

# Can the European Union 2020 Strategy Deliver on Social Inclusion?

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## Abstract

In 2010, amidst the financial and sovereign debt crisis, the launching of a novel European strategy for “smart, sustainable and inclusive growth” signalled a significant step in the European coordination strategies for tackling poverty and social exclusion. Crucial in this respect is the unprecedented prominence accorded to a quantified goal in poverty reduction across the EU, to be achieved by 2020, along a supranational governance process that sets the ambitious aim of bringing the social field within the framework of EU financial and economic governance. In this paper, we critically examine how this new strategy has fared so far and what the expectations are for its effectiveness in combating poverty and social exclusion within the set timeframe.

The paper consists of three parts. In the first part we briefly discuss the main dimensions of the EU 2020 Strategy and the targets and tools in the fight against poverty and social exclusion. In the second part we scrutinize the relevant literature on the political dynamics behind the EU targets and policy tools with a focus on the conflicts and opposing normative visions of poverty and social exclusion among member states and EU bodies, which erect serious barriers to effective anti-poverty policies across the EU. This is combined with an analysis of the European coordination mechanisms in the social field, with an emphasis on the European Semester and the Country Specific Recommendations (CSRs) by the European Commission and the Council of the European Union.

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In the third part we present and discuss the outcomes so far, on the basis of the three components of the poverty and social exclusion measure used by the European Commission: The at-risk-of-poverty rate (AROP), i.e. the relative poverty measure based on disposable income; severe material deprivation (SMD); and joblessness (LWI), i.e. people living in households with zero or low work intensity. In 2014, about 122 million people were at-risk-of-poverty or social exclusion, well above the pre-crisis level. Moreover, in a number of member countries income thresholds under which people live in relative poverty have fallen significantly, indicating a pronounced deterioration in living standards. Severe material deprivation remains above the 2009 level, and has greatly increased in countries like Greece and Spain, which have been severely hit by the economic crisis, but also in the UK. Equally, the share of people living in jobless households is on the ascent (11.1 % in 2014, well above the pre-crisis level). We examine the factors accounting for this poor performance of the EU 2020 Strategy in the social field and comment upon the multi-stakeholder involvement in the governance process of the EU anti-poverty targets. The conclusion briefly reflects upon how to strengthen the European anti-poverty dimension.

## Introduction

In 2010, amidst the financial and sovereign debt crisis, the launching of a novel European strategy for “smart, sustainable and inclusive growth” signalled a significant step in the European coordination strategies for tackling poverty and social exclusion. Crucial in this respect is the unprecedented prominence accorded to a quantified goal in poverty reduction across the EU, to be achieved by 2020, along a supranational governance process that sets the ambitious aim of bringing the social field within the framework of EU financial and economic governance.

In this paper we critically examine the place of the anti-poverty dimension in the governance of the EU 2020 Strategy<sup>1</sup>, the conflicting perspectives and priorities among member states (MS) and EU authorities that impacted upon the content of the target, its implementation and monitoring, the

outcomes so far, and the prospects for effectively combating poverty and social exclusion within the set timeframe. Our major findings are the following: There are strong disagreements and opposing normative visions of poverty and social exclusion among EU countries. These erect serious barriers to social inclusion, greatly accentuated by the dwindling public support for the EU and rising Euroscepticism over the last few years. The data show that more people live in poverty and social exclusion than pre-crisis, and inequality within MS and across the EU has increased significantly. The new governance framework has triggered multi-stakeholder engagement at various levels (regional, national supranational) with regard to the anti-poverty target. This is a positive development for increasing the visibility of the social field in the EU. Yet, it can hardly guarantee meeting the anti-poverty target, as long as social considerations remain subordinate to economic and fiscal priorities in the EU.

The paper consists of three parts. In the first part we briefly discuss the main dimensions of the EU 2020 Strategy and the targets and tools in the fight against poverty and social exclusion. The second part focuses on the political dynamics underlying the formulation of the EU anti-poverty target (among MS, the European Commission, the Council, the European Parliament, the Employment Committee, the Social Protection Committee and other relevant bodies), and how this has impacted upon target setting by each MS in the yearly policy cycles of the “Strategy” (from 2011 to 2016). The third part briefly examines the outcomes so far in respect to poverty and social exclusion among MS, and critically discusses how and to what extent the European Commission and the Council have responded to rising poverty in their latest Country Reports and Country Specific Recommendations. It also comments upon multi-stakeholder involvement in the governance process of the EU anti-poverty targets. The conclusion stresses the need for a set of binding social rights at the EU level in order to strengthen the European social dimension.

## The main dimensions of the EU 2020 Strategy and the poverty reduction target

As Scharf (2002: 645) stresses, the EU suffers from “a constitutional asymmetry between

1 Referred to below also as the “Strategy”.

**Table 1: The structure of the EU 2020 Strategy (the “Thematic Strand”)**

<i>Goals &amp; policy tools</i>	<b>Three major priorities pointing to the nature of growth that EU envisages: smart, sustainable and inclusive growth</b>				
1 <sup>st</sup> tier	<b>Five headline targets (to be translated into national targets)</b>				
	<b>Employment</b> 75% of the 20-64 year-olds to be employed	<b>R&amp;D</b> 3% of the EU's GDP to be invested in R&D	<b>Climate change</b> -greenhouse gas emissions 20% lower than 1990 -20% of energy from renewables -20% increase in energy efficiency	<b>Education</b> -reducing the rates of early school leaving below 10% - at least 40% of 30-34 year-olds completing third level education	<b>Poverty and social exclusion</b> at least 20 million fewer people in or at-risk-of-poverty and social exclusion
2 <sup>nd</sup> tier	<b>Ten integrated guidelines - Four guidelines concern macro-economic &amp; fiscal surveillance (not depicted here). Six guidelines refer to thematic coordination, as follows:</b>				
	Two on labour market and skills	Two on R&D and resource efficiency		One on education	One on “promoting social inclusion and combating poverty”
3 <sup>rd</sup> tier	<b>Seven flagship initiatives to encourage progress on the guidelines</b>				
<i>Smart growth</i>			<ul style="list-style-type: none"> <li>Digital Agenda for Europe</li> <li>Innovation Union</li> <li>Youth on the Move</li> </ul>		
<i>Sustainable growth</i>		<ul style="list-style-type: none"> <li>Resource efficient Europe</li> <li>An Industrial Policy for the Globalization Era</li> </ul>			
<i>Inclusive growth</i>	<ul style="list-style-type: none"> <li>An Agenda for New Skills &amp; Jobs</li> </ul>				<ul style="list-style-type: none"> <li>European Platform Against Poverty</li> </ul>

Source: Compiled by the author.

policies promoting market efficiencies and policies promoting social protection and equality”. The EU 2020 Strategy has initially been heralded as a step forward in bringing the social dimension into the process of economic and financial EU integration. It was particularly welcomed as an important development towards tackling poverty (Marlier et al., 2010) and hence “as a major brick of ‘Social Europe’ for decades” (Armstrong, 2010). It succeeds the Lisbon Strategy (2000-2010), in the sense that it builds in particular upon the policy toolkit and major objectives of the revised Lisbon Strategy (in 2005) that emphasized growth and jobs. Its major innovation lies in the introduction of a specific quantitative target for reducing poverty and social exclusion by 2020, as well as in the introduction of a novel governance arm (the European Semester)<sup>2</sup>

2 The “European Semester” refers to the annual cycle of the governance process in the EU. Every year, it starts with

for policy coordination and monitoring that could, potentially, facilitate a deeper integration between the social, economic and financial dimensions of the Union.

Very briefly, the EU 2020 Strategy is set around three major priorities: of “smart, sustainable and inclusive growth”. The overall governance structure consists of three major pillars (or strands): macro-

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the drafting of the Annual Growth Survey (AGS) by the Commission, which sets out the key policy challenges and priorities across the three strands of EU governance (macro-economic, fiscal and thematic; see below). Member states then prepare their National Reform Programmes and Stability and Convergence Programmes, in which they assess their policy performance and set out their future actions. These programmes are discussed by EU-level expert committees and EU bodies, which provide input to the Commission for issuing the Country Specific Recommendations. The latter, after being adopted by the Council of the EU, feed into the following annual cycle.

economic coordination (with a focus on preventing or correcting macro-economic imbalances); fiscal surveillance (strongly limiting national control of public finances mainly in the Euro area); and thematic coordination.<sup>3</sup> The “Thematic Strand” (Table 1) embraces five “interrelated headline targets” to be achieved by 2020, in the fields of employment, research and development, climate change and energy, education and the fight against poverty and social exclusion. The targets are further dissected into six guidelines of “thematic coordination”. These are combined with four major targets (not depicted in Table 1), which concern macro-economic and fiscal surveillance aligned to the fiscal stipulations of the Stability and Growth Pact.<sup>4</sup>

In order to promote progress with respect to these priorities and major targets, the Commission put forward seven “flagship initiatives” consisting of specific work programmes that could act as levers of change along the set goals. Within this framework, at least in rhetoric, the anti-poverty and social inclusion policies have gained a significant prominence, given the fact that they figure as one of the five key goals of this supranational endeavour. Thus, the “vague objective” of eradicating poverty under the “Lisbon Strategy” has been replaced “by a possibly less ambitious, but potentially more incisive, quantified poverty target” (Jessoula et al., 2015: 6), namely to lift 20 million people out of poverty and social exclusion by 2020. Moreover, among the seven European flagship initiatives, the “European Platform against Poverty and Social Exclusion” was introduced with the aim of supporting the EU and MS to reach the anti-poverty and social inclusion target. This was conceived as an umbrella platform for an exchange of good practice and encouragement of multi-level, multi-stakeholder involvement.

The Lisbon Strategy was equally a significant moment in respect to the social dimension of the EU, as it brought forward the social integration

3 For a more detailed description of the governance architecture of the EU, see Vanhercke 2011, 2013; also [http://ec.europa.eu/europe2020/pdf/annex\\_swid\\_implementation\\_last\\_version\\_15-07-2010.pdf](http://ec.europa.eu/europe2020/pdf/annex_swid_implementation_last_version_15-07-2010.pdf) accessed 15 September 2016.

4 That, however, together with macro-economic surveillance, outweighs the thematic coordination targets. Fiscal surveillance under the Stability and Growth Pact is not integrated into the EU 2020 Guidelines, but runs parallel to it.

goal, albeit in a vague way, but with the 2005 review this goal significantly faded away. The use of the so-called “Open Method of Coordination”<sup>5</sup> in the social field (the social OMCs) launched with the Lisbon Strategy stimulated mutual learning through national and joint reports, and related indicators. However, as stressed in the relevant literature, by the end of the period to which the Lisbon Strategy referred hardly any of its objectives were met. Rather, “the gap between the best and the worst performing Member States” was wider in 2010 than in 2000 (Tilfor and Whyte, 2010: 3).

A significant element of the EU 2020 Strategy is the introduction of an iterative process under the “European Semester” which, as mentioned above, embraces a cycle of national reporting and monitoring that integrates the previously separate strands of macro-economic surveillance and the country reporting under the Lisbon Strategy (mainly the employment and social OMCs). These are combined in the annual National Reform Programmes of the MS. During the “European Semester” the relevant bodies of the European Commission monitor progress with respect to set priorities and targets, provide annual policy guidance and issue specific recommendations to MS, as briefly stated above.

A major question that arises is whether the novel framework constitutes an effective move forward in drastically tackling poverty and social exclusion in the EU or, as with the Lisbon Strategy, it will hardly deliver in this respect. By drawing upon the existing literature and in the light of the available data and indicators so far, we attempt to assess this issue along the following lines. We trace the political dynamics in the relevant EU institutions for setting the anti-poverty and social inclusion goal. Major politico-ideological differences in the way the MS, the Commission and other EU institutions approach social welfare are revealing as regards the possibility of clearly articulating and effectively pursuing a common anti-poverty target. Also, we assess outcomes so far on the basis of the combined

5 In the EU governance architecture, the OMC is placed in-between hard and soft law. It is a policy instrument that is less effective in bringing about concrete outcomes than hard law; but more effective in triggering cognitive shifts than soft law, particularly due to the regular reporting, peer review and mutual learning processes accompanying it (Zeitlin et al., 2005; Trubek et al., 2006).

indicator agreed at the EU level for measuring poverty and/or social exclusion (and its component parts), and briefly comment on whether there are any indications of truly promoting integration between macro-economic, financial and anti-poverty policies. The latter issue reveals the place of anti-poverty policies in Europe 2020.

## The political dynamics regarding the EU anti-poverty dimension

The available literature (see among others Copeland and Daly, 2012 and 2014; Copeland, 2014; Frazer et al., 2014; Marlier and Natali, 2010) on the negotiations and the final inclusion of the anti-poverty dimension in Europe 2020 highlights various aspects of the political dynamics surrounding the process. Of particular importance in this respect are the inherent discrepancies in the definition of the target itself and in the way these impact upon the governance of the “Strategy”.

The academic debate emphasizes a number of crucial levers influencing the decision by the Commission, the MS and the Council on the major thematic priorities of Europe 2020. First, the criticisms of the re-launched Lisbon Strategy (Lisbon II, 2005 to 2010)<sup>6</sup> expressed by “socially oriented actors” (i.e. experts from academia supporting “Social Europe”, a small group of transnational NGOs – like the European Anti-poverty Network [EAPN] – lobbying for anti-poverty measures, European Parliament majority votes in favour of integrating the social and economic dimension and others) strongly emphasized the subordinate place of the social dimension in EU integration. These actors argued against the separation of social policy on the one hand from economic, monetary and employment policies on the other. Copeland (2014: 175) stresses particularly the importance of the politics surrounding the re-election of Manuel Barroso as head of the Commission in 2009, namely his attempt to respond to the European Parliament’s criticism that during his previous term in office EU

policies under Lisbon II focused heavily “on business interests rather than all EU citizens”. Second, during the time of the negotiations of the EU 2020 Strategy, a small group of MS in the Council (Austria, Belgium, Cyprus, France, Italy, Spain and Portugal) strongly supported the inclusion of the social component in the broad process of European integration. They were opposed mainly by Sweden, the UK, Ireland and the new member countries (the Central and East European Countries - CEEs), which vehemently insisted on the restricted legal competence of the EU in the social protection field. Strikingly, behind the convergence on this stance, among the above countries, lie different political economies and welfare approaches: Sweden, a country with a social-democratic welfare state, stood together with the neo-liberal view of the UK, Ireland and most of the CEEs. The stance supported by this group of countries stressed employment growth as the main tool for tackling poverty and social exclusion. Yet, at a closer look, behind this common stance lie different normative perspectives. In Sweden, redistribution through a “solidaristic” welfare state that relies extensively on public employment for social service provision, limits the prevalence of the poverty issue in public debate. As stressed in the available literature, high levels of public service employment do not leave much room for low-paid service jobs and related poverty traps, while labour market integration policies are directly linked to social inclusion. In the countries with a neo-liberal political orientation (as well as in most of the CEEs) benefit/welfare dependency takes centre stage in public debate as a major cause of poverty. Activation for labour market integration is crucial in this welfare philosophy as well, but contrary to Sweden, state involvement and support are limited, mostly addressed to those in great need (Copeland and Daly, 2012: 277-8). Also, CEEs expressed major concern regarding the financial costs that they would incur through any social protection measures agreed at the EU level.

In a third group of countries, the South European countries, poverty has persistently been high. But, until the current crisis, it had not been a particularly prevalent issue in public debate, in the context of the familialistic welfare pattern and the limited redistribution though social welfare institutions in these countries (Petmesidou, 2013). Moreover, the crisis in Southern Europe strengthened the CEEs’ argument that any decisions at the supranational level triggering the expansion of social spending

6 As Copeland argues (2014: 166) “while the Lisbon Strategy initially prioritised tackling social exclusion [...] [its re-launch in 2005] under the banner of ‘Growth and Jobs’ effectively sidelined the open method of coordination in social inclusion [...] [and] was reconfigured around the liberal aim whereby social cohesion was articulated as a result of economic growth and employment, rather than being an independent objective in its own right” (see also Daly, 2012; Haar and Copeland, 2010).

would negatively affect their public finances, given the fact that their GDP per capita levels are much lower than those of West European MS. On the other hand, North-West European countries considered any binding anti-poverty target as opening up the way for an expansion of the Commission's competences in the social field and hence for social redistribution at the supranational level (Copeland and Daly, 2012).

Overall, there are cross-cutting lines of alliances and clashes among MS as to their assessment of the significance of the poverty issue and the ways to combat it. This highly limits the appeal of a binding EU-wide poverty benchmark. The political stripe of the government in power is crucial too for defining support of or opposition to a common stance on poverty across the EU. Nevertheless, after a period of stumbling negotiations, a convergence on the view of prioritizing employment growth as the major tool for combating poverty offered the way out of the impasse. The Spanish presidency during the first half of 2010 succeeded in incorporating the anti-poverty and social inclusion target in the main objectives of the "Strategy". Yet, this was a target of low expectations and high controversies that allow great scope for different national interpretations of what is required for it to be attained and how it can be achieved.<sup>7</sup> This brings us to our second point, namely the articulation of the anti-poverty target in this new framework and the governance of its implementation.

A brief review of the negotiations (Copeland, 2014) on how to define the anti-poverty target shows a strong disagreement among MS in the Council, and between the European Commission's Directorate for Employment and Social Affairs and the Directorate for Economic and Financial Affairs. This reflects diversity in normative perspectives to social policy linked to the diversity in the European welfare states, as mentioned above. Given, also, the limited scope of the "social acquis" and the restricted legal competence of EU institutions in the social domain, the social dimension is a contentious issue making agreements fragile and subject to political expediency on all sides. All these are critical issues

for assessing the poverty and social exclusion target.

The first draft proposal by the Commission set a rather bold poverty reduction target of 25% by 2020 (European Commission, 2010a: 5). Only seven MS supported this proposal (four South European countries – Italy, Portugal, Spain and Cyprus – together with Austria and Belgium). Most MS expressed strong worries about what they considered an imposition by the Commission in an area pertaining to national jurisdiction on policy decision. The fear of intrusion into national policy domains was further exacerbated by the new monitoring and governance tools that might embrace binding country-specific recommendations by the EU institutions. Negotiations led the Commission to come up with a watered-down target, accompanied by reassurances that the anti-poverty guideline and the monitoring of its progress would not be of a binding character for MS. The EU anti-poverty reduction target was redefined. It embraced a much larger reference population than the people living in conditions of relative poverty (the cut-off point set at 60% of the median equivalized disposable income from every source, after social transfers)<sup>8</sup>, with the addition of people experiencing social exclusion and/or living in jobless households. The target was also defined in absolute numbers rather than as a percentage reduction: namely to reduce the number of people in the above reference group by 20 million by 2020 (which comprises about 17% of the reference population, in the baseline year [2008]<sup>9</sup>, as the reference population increased from about 81 to 116.6 million people).

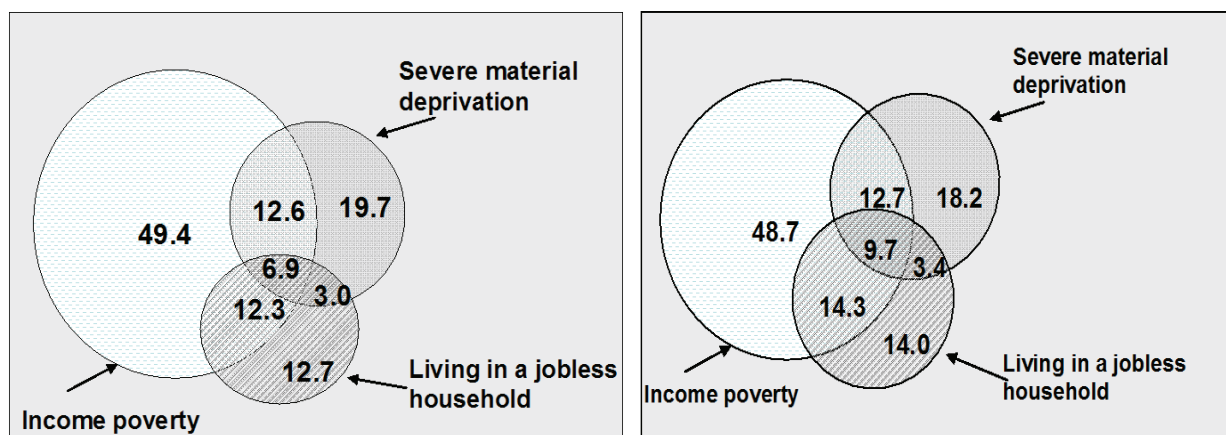
The broadening of the reference population was accompanied by a re-articulation of the indicator to be used for monitoring progress. The new indicator is composed of three components. In addition to the at-risk-of-poverty rate (AROP, i.e. the relative poverty rate), the components of severe material deprivation (SMD) and of joblessness (LWI, low work intensity) were also included to form the composite AROPE indicator. The SMD component refers to deprivation in relation to the "customary standard of life" and is defined as the number of people who lack at least four out of nine

7 In a sense this perpetuates a condition highly prevalent also in the context of the Lisbon Strategy (see Larocque and Noël, 2014, on the different interpretations of common objectives by MS under the OMC on social inclusion).

8 This indicator was already agreed under the Lisbon Strategy.

9 The EU 2020 Strategy was launched in 2010, but the Eurostat data on poverty and social exclusion available at that time referred to 2008.

**Figure 1: Combinations of the constituents of the AROPE indicator (millions of people, 2008 & 2014)**



Source: Eurostat data in <http://ec.europa.eu/eurostat/web/europe-2020-indicators> accessed 10 October 2016.

Note:		2014	
2008		Population	
Population			
At-risk-of-poverty:	81.3 million	At-risk-of-poverty:	85.4 million
Experiencing severe material Deprivation:	41.9 million	Experiencing severe material Deprivation:	44.0 million
Living in workless households: (population up to 59 yrs)	35.0 million	Living in workless households: (population up to 59 yrs)	41.4 million
AROPE	116.6 million	AROPE	121 million

items defined, EU-wide, as basic constituents of a condition of deprivation.<sup>10</sup> In addition to adequate income for improving living standards, this component touches upon the role of social services, education and decent work opportunities. The third component refers to people living in households with zero or very low work intensity.<sup>11</sup> This strongly

refers to the neo-liberal activation perspective. It shifts emphasis from unemployment in itself to the intergenerational cycle with demotivation and disengagement being built-up and transmitted within the family. This requires policies “to make people in these households available for employment and wanting to be employed” (Copeland and Daly, 2014: 356). According to the latter authors, the “joblessness” component of the anti-poverty target constitutes a cultural element, in the sense that “worklessness” is perceived as a characteristic of a specific type of family with corrosive effects on people, and particularly on children (Copeland and Daly, 2012: 281). They also stress the potential of the term to hinge on the issue “of the growing polarization of labour markets, especially as regards having a job at all and the quality of that job”, and thus to appeal to a broad political spectrum in the EU (ibid.). Notably, the countries in favour of the inclusion of the anti-poverty target in the EU 2020 Strategy expressed a critical stance as to the latter component of the AROPE indicator, considering it “an empty target”, on the grounds that in the neo-liberal economies a working-poor type phenomenon is widespread (affecting close to 10% of persons who

10 These items are: (1) to pay rent, mortgage or utility bills; (2) to keep home adequately warm; (3) to face unexpected expenses; (4) to eat meat or proteins regularly; (5) to go on holiday; (6) to have a television set; (7) to have a washing machine, (8) to have a car; (9) to have a telephone. The indicator differentiates people who cannot afford these goods or services from those who do not need or want them. The concept of social exclusion has been promoted by the European Commission since the 1980s. But until the run-up to Europe 2020 no agreement on this dimension could be reached (Copeland and Daly, 2012: 280).

11 This dimension is measured among working age respondents (up to 59 years). People over the age of 59 are considered “at-risk-of-poverty and/or social exclusion” only if they live under conditions of “monetary poverty” or “severe material deprivation”.

were at work in the EU27, in 2015).<sup>12</sup> De Graaf-Zijl and Nolan (2011) indicate that although there is a strong relationship between income poverty and material deprivation, this is not the case with “low work intensity”. As shown in Figure 1, persistently about one third of people living in households with low work intensity experience neither income poverty nor material deprivation.

Nolan and Whelan (2011: 16) show that people classified as being low in work intensity are highly differentiated, as about a quarter come from a professional and managerial background and about 43% from a working-class background. Hence they argue that this third component of the AROPE indicator should not be taken as a measure of poverty per se but as a condition that could lead to poverty and deprivation. In the light of this, policy measures targeting low-work intensity households “will not contribute hugely to reducing poverty and material deprivation and vice versa” (Copeland and Daly, 2014: 357).

Moreover, the broadening of the poverty indicator was accompanied with significant flexibility in the way the guideline for attaining the EU 2020 target can be translated into the national policies: MS can choose one, all three or a combination of the AROPE components, and, as we shall see below, some MS can even choose indicators outside the AROPE indicator scope. In principle, the national targets should add up to the quantitative target set for the EU as a whole, but there are no binding commitments for this. Markedly, the suggestion by the Commission to disaggregate the EU-wide target into region-specific targets met the disagreement of several MS and was dropped (Renda, 2014).

The composite indicator emerged as a compromise between the normative perspectives of the various actors. According to some authors (Hyman, 2011; Copeland and Daly, 2012 and 2014; Frazer et al., 2014), the compromise clearly stresses a glaring controversy over the social dimension of the EU: while the integration of the anti-poverty and social exclusion guideline in Europe 2020 is a noteworthy new element, it is difficult to argue that it signposts a significant step towards strengthening “Social Europe”. The Commission’s stance (European

12 Unless otherwise stated, all statistics are taken from the Eurostat webpages at <<http://ec.europa.eu/eurostat>>

Commission, 2010a) testifies to this in that, on the one hand it urges MS to embrace in their budgets the thematic targets set in EU 2020, but on the other hand it makes clear that spending on these thematic components should take place under conditions that closely follow the fiscal stipulations of the Stability and Growth Pact. The privileging of macro-economic stability over all other targets is clearly manifest in the Annual Growth Surveys (AGSs),<sup>13</sup> particularly during the first cycles of the new “Strategy” (Natali, 2014). The mid-term review (in 2015), assessing progress with the new “Strategy”, showed the distance from the set target and prompted emphasis on the anti-poverty and social exclusion dimension, yet again in close connection with macro-economic and employment objectives. In this vein, the 2016 Annual Growth Survey (AGS) stresses that:

“More effective social protection systems are needed to confront poverty and social exclusion, while preserving sustainable public finances and incentives to work. Any such development will have to continue to ensure that the design of in-work benefits, unemployment benefits and minimum income schemes constitutes an incentive to enter the job market. Adequate and well-designed income support, such as unemployment benefits and minimum income schemes, allow those out of work to invest in job search and training, increasing their chances to find adequate employment that matches their skills” (European Commission, 2015: 12).

Strikingly, income poverty has proved extremely resistant to policies to counter it even before the Great Recession. Despite the comparatively high employment rates over the 2000s in many EU countries, up to the eruption of the crisis, there has been no decline in people experiencing relative poverty in the Union. On the contrary, income inequalities and in-work poverty have increased in many places (Cantillon, 2011). This indicates that a main focus on employment rates (as clearly indicated in the above quotation), without strategic efforts to

13 As mentioned earlier, each year the AGS kickstarts the “European Semester”. It takes stock of what has been achieved with regard to the Europe 2020 targets so far and provides policy guidance to MS for the following year.



**Table 2: The anti-poverty and social exclusion targets in the MS National Reform Programmes of 2011, 2014 & 2016 (26 MS)**

	The targets set in the National Reform Programmes (starting point 2008 data)			Commission forecast for 2020
	NRP 2011	NRP 2014	NRP 2016	2016*
<b>SE</b>	Reduce to well under 14% the number of people aged 20-64 who are not in the labour market (except full-time students), long-term unemployed or on long-term sick leave	The same as in 2011	The target has been reached (according to 2014 data the proportion of the population covered by the target was about 12.6%)	
<b>DK</b>	Reduce the number of people in Hs** with low work intensity by 22,000	The same as in 2011	The same as in 2011 - But the number of people in low-work-intensity Hs increased by 148,000 people from 2008 to 2014	It will be challenging to meet the target
<b>FI</b>	AROPE reduction by 150,000	The same as in 2011	The same as 2011 - But the number of people at-risk-of-poverty & social exclusion has increased	It will be challenging to meet the target
<b>NL</b>	Reduce the number of people in Hs with low work intensity by 93,000	The same as in 2011	The same as in 2011 - But the number of people in low-work-intensity Hs increased by 67,000 from 2008 (starting point) to 2014	----
<b>DE</b>	Reduce the number of long-term unemployed by 320,000 (20% reduction, 2008 base year)	Between 2008 and 2014, the number of the long-term unemployed decreased by around 44%	The target has already been met	
<b>AT</b>	AROPE reduction by 235,000	The same as in 2011	The AROPE number decreased by 90,000 from 2008 to 2014	----
<b>FR</b>	Durable reduction of poverty by one third (approx. 1,600,000 people) between 2007 and 2012	No new target	The number of people at-risk-of-poverty cumulatively increased by 389,000 (2008-2014)	A new national multi-year plan (2015-2017) to fight poverty - No clear new target
<b>BE</b>	AROPE reduction by 380,000	The same as in 2011	The same as in 2011 - But the AROPE number has increased	A larger reduction is required for meeting the target
<b>UK</b>	None [Reference to existing numerical targets of the 2010 Child Poverty Act]	None (between 2013 and 2014 the AROPE rate decreased slightly)	----	
<b>IE</b>	Reduce the number of people in persistent poverty from 6.2% to 2% by 2020	The same as in 2011 (the AROPE number remains well above the pre-crisis level)	Achieving the national target remains ambitious	
<b>IT</b>	AROPE reduction by 2,200,000	The same as in 2011	The same as in 2011	No progress, the situation has deteriorated
<b>ES</b>	AROPE reduction by 1,400,000 - 1,500,000	The same as in 2011	The same as in 2011	No progress, the situation has deteriorated
<b>PT</b>	AROPE reduction by 580,000	The same as in 2011	The AROPE number rose by 170,000 between 2010 and 2014 - New target: AROPE reduction by 200,000 people between 2008 and 2020	The target remains far from reach
<b>CY</b>	AROPE reduction by 27,000	The same as in 2011	The same as in 2011 - But the AROPE number is on the increase	The target seems far from reach
<b>MT</b>	AROPE reduction by 6,560	The same as in 2011	The same as in 2011	No progress towards achieving the target
<b>CZ</b>	AROPE reduction by 30,000	The same as in 2011	The AROPE number decreased by 34,000 people from 2008 to 2014 - New target: AROPE reduction by 100,000 between 2008 and 2020	----
<b>HU</b>	AROPE reduction by 450,000	The same as in 2011	The same as in 2011	Some progress between 2013 and 2014, but the AROPE number still much higher than the 2008 baseline
<b>PL</b>	AROPE reduction by 1,500,000	Since 2008, the AROPE number has been continuously reduced - The target has been achieved		
<b>SI</b>	AROPE reduction by 40,000	The same as in 2011	The same as in 2011	After several years of deterioration, poverty and social exclusion rates stabilized in 2014
<b>SK</b>	AROPE reduction by 170,000	The same as in 2011	The same as in 2011	The AROPE number is on the decrease
<b>EE</b>	Reduction of the at-risk-of-poverty rate to 15% (about 62,000 people)	The same as in 2011 (the rate has increased)		The target seems far from reach
<b>LV</b>	Reduction of the number of people at-risk-of-poverty and/or living in jobless Hs by 121,000	The same as in 2011	The same as in 2011	Inadequate social assistance prevents effective poverty reduction
<b>LT</b>	AROPE reduction by 170,000	The target has been met		
<b>BG</b>	Reduction of the number of people at-risk-of-poverty by 260,000 between 2008 and 2020	The same as in 2011	The same as in 2011	More efforts will be needed to attain the target
<b>RO</b>	AROPE reduction by 200,000	The same as in 2011	The same as in 2011	The target remains far from reach

Source: Compiled by the author on the basis of the information provided by the NRPs and the CRs, in [http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index\\_en.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index_en.htm) accessed 30 September 2016.

Note: \* Refers to 2014 Eurostat data; \*\*Hs=households - The dark grey colour indicates the countries that opted for a different target, and the light grey colour the countries that have chosen only one or two of the constituents of the AROPE indicator. Greece is omitted because, since 2010, the country has been under a stability support programme and is not included in the EU Semester process.

[European country code abbreviations: Austria=AT; Belgium=BE; Bulgaria=BG; Cyprus=CY; Czech Republic=CZ; Denmark=DK; Estonia=EE; Finland=FI; France=FR; Germany=DE; Greece=EL; Hungary=HU; Ireland=IE; Italy=IT; Latvia=LV; Lithuania=LT; Malta=MT; Netherlands=NL; Poland=PL; Portugal=PT; Romania=RO; Slovakia=SK; Slovenia=SI; Spain=ES; Sweden=SE; United Kingdom=UK]

improve the quality of jobs, balance flexibility with security and promote equality of opportunity as well as income, appear to be misguided, even at times of prosperity, let alone in a period of protracted slow recovery (and in some MS – e.g. Greece – of persistent crisis). Moreover, recent academic debate provides ample evidence of the negative effects of poverty and inequality on growth (Piketty, 2014; Stiglitz, 2014).

Given the controversies on the social component of Europe 2020, Copeland and Daly (2014) authors consider the poverty and social exclusion target as “effectively ungovernable”. This is argued on the grounds of: (a) the “ideational incoherence” characterizing the three constituent elements of the indicator (and the varying approaches to poverty and social exclusion underlying them, as indicated above); (b) “insufficient political prioritisation”; and (c) inadequacies in the monitoring procedure. Other authors (Vanhercke, 2013; Bekker, 2014; Urquijo, 2017) also stress the limited role of the social dimension in the new governance structure of the EU. Yet they express a more optimistic view as to the possibility of strengthening complementarities between macro-economic, fiscal and social coordination in the future.

However, as disenchantment with the EU is spreading in many MS, the prospects for resolving the acute tensions around EU-wide redistribution are dim. The more so, as public opinion in favour of returning powers from Brussels to national parliaments is gaining momentum: according to a survey conducted by the Pew Research Centre, about 42% of people in nine EU countries (Poland, Germany, Hungary, the UK, Sweden, Spain, the Netherlands, Italy and Greece) strongly expressed such a view.<sup>14</sup>

Table 2 shows the targets set in the national programmes in the first, fourth and sixth cycle of the EU 2020 Strategy. We see that four countries opted for a national target that differs from the AROPE indicator. Sweden defined the national target as the reduction of the number of people aged 20-64 who are not in the labour market [except full-time students], whether they are long-term

unemployed or on long-term sick leave. Germany focused on the long-term unemployed; the UK on the numerical targets of the 2010 Child Poverty Act; and Ireland on consistent poverty (i.e. people combining at-risk-of-poverty and deprivation). Also five countries have chosen one or two of the constituent components of the target: for instance Denmark opted for a reduction of people living in jobless households and Latvia chose a combination of the income poverty and joblessness components of the EU target. Obviously it is difficult to calculate whether the national targets add up to the EU-wide target of reducing the number of people at-risk-of-poverty and social exclusion by 20 million.<sup>15</sup>

Interestingly, the Commission’s forecast (shown in Table 2) hardly hinges upon this issue, as its focus is wholly on the expectation of attaining the target each MS has set in its national plan. Even so, in the majority of MS the Commission forecasts that the targets are difficult to meet - with the exception of Sweden and Germany, which have already attained their nationally specific targets, and Poland, on which the Commission comments that the reduction achieved is mainly the result of growth in market incomes, as the social protection system underperforms on poverty reduction.<sup>16</sup> The large scope of flexibility for MS to interpret and integrate the target into their national policies corroborates the argument about the weaknesses in applying it. This clearly discloses the ideational and political impediments among MS to agree on a common approach for defining the problem, setting policy priorities and monitoring progress. Noticeably, even though the Commission’s documents record the intensification of poverty and social exclusion phenomena in many EU countries and express doubts as to whether the set targets can be reached, the core recommendations to MS do not clearly raise this issue, as we shall see below.

## Assessing performance so far What do the data indicate?

The AROPE rate increased sharply between 2008 and 2012, as did the absolute number of persons at-

15 Copeland and Daly (2012: 282) estimated that, in 2011, there was a gap of about 5 million people in the EU 2020 target.

16 See the CSRs of 2016 for Poland in <[http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)> accessed 8 September 2016.

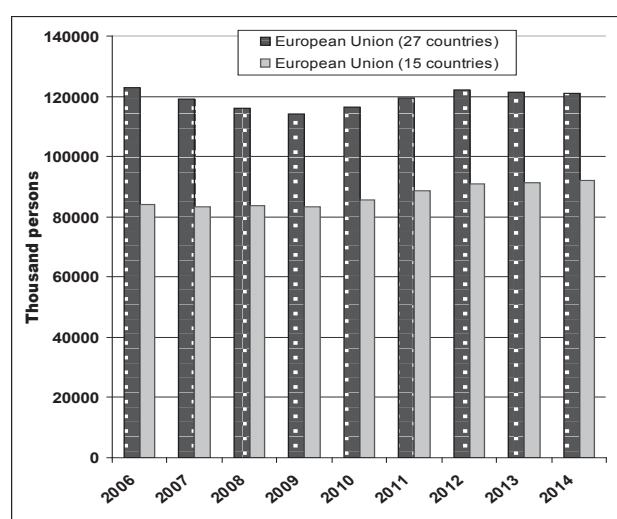
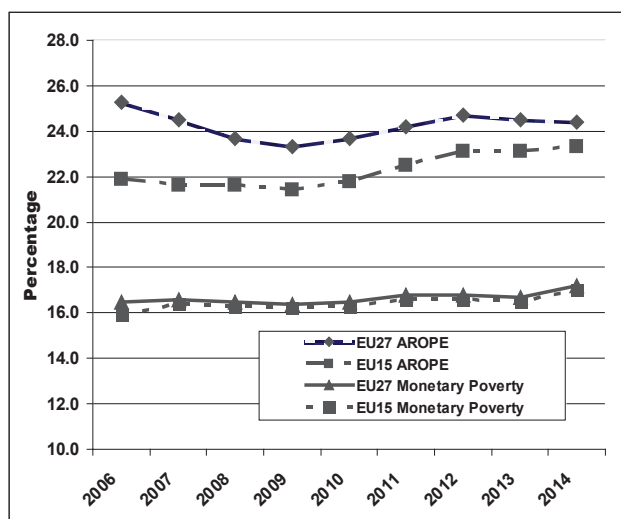
14 See the survey results at <<http://www.pewglobal.org/2016/06/07/euroskepticism-beyond-brexite/>> accessed 20 October 2016.

risk-of-poverty and social exclusion (Figures 2 & 3). Since then the AROPE rate has slightly decreased among the EU27 countries, but remains higher than the pre-crisis level. Among the EU15 countries a steady upward trend is observed. In absolute numbers, the cumulative increase from 2008 onwards, among the 27 member countries, amounts to a little over 5 million people, while among the 15 member countries it is close to 8.5 million. The lower cumulative increase, which arises if we take the 27 member countries, is explained by the fact that some countries of the 2004 and later enlargements of the EU (e.g. Poland, Bulgaria and Romania),

increase of people experiencing severe material deprivation and/or living in households with low work intensity in a number of the old MS. Evidently, a dramatic fall in incomes (as for instance in Greece, Ireland, Cyprus and Spain, where the monetary poverty threshold fell by 30%, 15%, 10% and 4%, respectively, between 2008 and 2014/15) is not reflected in the relative (income) poverty indicator. Rather, an abrupt fall in living standards of a large part of the population results in a lower (relative) poverty rate. In this case severe material deprivation better reflects the geography of poverty across the EU. Moreover, the gap between the highest

**Figure 2: The AROPE rate (2006-2014)**

**Figure 3: People at-risk-of-poverty and social exclusion (absolute numbers) (2006-2014)**



Source (Figures 2 & 3): Eurostat data in <<http://ec.europa.eu/eurostat/web/income-and-living-conditions/statistics-illustrated>> accessed 3 September 2016.

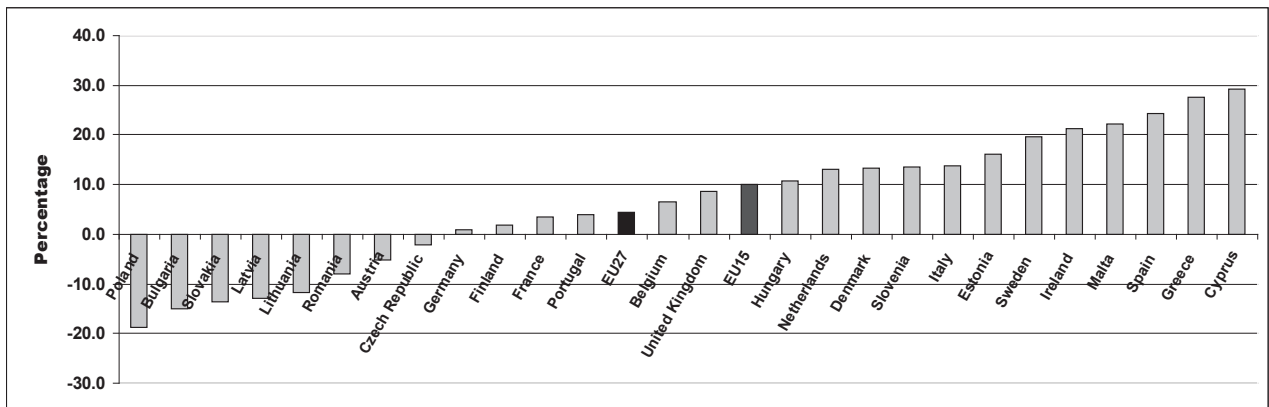
with widespread poverty, have exhibited a slight improvement. Nevertheless, they are still among the countries with the highest incidence of poverty and social exclusion (see Figures 4 & 5). On the other hand, in most of the older member states we observe an alarming rise in these phenomena.

If we disaggregate AROPE into its constituent parts, we observe that monetary (or income) poverty has been on the increase in both groups of MS since 2008, and trends overlap. The slightly different trends with regard to the AROPE indicator, between EU27 and EU15, are mainly caused by the sharp

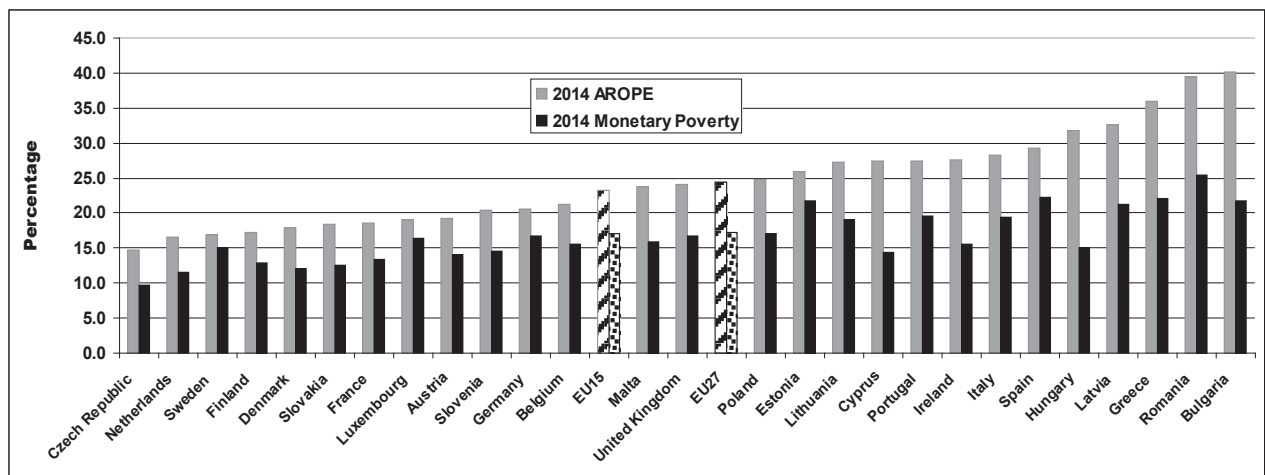
and lowest relative poverty threshold across the EU (calculated in Purchasing Power Standards) increased between 2008 and 2014. In EU15, the highest threshold was 2 times the lowest in 2008, but increased to 2.5 in 2014.

The countries that have been hardest and longest hit by the crisis (i.e. those of the southern European periphery and Ireland) exhibit the highest rate of increase of the number of people at-risk-of-poverty and social exclusion between 2008 and 2014 (Figure 4). Strikingly, also MS such as Sweden, Denmark and the Netherlands (the bastions of the social

**Figure 4: Percentage change of the number of people at-risk-of-poverty and social exclusion (2008-2014)**



**Figure 5: The AROPE rate and the rate of monetary poverty (2014)**



Source (Figures 4 & 5): Eurostat data in <<http://ec.europa.eu/eurostat/web/income-and-living-conditions/statistics-illustrated>> accessed 3 September 2016.

democratic welfare state in Europe; see Esping-Andersen 1990) experienced a significant increase in the absolute number of persons at-risk-of-poverty and social exclusion, as well as in the AROPE rate, between 2008 and 2014: in Sweden and the Netherlands from 15% in 2008 to about 17% in 2014, and in Denmark from 16% to 18% (Figure 5 depicts the rates in 2014). Yet, in close connection with what we mentioned above, in the countries with the highest AROPE rates (mostly Ireland, Hungary, Latvia, Greece, Romania and Bulgaria) severe material deprivation and joblessness characterize a comparatively large part of the population. In contrast to that, in the countries with the lowest AROPE rate (e.g. Sweden) in the EU, relative poverty is the dominant constituent of the AROPE rate, with

severe material deprivation and joblessness being a less pronounced phenomenon.

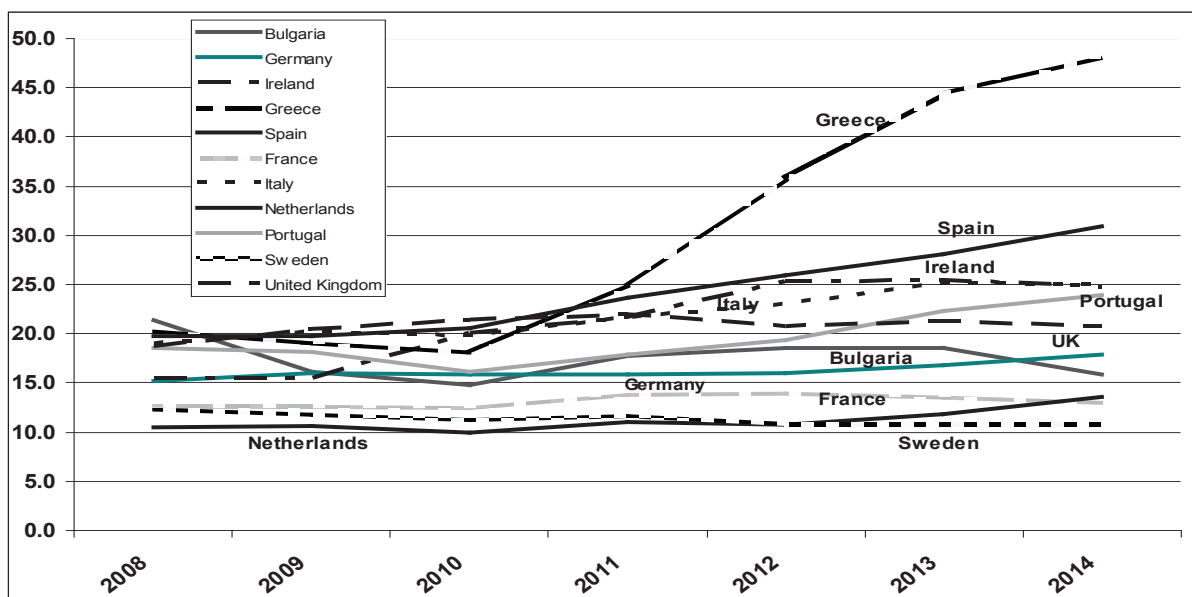
The significant fall in living standards in a number of countries is also evident if we look at the relative poverty rate anchored at a fixed moment in time, namely at the poverty threshold of 2008 (Figure 6). Greece stands out, as close to 50% of the population fell below the 2008 poverty line in 2014 (compared to about 20% in 2008). A sharp rise also characterizes Spain, Italy, Portugal and Ireland. Smaller increases are observed in Germany and the Netherlands. In Sweden, France and the UK, no major changes are found, while in Bulgaria a slight improvement is observed.

The poverty gap has also significantly widened in a number of countries: e.g. in the South European countries, from about 25% in mid-2000s to over 30% in 2014/15. It remains comparatively high in most East and Central European countries, as well as in Bulgaria and Romania. In the older member countries of North-West Europe no significant changes are observed, with the exception of Germany and Austria where there is a noticeable increase.

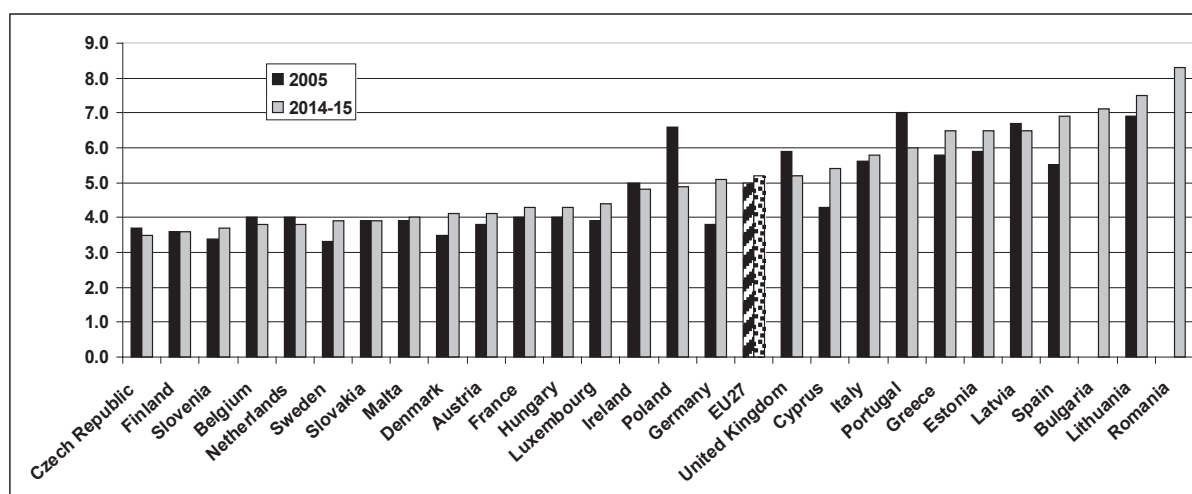
The widening poverty gap indicates a rise in inequality, corroborated by an increase in the

S80/S20 ratio (namely the ratio between the top and bottom income quintiles, see Figure 7) in most MS, and particularly among the countries of the southern European periphery. However, a noticeable increase is also observed in a number of North-West European countries (e.g. in Germany, Denmark and Sweden). In a few countries of the eastern EU enlargement inequality decreased considerably (e.g. in Poland), but in others it either remained stable or even increased (e.g. in Hungary, Slovakia and Lithuania). The latter indicates that growth in the poorer new member states, which in the last few years has been higher compared to the older MS, has

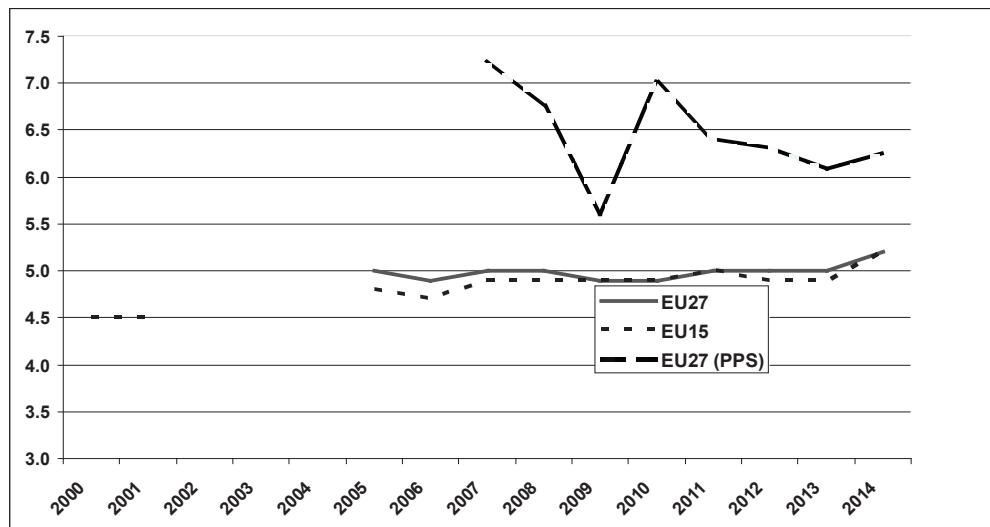
**Figure 6: The relative poverty rate anchored at the 2008 threshold**



**Figure 7: Income inequality within MS (S80/S20 ratio, 2005 & 2014/15)**



Source (Figures 6 & 7): Eurostat data in <<http://ec.europa.eu/eurostat/web/income-and-living-conditions/statistics-illustrated>> accessed 10 September 2016.

**Figure 8: Income inequality across the EU (S80/S20)**

Source: Eurostat accessed in <<http://ec.europa.eu/eurostat/web/income-and-living-conditions/statistics-illustrated>> accessed 10 September 2016 and Dauderstädt and Keltek, 2016: p. 2

hardly helped improve equity in most of them.

Income inequality across the EU has also significantly increased since the mid-2000s. According to Eurostat data based on the average of the S80/S20 ratios of all EU MS (without taking into account the differences in the standards of living among MS), the ratio of the richest to the poorest quintile has been around 5.0, with a slight rise to 5.2 in recent years. However, as Dauderstädt and Keltek (2016) argue, the official statistics by Eurostat tend to underestimate inequality in the EU. If quintiles are calculated for the EU27 as a whole and incomes are measured in PPS (Figure. 8), a different picture of deeper inequality emerges.<sup>17</sup>

Against the backdrop of these trends, we will briefly discuss the monitoring process of the poverty and social exclusion guideline of the EU 2020 Strategy, with an emphasis on the most recent country-specific recommendations and the role of supranational anti-poverty actors and stakeholders.

### The visibility of poverty issues

During the first cycles of the new “Strategy”, there was scarce reference to poverty issues. The focus on economic and fiscal consolidation in the years following the Great Recession of the late 2000s dominated the monitoring process of EU 2020. Even though the austerity mantra is still preponderant, an attempt to address the imbalance with regard to the social and employment targets of EU 2020 is evident in the Commission’s documents of the following years. The social issues gained visibility particularly after 2015, when the mid-term review of the “Strategy” took place and the Commission undertook the task to prepare, annually, a country report (CR) commenting on progress with regard to the EU 2020 indicators (and the country-specific targets) in each MS. The CRs constitute a new key milestone in the annual monitoring process by providing a significant input into the drafting of the country-specific recommendations at the closing of the yearly cycle.

<sup>17</sup> According to these authors, the reason why in the last few years the higher growth rates of the poorer countries do not reduce EU-wide inequality, is “because incomes in the poorest EU quintile did not grow faster than incomes in the richest. In fact, both hardly changed (less than half a percentage point), which in itself limits the scope for progress”.

**Table 3: Reference to social issues in the CSRs and the Country Reports by the European Commission (2016 EU Semester)**

Country	Country Specific Recommendations (CSRs) and Remarks in the Country Reports by the Commission	Ensure the effectiveness of activation policies	Ensure that wages evolve in line with productivity	Reduce disincentives to work / Facilitate transition to standard employment	Move forward with reforms in education and VET	Improve coverage of adequacy of min income - Improve access to social services
<b>Czech Rep.</b>	--	--	--	✓ Remove obstacles to greater labour market participation	✓ Particularly regarding the disadvantaged groups (Roma)	--
<b>Netherlands</b>	Poverty levels are low but increasing and have reached the highest level over the past decade	--	--	✓ Facilitate transition from temporary to permanent jobs	--	--
<b>Sweden</b>	Income inequality has increased rapidly	--	--	--	--	--
<b>Finland</b>	--	✓ Targeted activation measures	--	--	✓ Address skill mismatches	--
<b>Denmark</b>	--	✓ Particularly with regard to people with non-EU migrant background	--	✓ Reduce disincentives to work for second earner - Facilitate transition from mini-jobs to standard employment	--	--
<b>Slovakia</b>	The AROPE rate has fallen, but challenges remain	✓ Improve activation measures	--	✓ Facilitate the participation of women	✓ Particularly regarding the disadvantaged groups (Roma)	--
<b>France</b>	Better target single parent families through childcare facilities	--	✓ Ensure sustainability of labour costs	--	✓ Reform VET (with an emphasis on the low-skilled)	--
<b>Austria</b>	--	--	--	✓ Improve labour market participation of women	✓ Particularly regarding people from a migrant background	--
<b>Slovenia</b>	The AROPE rate stabilized in 2014	✓ Improve activation measures	--	--	✓ Develop targeted 'life-long learning	--
<b>Germany</b>	The AROP rate in old-age is above the EU average	--	--	--	--	--
<b>Belgium</b>	-	✓	✓	--	✓ Particularly regarding people from a migrant background	--
<b>Malta</b>	Material deprivation has been on the rise	--	--	--	--	--
<b>UK</b>	Policy to tackle poverty focuses on "work first"	--	--	--	✓ Address skill mismatches, improve VET	--
<b>Poland</b>	The social protection system underperforms in poverty reduction	--	--	✓ Facilitate labour market participation - Remove obstacles to more permanent jobs	✓	--
<b>Estonia</b>	The AROP rate for the unemployed and elderly well above the EU average	--	✓ Narrow the gender pay gap	✓ Measures are planned to ease the care burden in families and to bring carers into the labour market	--	✓ Ensure the provision and accessibility of high-quality public services
<b>Lithuania</b>	The AROPE rate has declined (but the share of the very poor still above the EU average)	--	--	--	--	--
<b>Cyprus</b>	The AROPE rate peaked in 2013, but improved slightly in 2014	✓ Enhance the capacity of the public employment services	--	--	--	✓ Advance with the planned reform (for universal health coverage)
<b>Portugal</b>	The social situation has deteriorated (child poverty is high)	✓ Ensure the effective activation of the long-term unemployed	✓	--	--	✓ Improve the coordination between employment and social services
<b>Ireland</b>	✓ Address the poverty risk of children	✓ Expand and accelerate the implementation of activation policies	--	✓ Pursue measures to incentivize employment	--	✓ Improve the provision of quality, affordable full-time childcare
<b>Italy</b>	✓ Adopt and implement the national anti-poverty strategy and review and rationalize social spending	✓ Implement the reform of labour market policies - Promote active inclusion	--	✓ Facilitate the take-up of work for second earners	--	✓ Fragmented social services with deep regional disparities - No minimum income scheme
<b>Spain</b>	AROPE and inequality worsened in the wake of the crisis and remain among the highest in the EU	✓ Improve labour market integration	--	--	✓ Strengthen the effectiveness of training measures	✓ Address gaps and disparities in mini income schemes and improve family support schemes (including childcare and long-term care)
<b>Hungary</b>	Social and poverty indicators have not improved in line with the economic recovery	✓ Reinforce active labour market policies	--	--	✓ Increase the participation of disadvantaged groups (e.g. Roma) in inclusive mainstream education	✓ Improve the adequacy and unemployment benefit
<b>Latvia</b>	The AROPE rate among the highest in the EU	✓	--	--	✓ Speed up reform in VET	✓ Improve the adequacy of social assistance
<b>Romania</b>	The AROPE rate the highest in the EU	✓ Activation to reach out to unregistered young people	--	--	✓ Improve access by disadvantaged groups	A minimum income scheme to be launched in 2016
<b>Bulgaria</b>	✓ Very high at-risk-of-poverty or social exclusion; and very high inequality levels	✓ Integrate social assistance and activation policies, particularly for the long-term unemployed and the NEETs	--	--	✓ Particularly with regard to disadvantaged groups, including the Roma	✓

Source: Compiled by the author - Note: Countries are listed according to the severity of the AROPE indicator (as shown in Figure 5 above). Issues included in the CSRs are marked with a tick (✓) sign, followed by a clarification of the recommendation's focus (if needed). Greece is omitted because it is currently under a stability support programme and is not included in the EU Semester process.

Table 3 very briefly summarizes the main emphasis of the 2016 CRs and CSRs, in respect to social and employment issues. The problem of increasing poverty levels and inequality is acknowledged for the majority of the member countries (with the exception of Austria, Belgium, the Czech Republic, Denmark and Finland). But, even in the countries with the highest level of poverty incidence (e.g. Romania, Latvia), the “Recommendations” do not directly point to poverty reduction. They rather subsume it under the need to improve education/skills and labour market access among disadvantaged groups (e.g. Roma, long-term unemployed, young people not in education, employment or training). The need to address poverty is explicitly articulated as a recommendation only in the case of Bulgaria, Ireland and Italy (in Ireland, the focus is on child poverty, while in Italy the recommendation refers to the need to rationalize social spending with the development of a national anti-poverty strategy).

The low redistribution effect of social protection in most South and East European countries is only marginally touched upon (e.g. in the case of Poland it is stressed that “the social protection system is ineffective”, see Table 3).<sup>18</sup> On the other hand, in this latter group of countries the CSRs point to the need to improve the quality of and access to social services (i.e. childcare, so as to facilitate women’s employment either as a second earner in the household, or a sole earner in single-parent households), and develop social assistance. Overall, however, the hard core of recommendations in the social and employment fields focus mainly on labour market issues (strengthening of activation measures, linking social security to activation, reducing disincentives to work) and on education (improving VET, training and life-long learning, and addressing skill mismatches). Moreover, in the countries with the highest AROPE indicators (as shown in Figure 5 above), the policy measure strongly advocated is the minimum income scheme (i.e. improve its

18 A report commissioned by the European Parliament in 2014 with the aim of tracking the main themes of EC documents monitoring the structural adjustment plans in Greece, shows that “in a total of about 2,000 pages of EC programme documents on Greece, the term ‘poverty’ is mentioned 59 times, while there is only one reference to inequality” (referred to in Petmesidou and Glatzer 2015: 165; see also Sapir et al., 2014 for the report on both Greece and Portugal under the stability support programme).

effectiveness, link it with activation etc.). As to major social protection fields, such as pensions and health care, these are discussed in close relation with fiscal sustainability (and are thus not included in Table 3).<sup>19</sup>

These findings lend support to the view of the poor effectiveness of the EU 2020 governance structure in relation to the anti-poverty dimension, discussed by studies at an early stage of the “Strategy’s” implementation (see, among others, Pochet, 2010; Frazer and Marlier, 2012; Peña-Casas, 2012; Copeland and Daly, 2012). Nevertheless, the inclusion of an anti-poverty target in the new “Strategy”, even in a very flexibly articulated way, and the iterative monitoring process involving national/local and supranational actors has opened up a crucial Europeanized public space for debate. Since the first years of the new “Strategy”, the worsening poverty has prompted a critical response by the “most socially oriented” supranational actors, such as the Directorate for Employment and Social Affairs of the Commission, the EU Social Protection and Employment Committees, as well as the European Anti-Poverty Network (EAPN), the Social Platform (for European NGOs) and other similar bodies calling for a strengthening of the anti-poverty dimension and reinforcing of EU governance in this respect (Jessoula 2015: 495). The “European Platform against Poverty and Social Exclusion” (which is one of Europe’s flagship initiatives; see Table 1 above) contributed to this by broadening consultation at various levels and promoting synergies between national and supranational actors.<sup>20</sup> Notably, in 2013 a broad coalition was formed that brought together a number of major European NGOs and trade union organizations under the lead of EAPN (the so-called “European Alliance for a Democratic, Social and Sustainable European Semester”, thereafter the “Alliance”)<sup>21</sup>, with the aim of engaging in a dialogue

19 With the exception of Cyprus where the recommendations include reference to a health care reform for universal coverage that has been pending for over a decade.

20 Nevertheless, according to Sabato and Vanhercke (2014), the “Platform’s” impact has been rather limited, as it lacks the necessary structure and processes to feed into the European Semester. The authors suggest the boosting of the “Platform’s” effectiveness by becoming “the hub for discussing the social dimension in Europe”, “the bridge with the European Semester”, and even “Social Europe’s watchdog”.

21 See <<https://semesteralliance.net/the-alliance-partners/>>



under the European Semester process with national and international actors and increasing the visibility of the social dimension. The “Alliance” indicates some signs of change in the AGS, particularly since 2015, in the claims for strengthening the social dimension (for instance, in the 2016 AGS, the reference to “social investment” calling on member states to invest in health, social care, and housing support; see European Commission, 2015: 9). However, it also emphasizes that “there is still a long way to go towards a democratic, social, sustainable and inclusive Europe” (European Alliance, 2015: 1). This is argued with respect to the fact that reference to growing inequalities, poverty and social exclusion “are squeezed into the narrow labour-market driven framework in which all and those furthest away are expected to ‘adapt’ when in fact it should be the other way around” (ibid.). This reiterates the dominant mantra of the Commission, namely “structural reforms” for growth and jobs.

Similar criticisms are also raised by ETUI (see Pochet, 2010) in relation to AGS’ lip service to precarious work, while on the other hand MS are called on to increase labour market flexibility that erodes labour standards and increases insecurity. Pochet utterly doubts that the poverty and social exclusion target can be reached “by an exchange of good practices and by creating a platform for such an exchange” (ibid: 4). Moreover, he considers the aim itself non-viable and incompatible with the criteria of the Stability and Growth Pact, the more so as no significant changes in the distribution of income and mechanisms of redistribution are forthcoming. Interestingly, this view is corroborated by the following statement in a short note by the EU Directorate-General for Economic and Financial Affairs:

“As regards the poverty target, its achievability will crucially depend on its definition. In particular, the relative measures of poverty do not generally change over time significantly and a very important policy shift would be needed in some countries to achieve progress on this target” (European Commission, 2010b).

The “Alliance” advocates the strengthening of social rights vis-à-vis economic rights and advances a plea

accessed 15 September 2016.

to the Commission for a social rights pillar, which clearly defines and supports social standards and ensures the congruence of the macro-economic, fiscal and job creation framework with a rights-based approach (European Alliance, 2015). The increasing stakeholder mobilization and political pressure at the supranational and national level, in parallel with the support of a “social investment” perspective by some EU bodies (e.g. the Directorate for Employment and Social Affairs)<sup>22</sup> could be seen as promising developments for tackling what some authors have called “excessive social imbalances” in the EU (Vandenbroucke, 2014: 9).

In this context, in March 2016, the Commission issued a draft for a “European Pillar of Social Rights” (EPSR) and launched a public consultation in order to “assess the present EU social acquis”, “to reflect on new trends in work patterns and societies” and “to gather views and feedback” on the principles identified in the preliminary draft from other European institutions, national authorities, social partners and others.<sup>23</sup> The initiative is a reaction to the detrimental effects caused by the Euro crisis management and growing scepticism regarding the social dimension of EU 2020. The “European Pillar” is targeted at the Euro zone, but other MS can also join. However, notwithstanding its ambitious rhetoric to place social monitoring on an equal footing with macro-economic and financial surveillance in the European Semester, it rather vaguely envisions this. The document aims at gathering feedback around three main themes: (a) stocktaking of the EU “social acquis”, (b) reflecting upon the future of work and the challenges and opportunities facing welfare systems, and (c) mapping out how a “European Pillar” could contribute to a deeper and fairer European Union (European Commission, 2016). Three major policy areas are distinguished as relevant under the “Pillar”: “equal opportunities and access to labour

22 The “social investment” perspective relies on policies that can raise human capital and enhance people’s capacity to participate in social and economic life (with labour market participation being a prominent aspect); see Bouget et al., 2015.

23 See <[http://europa.eu/rapid/press-release\\_IP-16-544\\_en.htm](http://europa.eu/rapid/press-release_IP-16-544_en.htm)> accessed 12 September 2016. A first outline was announced by President Juncker in September 2015 (<<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=2487&furtherNews=yes>>) accessed 30 September 2016. The online consultation run until the end of 2016.

markets”, “fair working conditions” and “adequate and sustainable social protection”. Under these three headings twenty policy domains are laid out with different principles attached to them. However, a careful reading shows that all these policy domains point to rights already inscribed in the EU hard and soft law provisions. As a critical author stresses:

“The legal basis on which the EPSR rests already has the status of quasi-constitutional primary law. Yet, those provisions have not prevented the EU from ignoring, circumventing and even directly violating fundamental social rights. Thus, the real problem is not the legal status of existing provisions but the total and wilful ignorance of these principles” (Seikel, 2016).

Surely, if this initiative could open up the way for an effective operationalization of many of the principles and rights already inscribed in EU and other relevant sources of law, this would be a highly promising development towards meeting the challenges of the EU poverty and social exclusion target. Yet, if this were the case, a clear plan with specific indicators to monitor, measure and compare member states’ social performance with respect to the major principles and rights of the “Pillar” is required. However, so far, this is missing from the Commission’s initiative. Even though the Commission’s document refers to the need for adequate and sustainable social protection systems, both terms (“adequate” and “sustainable”) are vaguely defined, with the latter ultimately denoting the subordination of basic social rights to fiscal and competitiveness considerations (*ibid.*). Issues related to solidarity-based social security and risk-pooling do not get much attention, and nor does the idea of developing clear-cut indicators for operationalizing the existing social principles of the “acquis”. One such indicator that could signpost a significant step in the direction of social integration could be the existence or not of a “social protection floor” in member countries. This would be defined as a provision of “sufficient resources” to people without adequate income from work, pension or other welfare provision in order for them “to cover the true costs of food, accommodation, clothing, water, energy and basic healthcare (see Sanden and Schlüter, 2016). This would be a significant development in truly promoting a European level social integration. Yet, so far, there are no clear indications of the Commission following such a

route, particularly as the thematic scope of the “Pillar” tends to stick to the formulation of social rights in a “market-compatible way”, which is in tandem with austerity policies under the Euro rescue.

## Concluding remarks

In October 2014, in his speech to the European Parliament, the European Commission President Jean-Claude Juncker expressed his wish for a “Social Triple A” rating for Europe. Achieving the anti-poverty headline target of Europe 2020 and progressing with binding commitments to EU-wide redistribution could support this vision. However, the brief review of the political dynamics characterizing the negotiations for the EU 2020 social objectives disclosed deep and persistent tensions and diverse perspectives among MS and the major supranational actors. These greatly hindered consensus on a clear definition of the anti-poverty target and on whether and how compliance with it should be monitored and assessed. Against a backdrop of steadily rising poverty, material deprivation and inequality, and absence of commonly agreed commitments by the MS, meeting even the flexibly articulated anti-poverty target seems unrealistic.

The governance structure of the EU 2020 Strategy has prompted multi-stakeholder engagement in the monitoring process and opened up a Europeanized anti-poverty arena through increasing stakeholder mobilization and political pressure at the supranational and national level. This may have increased the visibility of the social field within EU policy-making, but we are still far from envisaging a binding commitment for effective welfare provision across Europe. The launching of the debate for a “European Pillar of Social Rights” provides a significant opportunity for developing a counterweight to the economic rationale that has dominated EU governance. In order for this opportunity not to be wasted, the “Pillar” should expand the “social acquis” by establishing social rights rather than simply referring to social policy guidelines and principles, as is the case with the Commission’s draft. Most importantly, it must prioritize objectives such as equity, accessibility and quality of provisions, and not primarily tie social objectives to a market-driven approach.

In the light of this, and given the deepening poverty and social exclusion in many parts of Europe,

renewed policy commitments and efforts at various levels (local, national, EU) are needed in order to make a substantial impact on these phenomena in the medium term. Important in this respect would be the following: (a) To seek agreement on the proportional assignment of the poverty and social exclusion target, whereby countries/regions with the largest incidence of poverty and social exclusion are prompted to make a substantial reduction in this respect, and to deploy EU funds accordingly. (b) To come to an agreement on setting sub-targets by age (e.g. child/youth poverty, old-age poverty), gender and population groups (e.g. Roma, migrants). (c) To focus national efforts on lifting out of poverty people who are well below the poverty and social exclusion threshold and not only those around it (what Walker [2010] calls the “creaming effect”). (d) To strengthen social inclusion governance by systematically assessing the social impact of all policies of the macro-economic, fiscal and thematic strands of EU 2020. Finally, introducing elements of an EU-wide social redistribution, for example, in the form of unemployment compensation that rests upon redistribution between member states, triggered in times of economic crisis as an automatic stabilizer (Andor, 2016; see also Seeleib-Kaiser, 2013 on a minimum European pension), could be a significant step towards promoting the social dimension in the EU. However, as long as the “European Pillar” articulates social rights as general principles rather than as enforceable rights, it is highly unlikely that the Commission’s initiative will encourage a growing momentum in the Union towards delivering on the social targets of the EU 2020. Albeit, the scenarios of a two-speed or multi-speed Europe that have recently resurfaced in the debate - triggered by the Commission’s White Paper (2017) on the post-Brexit future of the EU - do not leave much scope for optimism.

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