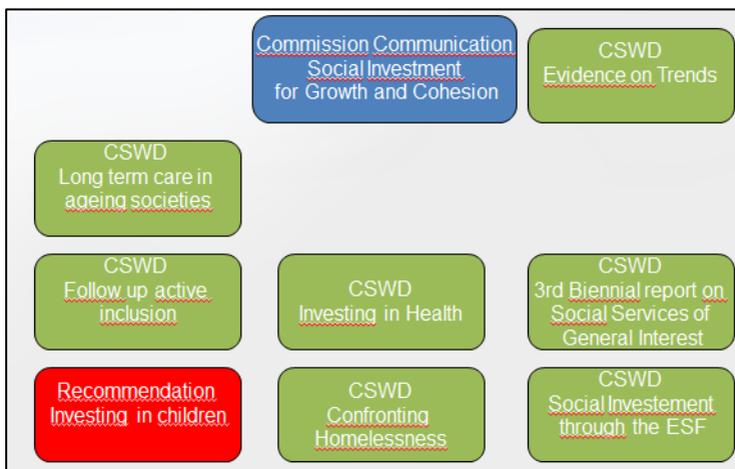
I thought you might be interested in seeing also the case of Sweden. There is a very substantial rise in the threshold average living conditions, but also an increase in the at-risk-of-poverty rate. There seems to be kind of a trade-off here with driving up the general living standard, as this is compensated in part by

increasing income poverty. Germany, more or less the same story. Poland, the country I was referring to earlier, which is more or less the best performer on the key indicator for poverty and social exclusion in Europe. And you can see that it has managed to drive up the average living conditions in a substantial manner. But at the same time it also reduced the population at risk of poverty and social exclusion. Portugal is, on the whole, a very positive development, although the threshold does not go up in a very important way. And Belgium, where you can see that there is stability on the at-risk-of-poverty rate. The threshold is going up, but not too much.

I just wanted to alert you to the fact that in the annual report of the social protection committee, you will find in text what are deemed to be the most important challenges for each member state on the different aspects covered under the social dimension of Europe 2020. It is vitally important that stakeholders engage with these challenges and try to see whether they agree and try to have an impact on them.

The social Investment Package

The second part of my presentation is on the Social Investment Package. I wanted to go into some detail on the contents, but I guess that most of you have already had a look at the package. So I would like to go very quickly and come to some of the remarks that are more my personal comments on the package.



This is the package itself, it consists of a communication. There is a very interesting paper Ides Nicaise referred in his presentation on evidence on trends; it is the analytical paper that accompanies the communication. There are three papers that refer to more or less the life course perspective inherent in the Social Investment Package. On the bottom, you have the recommendation on child poverty. Follow-up active inclusion is on the active age section of the population. And then the long-term care in aging societies is more about the elderly and the problem of active aging.

There are two papers on specific issues, one on confronting homelessness and one on investing in health. And there are two papers more about means or tools, there is one on the ESF as a source of funding for social investment, and there is the annual report on social services of general interest. This is a document that more or less relates to how the Commission sees the link between the internal market and the social services provisions.

There are some reasons why the Commission has developed the Social Investment Package. First, there are the long-term challenges of an aging society, with the problem faced by social models because of the sustainability. Then there is the more short-term impact of the economic and financial crisis, leading to an increase in unemployment, poverty and social exclusion, and the problem of not reaching the Europe 2020 targets.

A third important factor is the constraint on public expenditure, where you can see that there is this general idea that we need to pursue austerity policies. And of course in situations where social expenditure is a large part of public expenditure, social expenditures are being aimed at.

Then there is the idea that there is room for more efficiency and effectiveness of social policies. I think it was Ides Nicaise who showed a graph where you can see that even if you use the same amount of money or the same expenditure in percentages of the GDP, you can have very different results. And so this is kind of evidence for the fact that there is room for improvement. The focus on prevention is very important, developing people skills and capabilities and insuring they have enough to live on can result in considerable savings. This was certainly also one of the underlying themes for the social investment package.

Finally, the need to avoid excessive social imbalances. If social policies are less effective in some countries, this can lead to distortion and to problems in the Europe area. These are reasons or arguments that have been put forward by the Commission. I would like to add some of my own, and this is more linked to the setup of the Europe 2020 actually.

I think we have to conclude that looking at what has happened since the start of the Europe 2020 process, there has been little visibility for social protection concerns in the European Semester. Social expenditures have been largely viewed as cost factors. Now, we can see that economic and financial governance is becoming increasingly intrusive, compelling and important. And on the other hand the effects of the impact of the crisis are increasingly visible. There is an increasing demand to make the social dimension more visible in Europe 2020. And so what is the answer that the Commission came up with? It is to restate the economic case for social policy, fully coherent with Europe 2020 and its economic concerns. It means looking at social protection as a protective factor — ideas like the cost of non-social policies, social protections and macroeconomic stabilizer, or as an investment in human capital. The social department within the Commission important tried to give the social a more central place in Europe 2020 by reformulating social policy. And this is what the social investment package was all about.

According to the Commission, the first of the three functions of social policies is about investing in human capital and strengthening people's current and future capacities. The second function is protecting people against life's risk, ensuring they have good livelihoods and preserving previous investments in human capital. And thirdly, the stabilisation functions, stabilising the economy by consumption smoothing, cushioning the impact of economic shocks. Luckily the Commission is saying that these three functions of social expenditure should be respected at the same time. They should come into play at the same time. And I think this might be the key message.

The document of the Commission's communication is very difficult to read. As always, this an initiative by the Commission as a college. There is therefore a lot of input from different DGs, which implies that the text itself has become a bit unbalanced in places. And indeed it contains contradictory messages. But going through the text, I think this may be the most important message in the document. So it reads that *'as well have having immediate effects, social policies also have lasting impacts by offering economic and social returns over time, notably in terms of employment prospects or labour incomes. In particular, social investment helps to 'prepare' people to confront life's risks, rather than simply 'repairing' the consequences. Modernisation of social policies requires systematic introduction of ex-ante result orientation in financing decisions and a systematic approach of the role social policies play in the different stages in life: from education via work/unemployment to sickness and old-age.'*

In the SIP there is a chapter on increasing sustainability and adequacy of social systems. There is a chapter on activating and enabling policies, it is about activation essentially but also about for instance initiatives on reference budgets with regard to minimum income. Social investments throughout the individual's life is about especially the importance of looking into child poverty and preparing for different stages of life, so it is also about work/life conciliation, lifelong learning, active aging.

Personal comments on the SIP

I will conclude now with a few comments on this Social Investment Package. First, I hesitate a bit because the ideas

about social investment were quite negative this morning. But from my perspective, I made this because I am participating in the process and I know what the normal views of DG ECFIN, that is dominating Europe 2020, are. I think the Social Investment Package is an interesting initiative. If you look at the principal of it, I think the principle and putting the principle now by the Commission is really welcome. Social policy, of course, is here formulated or phrased in economic terms, it is not based on a rights-based approach. But if you want to have a central place within Europe 2020, you need to use the economic angle.

It is not a radically new concept, because if you look at some of the detailed initiatives you will see that it is actually built on some of the mutual learning that has gone on at European level in the social process. Of course, so far economic and financial considerations have dominated Europe 2020, so the question now is: will this package make a difference or is it just a way to handle budget cuts and social policy?

If you look again at it, you will see that in fact in the document itself there are a lot of interesting analyses, but there are few hard initiatives. So the only thing you can find is the recommendation on child poverty, which is much appreciated generally. But for the rest there are a lot of ideas, sometimes contradictory. But there are few really hard initiatives. A framework directive on minimum income is certainly missing from the package. The ECOFIN council dominates EU2020 and EPSCO is the weaker actor. The package does not change this. So will these new ideas, and the principle for me is quite positive, actually be implemented? We can doubt that.

The important thing will be to see what the Commission does when it goes into the details. Will it influence the country-specific recommendations? The proof of the pudding will be in the eating. We will then see what the Commission's ideas are on some of the concrete issues. What does it mean when it wants support to be temporary? What does it mean with the part referring to particular concrete situations in the member states? That there needs to be more target at social protection and conditionality. And then if there are no more extra means available and you have to shift the means available to social investment, you will have to be clear on what you consider to be bad social expenditure. That would be really important to look into.

At the level of the Social Protection Committee, I have the idea that we are at least making a lot of progress on the analysis side. New publications go much further than what we were used to. My impression is that, indeed, there is a real improvement in the analytical situation. As if we are making progress in the social analysis in the slipstream of the enormous advances in the economic and financial analysis. The Social Protection Committee also increased multilateral surveillance. Hardly a month goes by without a new review, when member states have to look into each other's policies. The Commission insists that recommendations, which in the end are Council recommendations, would not be carried by the Commission alone but by the member states as well. And this puts us in a difficult position, because you have to judge social policy initiatives of other countries, and it is difficult to pronounce yourself very positively or especially negatively on developments in other countries. But I think this certainly is a step forward.

Important new initiatives on the very short term are the fact that the SPC will be starting a working group on financing and on the efficiency and effectiveness of social spending. It will be crucial, because we will have to look into what is effective and efficient policy. The proceedings with regard to the methodology for reference budget are a very important new area of work, and the SIP wants to improve timeliness of social data. If we want to react to what is coming out of the monitoring, we need to have recent data.

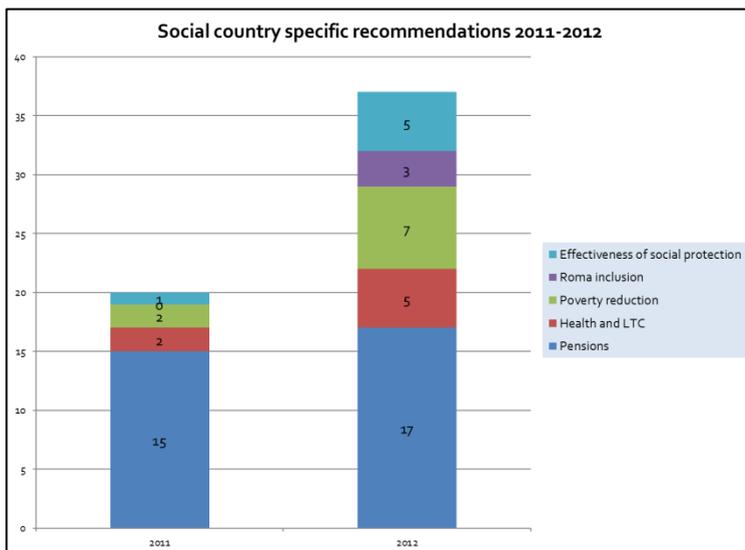
Upcoming decisions on funds will be important. About, for instance, the extent to which the social fund will be available for social investment initiatives. We also have to keep an eye on the new initiatives on social policy innovation.

Finally, the SIP suggests that the Commission is in favour of better involvement by stakeholders and social partners. But it appears to be very poor on concrete initiatives. We need to look into this and push it forward.

I will end here with one graph.

These are the Commission's country-specific recommendations, the proposals by the Commission. This is the number of recommendations we had in the first year under the new Europe 2020 strategy, and there were a number of initiatives or recommendations on pensions, health and long-term care, poverty reduction and effectiveness. The situation in 2012, is an increase in the number of recommendations. I refer to recommendations, but they actually can be part of recommendations. This is an overview that was developed by the Commission itself, and you can see that there is an increasing amount on pensions, on poverty reduction, health and long-term care.

There are three countries that have received recommendations on Roma integration and on effectiveness. Compare 2011 with 2012 and you see a substantial increase again. It is important to look at these recommendations in detail and see what they are about. On pensions, for instance, a lot of the recommendations are on raising the retirement age, and on health a lot of the recommendations are on controlling health expenditure. So this is something I think we need to engage with.



The gap between a 'privileged Europe' and the periphery member states

By Jeremy Leaman, Loughborough University and member of Euromemogroup

Introduction

I am tempted to comment straight away on what has come before. I was reminded of the emperor Nero playing the violin while Rome burned. There is this thorough mismatch between the rhetoric of Brussels and its actual policy implementation. It is no coincidence that the Social Investment Package has been finalised at the same time as the Multiannual Financial Framework. The MFF sees a real reduction in resources given by the European Union in its various expenditure areas.

I will attempt to be as economical as I possibly can with this presentation. Essentially, I want to look at core and periphery not as spatial categories — although there are spatial dimensions to the core-periphery problem — but rather as a system. And within that system, we are talking about power hierarchy of unequal interdependences. Be it the unequal interdependence between corporations and nation states, which are certainly moved well in favour of transnational corporations, or the hierarchy of power between more powerful states and less powerful states. But there is a transmission of power from top-down within this hierarchy, which cannot be ignored and it cannot be ignored in the context of the current crisis.

The misdiagnosed crisis

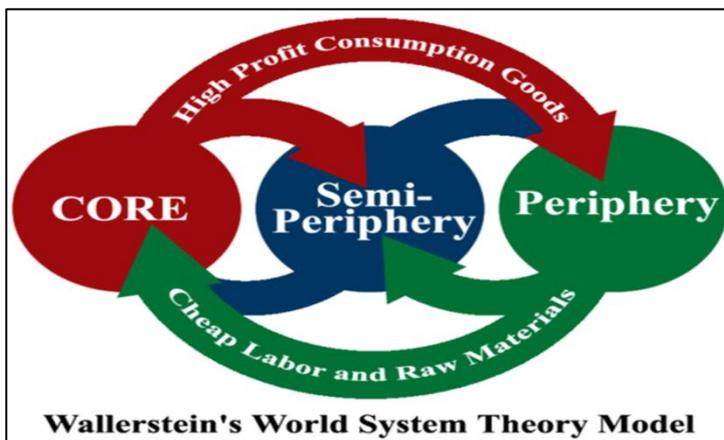
As far as I can see, the crisis has been misdiagnosed from the very start. We are close to the end of the fifth year of crisis management. We still have not reached, at either Brussels level or at member state level, a consensus about the real causes of the crisis. It is not simply a crisis of sovereign debt. It is being reduced to a crisis of sovereign debt because it is convenient to do that. Rather than to look at it as a systemic crisis of financialised capitalism that caused sovereign debt in the first place. Sovereign debt was thus not the cause, but the reaction to the sudden implosion of the financial services sector as it attempted to compensate for the sudden disappearance of liquidity from the world's financial markets. It is also a crisis of the neoliberal paradigm and, as I can see it, a crisis of Europe's position in the global political economy.

We are confronted by a situation where Europe could, in relative terms, be marginalised. The focus of global growth and innovation and development will shift towards the Pacific and South Asia. It is a threat we ignore at our peril, but I fear — coming back to my Nero metaphor — that we are ignoring it problematically by focussing purely on sovereign debt. I gave a talk last year at one of the Alliance's conferences where I pointed at the fact that the crisis of depression and war took some twenty years to solve the debt overhang from that war. And we expected it to be solved in five years after 2013. It self-evidently has not been, nor was it ever going to be solved within those five years. Particularly since the conditions we currently have in Europe are nothing like as auspicious as they were in the post-war period. There was a huge potential for growth after the

Second World War, a backlog of demand and a massive destruction of infrastructure. We do not have that today. The potential for growth or of recovery is critically low. More importantly, the potential for reflecting on that situation is chronically low at both Brussels and at member state level. The core-periphery thing is only a symptom of a much larger crisis.

The core versus the periphery

The core-periphery thing sees a core within a system dominated by corporations rather than by particular states, though those corporations are based mainly in the core states of the North. Within Wallerstein's model there is a semi-periphery. We could assert that one or two of Europe's peripheral states are semi-peripheral. And then you have a wider periphery of countries



that provide raw materials and cheap labour. It is the system I want to look at, and the malfunctioning of that system in the current period, not just the spatial geographical category. It is a relationship of unequal interdependence where you have a

number of participants — and you have above all big capital. Big capital plays a very critical role in the way in which this crisis has been managed and the way in which this crisis has developed. Below big capital, you have small capital. It tends to make lower rates of profit than big capital. It is beholden to big capital as a sort of both orders and as a provider of refined goods. And then below that you have workforce of which the precariat is part.

Within the system as it functions in Europe today, you have a number of dominant, strategic gatekeepers. Most notable are the banks, the oligopolies in major industries and the oligopsonies. The latter stand for the concentrated demand best represented by supermarkets and hyper-markets that can dictate the prices of suppliers in a very malign way. Over the recent period, we can see that the neoliberal deregulation and reregulation of economic affairs has compounded the functional power of the core — and by core I mean transnational capita. Although those transnational corporations are based predominantly, they have their headquarters predominantly in the North. They enjoy greater legal security there, they make use of the specialist skills of lawyers and accountants, and they rely on the judiciaries of the North to assert their contractual rights. But there is quite clearly an unequal relationship between transnational corporations and states. It is an unequal relationship that has become more unequal and that, as far as I am concerned, has underscored the functional dimension of the core-periphery. States can now be seen as vehicles of accumulation above all for big capital.

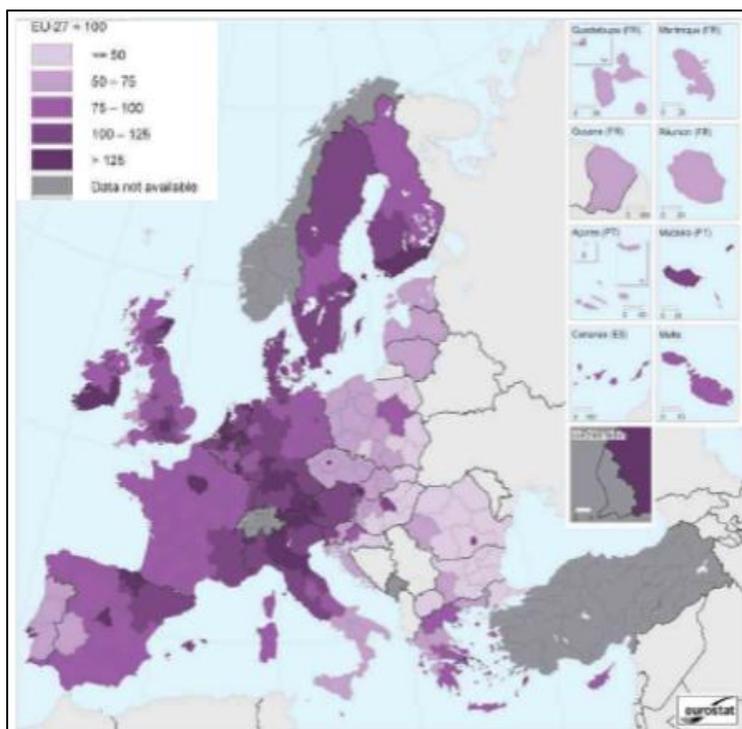
It is a system that is being systematically abused by transnational corporations. I do not have time today to look at the EC-resolved fight against tax avoidance and tax evasion, but it

betokens in a very eloquent and obvious way the way in which transnational corporations abuse states, taxpayers and the ordinary citizens of European states. States are obliged to socialise the losses of casino banks, of Ponzi-style operations. They socialise the losses while allowing any residual profits to be offshored and protected from the taxman. That is symbolic of a seriously unequal interdependence within the global political economy but particularly within Europe. I will not go into this, but it is important that the Keynesian compromise of the 1950s and 1960s saw above all a consensus between state, capital and workforce. This operated in a relatively benign way for the recovery of European states. It was however predicated on the persistence of an equalled interdependence between Europe and the supplier states of the Third World. We became very complacent about the cost of raw materials and the infinite supply of raw materials. The sudden emergence in the 1970s of OPEC and the huge rise in cost of oil brought us short. We were/are fossil fuel based economies. So the Keynesian compromise worked, but it was predicated on global inequalities that we then came to experience fairly significantly.

Neoliberalism arguably has been an attempt to 're-peripheralise'. By this I mean to restore the balances of power that had been partly distorted by Keynesianism in Europe. In a way that would restore profitability and rates of return, and find new sources of profit. Those sources were found in the 1980s through deregulation, privatisation, the extraordinary phenomenon of financialised capitalism and the decoupled accumulation of the casino that developed largely separate from real accumulation, real investment and production cycles. There was a view that you had to strengthen the functional inequalities of core-periphery relationships. George Gilder, one of the many

gurus of neoliberalism, spoke in his 1981 book *Wealth and Poverty* of the enriching mysteries of inequality. A view that still persists as an end, although it is not explicitly stated by economic elites. I will argue that it is currently being pursued as an end with the austerity programme that we are experiencing.

This is a map of Europe that demonstrates where the inequalities and disparities lie. It is one of the NUTS charts and



shows the regional GDP. You can see heartlands of economic wealth creation and peripheries. There is a significant periphery in the East and the Southeast, and an increasingly significant periphery in the South Mediter-ranean countries. I was asked

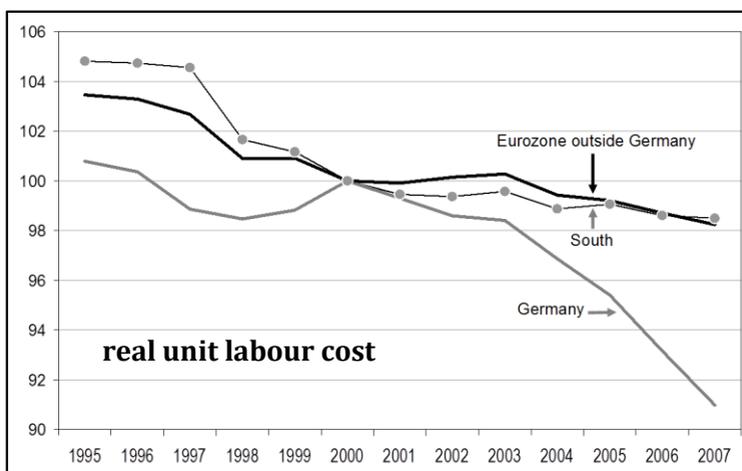
before not to include Ireland in the South. I can do that easily by pointing out that Ireland still has one of the highest per capita GDPs in Europe. But Ireland is a state *sui generis*. It is one of those that has certainly played the globalisation game much more shrewdly, if much more abusively, than many of the other states of Europe. We have seen those charts of 'at risk of poverty', I need not emphasise these, but the number of EU citizens has in fact risen.

The point I want to make here, is that the crisis, this huge global crisis that we have, has been seized as an opportunity to continue the neoliberal programme of labour market reform, flexibilisation, casualisation and the mobilisation of additional people into the workforce such as women. Current EU policy, and I see very little to confound this view of mine, is that we are seeing a continuity of failed ideas. There have, indeed, been several books written about the triumph of failed ideas. It is one of those strange ironies that Europe, from Brussels and from its major member states, is sitting blithely on the deck of a super tanker that is moving increasingly rapidly and worryingly en route for a large maelstrom. Even greater crisis could hit unless we can turn the radar somewhere away from the maelstrom and towards a set of more sensible policies.

What we see, essentially, is the EU insisting that states deleverage, reduce their debts in order to crowd in investment from the private sector, but also tolerate the increasing reduction in wage costs. There is a degree of policy schizophrenia, and I think the social investment programme is a good example of that schizophrenia. Yes, you do have a union that is based rhetorically on solidarity. But it has done a great deal to desolidarise, to weaken the solidarity of European nation

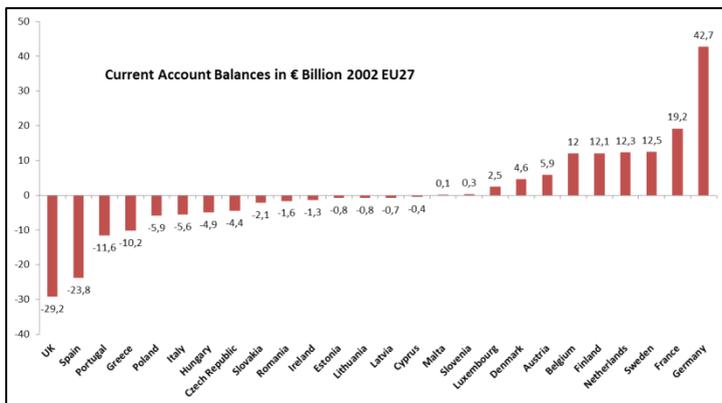
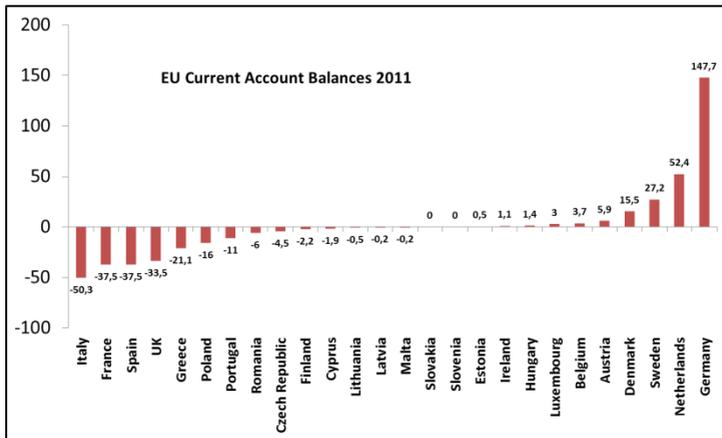
states and their political economies. Although divergence facilitates commercial exploitation, it also incurs political costs. It incurs fiscal costs both at nation state level and within the system of the Cohesion Fund. Enlargement seems to have compounded the commercial advantage to transnational corporations, as they have shifted locations eastward and southward, but it also compounded the political disadvantage of achieving a fiscal balance.

We made a mock of conditionality in the 1990s. We limited those conditions to the monetarist criteria of Maastricht, to the limited criteria of the Copenhagen Agreement and to the adoption of the *acquis*. There were no commitments to the reduction of external imbalances, to the huge current account imbalances that existed then and exist today.



If I had more time I would have talked about German wage dumping. It is one of the most malign influences on the prospects for cohesion and convergence over the last decade or

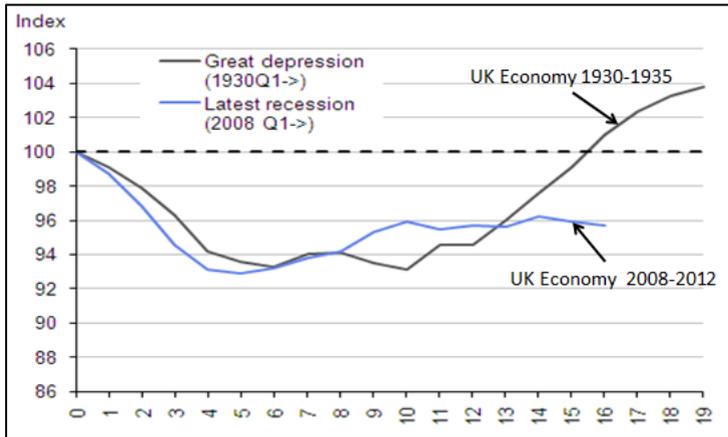
so. I would have argued that the German export model as it is trying to be imposed on Europe through the fiscal compact is utterly dysfunctional and it is driving a wedge into what is left of solidarity.



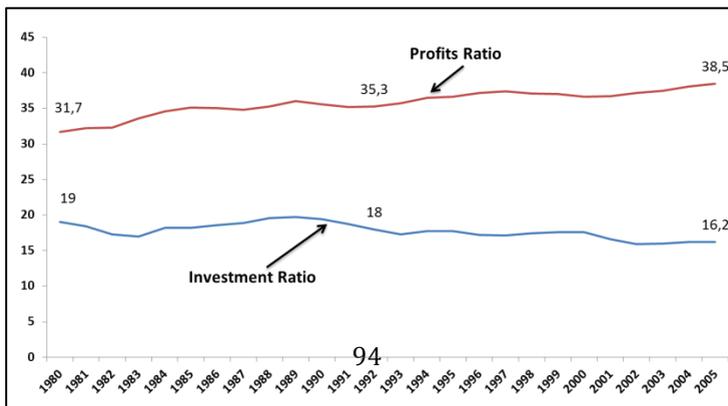
The above graphs show the current account symmetry that existed in 2002 and in 2011. As you go to 2011, that current account disparity gets even greater. The German current account surplus in Germany rose from € 42,7 billion in 2002 to €47 billion in 2011. There are severe deficits at the other end;

Italy now has a current account deficit of € 50 billion. So austerity made things worse. The divergence preceding 2008 is now being compounded by some fairly nonsensical policies. There are also disparities of interest rates, which are interesting to look at.

The Multiannual Financial Framework is a message of despair



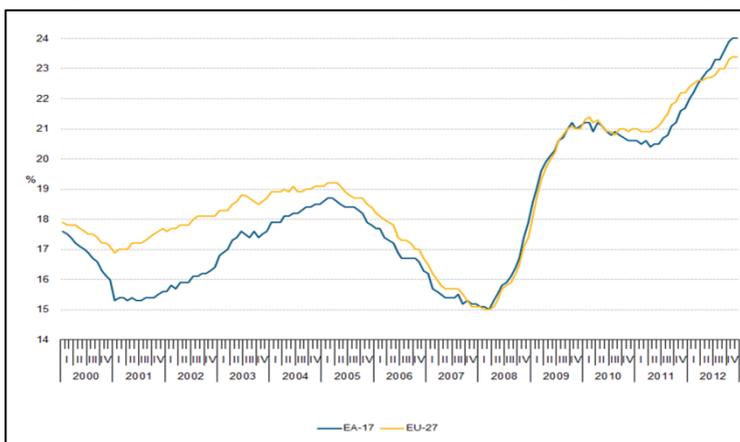
that confirms the austerity preference of Germany and of several other Northern European states. I can only see the MFF making things considerably worse by prioritising deleveraging rather than prioritising recovery and jobs, resulting in a terrible



waste of human capital. The data show that we are not recovering and that the recovery so far is worse than in the 1930s. The investment ratio, the critical indicator of how economies are going to develop over the year, has chronically decreased between 2001 to 2011. That is an indication of why neoliberalism does not work. You increase profits but you reduce the investment ratio.

It has been highlighted up until now that youth unemployment is at unimaginable levels, certainly in the states of the South but chronically all around the European Union.

These levels are going to leave a permanent scar within the European Union. That non-utilisation of young dynamic energies



and brains is a chronic loss of economic potential. It will certainly leave income scar in the lives of all those young people. But more particularly it will leave a scar within Europe in terms of the non-youth, the squandering of human capital that, if we were to believe the Lisbon Agenda, is the basis of Europe's future. Smart growth? Yeah, I do not see much smart growth at the moment.

An alternative for the single market dominance in the EU

By Mahmood Messkoub, Erasmus University of Rotterdam

Introduction

I would like to thank Peter Lelie for his presentation. He gave a very good summary of what happened after the crisis in terms of poverty, unemployment and the plan for social reorganisation. I call it 'plan' and underline plan because there are contradictions between the plan and other EU policies, both in terms of economic policies and of funding for the social plan. Our discussion of social policy at the European level should have more to do with social protection and poverty alleviation. But that is not what social policy has been about in Europe.

The transformative role of social policies

A crucial aspect of social policy is its transformative role. This role matters for managing change and achieving the social goals that Europe has had since the early 20th century. Social policy has a capacity to alleviate risk, which Peter explained very well and we all agree about. But social policy enters the labour market. You do not just dish out money to people; you protect labour rights. You organise relationships between employer and employee so that people cannot be dismissed and lose their job, their income and have to rely on unemployment benefits. The contractual agreement becomes crucial to preserve the social capacity of people to help themselves.

Labour social policy is about savings and investment issues. Pensions require social security contributions, which accumulate and require budgeting. Social policy thus enters the

financial sector. You manage banks in order to reduce the destabilising impact on the economy. You manage pensions and become one of the most important investors — pension funds are now the biggest social investors — and thus the role of the financial sector on the long-term wage of people becomes crucial.

Pensions are about the relationship between individuals and the national economy over time. Social wage is partly paid during your working time and part is paid later. You buy political stability if you distribute the national product on a basis that is seen as acceptable. I am not saying perfect but acceptable, so this basis could change from time to time.

Social policy is about all these issues. If we want a transformation of the European single market, we have to go back to these important issues of the transformative role of social policy.

The single market and its goals

The single market that we have been given has been about a social market with a social soul, because the single market has been about economic integration and growth. The idea was that over time the European population would become richer and there would be more social progress. To some extent, some of these ideals have been reached. To some extent, because the economy of Europe was growing and therefore some of the benefits of the growth reached not only the rich but also the poor and middle-income groups.

The core of the single market integration was the liberalisation of the markets. We should not forget this. It was an economic

agenda programme to integrate labour, goods and money markets. Some of these markets have been integrated more than others. The money market has been the best integrated. The goods market comes second and labour last. But this has social implications. Tax harmonisation, for example, has changed the financial capacity of member states to some extent. Budget deficits are restricted through various EU financial agreements. If you limit the budget deficit to 2% or 3%, that obviously limits the budgetary capacity of the state to engage in expenditure activities.

There are also positive outcomes. Working time directives have been crucial to reduce the working hours required from each member state. Health and services regulations have been good as well. And equal pay for men and women has been crucial to push the equality between men and women in countries where that did not exist before. In Britain, the pay between men and women was not equal until trade unions took the British government to the European Court of Human Rights to correct this. And they won. In my view, this is one most important features of the European Union and it should be told to the public to stop this EU bashing.

The EU and social policy

The EU in general also made very important contributions to the harmony in Europe and has increased the individual power of European citizens. At the same time, though, it took away a lot of the possibilities at national level. So when the EU restricts the national government budgets to 2% or 3% of GDP as part of the European arrangement on finance, the national government's hands are tied. And that is bad for the governments and bad for

the EU. The government says it is not their problem, 'it's what's imposed on us by the EU.'

The EU's social policy is non-existent as such. National social models have responsibilities; the EU does not have a social policy, it can only recommend. The social model was the objective and outcome of socioeconomic policy at the level of nation state building. As I referred to earlier, the building of the nation states transformed the rule of social policy. It was one of the most important contributions to social policy since the emergence of the nations in Europe back in the 18th and 19th century. We see the full crystallisation of it in the late 19th and early 20th century, and of course after the Second World War.

But there was, for example, a EU directive on basic provision in the European security that each member state shall insure and maintain application of the principle that men and women should receive equal pay for equal work. We have some clauses like this that are very important in setting the agenda for national governments. So the EU passes a law and national governments implement, but — and this is a big but — national compliance is not monitored necessarily. If there is a difference between national law and EU law, there must be a clash that you go to the European Union to test it. So compliance on the social side is not the same as compliance on the economic side. Members of the Euro, for example, get sanctioned if they violate their budget restrictions. Not so on the social side, where it has to be tested. It is not automatic.

The principle of decommodification

At EU level we have the European social model and we have country models. This ranges from residual to universal. Residual

in the sense that the state intervenes where individuals fail, so if you cannot pay for an emergency operation, the state will intervene. But you also have the universal coverage that everybody gets it. The principle of this social model across Europe is based on the principle of decommodification of essentials like health, education, housing, food and clothing. Decommodification means that you intervene in the market and you remove the price mechanism either fully, for example providing free health services, or partially, where you provide some health service like prevention health care. Vaccinations are then free of charge and for operations you contribute maybe 50% of the charge. Decommodification is thus the core of state intervention.

Social policy has been risk-based for citizens and universal where it was universal. But the rights-based approach applies only for citizens. Immigrants would not have the same right as the citizens, especially if they are illegally present in the country. Universal, again, depends on the range of commodities, goods and services that we have in mind. But the principles are important here: social optimum, social minimum and social solidarity.

Social optimum means preventive care and vaccination. Everybody gets it, because it is important for the protection of all the people living in a community that there is universal vaccination. If 10% do not get vaccinated, that increases the risk of getting sick.

But then we come to other areas, like income maintenance. Not everybody is going to get the average income. Here the ideal is social minimum, some agreed level of wage and income. So when we talk about social policy and universalism, we do not

mean everything for everybody. We mean social optimum, which is important, and then social minimum.

And then we have social solidarity as part of it. That is the underlying theme here, social solidarity and asymmetrical contribution in the sense that you have got rich people who contribute more than the poor people through taxation and various elements of social redistribution. This asymmetrical contribution may break through some people's mind, 'from each according to his ability, to each according to his needs', but we do not go that far yet. We stay with the capitalist market economies.

The financial crisis turns everything upside down

The financial crisis and austerity policies suddenly came on board. The financial crisis originated in financial markets but everyone has been asked to pay for it. This beats me in terms of logic. Basically the financial crisis was socialised through the nationalisation of failing banks and propping up the financial system. Which is fine, actually, because it had to be done. But when it comes to the famous saying that we are all in it together, why suddenly the poor people who have never had any hand in this have to bear the cost through lower wages, through cuts in social security and through cuts in education and health?

The original national crises varied across different countries. That is another important point: the crisis was not uniform everywhere. The housing market in Spain, poor monitoring and corruption in Greece; they are different cases with a different economic structure. So uniform economic structure? No. A large budget deficit in all countries? No. Are all EU countries in crisis? No. You have a lot of figures on this. These are simply the debt-

to-GDP ratios and the budget deficit-to-GDP ratios that we have seen in the EU statistics last year. In Greece, the debt-to-GDP ratio is 150% and the budget deficit-to-GDP ratio is 10%. In Luxembourg, the debt-to-GDP ratio is 19% and the budget deficit-to-GDP ratio is only 1%. In the wonderful Netherlands where I live, the debt-to-GDP ratio is 63% and the budget deficit-to-GDP ratio is 5%.

You know what Greece is going through. The GDP has dropped by 30-40%, there is high unemployment, and there are budget deficits, cuts in public services, cuts in pensions. But these countries, what is the problem here? They are putting forward policies not as drastic as Greece, but they change the language of social provisioning into Greek-style cuts by simply frightening the public that if we do not cut this budget deficit of 1%, we are going to be the next Greece. Luxembourg is saying that now, and they have started to cut education. What is the logic of that? The same with the Netherlands, the same with the British government. 'We could be the next Greece.' There is no attention to differences in social and economic structure, no attention to the history of these two countries, no attention to their place in the world in terms of finance and integration in other areas of the economy. Simply frightening the public that they are going to be the next Greece. This is not logic, but they are doing it. And this is important in the context of the discussion on social policy. The crisis is used to lead to austerity and to change the social contract that existed for 50-60 years between different sectors of the population. And this is the discussion we are having now.

So crisis for whom? Vulnerability of a large section of the population. Young, old, women and working and non-working; these are the people who are most afraid by the crisis. South Europe was more affected than North, by the way. You have all

the figures. We have seen colleagues from Spain and Portugal with the figures. But this has a very important gender dimension. The cuts affect men and women to some extent, as we heard today from Guy Standing. And we had some discussion from Spain about how women are affected directly. But something that is going to be neglected in the discussion is that this gender dimension goes deeper. When you cut social care and medical care, the work will be pushed into the family. Women have to take charge of that kind of care. And when this becomes wider spread, women have to cope not only with finding jobs outside. We see that part-time employment has gone up among the women in Europe. They also have to bear the brunt at home. This is a standard result that is not only seen in the developing countries, but is seen more and more in the rich countries. So the crisis had a partial effect on different roofs, not everyone was affected equally.

About the crisis and the impact on the economy and the social agenda

In the South the crisis is more acute than in the North. The South comprises one third of the EU population, but income per capita is 70% of the EU average. Basically, the South is poorer than the North to start with. We already know that jobs and employment, and in general income and earning opportunities have gone down. We have got a lot of figures on that. But while the pressure on the public has increased, social spending has been cut. Or it threatens to be cut, or it has not gone up in line with inflation. Social transfers have been cut.

Basically, what is happening is proving to be very damaging. It is going to damage the socio-political legitimacy of the EU. That is

very dangerous. We see this gradually seeping through the political discussion. Why defend the EU who comes in and tells us what to do? And the EU unfortunately has pushed this policy of Troika, which has brought in the European Central Bank, the European Commission and the IMF. None of them have any direct political representation from anybody in Europe. And they are 'managing the crisis'. This legitimacy deficit is going to haunt Europe, as I will argue.

From crisis to solutions

We have different causes and we have the same solutions, this is always the beginning of the story.

The economic structures vary, the political bases of the countries vary and yet we see the same thing. Budget deficit are to be cut below 3% or to 0%. There are cuts in public expenditure, health, education etc. And we see recommodification emerge, basically bringing the market back and giving less subsidy or user charges for various services; In general, cutting services is basically recommodification. If you cut child support subsidy, people have to go without it.

We have different social support systems and the same austerity. For example, Greece and Britain started from a different economic place and a different social infrastructure in terms of social policy. If you impose austerity on two countries with different social policy programmes, the country that has less extensive programmes — Greece — is going to be affected more. So we have to be careful here. We are not comparing kind with kind. Apparently, oranges and apples can only be compared, not in real life.

Work is a source of security. The idea is that people should work, earn money and live happily ever after. But then there is the idea of flexicurity or flexinsecurity. When you offer poorer jobs that are less secure in a more liberalised labour market, you are increasing insecurity. So flexicurity will disappear. Basically, the market has been brought back.

What we need is a single market with a social soul. The Social Investment Package presented earlier are part of it in terms of social investment programmes and other social agendas of the EU. But unfortunately, there is this junction between what the EU is planning to do on the social side and what the EU is doing in terms of its economic policies. These two things are a problem. ECOFIN is dominating the discussion, and that on the social side we have a deficit in terms of promotion and management of social policy.

Social policies need to become part of the EU economic policy agenda. That is a number one priority. Social policy should not be a poor cousin. Link social indicators to financial indicators, such as poverty risks and budget deficit targets. If you want to have an economic austerity programme, let us check the social impact of it and then move forward. Bring back asymmetric solidarity in the form of higher taxation on the rich, or manage taxation better so that the rich pay their so-called fair share. Give EU social support to crisis countries. Crisis countries are getting a lot of inputs into the economic policing, but very little in social support. They are promised, but how much of this reaches them and fast enough?

You know about the short supply of drugs in Greece. We are talking about a European country that is probably less than 1.000 km from here, and people have problems buying cancer

drugs, which are very expensive. Why has there been no fund to manage hospitals across the South of Europe? Why not? If you are worried about corruption, hand it over to the WHO. Nobody would mind if WHO people came into the country and managed the hospital sector to avoid corruption and mismanagement of the fund. I can assure you that. So there are policies available and it has to be done.

Protect the welfare budget of children and youth. Protect a certain array of budgets in order to make sure that vulnerabilities are addressed in the vulnerable sections of the community. Why do we need all those cuts in non-crisis countries? Because people in the North are sold to the idea that they will be the next Greece if they do not behave. And secondly, to bring this solidarity of North and South together. That is essential if you want to maintain Europe as it is. Otherwise, the legitimacy of the social model will be the Achilles' heel of Europe.

Conclusion

The financial crisis and the Euro are not the Achilles' heel of the EU or of the EU as an institution, in my view. It is the legitimacy of the social model that will bring people into the streets and will make explode the EU from the middle. Because the Northern Europeans will say, 'Why do we have to pay for the lazy Greeks?' And the lazy Greeks will ask, 'Why they are imposing their policies on us and why should we be part of a club which is hammering us?' And that is the real story at the end of the day.

Social services in the age of austerity

Social services and social work in age of austerity: the tendency of privatisation, desinvestment and meritocracy

By Michael Lavalette, Liverpool Hope University, UK

Introduction

We are asked to talk about social work across Europe and across the world and the impact of the crisis.

In the box on the next page is an international definition of what social work is. How coarse if the international definition to what actually happens in practice in any nation state. So the first question I want look at: what do we understand by social work and the differences across Europe and internationally?

The second issue I want to look at: what is happening to social work or social services work under the impact of austerity? I will draw primarily on the United Kingdom, but where relevant I will draw on other nation state's examples.

And the third thing I want to explore, is to think about some alternatives. I do not have a glass bowl, so I cannot stare into it and come up with new ideas. But I do think that by looking back, especially at an alternative reading of social work's history in Europe, we can find some very enriching projects and ways of thinking and doing social work. And I want to finish with some of those suggestions and suggesting that we go back and revisit some of those older projects.

Definition

The social work profession **promotes social change, problem solving in human relationships and the empowerment and liberation of people** to enhance well-being. ... Principles of human rights and social justice are fundamental to social work.

Commentary

Social work's ... mission is to enable all people to develop their full potential, enrich their lives ... Professional social work is focused on problem solving and change. As such, **social workers are change agents in society and in the lives of the individuals, families and communities** they serve.

Values

Social work grew out of humanitarian and democratic ideals, and its values are based on respect for the **equality, worth, and dignity of all people**. Since its beginnings ... social work practice has focused on **meeting human needs and developing human potential. Human rights and social justice serve as the motivation and justification for social work action**. In solidarity with those who are dis-advantaged, the profession strives to alleviate poverty and to liberate vulnerable and oppressed people in order to promote social inclusion.

Social work values are embodied in the profession's national and international codes of ethics.

One definition, different practices

As I said, this box is very busy. It is a small part of the international definition of social work. It is set out by the International Federation of Social Work, of which every national social work body across the globe is a member. The best definition is embodied within every national social work code of ethics or criteria. It is a two-page definition and this is only a small part of it. Some bits in bold: 'social work promotes social change, 'social work looks at problem-solving in human relationships and empowerment and liberation of people', 'social workers are change agents in society and in the lives of individuals, families and communities'. The values I have highlighted: equality, worth, dignity of old people, meeting human needs, developing human potential, human right focused, focus on social justice as a way of serving and justifying social action.

Now, for me, it is a wonderful definition. But it has got very little to do with what social workers in the United Kingdom do. In fact, if we want to look at social service work in the 'United Kingdom'... And I have put the United Kingdom in inverted comma's for a number of reasons. It is not because I am questioning the possession of Northern Ireland within the United Kingdom, although I would do that, but that is not the issue for me. The issue is that in the United Kingdom, there are four jurisdictions: Northern Ireland, Wales, Scotland and England. And particularly over the last 10 years, the welfare regimes in those four jurisdictions are pulling further apart. So for example in Scotland and England, if you are ill and you go to your doctors and you get a prescription, if you take it to the chemist in Scotland, it is free. In England, you have to pay. If you are training as a social worker, in England it is three years and a

student you will pay £9.000 per year to get your BA. In Scotland, it is four years and it is free. If you are an older person and you require care, in England you will be expected to sell your home to pay for your care as you get to 65, 70 and 80 years. In Scotland, it is free. So increasingly, across the four jurisdictions of Northern Ireland, Wales, Scotland and England, we talk about social policy in the United Kingdom. And increasingly, that is not a uniform way of addressing the problem. So even within the United Kingdom we have a problem of defining social work, its laws, its value basics, etc.

If we want to take the majority of the social workers in the United Kingdom, they are directly employed by the state. They are doing child protection work, they are working with mental health service users, they are working with older people. And about 75% of social workers who have qualified and who have that title work for the State. Social workers have a protected title, you can only call yourself a social worker in Britain if you have a Bachelor's degree or a Master's degree in social work and if you are registered with a social organization. The other 25% will be involved in drug and alcohol work, in voluntary sector work, they will be working in communities, they will be doing a whole array of social work tasks but not employed by the state. So social work is vast in its scope, it varies depending on location and if we move outside of Britain, there are some examples where this becomes even more confusing.

In India, the training regime for social workers, because of the history of the British empire, is very similar to the training regime of the social workers in Britain. Except at the end of your qualification in India, there is no job that people do called social work. In fact, the most common and popular job that social workers do in India is to become personal managers in global

multinational corporations. That is not what most social workers in Britain do.

In different parts of Europe we will find perhaps different occupations. In Germany, there is social work and there is social pedagogical work. In Greece, social pedagogy is part of social work along with youth and community work. In Britain, youth and community work is a separate qualification for some social work and there is no such thing as social pedagogy. So across Europe we have complexities in the way in which these social professions work and interact with each other.

Internationally, social work is one of the fastest growing professions. This is almost exclusively because there is now social work in China. The rapid expansion of social work in China interestingly happened after Tiananmen Square. The Chinese government decided that they needed to have social workers to divert some of the social protests that the students in Tiananmen Square were involved with. The models of social work in China are quite different from those in Britain. They are heavily dominated by medical models of intervention — they have been influenced by a strand of American social work — and focus on individual work, with very little attention to community-based work as social workers.

In Brasil, we have a distinction between social work and social services work, which I find quite difficult and for many Europeans will be difficult. Social work is community based activism, working in the favelas amongst the poor, campaigning work, very political in orientation. Social services work is working for the state institutions, doling out benefits and working with people in that way. So they have two different types of jobs, but yet every one of these countries — Denmark,

France, Britain, India, Brasil, China, etc. — all sign up to the international definition and all claim to be doing the same thing, which is social work. And clearly they are not.

Three orientations to social work

In Britain, as I said, most social work is state-directed. It is paid for and is under direction of the social policy of the state. But most social work is contested. The other thing that we have to bear in mind is that social work itself becomes a contested activity, and it is contested by social workers themselves. There are three broad orientations to social work.

On the one hand there is a minority camp within social work that pathologises service users. In other words, that blames the people themselves. 'It is your fault that you are in poverty, it is your fault that you are taking drugs, it is your fault that you have an alcohol problem and you have to change your behavior in some way. And benefits systems should be about the carrot and the stick.' So there are social workers and social work agencies, although a minority, who are around that wing of what social work should be about.

Then there is probably the majority of social workers, who have the notion that the job of a social worker is to help people help themselves to change themselves and change their environment. So they are committed to some kind of reform of the individual, reform of the community, but involving individuals and communities in that process. There is a recognition that this may require reform of the state, the local state, economic relations or other relations in whatever way. So it is a reform agenda. And that would be the majority of social workers, I think.

The third perspective is also a minority, but has been there from the very beginning. It is what I would call the more radical orientation to social work, which focuses on the public causes of so much private trauma. In other words, that we have to look at the impact of inequality and oppression on the marginalised, the poor and the detrimental impact it has on them.

So social work, even within a jurisdiction like Britain, even within the state-directed sector, will be populated by social workers who are politically along that vertical axis.

The first conclusion is that social work is much more complicated than international organisations would claim, because they claim social work has a unified identity and that everybody is claiming to work in the same way. That is clearly not true.

Social work in times of crisis

The second question is about social work in crisis. We are not going to spend much time here. But as a social worker, it is important to say that the whole basis of austerity is open to question. What I mean by that is, if I look at Britain, the debt-to-earnings ratio in Britain today is smaller than it was at any time in Britain's history between 1919 and 1968. During that time, we built the welfare state. And yet today, with this smaller debt to earnings ratio, we are told that we must smash and destroy and cut the welfare state. Why? So one of my questions is: why do we have to cut the debt and why do we have to do it as quickly as my government says we have to cut it? The second thing is, if we do have to cut the debt, why does it have to be at the expense of the poorest and the most marginalised? Why do we have to cut welfare services? Why do we not just close the

tax loopholes? The Tax Justice Network claims in Britain there is 98 billion pounds of tax that is being avoided in some form by the major corporations. The government is talking about spending £33 billion to rebuild a second wave of Trident nuclear missiles in Britain. Why? The Cold War is finished, why do we do such a thing? I did not agree with it that time around but now it is mad. At the same time, the British government tells us the main threat is from internal terrorism. It seems to me that if that is true, and I do not agree that it is, but if that is true, nuclear weapons are not a solution to the problem of terrorists in London.

There are lots of ways of thinking about what we should cut and why, but the other thing that we have to say in Britain, is that these so-called austerity measures are not saving the government any money. The austerity program in Britain is actually costing the British government money. For example, the shift to make students pay for university fees is likely to cost billions of pounds more to the government than the old system when they used to pay directly to universities. The cap on benefits, which means that no family will get more than £500 a week in benefits, will undoubtedly lead to long-term costs for the British government. It will take those families out of social rented housing, push them out to housing in the private rented sector where rents are more expensive because there are not enough homes, and the housing benefit budget is likely to increase in Britain as we make poor families homeless. There is an illogical thrust within the austerity measures in Britain.

The people who are suffering here, the people whose benefits are being cut, the people who are being made homeless, these are the people who social workers work with. The one thing that is common anywhere in the world is that social workers

overwhelmingly work with the most marginalised, the most oppressed, the most dispossessed in your society. That is who social workers work with. And therefore the austerity measures are, if you like, attacking our people as social workers.

In Britain, we talk about austerity and the problem of the poor all the time, but we never talk about the problem of the rich. This week, when I was looking for some facts and information, I came across a Forbes magazine, which is a useful source for us to look at. And on May 15th, they had an article on the new luxury markets, and you can in fact now buy a watch for £2,5 million. If you want the address, I can give it to you later, if you want to buy one. So we do not talk about the opulence and the extreme wealth. In London the house prices in the center are rocketing at a time when house prices everywhere else are falling. We do not about the luxury yacht market. There is a two-year waiting list to get your luxury yacht. It is not just a small boat; a luxury yacht is a yacht with a helipad on it, it is very large. If you want one of these things, you better put your name on the waiting list quite soon. So we do not talk about the problem of the rich, but we do talk about the problem of the poor, and we do not talk about the idle rich and their vast wealth at the expense of the poor.

From my perspective as a social worker, and especially in Britain, the austerity measures have taken place primarily as what I would call the austerity opportunity. What the British government have done, under the cover of austerity, is bring a whole raft of social policies in. This has effectively undermined the basis of the welfare state in Britain. We are seeing a whole series of very profitable private for-profit service delivery companies, who in the last four years have made massive amounts of wealth out of the welfare state system. Companies

like Serco, Athos and G4S are now large multinational corporations that provide schools, are involved in health care delivery, in the prison services in Britain, in mocking up the Olympic security, whatever it is that they do. They are involved all around these things, and their profits in the last four years under austerity have rocketed across Britain. So this is an opportunity for the restructuring of the welfare state, and an opportunity for some private providers to gain vast resources.

Social work transformed under neoliberal pressure

The impact of this in social work is not hard to imagine for us in Britain. It is not hard for us to imagine; social work before austerity was already going through processes of neoliberal transformation. The neoliberal transformation in social work, or social services work, is marked by increased marketisation, by managerialism, by control of social work by frontline social workers. There was a study of social work that came out two years ago, and it was looking at prospective entries into the social work profession. A large number of those who responded that they had thought about going into social work, once they had had that taste of the work, they decided that social work was not for them. Because what they really wanted was a job that was working with people. Social work, they thought, was not about working with people. It is a strange comment, but it reflects the reality that social work in Britain is increasingly not about frontline face-to-face work with clients or service users, but is increasingly about filling in forms, rationing care, accessing the market for care delivery, about your life being dominated by a computer. 70% of social workers' time is spent filling in forms to make sure that clients and service users do not get services, rather than meeting service users and fighting for the services they require.

So we have seen an increasing marketisation through the 1990s and early 2000s, an increasing control of social workers by managers in an atmosphere of target setting. The British Secretary of State for Education, Michael Gove, has recently said that every social work department should have a target for removing children from families. That seems completely bonkers to me, but then that is Michael Gove. So they should have a target, and he then said that we should not be ashamed to have social workers who remove children from families. What he did not say is, that, in Britain, if you remove a child from a family and they go into looked-after care, their life expectancy and life chances will absolutely plummet. They will have a fantastic chance of going to prison, they will have a fantastic chance of being a drug and alcohol misuser. But in terms of going to university, in terms of getting qualifications, their chances will be close to zero.

As a consequence, we see that workloads are increasing in social work. The consequence is that we have job churning. So now, after qualification, if you are working in a child protection team and you manage to stay in the job for three years, at the three-year point you become a veteran social worker. Because by five years, most people have wavered and gone on to do something else. They are completely burned out by the work excess that has taken place.

So we have a bureaucratic system, an IT dominated system, a managerial-heavy system, a target driven system and a system that is geared toward social work burnout where there are a lack of resources, a lack of time to work with service users and a culture of meeting artificial targets set by the government. This was before austerity. And under austerity, it has just got worse.

Is there an alternative?

Is there an alternative? These are just some ideas. But as I start to think about alternatives to the horror, increasingly the horror of frontline social work in Britain has been reduced to, I have started to look back at our history. Actually, there is an alternative of social work. Some of these I have to explain.

Community cafes and miner strikes take me back a long time in Britain. When I was very much younger, in the middle 1980s and the middle of the miner strike in Britain that lasted for over twelve months, I did a lot of support work for some of the mining communities. As the strike wore on, in the miner communities they had to deal with a collective trauma, had to face long periods of time without work and whatnot. What they started to do was engage the community in things that were like a collective therapy. So at Christmas in Britain, we have pantomimes, and in the mining community they organised pantomimes. But these were very political pantomimes. The wicked witch from the South was Margaret Thatcher. They politicised and tried to explain to the people in those communities, to make them understand the trauma they were facing collectively. On Friday night, the support groups would sometimes just put money behind the bar and let people get drunk. But this was about letting off steam, anxiety, anxiousness and not advocating that we all go and get drunk. At least this was a way to think about the collective problems that communities faced.

In my town Preston we have similar things, our own community cafes. There are now cafes drawn up because one of the problems that we have, especially with older women, is that they outlive their partners, their children have had to move from jobs and they find themselves very isolated. Very often the

medical services come along, they are quite lonely and they say what they need is a tablet because they are depressed and all of the rest of it. But in Preston, there are now people who try to set up community cafes because their understanding is that they are not depressed, but they are isolated and therefore have to come together. We provide nutritious cheap food and in the afternoon they can sing songs from the 1950s or 1960s, or do whatever it is that they want to do. But they create a collective forum to deal with isolation and alienation rather than the medical model, which is to give them a pill because they are depressed.

So both of those are interesting because both in the mining communities and in those community cafes, there are no social workers involved. But it seems to me that both of those are examples of social work as understood by the international definition of social work. I have done some research in the Palestinian West Bank, and in the refugee camps we had some wonderful social work projects. But they do not have social work in Palestine, so there are no qualified social workers. But they create public spaces for young children or people with disabilities to understand their social situation, their isolation, and to create a space for them to have fun, to understand their life and to deal collectively with the trauma.

A rich history of radical social work

And as I looked at those examples, I started to look back in Europe to find that actually, although social work does not talk about them, there is a very rich history of similar ideas and projects right across Europe. Some of the ones in England are people like Mary Hughes, Emmeline Pethick and Sylvia Pankhurst.

Another important woman was Mina Mosa. She was a Swiss pioneer of social work. She trained in the 1890s in London and went back to Switzerland, where she set up the first school of social work in Switzerland. She was involved with the government in projects dealing with TB and poverty. We went into the First World War period and she was still active, but after the war she made a fundamental mistake. If you look at the books of social work in Switzerland, Mina Mosa does not appear. In 1919 she joined the Communist Party, and this was a problem. She also came out as an openly lesbian woman and led the rest of her life as an openly lesbian woman. Both of those things meant that she was cut out of the history of social work. But she was the leader of an organisation called International Red Aid, which was a welfare organisation that dealt with both refugees, particularly from the Spanish Civil War, and political prisoners and their families.

Jane Addams and Bertha Capen Reynolds did something very similar in America. Jane Addams was on the front of Fortune magazine as the Woman of the Year in 1914. She was embraced because she was working with refugees and embracing them into the American way of life. By 1917, she was treated as the most wanted woman in America because she had taken an anti-war stance as America entered the war.

Bertha Capen Reynolds was involved with refugees, but she was also involved with something called the social work and file movement in the 1930s. In 1948, she was hauled in front of the House Committee on Un-American Activities and was banned from practicing as a social worker. Ever again, not because she was a communist — she was not — but because she was involved in trade union campaign. And again, Jane Adams' and

Bertha Capen Reynolds' histories have been sanitised and written out of what that was.

In Spain, during the Civil War, there were three organisations because a lot of the child protection active-ties had been organised by the church. The republican government set up childcare. There was the Mucha Libre, the three women of Spain who set up a whole series of welfare organisations, interestingly primarily through trade union women of the domestic labour force, which allowed the women to fight on the front. And there was also a network of organisations that were linked to the international brigades, which started to develop things which social work would claim are part and parcel of mainstream social work today, even though we do not acknowledge where they came from. An Australian woman called Esme Odgers protected refugee children from Madrid, and then later from Barcelona. She set up children's colonies, 'colonias infantiles', where the children had pen friends in Britain, France and various other European countries. They would write each other and tell them about life without war. In the colonies, they started both play therapy and art therapy to deal with the children's trauma. That was the first time that art, play and drama therapy had been used in social work settings. And yet, if you look at any social work book from Europe, the history of the colonies in Spain is completely written out and Esme Odgers does not appear in any European history book of social work.

Conclusion

It seems to me, therefore, that if you want to think about alternatives for the future, we could start by relearning our history of different ways of operating in social work, of a social

work that is embedded within social movement activity — whether that is a social movement of trade unions or a social movement of Occupy campaigns. I should say that the most recent example of this kind of social work took place in New York under the influence of hurricane Sandy, when the Occupy movement set up essentially a community based social work program to deal with the social consequences of the hurricane. Their slogan was 'mutual aid not charity'.

And from that starting point, I think we can start to see an alternative social work. A social work that is supportive of people, that engages with service users and service user movements, and that is based in the values of meeting human need, equality and social justice.

The Impact of Austerity and Privatisation on Social Care in the UK

By Jonathan Butterworth, Just Fair, UK

Introduction

At the moment, in the UK and I think across Europe as well, we are in what might be called a social care crisis. My hope is to talk about the impact of austerity and privatisation on social care in the UK.

In order to do this, I want to start off with the Daily Mail. You cannot start your day without The Daily Mail. This is the context I want to give you, the rhetoric and the narratives which are happening in the UK at the moment.

It is a very hostile place to be if you are not working in Canary Wharf or in the City as a banker. If you are living in any sort of poverty, then you are at real risk of being stereotyped and scapegoated



individuals like Philpott were the vile product of welfare UK. And if you read it, you know he is milking the benefits system. They essentially stretch individual blame to an institutional endemic problem, and suggest that Philpott and anybody that is like him and resembles him are the cause of the budget deficit, as it is called. But, as Michael Lavalette already told, it is a fallacy to think they are causing the crisis in some way.

Again in the Daily Mail, here is Cameron declaring his war on welfare culture. Al this creates a very hostile environment within which to do any form of social justice work, unless it fits in with this narrative of blaming individuals as the cause of their own problems and of wider societal problems.



I have been asked to look at social services, and I have chosen social care to focus on. Social care is basically the provision of care to anybody who needs it: dressing, washing, getting in and out of bed, going to the toilet. Any form of health that vulnerable people at risk groups, older people and disabled people in particular, receive from a variety of different sources. But primarily it is a governmental duty to provide this care. It is there to make sure

you have a good quality of life, you remain independent, stay active. I am the director of an organisation called Just Fair and we basically take a human rights-based approach. So I want to take a rights-based approach to social work, and help to understand why social care is a human rights issue.

Social care as a human right

Here are just a few rights that underpin social care: privacy, dignity, autonomy, choice. The right to choose the life you live, how you are treated, what you do during your day, how you are looked after. Social security, or the funding and assistance in order to have that care met. An adequate standard of living, which means essentially being able to live a life that is worthy of a human being — if your care is inadequate, then you are not living that life. And finally, health care, obviously.

Social care and austerity

The situation with social care over the last few years has been one of increasing crisis. Funding, to give just a very simple picture, is going down while the number of people needing care is going up. We have an ageing population: the number of people aged over 85 between 2004 and 2010 grew by 23%. However at the same time the money spent on social care only grew by 0.1%. This is why it is a crisis. It is a ticking time bomb and, inevitably, as we age as a population, and this is happening across Europe, there is going to be a complete disconnect between the amount of care that is available and the number of people who need it.

But to add to this, austerity is coming with cuts to social care. Whereas previously it rose very minimally, now it is just being cut. By 4.5% in 2011, for example. This is having an effect all the way across the country. So there has been a number of legal challenges towards the way local authorities have been working with social care. They had to say that 'we are not going to give social care to everybody anymore, we are going to limit the amount of social care that we give and the number of people who receive it, so we are only going to give it if your care needs are critical or substantial'.

Before 2006, only roughly half of local authorities restricted their care to those who were critical or substantial. In 2011, 4% will only fund social care if people have critical needs, and 78% will only fund social care if your needs are substantial. This means a huge number of people are simply missing out completely. We are going to look at what this means.

Privatisation is happening at the same time. Increasingly, it is no longer a service which is provided by local authorities. It receives some of its funding from the state, sometimes it is being carried out by voluntary organisations, just around 19-20%, but the majority of this is being provided by private companies. The state is basically contracting out social care. What was previously a public function, a public duty in the public interest, is now increasingly being done by private actors.

The consequences of this austerity policy

To assess the impact, we can look at disabled people and older people. They are two of the main groups who need social care. The number of disabled people in need of social care is going to go up from about 1.1 million at the moment, to about 1.3 million

in 2020. At the same time, between 2010 and 2015, the budget on the local level for social care for disabled people has gone down by 20%. So inevitably, this can only mean one or two things. Either disabled people are becoming more able, in which case they do not need social or. Or disabled people are going to be left without social care, and they are going to be really fiercely affected by this. And obviously it is the latter, isn't it?

In a report by a number of leading disability groups, it says that they think social care for disabled people is underfunded by about 1.2 billion pound. They say about 40% of disabled people are failing to have their basic needs met. Care is falling, so the number of people who are receiving this is being decreased since 2008 — by about 90,000 as of yet. This is the logical conclusion that is going to take place. If you increase the thresholds, decrease the funding, and yet the number of people that will increasingly need care grows, then you are just going to get people falling out of the system.

Older people are in a similar situation. About 2 million older people in the UK need social care. Nearly 800,000 of those people do not get any form of social care from the government. So they are getting it from their relatives, kinship carers, partners, neighbours, et cetera — from anywhere they can find it, really. As well, as Michael said, particularly in England — and that is a really important distinction — when you get to an age when you need social care, you can no longer say, 'It is okay, I can just turn to the government to help me when I am in my greatest need'. You are going to need to sell your house. You are going to need to save a great deal. Either you are going to have to partial pay your own social care, or you are going to have to pay all of it. So one in ten people are spending over £100,000 for social care. The same thing is happening in terms of thresholds.

Critical and substantial thresholds are the norm now. So that is the effect, that are the statistics, that is what is going on.

Violations of human rights

I believe that, basically, human rights violations are taking place on a broad degree. This is a case called Winterbourne View. It was a private care home for disabled people, particularly for those with a mental disability. Over a series of years, with increasing privatisation and decreasing cuts, a cultural shift took place within the care home so that this man here, for example, was being reprimanded, conditioned to behave better, and the method by which they were doing that was locking him outside in the cold and making him lie on the floor. He was so disabled that he was incapable of getting up and going back into the home. So he was left on the floor, he was shivering, and he had also, I believe, urinated on himself. Because the patients have a mental disability, sometimes their social behaviour can be volatile. But Winterbourne View's method of dealing with that



consisted of physical sanctions, of physical punishments. This was uncovered by an investigation some journalists were able to do on this. It really shocked the nation, but it is the logical conclusion of what is taking place in terms of a care crisis.

If you are not giving enough funding, and if the number of people who need care is increasing but the amount of care available is decreasing, you are going to get human rights violations taking place. And these are human rights violations.



We know this because, just to go back, the UN Committee on Economic, Social and Cultural Rights has said that violations of these rights include insufficient expenditure or misallocation of public resources. As Michael said, austerity does not pay necessarily. If you got a pot and you fail to allocate it appropriately in accordance with the priorities of the human rights covenants, then you violate human rights. So if you are giving massive amounts to Trident missiles but you are failing to pay for disabled people's care, then you are violating human rights. If you contract services to private third parties and they violate the rights, then you as a duty holder are liable for those violations. If you manage to reach a good standard and then you

pull back without proper justification, that is an immediate violation. So if you cut spending and reduce the number of people who are receiving care, then there is a presumption you are a human rights violator.

So all the way across Europe austerity creates an immediate case for an argument that human rights violations are taking place. Unless you can really justify it, but as Michael has demonstrated the justifications do not fit, they do not add up.

Conclusion

Finally, there is a minimum core. Everybody has a basic standard by which they should be provided for. And I think it is quite clear that this is clearly being missed in a lot of cases. Not every case, there is some good care taking place, but these trends are dangerous in this way.

There was an inquiry into older people's care. People were literally malnourished, thirsty, dehydrated, neglected, not being looked after. There was financial abuse, money being taken, disregard for their dignity, patronising, no choice in how they are treated. It is the same situation with the disabled, who have to deal with loneliness, dependency on families, isolation, depression.

A consortium to fight for human rights

The organisations we are working for are finally able to launch a consortium. We have got about 70 national charities from all the different sectors: for children, women, older people, refugee migrants, LGBT groups, etc. We are working to achieve fairness

and justice in the UK by using fundamental human rights. We are going to look into issues such as child food, fewer poverty, homelessness, income and equality, unemployment, changes in the social security system. In the UK, food poverty has risen exponentially. In 2008, I think, 20,000 people used food banks. In 2013, about 350,000 or maybe even half a million are using food banks. A lot of these people are working, so it is in-work poverty we are seeing.

The sad thing is that the government is isolated within the UK, but the same goes for civil society to some extent. We have to properly engage with European allies. So every idea on how the consortium could learn is necessary. Also, how can we enable people in poverty to really lead the consortium's agenda?

Poverty reduction by supply side economics, the Swedish experiences

By Thomas Janson, TCO

Introduction

I am from a trade union confederation in Sweden called TCO. We unite 15 white-collar trade unions with workers in all sectors of the economy. I will talk about the present government's strategy when it comes to creating jobs. Creating jobs is the way, they claim, that will reduce poverty. I will also talk about how our social welfare system increases vulnerability, and present some conclusions. I will not talk much about social work.

Sweden is famous for ABBA, social democracy and a good



welfare state. But these are pictures that are now distributed to newspapers around the world: riots in the suburbs of Stockholm, where mainly young people set cars on fire and destroy property. The police and fire brigades have huge

problems in handling these riots. The question is why these riots occur, and also what the responses from the politicians are.

Here is a difficult picture to understand, but I will explain it.

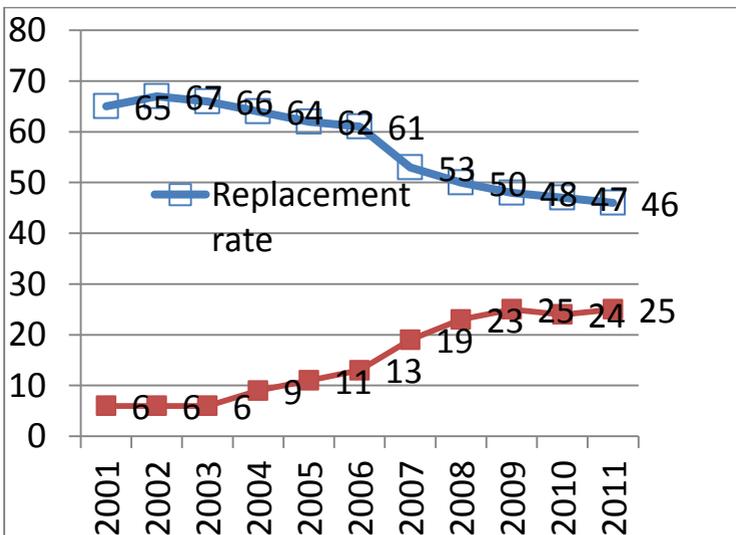


It is from Dagens Nyheter, the biggest newspaper in Sweden. The man you see on the picture is the prime minister of Sweden, Fredrik Reinfeldt. He is a friend of David Cameron, which is very much shown in his policies. The left picture is from a press conference when it was discovered that the manager of his favourite football team got some threats by email from hooligans. The day after these threats were discovered, he called a press conference saying, and this the title of the article, 'We do not accept threats'. So this was a major event, a major public event where he took a firm stand saying that the society does not accept threats against the managers of his favourite football team. The picture to the right is from a press conference on the riots in the suburbs of Stockholm. He called this press conference two days after the riots had started, when people asked why they go to hockey games but did not have time to express the government's position on the riots. He waffled a little bit and then, after two days, he called a press conference. The message there, with all these burned out cars and destroyed property, was that the citizens of Husby — the suburb where these riots started — must show that they do not accept this. Do you follow the difference here? When it is about his football team, it is: 'we, the society, the government, the state'. When it is about riots in suburbs, it is: 'them'. It is a 'we and them'

discourse, and this has been the discourse for, I think, the whole of the period of this government.

I recognize this discourse also on those who claim benefits — the discourse about fraud in the system. There is a 'we and them' discourse from the Swedish government. Then there was also an article yesterday, in the second biggest Swedish newspaper, where a sociologist said that the young people in these suburbs have an extremely exposed social situation. 40% of the young people do not make it at school, and a large share fear they have no future, no jobs or possibilities to get a job. Money which should be devoted to the suburbs is withdrawn. There is desperation of young people in these suburbs. The social situation has been aggravated the last years.

Not so social!



If you think that the Swedish government has an objective or a target of reducing poverty, you are wrong. They say that the best

way of reducing poverty is to increase employment, because they see that there is a link between the labour market and poverty reduction. And in a way they are right. Of course, employment is one of the best ways to reduce poverty. The problem is then that we have their policies of increasing employment, which are not exactly demand-oriented. It is more supply-oriented. They have by many means increased the difference in income between those who work and those who do not work. Because we know that you need incentives to work. If you ought to work, you have to have an economic incentive. Otherwise you do not work. That is common knowledge.

The graph above shows the replacement rate of the state's unemployment benefits in Sweden, and the ranking of the generosity of the unemployment benefits of Sweden compared to the OECD countries.

The line that starts at 65 and goes downwards is the replacement rate for a middle-income person. So starting in 2001, middle-incomes got 65% of their net income in unemployment benefits, which is fairly good. We were on the 6th place in the ranking, suggesting a good welfare system. Now, in 2011, we have a replacement rate which is 46% of the net income. So a person with a middle, average income will get 46% of his or her income in replacement rate from the main unemployment benefit system. Which of course is very difficult to live on. We are below the generosity of the United States. In terms of ranking we have gone from place 6 to place 25, so we are in the lower end of the ranking. Such welfare giants as Latvia are ahead of us — and no offense to Latvia.

The policy action to then increase employment, except reducing benefits and tax cuts for those who are employed, has been to

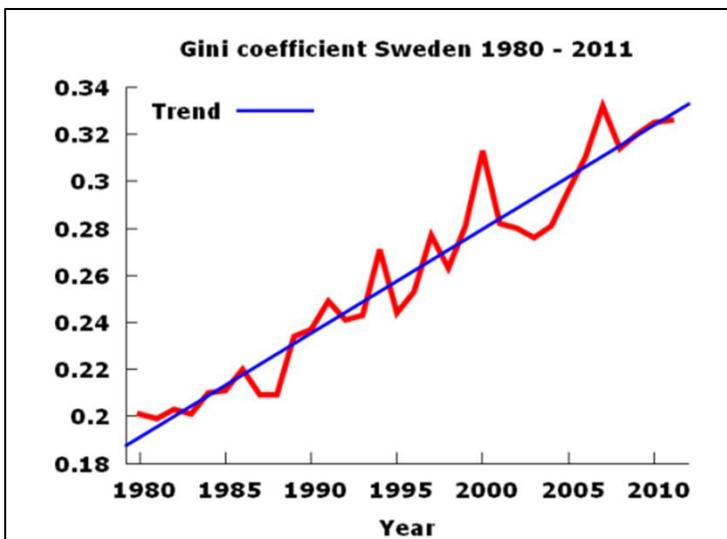
subsidise the hotel and restaurant sector. 'People should eat more in restaurants, this will create jobs.' Ah, you laugh! But this is the economic model of the Ministry of Finance, showing that this has effect. The problem is that the reality has shown that this has no effect. And even the European Commission is in doubts if this has effects. We have a general subsidy to companies employing young persons. They have spread out what they have in subsidies to all young that are being employed. Not those who are vulnerable, but all young people. Does this create jobs? No, it has not. It is extremely expensive and has had no major impact. We also have an activity prohibition for young and unemployed persons. That is, if you become unemployed and you need training to qualify yourself on the labour market, you have to wait for three months because you are supposed to look for a job. So even though you have no upper secondary exam, or if your qualifications are not up to standard and if the employment services sort of say this or know this, you have prohibition to send a young person to activation or to training for three months. He or she should look for jobs because we know that job search intensity increases employment. That is a general truth within some part of the economics.

We have in Sweden a big subsidy scheme for unemployed people who have been unemployed for a long time. Companies get huge subsidies to employ them. They pay for around 300 euros per month for these employees, so it is extremely cheap. The problem is that there are many stories of those persons who become part of this programme. They say they feel used, that they have no rights according to the collective agreements, that they are being bullied at work, etc. It is an extremely big programme; more people are employed there than in Volvo. But it is a labour market which violates the rights of people. One of

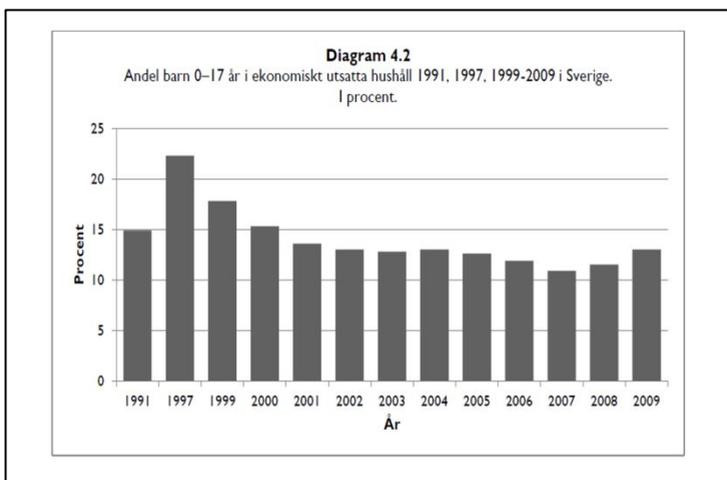
the problems is that you might think, 'OK, so we have a conservative party and we have a social democratic party, so we have a greater position towards this from a social democratic government.' And in a way, yes we have. The problem, in my view, is the economic policy — that is the demand-side or the supply-side policy. There the social democrats are playing a triangulation game. They place themselves as close as possible to the conservative government. To be more electable in the election next year, they have even more strict economic proposals than the government. But, in my view, when there is no demand, there are no jobs.

The consequences

The consequences, then. Very few of those who are unemployed actually get unemployment benefits, and half of those who are on social welfare are there because of unemployment. The third most frequent reason for those on social welfare, which is the last sort of welfare system before poverty or sick leave. So many of those who earlier had been in the insurance systems, the government-funded insurance systems, are now on social welfare, which is a means-tested system. So you have to sell your house, your car, everything, before you receive any benefits from that. We have huge reforms in the sick leave benefits system, which have mainly failed. They thought they would restrict access to sick leave benefits and then people would be pushed out to work. Because we know that those who are sick and claim benefits sick benefits, are not sick but pretend to be sick. The problem is that it turned out that they did not pretend to be sick. They are still sick, even though they get less money.



Sweden's Gini coefficient is increasing quite substantially. And it is the relative poverty in Sweden, according to the OECD, that has increased the most. We have the highest increase in the OECD area.



Child poverty is also on the increase. Not as much as after the big financial crisis in the 1990s, but still.

Laval	→	Limitation for trade union rights
Economic governance	→	Limitations in Member States pursuing demand oriented economic policy
EU 2020 (EU Growth Programme)	→	Intrusion into Social Partner's autonomy
Troika	→	Erosion of collective bargaining systems

I think we can see a pattern within the general policy framework of the European Union that there are ever more limitations for trade union rights. The decisions of the European Court of Justice and the Troika are now heavily limiting trade union rights in the Southern European countries. We see intrusion into the social partners' autonomy for collective bargaining within the EU 2020 program. We also have economic governance that limits the member states' possibilities to pursue economic policies which are demand-oriented.

Conclusion

My conclusion, then, is that we do not only have an economic and social crisis in Europe. We also have a democratic crisis. Because these economic and social developments have and will lead to a further deterioration of the confidence in governments,

parliaments and the European Union. And I will end by saying that I think this is extremely grave and serious.

Europe and healthcare: threats and answers

By Michel Debruyne based on the presentation of Rita Baeten from the European Social Observatory

Introduction

I am asked to present the impact of Europe on healthcare. My title suggests that there are some threats coming from Europe, but that there are also some answers to these threats.

In my presentation I focus on the traditional EU competencies on healthcare. They are small because healthcare is mainly a competence of the member states. But Europe is increasingly entering the field of competences of the member states and is coming more on the field of the member states. We not only see it in the field of healthcare, but also in the field of other social services like housing.

The EU has found two entrances to interfere with healthcare. The first one, and we spoke already a lot about it, the economic governance of the EU and the second one is the internal market. I focus on the developments, the challenges, and the possible answers.

The crisis as a window of opportunity

The EU is constructed as an opposition between the EU and the member states. There was always a struggle between the two. Europe who wanted to have more competences and the member states who safeguarded their own



competences. This opposition is translated in a division of powers. The EU is responsible for the making of the market with a focus on economic integration. The member states are there to correct the market by measures of social policy, social security, healthcare. These competences are territorially bound.

The economic and financial crisis changed everything. Europe has developed stringent macro-economic policies with as objective the sustainability of public finances, also in healthcare. These policies give the EU the possibility to deal with the content of healthcare and other public policies. And this is really new in the relation between EU and the member states.

The European policies on healthcare are translated in guidelines. The level of detail of these guidelines is amazing. Above this the EU can sanction the member states who don't follow the guidelines.

The impact of economic governance on healthcare

From 2010 on we see the emphasis on the sustainability of public finances. It begins with improving cost-effectiveness to - at this moment- cutting costs. The crisis created a "window of opportunity" for the Commission to interfere the healthcare systems.

We start this overview with the Council conclusions on health systems made in 2010.

The Council Conclusions are very clear on the intentions of the Ministers of finance. I list the most important conclusions:

- *Ensuring a **sustainable financing basis**, a high degree of pooling of funds and quality resource allocation that ensures equity of access;*
- *Encouraging a cost-effective use of care, through adequate incentives **including cost-sharing** and provider payment schemes, and as appropriate through the **involvement of***

- non-public providers** while ensuring the protection of those more vulnerable;*
- *Encouraging the provision and access to **primary healthcare** services to improve general health and reduce unnecessary use of specialists and hospital care;*
 - *Curbing supply-induced demand by considering the interaction between demand side factors and supply side factors, etc.;*
 - *Ensuring the **cost-effective use of medicines** through better information, pricing and reimbursement practices and effectiveness assessment;*
 - *Improving data collection and information channels and the use of available information to increase overall system performance;*
 - *Deploying a **health-technology assessment** of the effectiveness, costs and broader impact of healthcare treatments more systematically in decision-making processes; and*
 - *Improving **health promotion and disease prevention** also outside the health sector*

These conclusions are underscoring the cost-effectiveness of the healthcare systems. There are already indications that these ministers wanted more private investment in the healthcare system. But overall the conclusions are still quite lean.

It changed with the introduction of the European Semester for economic policy coordination. I list here the timetable of the European Semester: in January we get the Annual Growth Survey, in March the European Council priorities, in April the member states bring in the National reform programs and stability and convergence programs, and finally in June we get the country specific recommendations from the ECOFIN Council.

The country specific recommendations are becoming more specific on healthcare: in 2011 3 countries got recommendations; in 2012 already 6 countries. The recommendation for

Cyprus was strict: they have to complete and implement the national healthcare system without delay, on the basis of a roadmap, which should ensure its financial sustainability while providing universal coverage.

We could ask ourselves if these recommendations were provoked by member states themselves? It is easier for a member state to reform a public system if it is demanded by the Commission.

But what the reasons may be, the European Commission said clearly and loud: *“health-care related country specific recommendations may feature more prominently in future European Semesters”*

With the deepening of the financial crisis Europe strengthened the European Semester with the ‘Euro plus pact’ and the ‘Six Pack’. The ‘Euro plus pact’ raised more ambitious and concrete objectives, gives the Commission more power to supervision the member states and stated that the financial viability of health systems is a priority for the Commission.

The ‘Six Pack’ created a reinforced procedure for countries in “excessive deficit procedure” (Deficit 3% and public debt 60% of GDP) with financial sanctions. 20 Member States are now under strict supervision of the Commission.

The Euro Countries are next to all these supervisions also under a third pack: the ‘Two pack’. They are obliged to submit their draft budgets to the European Commission (before October) and member states in Excessive Deficit Procedure must sign an “economic partnership programme”, which contain detailed structural reforms. Countries receiving precautionary financial assistance are under an automatic enhanced surveillance.

The Commission and the Council created a lot of instruments to interfere in the daily policies of the member states. With these instruments Europe changed the traditional division of task. The member states can’t anymore correct the consequences of the market, instead they have to follow the strict directions –even on healthcare- given by the Commission or the Council.

The next step is the Social Investment Package. In the pacts and pack Europe determines the budgetary constraints and opens the gate to privatisation. In the SIP the Commission interferes in the contents. In the *'Commission Staff Working Document Investing in Health'* that is a part of the social investment package we read two sentences on healthcare. Here the Commission expresses clearly their goals. *"The large share of healthcare costs in the EU raises the issue of cost-effectiveness and the financial sustainability of health systems"* and *"The greater the expenditure, the lower the marginal improvement in health status as a result of its increase"*

The Troika Countries (Greece, Portugal and Ireland) find in their Economic Adjustment Programs a lot of measures that influence the healthcare of these countries. There are measures on a centralised public procurement; on eHealth, on hospital management; on the reduction of costs by cutting salaries and fees; on increasing the pocket payments; on a reduction of benefit packages; on closing health facilities and hospitals; and price reductions in pharmaceuticals.

These programs create a lot of shortages in the healthcare system: shortages in pharmaceuticals but also in hospitals beds. Especially in Greece the austerity measures have a tragic effect on the healthcare.

The effect of the economic governance is clear. The accessibility of the healthcare is in all those countries reduced. Privatisation lurks around the corner. We see everywhere reduced benefit packages and higher out of pocket payments. The consequence is that the public healthcare can't answer anymore the demands and that governments are looking to the private health insurance system. But this system works only for those who can afford it.

The second effect is that the public provision of healthcare (quantity and quality) is reduced. This means increased waiting times and reduced trust in the public healthcare system. Again,

the answer is searched in the private care systems. Private care that is only accessible for those who can afford it.

Have we answers to these challenge of privatisation? We need to reorient the macroeconomic policies. This is only possible when the Health Ministers are involved in the economic governance of Europe. And we need a systematic assessment of the impact on health and on universal access to healthcare of all the measures. Only by the involvement and by assessing we can change the economic direction of Europe.

Expansion of the EU (internal) market concept to healthcare

In the second part of my presentation I focus on the expansion of the internal market concept to healthcare.

On the EU level the internal market is driven by the Court of Justice. They have confirmed that healthcare provisions are an economic activity and that there has to be a level playing field for voluntary health



insurance. On the member states level we see that more and more governments apply for more market mechanisms in healthcare. We see more competition between insurers or providers and more and more public private partnerships. It isn't sure what has driven the member states to more market mechanisms: their own ideology or imposed by the Court of Justice. The result is the same.

When healthcare is a market driven or regarded as an economic activity, then the internal market rules apply. This means free

movement for the providers or insurers and the patients, and consequently more competition.

The free movement of services implies that there is no discrimination of providers from abroad, irrespective of their legal status, whether they are integrated in the statutory system or the prices they charge.

The EU Internal Market means a lot of challenges to our healthcare system.

First of all there shall be more commercial behaviour by statutory providers. This implies a questioning of the domestic rules, this implies higher tariffs and patient selection, the creaming of the patients.

Secondly for the statutory health insurers this implies an increased competition among insurers and more selective and individual contracting with providers.

Thirdly, commercial providers can obtain public funding for their activities. This means that public funding is used not to invest in care but in profit.

And last, there will be a tendency to deregulate the healthcare.

Can we contain these consequences of the Internal Market rules? I think we need a specific secondary legislation to ensure the social rights. This legislation can be based on the recent legislation on patients' rights in cross border care, on State aid rules for health and social services and must give a clear mandate for the service providers.

Conclusion

EU economic governance aims to improve cost-effectiveness in healthcare but increasingly also cutting costs. This has tragic effects in the Troika Countries. The EU internal market rules enhance the position of commercial providers. This commercialisation of healthcare is also sought after by some member states. They are imposing their system through EU

legislation on other member states. This commercialisation doesn't bring advantages for those who haven't enough money to pay for their health. A dual system occurs.

To contain the negative consequences we must involve the health authorities and there needs to be a systematic assessment of the impact on public health and access to healthcare.

The Spanish health system in crisis

By Javier Urbina, UGT Spain

Introduction

My presentation will deal with the state of the Spanish health care system. Of course, we are suffering from the crisis and there are some austerity policies. But I would like to tell you about the main measures that have been conducted — measures that aim to dismantle or eliminate the public health care system with the excuse of austerity and with the excuse of the crisis. As a trade unionist, I firmly believe that this is just an excuse, a strategy. Underlying it is an ideology that tries to privatise and worsen the main relationships in society.

We are conducting a campaign in which we are trying to preserve the public health care model. We are against this privatisation, and we are against the government leaders who are trying to cut things out. If they cut out health, they cut our life.

A worsening situation

Things started worsening in 2008-2009, but it has now become much worse because there is a political willingness that we cannot forget. Despite the changes made by the previous government, we cannot forget that privatising public policies is a terrible thing. This is something that the conservative parties in Spain, and in Europe basically, have been doing. In this case, in Spain, we now have a conservative party in the government — the Partido Popular — and they have been competing in order to be the best when it comes to cutting and austerity

policies. The attitudes of our political leaders are the key to understand the model we are facing.

In 2011, the main responsible for health in Catalonia — which as you know is a competence of the autonomous regions in Spain — was encouraging Catalan citizens to sign up for private health insurance to avoid this dumping between the private health care and the public health care. This just left the expensive treatments in the hands of the public system. And we are not just privatising the concept by offering it to big companies. We could give some names of those behind the companies. We have public responsible persons who all of a sudden were appointed as consultants or managers of companies dealing with this. From our point of view, this is something that is absolutely embarrassing. But it goes far beyond this, because they are trying to individualise access and the right to health care by eroding it, by making us forget that health care should be a universal right, as it was until recently in Spain. No matter who you were, everybody was entitled to access to health care and treatments before. This collective right has become an individual right now, a right that depends on requirements based on the last law, which was approved last year.

Privatisation has become common place because of these new policies. The public sphere has been transferred to the private sphere by damaging services, and by painting a negative view of public services. But privatisation, of course, appears to be a failure. Waiting lists, for instance, have increased with austerity but also with the privatisation. Also in the previous years, the quality of health care services has definitely decreased. The more the privatisation has been widespread, the worse the services have been. So there is a lack of resources, nowadays,

and there is a lack of access to the health care centres and services.

The most important thing now is to draw some conclusions. And there are some blatant and obvious facts. So I will of course talk about ideologies here, but they are all based in a universal concept, which is universal access to health care. I want to describe the cuts that have been taking place and the things that we are trying to avoid in this worsening of the welfare concept. It is not only affecting Spain; it has an impact on the global sphere, also on the political and human level.

My first conclusion, and this is a message that we can hear constantly in Spain, is that one of the causes of the crisis is the abuse of the public services. This is something that people say. 'We have been using the public things too much. In terms of education, health care, training and so on. This system has been too public and due to this excessive use of the public services, the crisis has happened.' So there is an attempt to link the crisis to this excessive use of the public sphere. However, regardless of the welfare notion in a state, we all know that the causes go beyond this. The impact on the economy is huge, regardless of the model in each country. Of course, the crisis has a negative impact at all levels, but it goes far beyond that. The crisis and the measures taken in order to fight it are leading to more inequality and to worsening conditions in the mechanism of the health care system.

The crisis, as I said before, has become an excuse to privatise the public system. It thereby creates this idea that the rich will never have any problems. People who are less rich, people who make up the working class and who still contribute to the system through social security contributions, are still more or

less safe. And then we have a third part of the population, the poor people, whose medical needs were met until recently. But now this is left on the hands of charities or NGO's. A system which used to be fair is becoming more and more unequal and unfair to an increasing part of the population.

Another conclusion we could draw is that this co-payment — or pre-payment, as we call it in Spain, the complement which the patient has to pay in order to access a service — used to be just an extra amount of money that some patients had to pay when the medications they needed were not fully reimbursed by the social security system. We citizens paid for those medications through our taxes. But now they are making us believe that this is not true, that we all need to pay more because we are not paying enough. But, as we know as taxpayers, we are already paying for the system. And the public government should of course keep on reimbursing it. So there are some ideas being created in which the access to health care is at stake.

As for the reform we have in Spain, which was approved last year, I would like to say that it takes us back to the beginning of the democracy in Spain, right after the dictatorship. That is to say, when the democracy started, there was an alliance at the political level and there was an attempt to create a new society with the available resources at the time. At that time, the access to health care was thought to be universal. With this new concept that we are having now, we are transferring this public right of a universal health care access to a condition in which each citizen is a beneficiary that needs to prove that they meet some requirements in order to have access to the service.

As a matter of fact, nowadays, we have Spanish and non-Spanish people living in Spain who do not have the same right to health

care services as the majority of the population in Spain. Some of you may say that migrants come to a country and they want to be healed and so on. Some people complain about this, but as a matter of fact the evidence shows that migrants are using the public health care systems less. And things are changing now, they are not entitled to all the services anymore. After emergency treatments, to which they still have access, the social security system does not cover the rest anymore. And that does not only happen with migrants, but also with some Spanish people.

I have been using this language of foreigners versus non-foreigners, but people who are more than 26 years old and who are living with their families are also excluded from the reformed system in Spain. Women who are housewives, who are 60-65 years old and who are not yet retired but have never contributed to the social security system through their work, and who are not already in a social help system, are not entitled to these health care services anymore. So we are facing a constant dismantling on the health care model. We have and we need a constant debate about it, to discuss how things in Spain can be worked out.

Who will be affected by these co-payments or re-payments of prescriptions? Let me give you an example of an autonomous community, namely Asturias in the North of Spain. Those earning less than €22,000 are those that are more affected by this measure. And it amounts to more than 300,000 people. Those people earning between €22,000 and €35,000 make up less than 200,000 people. And, of course, these measures at the end of the day end up affecting the biggest part of the population: those who does not earn €100,000 but much less than that. And those are the ones who are paying for these

receipts. On top of this, we should take into account that the main users of the health care services are those who are more vulnerable. That is to say the elderly, women and children. And I am saying that they are more vulnerable in the sense that oftentimes they do not earn as much money. However, they are the ones who need to co-pay more for these prescriptions because they are the ones who end up needing them more. Of course, children, as we know, do need some drugs. But also the elderly do. In that way, things are becoming a real problem. Benefits for a few people lead to disadvantages for a big number of people.

This is the social conversion that we had in Spain until 2007. But this evolution continues until 2010. When we talk about social investment and the GDP, those things are scientifically proven: the higher the GDP, the higher the expenditure and the higher the social coverage. However, in Spain, the increase in the GDP compared with the European average has been dramatic. It has become really close to the European average. However, the difference with that line, which is the social expenditure, has also been very big. There is a huge gap here. They say that we have been spending so much in public policies, but that is not true. No matter what they say. If we compare the index with social expenditure, Spain is not where it should be. Spain should be spending more on social things, but this data is typically hidden. People talk about earnings and income, but they never talk about GDP. This is being hidden in order to make people suspicious of the public services. But we have the responsibility to keep on advocating social investments.

There was an increase of the social coverage until the year 2000. The increase we see later, between 2007 and 2010, should not delude us. It is caused by some compensatory mechanisms

having to do with the increase in unemployment and the increase in pensioners. That is to say, the increase in the social budget was caused by unemployment and pensions. So that recent increase does not mean that we have been investing more in social things, but is correlated with the impact of the crisis. The unemployment rate has increased and therefore we are spending more in order to compensate for it, with a minimum income aid to employees or former employees.

In 2000, the World Health Organisation said that Spain had one of the top ten health care systems in the world. This was based on several factors such as the quality of services, training and research and development. The efficiency in cost and treatment was one of the highest in the world's health care systems. Another key aspect of the Spanish system was its effectiveness for more vulnerable groups like women.

There was a permanent intention in Spain to privatise nonetheless. And nowadays, they are telling us that privatisation is the way to escape the crisis and to improve the health care system. But this is showing an underlying ideology, neoliberalism, which it is treating health care in Spain as a commodity. This should never be the case.

Conclusion

We believe that the public system must have a core that is reimbursed by the public system. There have to be some mechanisms that control the means that are assigned to the system. But on top of this, there should always be a universal system that is available for all people living in Spain — as was always the case in Spain before. It has never been enough in terms of investment, so we should keep on investing in it.

Especially when comparing with our GDP, the investment in health care has never been high enough. And we should definitely fight against these ultra-right positions in Spain.

Health and social cohesion in Portugal

By Suzete Gonçalves (Study and Investigation on Health Centre)

Introduction

I want to talk about the role that health plays in social cohesion in Portugal, and what the risks are of the crisis we are currently suffering. It is difficult to speak about health policies without taking into account the memorandum of understanding signed by the Troika.

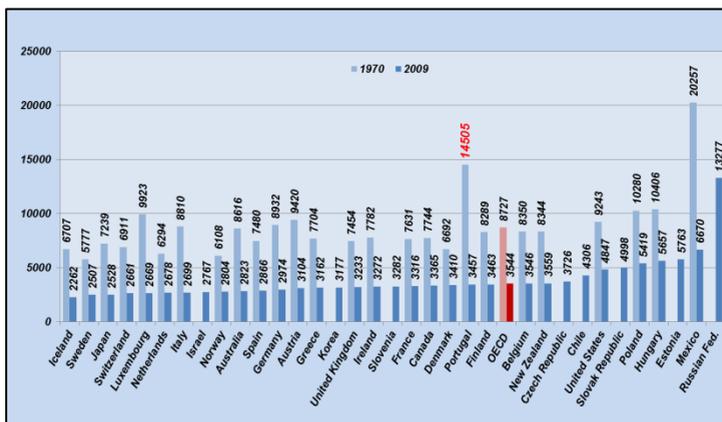
First of all, I want to show you the impact of the public national health on social cohesion. Then I will speak about the social inequalities, above all in poverty and public policies, and about the importance of public policies and the fight against poverty. I am also going to speak about the economic crisis in Portugal.

A strong public health sector

The national public services in Portugal and their health policies are far from tragic. And I am talking about the consequences of the haircuts for the investments in the public sector. Our public system is a heritage, which means that radical change would create a social situation that could not be controlled. That explains why the health sector in Portugal is not the most vulnerable sector. In the near future, it will of course be very important to understand the impact on some health indicators, to gauge the effect of the changes in in the system. I am going to start with an overview of what happened to the most important indicators in Portugal in recent years.

As you all know, the Portuguese law says that we should have

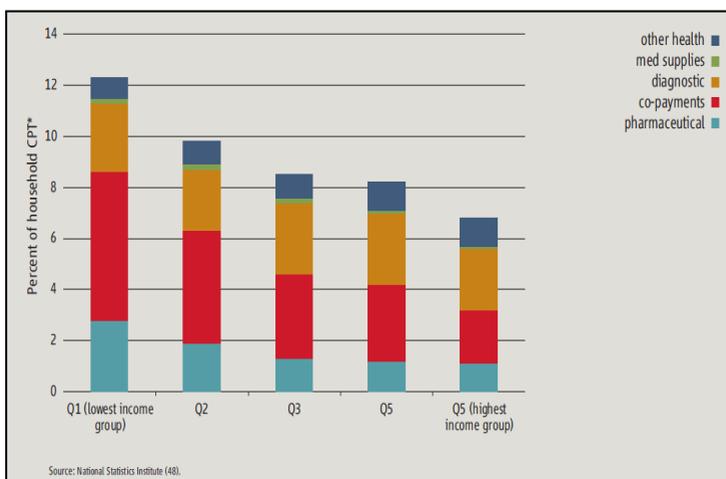
universal health coverage. The service is financed by taxation and is free for its users. We have to take that into account, just as the social and economic conditions of the Portuguese citizens are of importance. Portugal, together with Slovenia, Ireland and Sweden has the lowest mortality rate compared with the other European countries. There has been a very drastic reduction from the 1970s until 2010. The mortality rate due to the traffic accidents declined by 26% from 1995 to 2010. The mortality rate from all the causes declined by 35% from 1995 to 2010, which puts us in the top four. We have improved the potential years lost between 1970 and 2009. The difference in life expectancy at 65 years old between men and women with low education levels is one of the lowest in all of the European countries.



The very important decision was made, fortunately, to invest in health in 2010. They have been investing a large part of the GDP in public and private health. Meanwhile, the efforts made by families are important. The percentage of the public expenditure in goods and health services in 2010 represented 71% of medical health. The other 30% of health expenditure is private due to the families' effort, and represent more than 55,4%. In

the years between 2000 and 2010, families increased expenditure in health by 1.5%.

For the expenditure in health by person in 2010, we scored below the average of the 24 countries that then made up the EU. We have spent and we still spend a lot of money on medication. In Portugal, drugs constitute a big part of the total health expenditure. Almost 2% of our GDP goes to medication. Compared with our resources, there is thus an excessive



expenditure in medications. But we have made an important effort for families with a low income. Almost 2% of the families that belong to the low-income group spend a lot of their income on health. Above all in medications, because of the co-payments. Meanwhile, the richest families spend less money on medications.

Summarizing, the gains in health in Portugal during the last decades have been important. The public system in Portugal has been critical to attain these very good outcomes. There still are

problems that have to be solved, such as problems of efficiency, of efficacy and of equity. And we still risk that rates will be cut, which would impact the resources of private professional groups. There is also a problem of financial sustainability. But it is true that the efforts the families made for the public health services represented an important tool for social cohesion.

The impact of the crisis

Today we cannot imagine how the Portuguese society would have turned out if we had taken another direction, if we would not have had clear public policies. But even though we all know that Portugal is a country with serious problems with regard to social inequality and in terms of poverty —and even though the public policies have been important to reduce poverty, the problems are not completely solved. Facing the current crisis, the problems are worsening.

Poverty and social inequality have not been completely solved, even though some issues have improved. The public policies make up a large part of the social transfers. Health is a very important aspect of the transfer of goods and services, and comprises a lot of tools or mechanisms of social support. We get the question if public policies should be more efficient to reduce the problems. But nowadays there is the big risk of public solidarity being replaced by a model wherein the state has an assisting role — this would mean a shift of responsibilities to the families, so that they solve their own problems instead of the state taking care of them.

To assess the effect of the economic crisis on the public services and health policies in Portugal, we first of all have to analyse the socio-economic factors, the demographic factors, the

environmental factors and the behavioural factors. The health system has a very important role to play — and Portugal is a clear example — in the improvement of the health of the population, in the improvement of the quality of life. And it is this role, it this association between the Portuguese health system and the health of the Portuguese population that could be at stake in the current days and in the near future.

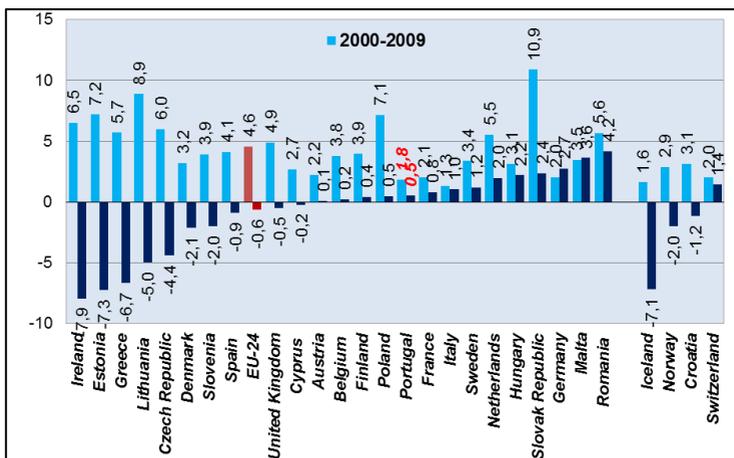
Nobody would be surprised by a reduction of the public expenditure in health. The reduction in the service offered, such as less prevention and rehabilitation, has had a negative impact on the population. On the other hand, the reduction of the families' income together with the new co-payment system in health has created a lower access to care. This will damage the treatments and therapies, and have consequences for the more vulnerable groups.

There is some evidence that I am going to describe. But its authors are in Britain, and their articles and publications at European level and at world level told us and tell us that the crisis has a very big impact on health. There is a lot of evidence. And the economic crisis has an impact on physical and mental health, on social and individual behaviour. The loss of jobs and employment will increase the number of deaths. But there are other factors that expose people to stress and that impact not only the social cohesion, but the access to basic needs as food as well. And not to forget, that limit the access to health care.

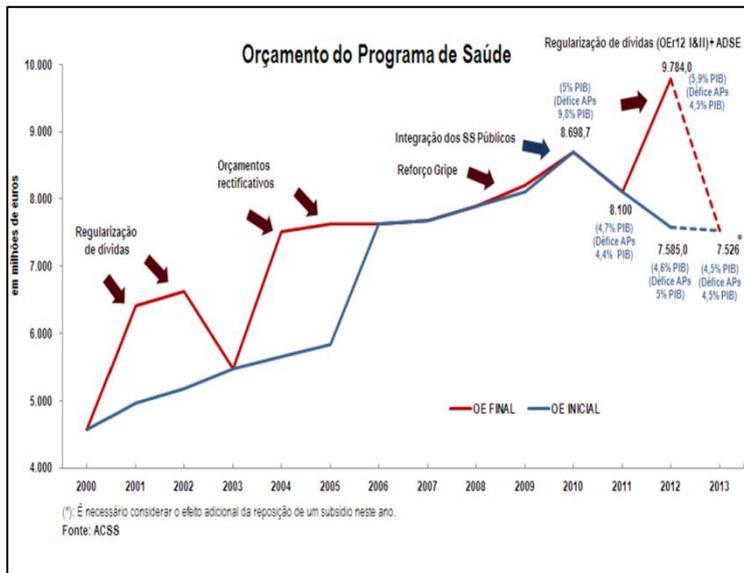
The last report of the World Health Organisation says that the crisis has a bigger impact on more vulnerable groups. In Portugal, we all know the current situation — the economic situation, the recession and the public policies of austerity that have led to a worsening of the most important macroeconomic

indicators. GDP, consumption, investment and employment; all those indicators have decreased. There is a very high rate of unemployment, an increasing poverty. There are rising differences in the wages and equality is on the up. In the meantime, the situation is getting worse.

The decrease in the income in Portugal due to unemployment and wage deterioration has had an effect on the quality of lives of the citizens. The Troika has prioritised austerity, it has altered the work condition, it has devaluated the social relationship and it has above all affected social sectors such as health and the social protection.



This graph shows that health expenditures are now changing. In 2009 and 2010, the expenses are reduced in a drastic manner in Portugal. Portugal has a light mean rate of 1.8% of the growth, and in the year 2009-2010 we had a slight increase of 0.5%. But we know that was not going to last, and we are not having it in 2011-2012, and neither in 2013.



This graph has been furnished and published by the Ministry of Health and shows the evolution of the health budget. The growth in 2012 has to do with a financial injection in the health sector of almost €1.9 billion to solve the debt problems in the state sector and the public hospitals — the public hospital debts have reached €1.5 billion in Portugal. From then on, there is a drastic reduction. In 2013, the health budget has reached the same height as in 2006. We cannot dissociate the health policies of the two most recent years from the memorandum of understanding. The foreseen policies in the health care had a positive impact on the access to health care. The amount paid by families, for medications and on total expenditure, has been reduced. The foreseen investments in primary care have been continued and will allow a better access to health care. But pressure to reduce costs, above all in hospitals, will have a

negative impact on quality of health care. Health workers are not motivated, are not incentivised. They see how the availability of material and clinical resources is decreasing. That has an impact on the workers, on the health professionals.

Conclusion

In conclusion, we can say that combined, this complexity, the vulnerability of the markers with this recession, it has an impact — and we think that health will see big losses if the important measures are not implemented. At this moment, we do not know the effects of what has been happening in the last two years. Assessing the impact on mobility and mortality will take some time, as we need accurate information. But taking into account the principles, it is certainly not sure that the public services will cease to exist. There is a trend between financial need and an accurate response, a trend that can have improvements for health. The national health services in Portugal represent a very important heritage, a public heritage, and a universal heritage. They urge to revitalise in order to contribute to the cohesion and the wellbeing of the Portuguese citizens. If these policies do not happen, if we cannot attain financial sustainability and if we choose to privatise the health services sector, then nobody can foresee the negative consequences of these decisions on the state of health of the Portuguese people — and they will reduce the positive effects which national health used to have on cohesion in Portugal.

Building Health services in Romania

By Ian Suru, FDAAM, Romania

Introduction

I am here to talk about our health system. And here, from my point of view, there is a lot of difference between what happened in the office at the EU level and what is the reality in Romania or Bulgaria. If you want it or not, we are in the EU since 2007. So we are European and we have the same right to health. And access to medical services is very important; it may even take priority if you want to talk about the fight against poverty.

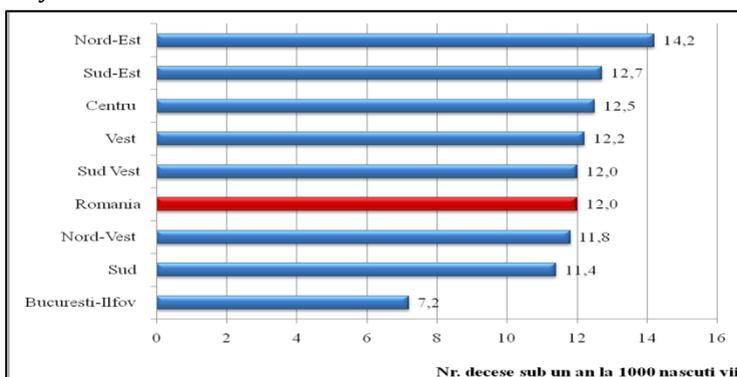
I will give you a short overview of the recent medical and health services in Romania. We are under communism until 1992, and we use the same communist law, where everything is centralised, until 1997. We then adapt a system based on health insurance, the Bismarck system, which includes similar benefits for all taxpayers. The funds are administrated under public control by the Minister of Health and the National Health Insurance Fund. At the moment, health insurance contributions are paid by employers and employees. This is all the money we have for the health care system in Romania.

The health system

Our system has three levels — the national, county and individual level — so we have the Minister of Health from the government, the NHIF and we have some professional associations, such as the doctors' and the nurses' association. The typology of our health care, like everywhere, is prophylactic and curative, it is about recuperation and emergency, it is

preventive with medical cabinets and there is some specialisation. How do we do it? We work with a family doctor, we work in the community system and we work in hospitals. And of course, there is the emergency system.

The indicators of the quality of public health services are life expectancy, infant mortality, prenatal mortality, the incidence of breast cancer, the number of traffic accidents, etc. The indicators of health services are the same for all countries, and of course it is the same for Romania. We are in the second part of the Human Development Index — so not in the last part. In Romania, the life expectancy is 73 years, which is medium. It is 69 years for men and 77 for women.

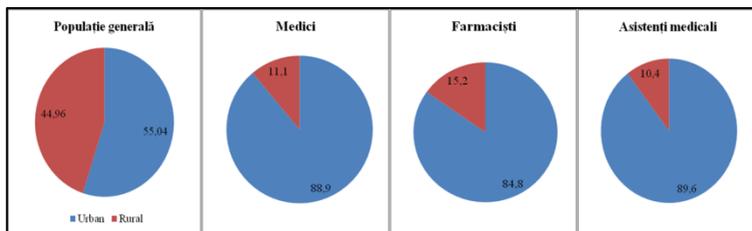


infant mortality country - regions

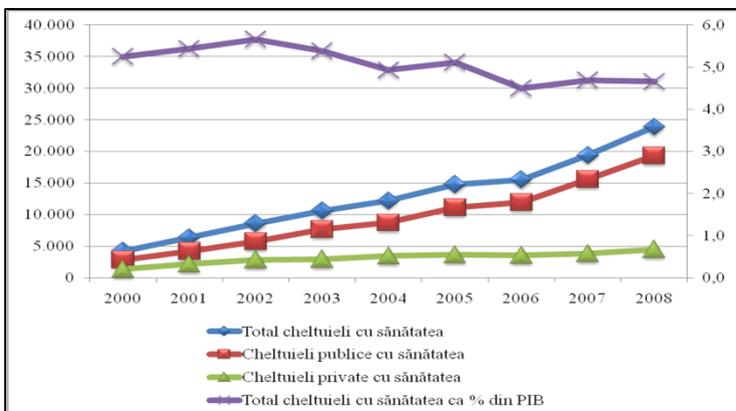
There are still some differences between the European median and Romania at this moment. They are not very big, but they still exist. In terms of infant mortality we are the last in Europe, but this differs by region. And in the last years it seems that this infant mortality rate has decreased a bit.

What are the top five causes of death? The first is cardiovascular disease; the second is tumours; then respectively respiratory diseases, accidents and diseases of the digestive system. We score badly because we do not have enough medical staff in Romania. Most of them are working in your countries. The second reason is their salaries. And here we cannot talk about minimum income, because if you talk about minimum guaranteed incomes, you will see that in Romania these incomes go to the doctor.

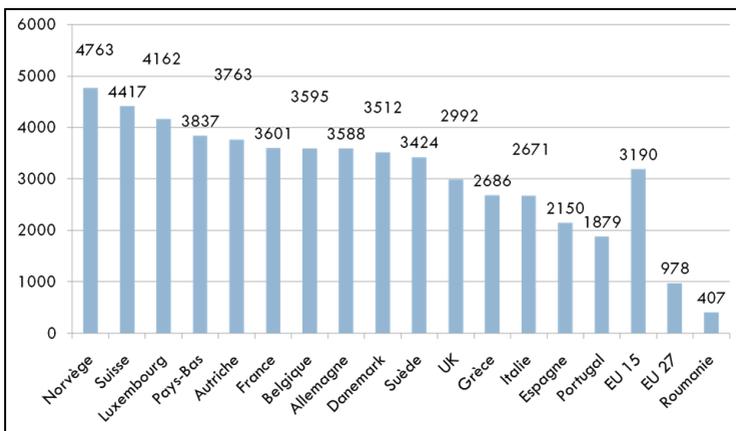
This figure shows the distribution of health care in Romania,



with in red the rural areas and in blue the urban areas. Do you see what is happening at this moment? We have 50% of the population who still live in the rural areas. There we do not have doctors or pharmacies; we do not have nurses or medical assistants.



The graph above shows the total health expenditure. It is clear that more and more private companies are involved in the Romanian health system. But at this moment, they are under 2%, with the rest being public services.



And if you look at the health expenditure as part of the GDP, we have the lowest of Europe. Not more than 3.6% from our GDP goes to health care. If you look at the explanation of the

Romanian government or at the statistic data, you will see that they talk about 4.2%. But the reality is 3.6%, only 407 dollars per capita.

Looking for a new health insurance system

We now all agree that we cannot go forward with this Bismarck law. It is not compatible with the reality in Romania. So starting from last year, we tried to talk and to think how we can change our health law.

The first proposition was to privatise. And if you go to the market and ask the people if they want privatisation, the answer will be yes. But nobody thinks about it. After a lot of discussions between patients associations and civil society, the Romanian government has decided that privatising the health system in Romania is not a good idea.

The second idea was to take and adapt the Belgian system to Romania; to have mutual organisations in Romania. And everything was OK, most of the public accepted this, but then the election came. A new Minister of Health came on board with a new team. He did not like the Belgian project, and it seems that he likes the Spanish project. But on this moment, nobody knows what is happening. And why is this important? Because of our patients. We do not have social or health services in Romania, especially in the rural areas. This is the reality in Romania at this moment.

A successful project

In this second part of my talk, I want to present you a small solution that I want and I like. It is a success story that started from the people in local communities, and that tries to adapt the Belgian system to the Romanian reality.

What we are doing now in Romania, starting from my province, is to develop two systems. One of them is the idea is to work with people and for people. There are two health structures: health communities and mutual help associations.



And we start with the health shop, the local health association or local health committee. It is an informal or formal association that works with volunteers or professionals. The idea is to put together the stakeholders from the village or the city, and from there to develop a local health policy. To detect the needs and to find solutions without waiting for government support — this support is not possible at the moment. With this local health community or committee, we want to form healthy life skills, to facilitate access to health care, to support a professional medical staff in their activities, to do contracts for structural partnerships, to participate in the health policy, to focus on prevention.

The second part is about the mutual help association. This association has a juridical structure and is under the control of the population. This means that the doctor and the rest of the medical staff are the employees of the population. The population



has a meeting every year where they assemble in a big room and discuss the health problems in their community. In this mutual help association, there are family doctors, general practitioners, medical dental cabinets, nurses, medical-social home carers, etc. There is a lot of volunteering work and there are social funds — this means we help people to pay for emergency medical needs and let them pay us back when or how they can. We try to find a solution for everything.

The normal situation in Romania is different. The insurance agency, traditionally, has a direct contract with the family doctor, the specialist or the hospital. The doctor takes care of the nurse, the cleaning woman, the bookkeeper, and of all the necessary materials. But in our structure, the insurance house has a direct contract with the mutual help association. The association pays the salaries of the doctor, the nurse, the pharmacy, the administrative bookkeeper, etc. Because we already work more than ten with this system, we have been able to found already 27 local health committees and more than 5 mutual help associations. It seems this is a solution for Romania.

Social answers for a
Europe in the age of
austerity

Building a European social model in times of crisis

By Robert Salais, University of Cachan, Paris

Introduction

First of all, I would like to say that I am full of despair and indignation. Of course we need to fight against the recent developments in Europe. It is almost like saying: what kind of Europe is it that they are building for us? Because it is something which is getting lost in mechanisms that try to be automatic, and I am talking about mechanisms that are put in place to penalise the national policies.

I have just read a book about the history of Europe. All we hear from Europe has no longer anything to do with the idea of Europe we had after the Second World War. That was a free, democratic Europe of people considering themselves as being equal and trying to find their way in the world. What do you have today? We are a kind of a multinational company. We manage Europe with management tools emerging from the private sector. So where are the politicians? Where are the three fundamentals — social rights, freedom and values — in this whole management scheme?

We have a real problem. I was telling myself: let us imagine that the social models remained unscathed by these indicators. Don't you think the situation would be better today if we had not been submitted to this development in the past ten years? It is an existential question. But let us not forget we are a Europe that is a wealthy Europe, which has a heritage, a culture, values, a capacity for innovation and a well-educated skilled population.

We keep on saying that we need to make savings to cut costs, and twenty years later they come up with the Maastricht criteria. Do you think we can build a social Europe on that basis?

Europe on a verge of breaking with social and human rights

I think, really, we need to fight against this development. In order to so, we need to have an idea of another Europe, of the place of social policies in this other Europe. I would like to give you three examples.

The first thing that struck me is the divorce between the discourse of social and human rights, which is anchored in European charters and has been so for a number of years, and the policies leading to individual violations of social and human rights. That is extremely striking, but there is even more than that. There is a gap which emerges between the discourse on rights on the one hand, and on the other hand a management mode which in fact, based on indicator performances, leads to impossible contradictions between the willingness to respect the fundamental human rights and the duty to comply with quantitative indicators.

For the employment agencies, for example, you need to carry out a specific number of interviews. Your wage depends on it. The agency will be monitored and scored on the national level, and be compared to other agencies in other countries. There is this human requirement to do your job properly, and at the same time the performances that you have to make.

We have a framework that seems to respect human rights, but in practice this really is not the case. This leads to frustration for the people who work and for the people who are submitted to this degradation of work. There is a kind of public non-visibility of the social problems, a population that is marginalised because it is no longer included in statistics, no longer covered by the services, etc. So there is a central problem of social justice. And in reality, the human and social rights should be the true guidelines. The assessments should be tools of the policies and not the inverse. Today, we speak about rights but the real indicators are the quantitative performance indicators on expenses, on costs. So we are talking about financial indicators. That is why I am saying that the way Europe is managed is similar to the way a company is managed, with scoreboards and so on.

Then at the other extreme... Following the economic and monetary union, they promised us that total liberalisation of the markets would be a factor of freedom and efficiency. Frankly, what do we see in practice? In practice, multinational companies and financial institutions dominate. The multinational companies transfer their activities and they create what the OECD calls special purpose entities. They are just an office where a guy adds 10% to the price in order to multiply the profit. We are no longer talking about production chains; we are talking about profit making chains and artificial profit. This has two consequences: the states are being deprived of financial resources and the national European policies are constantly threatened by the financial markets. The threat is also linked to the perfect mobility of capitals.

I recommend that you read the recent report of the OECD about the financial optimisation by multinational companies. It really is alarming.

After the war, the system was based on the fact that trade should be liberalised. They said at the time that one of the causes of the 1930s was cartelisation. But in fact today multinational companies, in the name of freedom, control the whole market. And we are no longer talking about freedom for the people. There is less and less freedom for the people to develop.

The third example stands between the first two. It is this idea of the 'Six pack', the 'Two pack'. All these things want to monitor the national budgets in order to check whether they comply with a number of indicators that were developed by the European Commission without consulting democratic countries. I believe that this can be called a kind of institutionalisation of the Troika. That's what it is. Some will be submitted to that, others will not. But they will try to include the requirements in order to prevent this assessment. So where is democracy? What happened to freedom of choice? It has disappeared. The social field is becoming more and more limited, and the economy is suffering. So we should try to take the social sphere as a basis of human and economic development, transform the economy and act on the funding.

Deconstructing the European integration policy

In order to be constructive and positive, I would say I have a few certainties in terms of method. I do not think we should stick to

the present development. We should be able to think for ourselves. It is very difficult, but it is absolutely necessary. We should also reject the measures that are taken today to solve the crisis. Although in my book I have taken an historical approach not just to explain the institutions, but also to see whether other ways were possible in the past. With this kind of fatality, there are alternatives which should be reconsidered today.

I think there is a double crisis. There is the worldwide neoliberal crisis and there is the Euro crisis. The world crisis revealed the design defaults of the EU and the way in which the Euro was designed. It seems to me, reading about what happened in the 1980s, that the Euro was designed for financial liberalisation, and not to promote European trade or to promote European growth. That is quite serious and it deserves to be dealt with more in-depth investigations. It can be seen in the reflections of the Delors-committee on the Euro; for example. Also in the Maastricht criteria they spoke about convergence, but these criteria were mainly financial criteria. They were developed by the European Monetary Committee in order to reassure the financial markets. Economic convergence is based on no criteria in Maastricht, this has to be said, and creating a single common market does not guarantee economic integration. For that, you need to create a true European tissue with coordination between the companies, you need the development of products you can label as European.

There was no indicator on the evolution of the global political activities of the countries. The national governments seemed free from any constraint to manage their money, but this was not really the case. The productivity gap increased between the Northern and the Southern countries. The Southern countries'

debt increased and this is why we have the situation we have today.

There is another criterion, the equilibrium of the balance of payments, which is absolutely necessary. You need economic solidarity between the countries so that the ones that grow quicker help the other ones. There was an attempt with the Structural Funds, but that was not enough. If you read not the report of the committee, but the annexes, then you will see there were internal discussions. The governor of the Bundesbank said, 'Well, be careful, you think there will be an economic convergence because there is a monetary convergence, but that will not be the case and structural funds are not enough. We would not need huge transfers.' He was right. We have seen what it meant during the reunification of Germany. Eastern Germany is still lagging behind today. These difficulties have been underestimated. They thought that these difficulties would solve themselves, or that the peoples would adapt themselves to the needs of the Euro.

Going back to the history, I have discovered that the founders of Europe were not really convinced that a social Europe was necessary. At first I thought it was because they could not agree politically, but now I believe there are deeper reasons. They did not have the same idea of competition, of free trade and of what a social Europe should be. When you read the minutes of the congresses at the time, you notice that the trade unionists did not want a social Europe but a Europe of jobs. This idea of a Europe of work was rejected in the congress with quite violent moments, especially from the British delegation. There was this 1976 economic report of which the authors also did not think that a social Europe was necessary. They believed the countries

would improve the living standards of the population. Why? Because for them freedom was to be freed from the borders, and to have free trade between the European countries in order to overcome the national problems. But in fact, behind that, there was an ambiguity between free trade and liberalisation of the markets, which is not at all the same.

Liberalisation of the markets is about unequal market relations, unequal domination relations. In this kind of freedom, the efforts made by the countries in order to develop specific rights are considered to be obstacles to competition — that is a problem in terms of development. Free trade, on the other hand, is an exchange between equal partners. It means that the rules and the price-fixing method are fair. They should not only reward the work, but also offer the possibility to create resources for its own development. This is very much linked to empowerment. In the international sphere, the control of the prices should be such that there is a mutual empowerment of the various countries.

I think that one of the problems of the crisis for Europe was that Europe was trapped in political conflicts between East and West, and also in the American strategy to create an economic world order. So for me, Europe was like a piece of the puzzle that was not able to become autonomous. To come out of the crisis, Europe has to show that it is able to develop a new model, a new world order. Therefore it needs allies in the developing countries.

It is interesting that the French have asked for the harmonisation of the production conditions (social and fiscal legislation) before the establishment of the Treaty of Rome. It is

thus a planning logic, meaning that the competition idea has been continued and developed by the French people. But everybody has to be in the same position vis-à-vis the social rights and so on. So I think that it is not a correct idea, because competition, real and responsible competition, has to mean that you have to use the diversities of the environment to combine the possibilities in productions the best way possible. From your point of view but also from the community. So there is a responsibility for the entrepreneur. Through the social responsibility we can see that it exists, but I think that we have to reactivate the idea that there is a responsibility of the entrepreneur towards the community — from a territorial point of view but also from a national point of view.

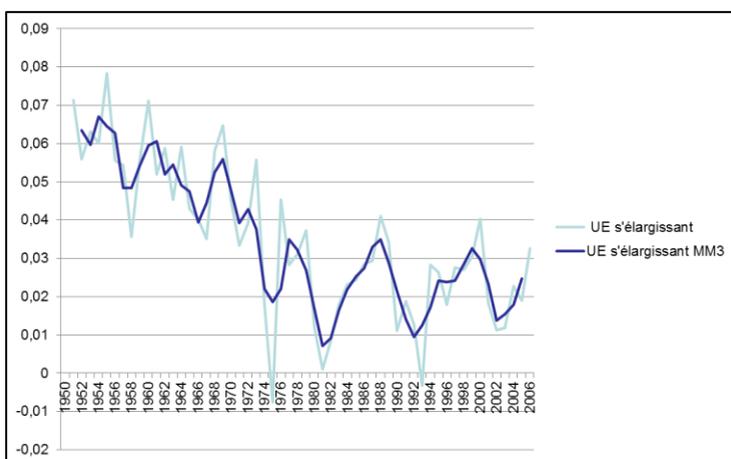
I do not want to retell you the whole story of Jacques Delors and social Europe, but I have question. A question that is very interesting. Can there be a social kind of support? We really have to ask ourselves this question, even if we do not find an answer straight away. So to be more specific, there is a dilemma of social rights opposed to economic liberties. There are two options. Are social rights there to insure a certain balance on the market? Is it thus a sort of harmonisation and we are trying to have the same conditions for everyone? But these are minimal conditions, not conditions of which the social aspect is an objective. It is just a means to avoid a more negative situation. And it could be argued that these minimal rules will in the end become maximal rules. So the harmonisation is actually a more negative harmonisation than what has been foreseen.

The satisfaction of the citizens' needs in Europe is something that is not guaranteed today. The judges of the European Court of Justice knew that there was this dilemma. The social Europe

as it is today is not a solution to the crisis. I would like to remind you what Mario Draghi has said a year ago.

The problem is that the financial deregulation has very strong weapons. There are dogmas and market liberalisation, economic governance through pressure on different actors, and penetration of the competition rights.

This graph shows you the growth rate in Europe from the 1950s until 2006. I think that if we had the data on 2012, we would



have a negative result. We can see that there is a contrast between the promises and the simulation of the European economic space. There is a growth that is a sort of stop-and-go at 2% per year. And this was before the crisis, of course.

Conclusion

So, as a conclusion. There are five pillars of this European social model.

First. Human and social rights over economic liberties. How can we make this a reality? And it is true that we have to fight the governance through the performance indicators, be them financial or for quantity. There are also different intermediary levels: a territorial and a national level. So people have to be able to act for Europe at different levels. I think that we have to ask ourselves this taboo question, which is that we need to have financial means and resources that have to be given to the state to react. And the security, well the actions... We have to ask ourselves what the role of the movement of capital is. And I think that there is a lot of speculation that goes through commercial exchanges, but also other types. I would like to remind you of something that is actually a kind of discovery. The Bretton Woods agreements that have been negotiated by Keynes and other economists, other American negotiators, authorised the use of control of the movement of capital. There was also the need to control the financial flows that existed back then. So the IMF until the 1970s has defended this position. So we could go back toward a reasonable control and this would be justified by the fact that the protection — I am not talking about protectionism — of the investments that are necessary should go towards a new development model, such as environmental protection or energy development. All sorts of innovations that could be developed on different levels. There should be a kind of protection that has to be well-established with specific rights on a European level. Eventually, why not base it even on different national levels.

Second. And I would like to add that these rights could also develop Solidarity Funds towards developing countries so that Europe can find allies at a global scale, be it in Africa or in Latin America. Yesterday I was thinking about this. And you know

what happened with the tax that has been established on plane tickets, or the tax on financial transactions. These could be used for this kind of development. The tax itself could reduce the mobility of capital, so we could have a sort of political stability at different levels.

Third. And then the third pillar: create jobs in Europe. Once again we have to be very careful; words can be tricky. I am talking about work and not about the employment level. We do not want to maximise level this level of employment. With the deregulation of the markets, it is not exactly the same thing. It is more difficult to create a real job with certain juridical, legal stability. That is why I am talking about work, creating work. And at the same time, 70 years later after the war we are in a situation in which we have to relaunch all sorts of activities. So this is what we are living today. After all these years, after the war and after the crisis, we are trying to recreate, to rebuild what existed. In the long run, if we continue this way Europe will be destroyed. We have to protect and redevelop our continent and create jobs, recreate job. Otherwise the idea itself of Europe is in danger.

We have to redevelop our financial resources. There has to be traceability of products, why not, it is nothing new. We are using traceability in other sectors, so why not develop this in other policies? There is a complementarity between production and the research. We need the production to be developed; we also have to think about development. If we do not focus on research and do not see the link with production, this can lead to a misleading situation. This can be very tricky, very difficult to cope with.

Fourth. The fourth pillar, which is linked to the productive investments. I think that we need rights and resources and new criteria linked to investment decisions. I do not want to talk about Keynes, but he always said that macroeconomic policies were not the answer, were not a sufficient condition. It was a necessary condition, maybe. But what is decisive? Was it the decision by the entrepreneur to make an investment? And this decision today should be a place of deliberation, be it political, social or economic. In each undertaking all the groups and organisation, all the stakeholders have to tackle this question. And there are also new investment criteria taking into account human development, environment and so on. But I think that there is a lot of research that is being done already today. So Europe could try to insist on these points.

Fifth. And then the last pillar, to conclude. We have to substitute the liberation of the exchange for a liberalisation of the markets as the basis of the single market. It has to be considered as a model for the whole world.

These are a couple of ideas I had in mind.

If you really want to have an ideal Europe, you really have to have debates, you have to be critical. That is why I have tried to do my best to give you my ideas on this question.

How can we obtain a more equal Europe? A first answer

By Mauro Giacosa, CNCA

Bonjour. Le CNCA, la coordination nationale des communautés d'accueil, est un membre du réseau 'Growing welfare, growing Italy'. La première campagne qui a été développée entre 2009 et 2012 a produit un manifeste appelé 'Santé est un droit, l'inégalité est une injustice. Nous avons développés une plateforme politique qui a été gérée par toute une série de ONG qui travaillent dans les services sociaux. Notre objectif a été de réunir les parties prenantes — les syndicats, les associations de consommateurs, les chercheurs, des organisations religieuses — et on a créé un réseau appelé 'Growing welfare, growing Italy'.

D'après notre expérience, la réponse à la question de savoir comment on peut construire un modèle social Européen en temps de crise est d'activer des mouvements de sensibiliser, de proposer et stimuler les acteurs qui travaillent dans les secteurs sociaux. Donc les associations nationales et locales, l'opinion publique. Dans le besoin justement de développer des politiques sociales. Le protocole d'entente que nous sommes en train de créer, que nous soutenons, devrait être envoyé, devrait être présenté dans le cadre des nouvelles élections Européennes. L'envoyer aux candidats justement pour qu'ils puissent eux aussi s'engager compte au contenu de ce document. La crise mondiale qui a vu le jour au mois de septembre 2008. Nous avons entré clairement les questions critiques, les problèmes qui ont été créés par un modèle de développement basé sur une croissance non-contrôlée des économies financières. Et c'est un modèle qui n'était pas équilibré dès ce début. Il suffit de voir l'écart entre les riches et les pauvres, qui étaient de plus en plus accrues les dernières années. Ce n'est pas juste que les coups de cette crise soient payés les membres les plus faibles de notre communauté.

En ce temps de crise nous devons revoir notre système économique à long-terme. Malheureusement, en Europe et en Italie on utilise des politiques très strictes pour mettre un peu d'ordre dans les finances publiques avec des coupes budgétaires, des augmentations des impôts qui causent des réductions très graves dans les salaires de milliers de travailleurs et de citoyens dans notre pays. C'est vrai que le secteur sociale a été identifié comme étant le plus grand obstacle, alors qu'au contraire les politiques sociales produisent une valeur économique, un emploi et des centaines de milliers de personnes, de femmes, de jeunes ont pu trouver un emploi et des milliers des entreprises sociales ont montré que le développement de politique sociale contribue également à une croissance politique de l'économie. Les politiques sociales soutiennent les personnes et les familles à travers les services sociaux. Ils aident à développer les taux d'emploi, surtout chez les femmes, c'est nécessaire pour le développement du pays. Ces politiques sociales génèrent l'inclusion à certains niveaux d'inclusions sociales. La cohésion et le social sont des conditions nécessaires pour la croissance économique. Alors est-il possible de développer une politique sociale et la providence en temps de crise.

Amartya Sen, prix Nobel de l'économie en 1999, a écrit que les ressources économiques proviennent des ressources sociales et non pas le contraire. Donc il est nécessaire que les investissements prévus pour le développement des politiques sociales fassent parti des interventions développées pour la relance économique. En les excluant donc des contraintes et des coupes budgétaires prévues. Alors les politiques Européennes devraient se concentrer sur le développement humain. Il faut savoir que certains états d'Amérique Latine on réintroduit ce qu'on appelle le buena vida dans leurs constitutions, c'est à dire

la défense et le soutien des droits fondamentaux des citoyens. Le droit à la santé, le travail, l'éducation, l'environnement durable, la possibilité de vivre d'une façon indépendante, de participer à la promotion des biens communs.

Pour atteindre ces objectifs il faut déterminer d'où proviennent les ressources. Il est nécessaire de contrôler l'évasion financière, d'augmenter les impôts sur les grandes propriétés et ce qu'on appelle le taxe Tobin et réduire les dépenses militaires et les coûts politiques. Le succès de la stratégie Europe 2020 est lié à une approche intégrée cohérente parmi tous les secteurs de la société. Afin que l'on, donc de la contribution au renforcement de la cohésion sociale et la création d'une société plus inclusive équitable. L'intégration de politique, le modèle social, de santé, d'éducation, du logement... Il s'agit d'un pilier des politiques Européennes. Il faut qu'ils soient développés au niveau gouvernemental — Européens, nationales et régionales — en créant des processus de gouvernance communautaire avec une participation directe et indirecte des citoyens dans les processus décisionnaires.

C'est donc de créer des nouveaux modèles de participation et de démocratie dans les communautés locales. Trois propositions pour créer une communauté Européenne plus équitable.

Tout d'abord appliquer des politiques qui ont pour objectif de rééquilibrer l'écart entre les riches et les pauvres, les régions Européennes plus riches et plus pauvres. L'Italie en est un exemple frappant. La crise actuelle en effet a augmenté les inégalités entre les régions du centre et du nord par rapport aux celles du sud. Un processus de rééquilibrage basé sur les niveaux basiques de performance garanti à travers la communauté Européenne est nécessaire. Il faut que cela soit soutenu par des ressources économiques pour améliorer les services de santé,

les services sociaux, d'éducation et d'emploi. L'équilibre entre les prestations sociales et les services sociaux doit être garanti comme l'a dit Rute Guerra hier quand elle a fait référence au model Portugais d'inclusion active. Il ne faut pas oublier que la seule façon de promouvoir des processus d'inclusion est d'accompagner les gens à travers des services intégrés en plus du développement de soutien financier.

Quand on regarde dans le sud de la mobilisation des pays nord-africain, il fait que on pourrait développer différents niveaux de coopération et que d'autres pays du Méditerranée par exemple, les questions de migration, les questions d'asile etc. Nous devons créer des véritables communautés Européennes qui puissent faire face à ces temps de crise de façon positive en établissant des liens avec d'autres pays, en écoutant différents modèles, différentes façons de concevoir la société, en essayant de réfléchir et d'agir plus positive.

Nous avons besoin de politiciens forts qui ne tiennent pas compte des intérêts des banques et des finances. C'est peut-être la plus grande limite à laquelle nous devons faire face et c'est le véritable défi auquel nous sommes confrontés.

Je voudrais conclure en saluant Don Andrea Gallo qui vient de nous quitter. C'est lui qui a créé le CNCA, c'était un prêtre de Genève qui a vécu toute sa vie pour les pauvres et qui a lutté pour leurs droits.

How can we obtain a more equal Europe? A second answer

By Mike Allen, The Poor can't pay.

Good afternoon. I have no PowerPoint, I am powerless, I hope not pointless. I was asked to reflect on the discussion, so I could not prepare a PowerPoint of seventy slides in advance. So I have been trying to think and feel during the discussion. I share with Robert one of the strongest feelings which I think is useful to acknowledge. The first response listening to the debate over the last two days is a very strong temptation to despair. The very heartfelt and detailed explanations of the damage which is being done to our societies and our people over the last number of years is shocking. It is very hard in many of the presentations to see any way in which we can turn that around. I think it is useful to acknowledge that and I think if any of you don't feel that: Good luck to you! I think it is useful to acknowledge this and move on from it because that is not going to get us very far.

So, the second thing, the second response then is to look at the scale, the long list of the grievances, the wrongs, the hurts that are being done to societies and to individuals. And think that that in itself is enough. The accumulation of that should be enough to see some sort of uprising of protest. And this might be an Irish perspective but there has been no uprising in Ireland. Even when we see the responses, the very militant responses in Greece which is the worst hit country, you are as likely to see the emergence of neo-fascism as you are to see progressive forces. So just to expect some sort of visceral reaction to this list of grievances does not give us any way forward either.

I think we need to take a step back from that to think through the deeper level for what the sort of the responses are going to work. One thing that struck me very strongly in what Guy Standing said was... I agree with a lot of what he said in terms of

the situation people are now in. But he said a very strange thing; he said that the generation now is the first generation ever having to live with insecure contracts of employment. And that made me think, and it made me think that that is not true. My father, and those we are about my age, your fathers, were the first generation of working people to have secure contracts. My grandfather had very insecure contracts and his father probably did not have any contract at all. So the experience of working people over a longer period of time is not one of romantic solidarity. Only recently, depending on which country you are in either since the Second World War or so some extent since the First World War, so the length of one or two generations has been a positive time. That too can be a very depressing thought. Because then you say all the work that has been done over those two generations has been lost in the last few years. The graphs from Sweden... The number of people in Ireland who think Sweden is heaven, they want to die and go to Sweden. And now heaven has been abolished. It is very difficult.

Another way of looking at it is to say: If my grandfather and grandmother were able to start to build a better society, there is no reason why we cannot do that again. Maybe our mistake was to think that progress was one step after another always upwards. If we think more historically we know that progress our human good builds up and has setbacks, builds up and has setbacks. We are unfortunately living through a period of setbacks. But by remembering the long traditions that we come from, and a number of speakers referred to that in the context of social work and so on, but remembering those longer traditions I think it gives us the spiritual and political capacity to imagine what the fight back looks like. A colleague speaking on social work reminded me of the great comment by an American radical who said that the most radical thing in America was a long

memory. That might be true in Europe too. I think that historical view is extremely important in what we want to do. And then look at what sort of conditions we need to create and recreate, to try and build those social movements and change.

That brings me to Thomas's question yesterday. Where he said is this ideological, or is it about evidence, what is it? So first of all I think it is very clearly an ideological debate. Some of the things we do are simply to complain that are enemies have hit us. 'Oh, this happened and that happened.' Well of course it did, neoliberalism wants to do that to us. There is no point complaining that it is behaving like neoliberalism. That is what neoliberalism does and we need to confront it intellectually and with strong arguments. But we also need to remember that it is not just an intellectual construct that we can argue back with it. You cannot argue with financial capital. We have to recognise that it has different interests than human beings, labour and the societies that we want to create. That requires us to resist it and to oppose it as well as argue against it.

One of the biggest differences between 1918-1920, or when the first social welfare systems were set up in Britain and Ireland before the First World War, between now and then is universal suffrage. One thing we really have to remember is that the governments we are complaining about were voted in by other citizens. That brings us to the last speaker, Robert Salais, that we need politicians, political parties, that we need voters who will vote for the policies that we want. And so if there are arguments to be made, the arguments are not to be addressed to the masters of the financial system, to try and change their minds to stop exploiting us. That is pointless. The arguments have to be made to our fellow citizens so that they understand and vote in the way which is in their interest. That is a crucial part of why

we need to make these arguments more broadly. We think it is self-evident that we are right and that all these things are bad, but a lot of our fellow citizens are going out to vote for governments that make these things happen. Our colleague from Romania said it perfectly when he said: When we ask the people if they want to privatise health service they will say yes. Until we can change that, until we can help people understand why that is not in their interest, we are actually just talking to ourselves and not mobilising any forces. I do not think that is easy. And I know that there are huge resources in capitalism to try and convince the electorate otherwise. I do think that if we cannot convince people that it is bad for them to smoke or to eat fatty foods and so on, we will have a great difficulty explaining to them why it is a bad idea to vote for governments who support the tobacco industry and the fatty food industries and so on. We need to think very hard about how we make those cases. And it does require a belief in our fellow citizens that they have the capacity to change their minds to argue in this way.

My last point is about where we start with this. And again, I think some of this is cultural. In the French tradition, to my hearing, it sounds very general; it is a very powerful abstract way of thinking about things. That really helps me from my background to think about things differently. But in terms of where we start to mobilise and where we start to talk to people, I do not think it is about... You do not go to somebody who cannot afford enough bread for his or her family and say: Do you know what you need? You need a new social model. You have to ask them what they think they need, and then you have to talk to them about how that might come about. So we need to identify one or two of the many grievances here that we have heard about, and identify which of those go to the heart of the problem. And how we can make those relevant to people across

Europe and start to show in which way we can form resistance and build around those.

I think the discussions that I know the Alliances are having around housing is a very interesting example of that. In most, maybe all of the countries hit by the economic crisis, the commodification of housing and the property bubble have been at the heart of it. So it is not just an interest that housing... It is a fundamental human right to have a home and by turning that home into a market commodity and celebrating when its price went up, we created a disaster that has happened now. So I think it is a very potent one. The discussion today on health is another example of the commodification of health services. There are others, and I think that we need to identify a few of those issues and work around those and put them in the broader context. I do not mean go back into our little groups while I am going to talk about housing and I do not care about health or jobs. We have to put those issues we select in the context of where they fit into the larger question of how we rebalance the interests of capital and... It is not capital and labour essentially, it is the balance between capital and humanity and how do we rebalance that to start reconstructing the sort of society that we wish to see.

Michel Debruyne: Setbacks, yes we are now in a time of a setback, but setbacks give us also the opportunity to find new ways. If we are in a prosperous time you do not need new ideas and new ways. So setbacks give us opportunities to reinvent and to invest in our democracy. And to look for how we can build resistance against all those things that grieve us.

How can we obtain a more equal Europe? A third answer

By Christophe Robert, Foundation Abbé-Pierre

Thank you for inviting me. I was there already in Dublin and in Brussels at the seminars of the Alliances. I am a sociologist by training. I am dealing with the Abbé Pierre Foundation in France, but I am also the spokesperson of a consortium of associations fighting against poverty and social exclusion. We organised a campaign on housing, on social exclusion around the French presidency campaign and it has taken us two years to have a new social contract signed. I share a lot of what has been said this afternoon and this morning. I agree with Robert Salais when he says he is worried and angry. I often meet people in the field and I discuss with them, I talk to them, and it seems to me that today the politicians want to cut a number of social services and this unbearable for our peoples. From an ideological point of view, because on the other hand you have fiscal heavens, you have multinational companies escaping any kind of taxation. What does this mean concretely? It means that somebody who is in difficulties and who needs social protection, well he will be told: you will no longer get 600 euros but you will get 500 euros because of the crisis. Every day he will hear their Minister of Budget has put money in a tax haven or a multinational company will not have to pay any taxes at all. How can this be understood by anyone? And we are talking about amounts that have nothing to do with one another. As Robert said, there is money. There is money of course, so what do we do with this money, how do we manage this money, how do we share this money, how can we show solidarity with this money?

Sincerely speaking, we often think that the population now of course, when you need to eat you maybe do not care about political debates. But there are voices and the media give a real

image of what society is today. I think I understand that they have understood that there is a problem. They do not have a solution. I do not have one either. But they have understood that there is a problem and that our modern society produces more exclusion, more inequalities and that started even before the crisis. The crisis only aggravated this and gave justifications in order to cut a number of social protection mechanisms.

I also share the anger about the fact that too much management kills the social aspects. This is linked to our discussion about social work this morning. We work a lot with the homeless in our foundation. It is unbearable to have to tell your story ten times a week. You are going to ask for food or you are going to ask for a night in a shelter in a wealthy country. And you have to explain: Twenty years ago I had a job, but then I got a divorce and then I got depressed or had health problems etc. As it was said earlier, these people only need a little help. And they have to explain themselves again and again.

To illustrate this let me tell you that I am not really a fan of food banks. There has been a big debate in Europe about that, but for the population... The people did not understand why these cuts in Europe and all of a sudden because of the crisis, because of the austerity food help, which costs 3,5 billion a year, was going to be cancelled. It is impossible to understand for the people suffering today. I also agree on the fact that we have to make visible the suffering which exists today in Europe. Very often it is not visible, it expresses itself in the private sphere, it is accompanied by shame. Just as in the 1980s the unemployed were no longer ashamed because it was a mass phenomenon, we need to show that modern societies produce exclusion and it is not your fault, mister unemployed, it is not your fault, mister homeless, but behind that there is a structural production of

exclusion and reinforcement of inequalities. There is a majority for the dignity of the people, but also for the struggle that we need to fight.

How can we develop a social Europe in a period of crisis? I am saying this, but we have not solved anything. We need to know who we have in front of us. Of course the neoliberals, we need to use the same strategies as they have. We have to put forward another vision. But I would like to take the example of housing. In a period of crisis, one can highlight social expenditures which create economic dynamics, which create leverage. And the example of housing is wonderful. We have a production of housing which is decreasing everywhere. The profit stakeholders contribute less. So social housing has a role to play in a period of crisis. This is what it makes it possible maybe to maintain production which will continue to exist in other forms later. It is interesting also because everybody needs housing everywhere, in every country of the world. There is no discussion about that. It is the first right, if you want to exercise the other social rights. And that is also an interesting topic for the memorandum.

We are talking about jobs which cannot be transferred. When you build a house you and you create one or two jobs, which is quite positive, there is an impact on environment as well. The environmental crisis is also there. Construction is one of the main energy consumers. Trying to limit energy consumption there is a major challenge. And then there is another point, still talking about social housing. If you produce social housing, more social housing, if you produce social access to property, then you reduce the expenditures of the households. Then you give back some purchasing power, some flexibility and some capacity to consume. The European countries where the prices remained

stable did well because of that. In Germany for example, the only country where the house prices have not changed over ten years, whereas in France prices doubled. You presented this graph in Dublin, it is changing in Germany but that is not the problem. Because you have less housing expenditure you have more money to use. Housing, in terms of production, is something which is easy to measure. And that is important for the Commission. Therefore it is important to keep it in the services of general interest. You have structural funds also. Yesterday, before coming, I heard that 60.000 social houses were rehabilitated in France thanks to the ERDF fund.

Another point on housing. Producing social housing also means regulating the markets. You know that the crisis started in 2008 because of the subprimes, because of the willingness to make it possible for people to become owners of a house even if they did not have the means for that. Of course these people found themselves in difficulties. That is also true in Spain. When you have a totally deregulated market, and that is the case in France. France never wanted to intervene in the prices because supposedly the market was self-regulating. In France, as soon as you introduce social housing there is regulation. Because you develop an offer which corresponds to the financial capacity of the households. Therefore the others have to adapt. If you leave the economic players to regulate themselves then you know that you cannot put housing on the market because then it is more expensive. Why put ten houses on the market at a lesser price? There is no self-regulation of this market. Therefore intervention through social housing, social access to property, contributes to making the bubbles explode whilst offering good housing conditions. So we need to fight against the privatisation of the answer. This crazy idea that these markets will self-regulate, which is not true. I think we should use the structural

funds to renovate the houses also in terms of energy consumption. And promote access to housing for the most vulnerable people. This means contributing to develop the social protection system. This goes against the idea that nothing can be done. We are in an optimistic positive dynamic.

Another point, and Robert Salais also mentioned it; it is the question of social rights. The access to housing and this right influences the access to the other rights: social rights, political rights etc. This is also linked to the responsibility of the European Union to implement the charter of fundamental rights which has become a treaty. So it has quite an important value. We have seen legal struggles imposing constraining decisions in that sense. In this difficult period we need to insist on the application of these rights such as others did. I would like to say that this legal struggle for the social and economic rights is efficient. We could take a lot of examples but I would like to take one we were discussing yesterday.

When France under Sarkozy attacked the Roma and these people were collectively expelled. The Hollande government is really not better on that point, but that is another story. At that time Viviane Reding had a very strong reaction and she said: You are violating the European rights. You do not have the right to proceed to collective expulsions. You need to deal with the individual people, case by case. And I can assure you that this changes the debate in France. So it has weight and it helps getting a common vision of what is or what is not acceptable. I also think that we absolutely need... You said there is a downward harmonisation. But we all have the responsibility to disseminate best practices. In the legal field for example, or institutional practices for the protection of the most vulnerable. These are a few examples, but when France adopted ten years

ago a law obliging to create social housing 20% per city for each city of more than 3.000 habitants. This is something that I presented in London because people were interested. They said: Wow, you imposed the cities to invest in social housing? You are crazy. And this crazy project is running well today. It was questioned on a regular basis but it works. So we produce social housing under this constraint and it becomes the norm, it is no longer a constraint. So we can also have the strategy to share best practices.

I have a last point before my end conclusion. I think that we have a collective task. It has been said this morning. We have to develop a new strategy to develop a new policy that is focusing on prevention. So we need to connect research with social action, with NGO's, associations, foundations, to show how the prevention of social exclusions, prevention of difficulties, is first of all a question of dignity of people but also a question of efficiency, economic efficiency. So from this point of view we should use economic actors that want to have short-term policies. And we are going to pay the price of these policies in ten, twenty or thirty years. So we have to show to these people through research that if you kick someone out of his house, it is going to cost more because you are going to have social difficulties. We have to show that if we do not have housing available, it means that the more fragile people are suffering from those that are really exploiting this situation, it is a very dangerous situation. We can show that good prevention is also an investment on the long term. It also limits costs.

As a conclusion, and it is something that has already been said, we cannot have a strategy without a mobilisation of the civil society. I do not think that the only responsibility is the one of the professionals and the politicians. They can follow, actually, a

social movement, a movement that we can push. And then it is something that they will do effectively, if we push them. But this will never happen spontaneously. Which is why the Alliance between research, NGO's, all the actors that think that everything that we have said is useful. We do not have to listen to an economist who was telling us until 2008 that subprimes were good. And were telling us that of course the most fragile will have access to all sorts of consumer goods and rights. So this mobilisation of the civil society has to push the politicians and it would allow to find an answer to the real needs of our citizens. Which is what we have been talking about for the last two days. It is not something else. It is exactly what we are saying. So the Alliance, and the memorandum that is being developed right now, has to develop a mobilisation strategy for the civil society that will be able to make things change and to envisage another social policy for Europe. Because after all this is our policy we are talking about. If we are brave enough I think that we can be able to win this battle. And I am trying to be optimistic in these very difficult times.

Discussion

Mary Murphy: During this discussion, we really want to keep the constructive vein that we have managed to create here. Let us try and develop the conversation that we have heard this afternoon, on how we can develop strategies to try and build that social Europe. Who want to take the floor for a first comment or question?

René Lehweß Litzmann: With regard to the memorandum of the Alliances, I wanted to say that we are speaking a lot about how the social Europe should be organised within Europe. But maybe we should also have a perspective of the link with what is outside of Europe. That is a precondition of social Europe, if I take up what Robert Salais had said about the 'protection' of European industry. Protection is the word or protection is not the word, if you want. In my studies of economics in Brussels, it was a no-go. It was like the devil. But this holds only as long as you believe in the Ricardian idea that free exchange will benefit all in the end. This might be true for some cases, but for other cases it might not be true in the market — we might rather listen to the Matthew principle of those who already have getting more. I think that social Europe with a free global market exchange only works as long as Europe is incredibly competitive.

There are two things. The first thing is that we can question the competitiveness goal, this is already been thematised in the Lisbon agenda thirteen years ago. The conclusion was that Europe will be competitive. The second thing is that maybe Europe does not want to be this competitive, because this would mean organising life and society by economic principles entirely. And maybe people should be free from this constraint, take a break from

this internal market or anti internal market, from this competition which governs our lives. This market logic began to replace any discussion on how society wants to organise itself, what shape society wants to give to itself, how we want to lead our lives. Because we have to listen to the imperative of the market. And so control of capital movement is one thing, but protection of trade, of the economy, is a different thing. It may be that some countries outside Europe would like also to have a break from our competition too. All this to say that for the memorandum it might be also an useful perspective to talk about the relationship with what is outside of our borders.

Ortrud Lessman: Thank you very much. I am quite happy that all of speakers have touched the issue that Thomas Janson raised this morning about the crisis of democracy that we also face. What I found quite irritating in Guy Standing's talk was that he hopes for a class movement to occur. It seemed to me that he hoped for change from outside our democratic structures. Where I would hope more for something that Christophe Robert has spoken about, so a link between the social movement and our politicians. I think this is very important. And I think you also touched a little bit about the other point I would like to make, which is that, though I think it may also work to argue with some politicians to introduce economic arguments for social policy in a way that Ides Nicaise has done it in the very first talk. So it might be one strategy of doing this, but I see the risk if we do this, the risk of somehow forgetting ourselves. And it is not us to serve the economy but it is the other way around. I think we have to remember this once and again.

Ides Nicaise: I pretty much agree to almost everything that has been said by the different speakers this afternoon. Thank you very much for inspiring us. I just wanted to emphasize one

point, which in my view is very crucial. If generally speaking we advocate a Europe of basic rights, of minimum standards. One of the key minimum standards in my view is a guaranteed minimum income system. Reiterating the claim of the anti-poverty movement is certainly necessary, because there is a lot of opposition against this idea of a framework directive for a convergence towards minimum income systems in Europe. I think it is a feasible thing. The cost has been calculated. It is 130 billion euros, which looks much but is not that enormous. It is approximately 1% of the European GDP. All the more that it is not governments' budgets that are going to pay for it. It is also employers, our social security systems and so on. The burden of achievement of that proposal will be shared. It is also, I think, something more than ten percent of the annual fiscal fraud. So it is all the more feasible.

Another point that I wanted to raise: What happened to the spring alliance? The spring alliance was a solidary movement of NGO's and labour movements, trade unions all across Europe, which I remember was very active in the period just before the European year against poverty in 2008-2009. I do not hear any more about it. Have we lost that alliance and should this alliance maybe revive this spring alliance?

Jean-Luc Dubois: The title is equal and social Europe. I will say: equality of what? Right and dignity for all, perfect, but we are very heterogeneous people and we have some countries which have very meritocratic societies. So in fact we need sometimes more, we need to work on equity issues. Especially in these countries where there are a lot of migrants and sons of migrants who are not at the same level in a meritocratic society. Second thing: social. We discussed about basic rights, about universal income. We spoke about who will pay special taxes on finances,

Tobin tax, flight tax etc. But there is also a societal aspect in the social dimension, which include innovation through enterprise. We can think of supply-side, social partnership. We will create new ways of added values while distributing them among the people.

Mahmood Messkoop: I have a couple of comments to make and basically I agree with a lot of what has been said already. I quite agree with Robert that the way he has put the economy back on the agenda and on top of the list in terms of discussion on social issues.

But I want also to emphasise that we need to bring back social into the discussion because it supports the economic discussions and basically link the social with the economic in order to consolidate what he referred to in the discussion as the economic production chain that he put on the agenda again. The other thing which is linked to this discussion is the role of the state. I quite understand from the issues that Ioan Suru raised about the attitudes towards the social provisioning and why if you ask people if they want a private or public health system, they go for private health. This has been going on in a lot of poorer countries, when people are confronted with corrupt, repressive and very inefficient states and social provisioning, people walk to the private sector because they have no choice. In fact, international agencies like the World Bank and the IMF have used this in order to justify user charges as a willingness to pay. Basically saying that people are prepared to pay for services if they get better services. This in my view undermines dramatically the collective action.

That is why I want to argue for the social space that organisations like us have to argue about. Collective action not in the old model of wanting a bureaucratic state to support us, but something collective at different levels. States are important

because of their capacity to raise funds through taxations and organise redistribution. No charity can do that. That is why the state entered the scene as we agreed and historically that has been crucial. No charity has been able to eradicate poverty by the way. No charity has been able to reduce infant mortality. No charity has been able to improve public health historically. And therefore we need this collective action. And because of that I think we need to have an approach to the politicians which goes beyond just a simple dialogue as you suggested just now. That we need to have a dialogue with the politicians that will mobilise through democratic discussions in order to put pressure on them.

Finally, I want to alert you to the social investment fund and also the social enterprise fund. Both of which have been put on the EU agenda and I advise you to have a look at them. Both of them came out in the past couple of months. I apologise to the meeting for failing to consult them properly before coming here, but I did it just now and I am to some extent heartened by the social investment fund because it is very much on social policy issues that we have been discussing here, on transforming the social policies. But, and this is a very important but, it has a whole section on non-state actors in social provisioning, basically NGOs. And this is backed up by the social enterprise fund, which supports non-state actors in providing public services. This is basically the private sector which provides health and education. So we have to be very careful in the social investment fund and social approach of the EU on this matter, and try to argue again and again on collective action and collective responsibility. And try to avoid as much as possible and prevent privatisation of social provisioning.

Annabella Dinise from Portugal: They have presented the public health system in Portugal as one of the sectors that still works well, but they didn't mentioned the trend to privatise the health services. And it has been frightening for me because it belongs to the European strategy that wants to privatise the health services and make that the health has be seen as a service, as a good and to transform the health as a good, as a commercialised good. So my question that I wanted to ask this morning was: can we reverse the European policy to avoid this new model of privatisation? Do we have any model, any idea to alter this model and that goes towards privatisation because in Portugal the consequence will be tragic. Who will still have a responsibility for the sick people, because in some countries the sick people are very blamed because they are sick? We in Portugal have the idea that we have to be the good pupil of Europe. And if Europe continues with these privatisation guidelines, Portugal will follow the European guidelines. Because the idea is that we have, I repeat, be a good pupil of Europe. And it is because of that that it is very difficult for us to change things from a national point of view. The answer to this threat should be a concerted idea, a very large idea and including many countries. Because I think that was the response given by the afternoon's speakers. That we cannot give a response at national level, but we have to give a global and holistic answer. And to mobilise countries.

Jonathan Butterworth: People have been talking about advocacy and making poverty visible and the need to make poverty visible. This is something that we are really interested in doing within the UK. Particularly stories of poverty, as well as statistics. Not just statistics, but stories of poverty. Because this is why within the UK Cameron and Osborne and the neoliberal agenda was so successful, because they don't bother with

statistics. They just do stories, loads of them, and that eventually gets into the consciousness of the public and that changes the dialogue and the debate. I am wondering what opportunities there are for the potential for us here, because we are all doing the same thing obviously but in different countries. What potential there is for us as organisations and alliances to work together, to tell this story in a united manner. Not just in terms of the UK story or the Romanian story or the French story, but that it is in fact just a human story. A human reality which we are all in. And quite practically speaking maybe Michel you might be able to put us in touch, maybe an online forum or a... It would be nice to continue the conversation some way or, and I am not very good at technology but maybe there are opportunities to do that.

And I think we are going to meet up as well, hopefully, to talk about the memorandum. But just practically, what could we all do together to tell this story in a united manner which would not only go centrally within Europe, but could also be applied domestically. So that we say that just fare on just speaking on behalf of sixty charities, which is great within the UK but in fact this is a united voice which is coming from Portugal, France, Germany, Romania, all these countries. And we are not idiots, we are not crazy whatever the stereotype is. But this is just a human reality and there is no denying it and this is the real narrative of humanity within Europe. What potential is there for that?

Mary Murphy: I suppose if we understand the nature of change or a very simple way of understanding change, it can that people have to be at the centre of change and they have to take ideas and they have to fight for those ideas in places. So to some degree it is about what ideas we have and what are the strategies and the places that we think we can fight for those

ideas. We have mentioned democratic spaces, social movement spaces, pan-European spaces. So to just to go back to the panel and maybe with two questions for each of you: what ideas are coming out from this discussion? For example, Ides mentioned the idea of the framework directive on the minimum income. Should that be a central idea? And then what kind of strategies are we seeing? The stories, the idea of it, is it inside democratic spaces, is it more social movement models, what can we add to our developing conversation?

Robert Christophe: I would like to start with the second question. I do not really have a position on the other question, but I could try.

I think that we have to have a guaranteed minimum income, that is for sure, but should it be something that is automatic or should be an insurance in fine, only if everything else has not worked? Something that is assured but it is not a right that has to be given to you. So this is what I think about the first question.

The second question. Well, we have to start a movement through different forces and different European countries, but at the same time I really want to insist on one thing. We have to be open on economic questions and on what Europe can do in its internal organisation. This would be really useful. So there are already links that are existing with for some specific operations with Africa and Latin America. We could continue in developing this kind of links. This could be useful. Two things I would like to come back to the last question by the representative of the UK, because it seems to me a fundamental question. I noticed a willingness to function differently from what Europe suggests and it is important to be noted already. I think that what you are talking about is the need to have a communication strategy. Excessive liberalism, it took them years to become obvious and I

think we need to organise communication campaigns in order to show two things. First of all that behind figures, when we say three million homeless in Europe, behind the figures there are individual people with their own story, with their future possibly. So show the diversity behind the figures. And also show that we want another politics.

For example the campaign organised by the European federation of homeless, “poverty is not a crime”. This campaign was relayed in France because almost everywhere in all the European countries there was an attempt to criminalise poverty by imposing fines on beggars, on the people sleeping on the streets. It is a very interesting campaign because it has given another image to poverty. We said “is that what we want”? We want to transfer misery from one city to another without solving the problem? And without changing anything? Is this what you want in the society? So that is interesting. And the last point about the economic arguments. I share your analyses, you know, it is mainly an issue of common social projects, of dignity, of applying social rights.

But sometimes you need some strategy and I think that we need to talk to the people who think differently. And when you are with somebody who does not want to share the model that we are trying to build, then maybe say: If this all you can talk about, the economy, well then there will have to be cuts, yes, but then look at the impacts, including the economic impacts. So it is a completely secondary argument, but it can also prevent big mistakes in my opinion. There are so many things that are said in the press and which are not true. I am communicating to show that there are real economic justifications to the social policies. This is also important in terms of communication, especially vis-à-vis the politicians who are always ready to take the last fashionable argument and maybe do not reflect enough.

If we want to find a common strategy, I think we have to promote the common goals. The material common goals like soil, energy, houses, water. But also the immaterial common goals like health, education and social services. We cannot say to the people, we have to defend the welfare. We have to defend our water, our soil, our health and all these things. I think it is a cultural and political struggle.

Mike Allen: About the minimum income guarantee. I support it, I think it is a very important demand and it should be part of our program. The question of where it is placed in that program is a tactical question in terms of what will move things forward.

In your own presentation, Ides, you talked about the way in which initially it was thought that social risk might be evenly distributed and that was the starting point of a lot of the systems. I think that is quite an important idea. To what extent do average citizens think that such a minimum income guarantee is a thing for them or is it just a thing they do for other people? I think we are at a stage now where people would not see it as something for them. They would see it as something else. And so it might not be the thing you put first in your argument to win a grand swell of support. But I am open to discussion about that, it is just sort of a tactical question.

On Mary's question about where you make the arguments I think Jonathan's idea, what he is saying about the stories, is very important. It is useful to do it. But I think you need to think about who are the audiences. So there is no European public sphere, there is no European media or public listening to stories. It is very local. So we can learn techniques and so on, but the story of an Irish person who has lost his own is very unlikely to make many people change their views elsewhere. So I think there is limitations to that and we need to be aware of those.

This is one for networking and sharing skills rather than thinking that we have an audience that collectively we would speak to. We are very much speaking to various different audiences around Europe.

Which brings me to the point about which we discuss a lot, austerity. It struck me that for Britain, Michael and Jonathan both referred to the fact austerity is a political choice there as it is in Sweden. It is not the same in Ireland or indeed in Portugal or Greece. The fact of the matter is that the Irish government must impose austerity as a national government because they have not got the money to pay our hospital workers or teachers unless somebody lends it to them — and the international markets will not lend it to them. The only people who would lend it are the European Union. So at a national level in Ireland austerity is an economic reality. The only possibility for a different strategy must be within some form of European solidarity in which other European were willing to assist with our budgetary problems without imposing the sort of conditions that they are currently imposing. So I think that is quite important.

We use the word austerity to discuss all budgetary responses which reduce expenditure but increase taxes. But they are actually quite different. I am not supporting, I want to be clear, I am not supporting austerity or cutbacks, I am just saying you need to understand the differences and that the problems in Ireland cannot be solved within Ireland, they do require a wider European context. I think that is the same in Portugal and Greece.

Mary Murphy: I have one question I want to throw out actually. It is back to Mahmood on some level and maybe to Peter, who

might take it up because I think you raised an important issue of that it is possible to think of the social investment package which has only emerged at a European level in the last month or two really. That it is an indicator maybe of an idea of a European social model. It has some strengths, it has a lot of weaknesses. It certainly has abandoned a rights perspective. It does not engage in the capability perspective maybe, or the transformation as much. But are there ways of using it as a strategic tool to strengthen our ideas or is it something we should contest? Just to bring it back in to the conversation a little bit, because I think it is important. And maybe just to contest what Mike just said. Is it true that there is no European public sphere? Are the European elections that we will all encounter in June 2014 the opportunity to construct a European sphere and is that the way we should be thinking, that if we are European citizens we need to create these democratic institutions and public spheres if it to be meaningful. And should that be part of our strategy? Enabling that participation at a pan-European level and the voices to emerge. So just to throw back those kind of ideas. And I know you will take it up.

EAPN Portugal: I represent EAPN from Portugal. Yesterday and today I have learned loads of things, but I am leaving here with a little bit of deception. I feel very rich but on the other hand I feel a bit deceived. Because Europe is suffering from uncertainty. And the issue of this conference has to do with the ability to be together as European citizens and not to fight against each other. So I do believe this is the challenge, so we need to fight for a more equal Europe. A Europe with more equity and a better social Europe. The European model may be social. We can feel that it is dying but we need to protect with our strength. I think that all the projects together in the European scene need a lot of alliances in order to protect the European social rights. It will be

despite the crisis that we have, it will be shameful losing the fights that we have, achieved. It is going to be very negative to give up and giving up is something that does not have to belong to our words. We do not need to give up. This call that has been made from our colleague from the United Kingdom in order to have just one voice, a very strong voice or maybe several voices, we can see that our Alliance is trying to have this voice in order to protect the social rights in Europe. I think that there are many organisations that are fighting for this. I would like to know for example what is the European network against poverty that has the headquarters in Brussels doing, because they are lobbying for a better situation but they are in a very good situation. So if we analyse the recent history of the EAPN, if we see the different campaigns, all the reflections, all the ideas that have been developed in Europe. Because the EAPN is gathering more than thirty countries in Europe — thirty countries! — so it is a very strong voice in order to fight against poverty and social exclusion and to protect all the European projects. They have a unique voice in order to protect the most vulnerable people in Europe. And this organisation is trying to deepen these processes and this is the challenge I would like to take with you. To work all together, to set new alliances and partnerships. Being in a partnership is vital, we also have Social Platform in Europe and we need to count on these platform. They have voices, they have new strategies and we can count on these social platforms existing in Europe. So to say I am not just protecting some ideologies. But I think that the main goal that we have is to protect our project in Europe.

Mahmood Messkoop: Just a quick response to your question, Mary, about whether we should engage with the social investment fund, and the discussion around it. First of all, this social investment fund in my view would not have come on the

agenda if it was not for three years of massive protests across Europe. So this is the value of street level democracy. We should not undervalue it. And I do not approve of violence, but I do approve very massive demonstrations right across Europe. And the massive unemployment, by the way, especially among the young. So this has not come out of the goodness of heart of mister Barroso and company.

The second thing is that obviously we should engage with whatever social policies that Europe for the first time gets engaged with. There is quite a bit in the report, which I have read very quickly, that I would support and we should support. But we should not endorse it fully, obviously, but engagement is important in order to mobilise its positive elements for funding to alleviate poverty — not in the short term, but in the long run as we keep the rights issue on the agenda and the minimum income guarantee on the agenda as much as we can.

Jean-Luc Dubois: I do not know if any people know about this initiative which was called 'High in-debt poor countries'. In a lot of countries of Africa which were very deeply indebted, the European community decided to cancel the debt of these countries if they invested in social sectors. I do not know why we do not have such a mechanism at the European level. If we have paid for the debt of the Greece, before that interest rate raise up too much, it was less than paying for the debt of one of the French region, for instance. So if such a mechanism could help to solve some of the social issues in the meantime.

Mary Murphy: I think the last interventions do remind us that it is about alliances and what we can learn from each other and our long histories of working in alliances to keep critically engaging and keep rights on the agenda. And then learning exactly from examples around the world.

Conclusions

Maria José Domingos: The idea is not to give a conclusion because I think we need to prepare the conclusions later on. I would like to say that what gathered us here today during these two days has been very important. We have been thinking about a Europe that needs to be more social and needs to fight for equality. On the other hand, we need to see how we can build this more fair Europe through the creation of alliances. Alliances that we can create from this European level. Creating links amongst countries in order to protect this social welfare state has to do with local issues. We need to start from the local perspective. We need to engage more citizens. We need to engage universities. We need to engage everybody from this local perspective. We need to start working from down top and not from top down. It is needed to put people in the centre of our worries. The adjustment policies are creating more and more poverty and more inequalities in Europe. That is why we need to proceed in order to have a better assessment of these austerity measures. And to be able to assess them we can do it and we can change many aspects of this policies. Also the structural funds in this framework have a very important role. It is needed that all the countries contribute in order to achieve the reduction of poverty in the 2020 strategy. Europe needs to respect to promise to finish with poverty.

Michel Debruyne: This seminar is the seventh step towards a strategy and new ideas for an equal and social Europe. We will work hard on this strategy and on the content. Therefore we invite everyone to work together, to work with us to discuss and to act. Because acting is necessary if we want to influence politics. I think we have to explore the idea of alliances further. We cannot stay alone, we must look for other organisations on

different levels to create a social movement for an equal and social Europe. Our tasks and objectives are very clear and I will invite everyone to work with us.

Alliances to fight Poverty: An urgent call for a social, democratic and sustainable Europe

The poor can't pay any more. They are not responsible for the crisis nor for their poverty. It is our society that is accountable for the growing inequality, social exclusion and poverty. Therefore society must take the lead to fight poverty, social exclusion and inequality.

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The 'Alliances' want to fight poverty, social exclusion and inequality on every level of society.

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The concern of this Europe should be the well-being of everyone. This well-being, understood as the freedom to choose and lead lives we value and have reason to value, should be at the core of the European construction. This freedom depends on a better implementation of human rights and on an enhanced democracy. Therefore we need to restore the concept of global solidarity both between member states and within member states.

A renewed project for Europe has to reconnect its economic priorities to answer the social, ecological and climatic challenges we face. Therefore Europe has to invest in the rich economic diversity of our countries and regions and bring them into constructive or rich competition with each other, in order to stimulate an equal standard of living. Besides, by stimulating rich competitiveness we connect Europe to the world. We challenge the world to seek its own social and ecological protection systems. Accordingly, the EU can lead a global development that is based on human well-being and sustainability.

The 'Alliances to fight Poverty' are a symbol of the living social spirit of Europe

A renewed project for Europe has to answer the democratic challenges created by the European construction. To answer these we need to return to the basic elements of the European construction. Cooperation between all levels and between all 'living forces' is an essential element of the answer. A rich

definition of subsidiarity forms the basis of an answer that combines solidarity and democracy. The cornerstone of this renewed project is an enhanced social and civil dialogue on the European and member states level.

To achieve this other Europe, a fair distribution of power, resources and means is necessary.

Our goal as the 'Alliances to fight poverty' is to gather NGOs, social partners and civil society along with cities, regions, member states and the European institutions around a Europe that develops and organises a fair distribution.

The 'Alliances to fight Poverty' are an urgent call for all concerned about poverty, social exclusion and inequality. You can also push a stone in the river.

More information: alliancestofightpoverty.org

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democratic and sustainable Europe

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