

Chapter 5

The politics of minimum income protection in the EU: the long road to a Council Recommendation

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Introduction: the European Union coping with social gaps in an unstable context

Over the last decades several factors have created strong pressure to open discussions on a minimum income initiative at European Union (EU) level. The global economic and European sovereign debt crises had a significant impact on individuals' well-being, leading to increased poverty and material deprivation rates in many Member States (Raitano et al. 2021; Panaro et al. 2022). These crises revealed the limitations of national social protection schemes which were generally unable to effectively address growing social challenges. The Covid-19 pandemic further exposed gaps in social protection systems (Baptista et al. 2021), while external factors such as the Russian invasion of Ukraine and inflation rising faster than wages have added urgency to the social protection challenges. These, in turn, have highlighted the need for robust social protection measures.

With the fight against poverty and social exclusion a longstanding priority on the European agenda, the Juncker and von der Leyen European Commissions proposed innovative measures deviating from the previously dominant austerity policy framework. Importantly, the 2017 launch of the European Pillar of Social Rights (EPSR) and its Principle 14 advanced a 'rights-based' discourse (Sabato and Corti 2018; Vanhercke et al. 2020; Panaro et al. 2022) on adequate minimum income (AMI), opening a window for action. This labelling of principles as 'rights' represented 'institutional signalling' for key stakeholders to call for binding EU legislation in the field of anti-poverty and minimum income policies (Shahini et al. 2022).

Despite the increased level of poverty and the relevance of anti-poverty measures at EU level, endorsement of a directive on AMI was not feasible, and only a Council Recommendation was adopted in January 2023. Even though this can be seen as a step forward in the implementation of the EPSR and its Principle 14, it faced overt criticism from proponents of a more binding instrument, who argued that, by setting enforceable standards, a directive on adequate minimum income would be more effective in ensuring a more consistent level of protection against poverty and social exclusion across Member States.

The aim of this chapter is to reconstruct the political dynamics behind the EU-level initiatives on AMI, while providing important insights on the future impact of the Recommendation for Member States. We answer the following two questions: a) can the national and supranational players calling for binding EU legislation in this

field still turn the tide in favour of a directive on the topic?; and b) will the Council Recommendation, including the suggestion for Member States to develop a ‘minimum income framework’, have any practical effects?

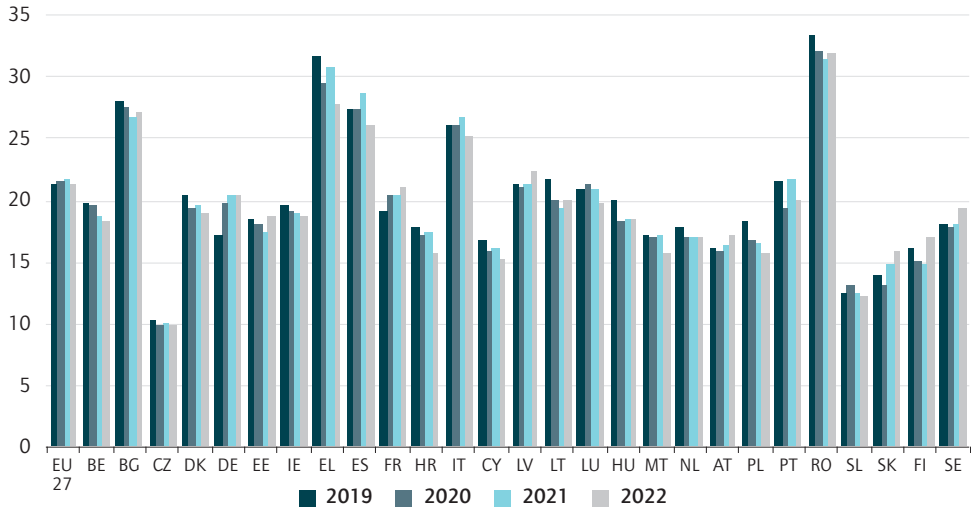
To answer these questions, this chapter draws on qualitative research analysing EU documents, legislative acts, press reviews, parliamentary minutes and publications from key players, along with 13 semi-structured interviews with supranational stakeholders, including representatives from the European Commission, social partners and civil society organisations (see Annex for a full list). The chapter is structured as follows. Section 1 outlines the main functional pressures increasing the relevance of anti-poverty initiatives at EU level. Section 2 addresses the persistent challenges in terms of the institutional settings of existing national schemes across EU Member States and the urgent need for an EU framework in this field. Section 3 reconstructs the political dynamics that led to the adoption of the 2023 Recommendation on Adequate Minimum Income, identifying the main lines of conflict among the key stakeholders and tracing the political exchange dynamics between national and supranational players. The chapter concludes by providing an overview of the possible effects of the Recommendation for Member States. We argue that the Council Recommendation can serve as a catalyst for policy change at supranational level and that its potential lies in its ability to influence, guide and stimulate action at national level, contingent upon the deliberate use of the Recommendation by domestic players (cf. Jessoula 2015; Jessoula and Madama 2018; Vanhercke et al. 2020; Brooks et al. 2021; Raitano et al. 2021).

1. Current trends in poverty, social exclusion, and in-work poverty

Looking at the most recent Eurostat data on poverty and social exclusion, we observe three trends. First, the AROPE (at risk of poverty and social exclusion) rate has remained consistently high over the last years, with over one in five people among the EU working age population (16 to 64) at risk of poverty or social exclusion in 2022. However, the EU average conceals great disparity: Figure 1 shows that Bulgaria, Greece, Romania and Spain reported the highest AROPE rates (27.2%, 27.8%, 31.9% and 26% respectively) in 2022, while Czechia and Slovenia had relatively lower ones (below 15%).

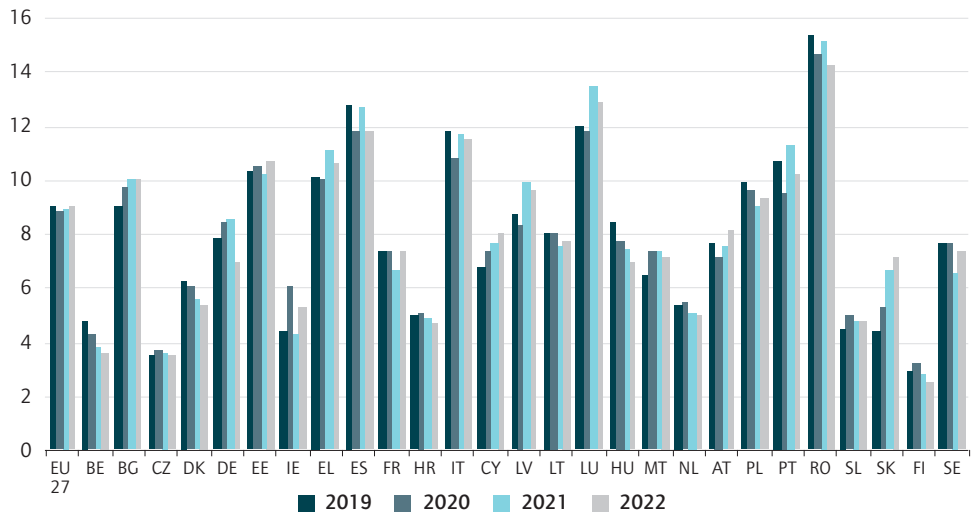
Second, the most recent trends in in-work-poverty (IWP) indicate that simply having a job is not always sufficient to overcome poverty and social exclusion. In fact, the increase in IWP rates in several European countries between 2019 and 2022 highlights the ongoing challenges faced by individuals and households despite being employed. As seen in Figure 2, IWP rates increased in Austria, Cyprus, Estonia, France, Ireland, Lithuania, Poland, Slovakia and Sweden, with a significant proportion of workers in these countries nowadays facing challenges in achieving a decent standard of living. Furthermore, IWP rates remain high in Italy, Luxembourg, Romania, and Spain, with respective rates of 11.5%, 12.9%, 14.3% and 11.8%.

Figure 1 AROPE rate in the EU Member States, 16-64 year-olds, as a share of the population (%)



Source: Eurostat online, last accessed July 2023.

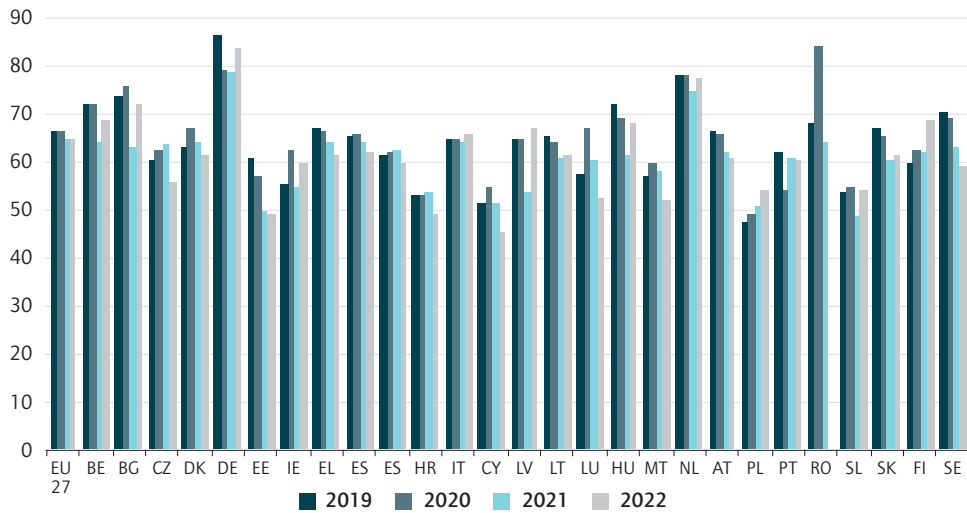
Figure 2 In-work at-risk-of-poverty rate, 18-64 year-olds (%)



Source: Eurostat online, last accessed July 2023.

Third, the protective capacity of social protection schemes is limited. Figure 3 shows that in all Member States the AROPE rates are significantly higher among the unemployed than among the overall working age population, averaging 65.4% in 2022. Bulgaria, Germany and the Netherlands have the highest share of unemployed at risk of poverty, 72%, 83.8% and 77.6% respectively, while Croatia (49.4%), Cyprus (44.7%) and Estonia (49.1%) report the lowest shares.

Figure 3 At risk of poverty or social exclusion rate, unemployed 18-64 year-olds (%)



Source: Eurostat online, last accessed July 2023.

2. The ineffectiveness of minimum income schemes and the need for EU intervention

2.1 The shortcomings of national minimum income schemes

Even though most EU Member States have either introduced or improved access to minimum income schemes with the aim of providing income support and protecting households from income shocks and poverty risks, there are notable differences in their design, generosity and accessibility across countries.

According to a 2022 study conducted by the Social Protection Committee (SPC) and the European Commission on the state of AMI in the EU, challenges persist in terms of accessibility, adequacy and enabling capacity (SPC and European Commission 2022). First, identifying accessibility as a challenge, this study argues that certain barriers may prevent eligible individuals and households from accessing minimum income benefits, including age requirements (e.g., Cyprus, France, Spain), minimum length of legal residence (e.g., Austria, Denmark, France, Italy), complex application processes (e.g., Lithuania, Portugal, Spain), limited outreach efforts (e.g., Croatia, Greece, Romania) and administrative obstacles (e.g., Austria, Cyprus, Sweden) (SPC and European Commission 2022). Ibáñez et al. (2023) add that, when national governments regard a household as the unit of assessment, they tend to underestimate women’s potential economic dependency on their families (e.g., Estonia, Germany, Italy and Spain), possibly triggering different modes of social exclusion due to complex bureaucratic procedures hindering access for potential recipients (Ibáñez et al. 2023).

Second, the study highlights that minimum income adequacy, i.e., the level of benefits provided, has remained largely unchanged over the past decade. Moreover, benefits are not sufficient to lift individuals and households out of poverty or ensure a decent standard of living. According to the report, substantial variations in the adequacy of minimum income benefits persist across EU Member States. In countries like the Netherlands and Ireland, the level of benefits provided to single-adult households exceeded or was very close to 90%-100% of the national income poverty threshold (SPC and European Commission 2022), indicating a high level of adequacy. In Italy, the benefit for a single-member household was equivalent to 58% of the relative poverty threshold, though was around 90% when housing benefits were included (Panaro et al. 2023). At the other end of the scale, countries such as Bulgaria, Estonia, Hungary and Romania provided minimum income benefits that were approximately 20% (or below) of the income of a low-wage earner and the poverty threshold in 2019, suggesting that the benefits provided were ineffective in lifting people out of poverty.

In addition, a European Commission Joint Research Centre report argues that AMI coverage across EU Member States presents significant heterogeneity (Almeida et al. 2022). Applying an extreme poverty criterion¹, this study shows that most EU countries fall short in providing coverage to a substantial portion of the poorest population. Only eight countries have coverage rates above 50%, indicating that a significant proportion of the poorest individuals are not benefiting from minimum income support. Among the countries with higher coverage rates are France, Cyprus, Ireland, and Slovenia. By contrast, Estonia, Bulgaria, and Latvia show the lowest coverage rates, with as many as 90% of the poorest individuals not receiving minimum income support, highlighting the significant gaps in coverage and the limited reach of these schemes.

Third, the enabling capacity of such schemes is also mentioned as an area of challenge (SPC and European Commission 2022), as already highlighted by previous studies pointing to the low participation rates of minimum income beneficiaries in active labour market policies as well as inadequate coordination between different institutions providing complementary services and benefits.

2.2 A framework for adequate minimum income: a key component of the EU's social dimension

Acknowledging the disparities in the adequacy and coverage of minimum income schemes across different countries and regions, advocates of a European framework on adequate minimum income argue that establishing common guidelines and criteria at EU level would help ensure a more consistent level of protection against poverty and social exclusion across Member States (cf. Caritas Europa 2022; EAPN 2020; Eurodiaconia 2020; Social Platform 2020; ETUC 2020). They stress the importance of a comprehensive approach combining adequate income benefits, employment opportunities and accessible social services in fostering inclusive societies that leave

1. The extreme poverty criterion sets the poverty line at 40% of median equivalised disposable income (cf. Almeida et al. 2022).

no-one behind. By closely linking AMI with key social rights and services, policy measures can address the multifaceted challenges of poverty and social exclusion. Such a comprehensive approach recognises that financial support alone is insufficient and that individuals also require access to essential services and opportunities to fully participate in society. The demands put forward in a 'Joint Statement' by supranational civil society organisations and trade unions for a framework directive on minimum income highlight the importance of the above-mentioned policy tools (Joint Statement of 12.11.2020²). First, acknowledging that the current level of minimum income benefits in EU Member States is insufficient to lift people out of poverty, the signatories argue that a supranational measure should target at least 60% of the median wage in each Member State and include indicators aimed at reducing the gender pay gap and gender inequalities (cf. Caritas Europa 2022; EAPN 2020; Eurodiaconia 2020; Social Platform 2020; ETUC 2020). This benchmark would effectively lift single-member households above the relative poverty line, providing them with a more adequate standard of living. Moreover, the need is recognised for minimum income benefits and minimum wages to operate in synergy to ensure effective income security for both employed and non-employed individuals. Second, the call for a supranational tool in the field of adequate minimum income emphasises the need to improve the accessibility of national schemes for all individuals (ibid.). The principle of 'equal access for everyone who needs it and as long as it is needed' is highlighted (Shahini et al. 2022). This underscores the importance of ensuring that all individuals who require support have equal and unhindered access to minimum income benefits. Third, both social non-governmental organisations (NGOs) and trade unions emphasise an active inclusion approach within AMI (cf. Caritas Europa 2022; EAPN 2020; Eurodiaconia 2020; Social Platform 2020; ETUC 2020), arguing that minimum income benefits should be accompanied by the availability of services facilitating full participation in society and ensuring a decent standard of living. Services such as affordable and accessible healthcare, childcare, housing, and education, as well as active labour market policies, are seen as essential for alleviating poverty, promoting social inclusion, and ensuring a decent standard of living for all. Moreover, the European Trade Union Confederation (ETUC) called for an anti-poverty strategy that would rely on the implementation of the Gender Equality Strategy and the fight against gender pay and pension gap that determine the high rate of women, of all ages, in poverty (ETUC 2020).

Considering the diverse needs of different groups of recipients, with a focus on gender and vulnerable groups, social services linked to AMI should be designed accordingly. This implies distinguishing between those able to work and those not. Social services should be tailored to address the specific objectives of 'social' and 'labour market' (re-) integration, in line with recipients' different needs and circumstances (Cantillon and Vandenbroucke 2014; Natili 2019).

2. Titled 'Following the Council Conclusions on Minimum Income, it is time for the European Commission to respond with courage and propose a legally binding EU framework for Minimum Income' and signed by Caritas, EAPN, Eurodiaconia, CES/ETUC and the Social Platform.

2.3. Anti-poverty measures at EU level

Reflecting its overarching goals of reducing inequalities, improving access to essential goods and services, and promoting social inclusion across Europe, the EU has embarked on a series of actions in the field of anti-poverty policies over the last two decades.

In a nutshell, the Lisbon Strategy initiated policy coordination mechanisms via ‘soft law’ tools within the framework of the Open Method of Coordination (OMC), laying the groundwork for EU initiatives on minimum income and social protection convergence among Member States. Importantly, the European Commission (2008) Recommendation on the active inclusion of people excluded from the labour market urged Member States to combine adequate income support with active labour market policies and access to quality services, promoting an integrated active inclusion strategy at EU level.

Two years later, in 2010, the Europe 2020 strategy upgraded the salience of poverty and social exclusion at EU level (Jessoula 2015; Jessoula and Madama 2018). The increased EU involvement materialised in a governance approach featuring a new ‘hybrid’ model (Jessoula 2015), combining ‘soft-law’ mechanisms with the supranational ‘hard’ quantitative target of ‘lifting 20 million EU citizens out of poverty by 2020’ and the use of Country-specific Recommendations (CSRs) in the new European Semester framework linked to dedicated European social funds (cf. Jessoula 2015; Zeitlin and Vanhercke 2015, 2017; Bekker 2018; Jessoula and Madama 2018; Verdun and Zeitlin 2018; Vesan et al. 2021).

Building on the Europe 2020 strategy, the EPSR proclaimed in 2017 laid the foundation for further EU-level action in the field of anti-poverty and social exclusion, with its Principle 14 specifically emphasising the importance of adequate minimum income benefits and access to essential goods and services for all individuals in Europe:

Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market. (EPSR, Principle 14)

Importantly, a ‘Social Scoreboard’ was also established to monitor and assess EPSR implementation at national level and help embed the Pillar into the Semester (Vesan et al. 2021). It contains a set of 14 indicators, identifying and rating areas where improvements can be made in terms of implementing the EPSR principles (European Commission 2017).

All these actions can be interpreted as institutional signals of increased EU intervention in the field of poverty and social exclusion (Shahini et al. 2022). In addition to the renewed focus on social issues and policies, scholars point to the empowerment of social players within the EU governance structure (Agostini et al. 2013; Vesan and Corti 2019; Vanhercke 2020), leading to a growing political salience of minimum

income initiatives in the political debate at supranational level. Moreover, the language used in these discussions has shifted towards a ‘rights-based’ approach (Sabato and Corti 2018; Vanhercke et al. 2020), recognising minimum income as a fundamental right for those lacking sufficient resources. This shift in discourse has set the stage for future discussions and actions aimed at strengthening the EU anti-poverty framework and promoting social inclusion throughout Europe in the context of an increasingly ‘socialised’ European Semester (Zeitlin and Vanhercke 2015; Sabato et al. 2018).

Overall, we observe a noticeable shift in policy development towards strengthening the EU framework addressing poverty and social exclusion since the end of the Lisbon Strategy (cf. Vanhercke et al. 2018, 2020; Pochet 2020; Garben 2020). In particular, the EPSR has played a significant role in stimulating policy initiatives related to minimum income, including the 2020 Council Conclusions on strengthening minimum income protection (Council of the European Union 2020), and the 2021 Action Plan to implement the EPSR, with its target of reducing the number of people at risk of poverty or social exclusion by at least 15 million by 2030. Yet, despite the increased relevance of anti-poverty policies at EU level, policy changes in the field have been piecemeal, as EU interventions have remained limited in scope and implications for Member States (cf. Shahini et al. 2022).

3. Minimum income politics at EU level

3.1 The road towards a Commission proposal: main lines of conflict

In 2019, supranational civil society organisations and trade unions, including the Social Platform, the European Anti-Poverty Network (EAPN), Caritas Europa, Eurodiaconia and the ETUC, formed a united front to push for having the minimum income dossier included on the agenda of the new Commission, as evidenced by the aforementioned ‘Joint Statement’ (Shahini et al. 2022). To support their case, they referred to the EU’s current legal framework, arguing that Articles 153(1)(h) and 175 of the Treaty on the Functioning of the European Union (TFEU) could together accommodate an EU legal instrument on minimum income covering all persons, irrespective of gender, age or labour market activity as proclaimed by EPSR Principle 14 (Van Lancker et al. 2020). Referencing these articles, they highlighted the need for a framework directive cementing three policy criteria: a) *accessibility*, i.e., ensuring that everyone in need has access to minimum income support; b) *adequacy*, meaning that the level of support is sufficient to meet basic needs; and c) *enabling capacity*, allowing individuals to participate fully in society and the labour market.

However, the views of employers’ organisations contrasted notably with those of trade unions and social NGOs regarding the proposal for a binding EU minimum income directive. Seeing AMI as a tool to facilitate employment rather than a component of a comprehensive rights-based approach to fighting poverty, BusinessEurope strongly opposed a binding EU framework in this field (BusinessEurope 2021). Among other reasons supporting its position, it emphasised the importance of national financing and contextual considerations, the uniqueness of national social safety nets and the

link between AMI and labour market activation. It favoured leaving the design and implementation of AMI to individual Member States while carefully monitoring the fiscal impact and ensuring alignment with labour market objectives (BusinessEurope 2021).

However, resistance to a potential EU minimum income directive was reported to be even stronger within certain Directorates-General (DGs) of the European Commission, within the European Parliament (EP) and among Member States (Shahini et al. 2022). While the European Commissioner for Jobs and Social Rights, Nicolas Schmit, was perceived as largely supportive of a more binding EU minimum income framework, opposition came particularly from the Cabinet of Executive Vice-President Valdis Dombrovskis. Reflecting these internal divisions, the Commission's official position on this matter was outlined in the Action Plan for implementing the EPSR and the Commission Work Programme for 2022, which clearly stated that the Commission intended to propose a Council *Recommendation* on minimum income by September 2022. In their study, Shahini et al. (2022) concluded that the Commission's decision to propose a recommendation rather than a binding instrument such as a directive was a deliberate political choice based on the initiative's political feasibility rather than its legal feasibility. The reasoning behind this choice was the belief that broader support and cooperation among Member States would be obtained for a non-binding instrument (ibid.). In the words of a Commission representative:

As a matter of fact, we did consider what would be the best nature of the initiative. It was on the agenda of the decision-makers whether it should be a directive or a recommendation. The decision to opt for a recommendation was more based on the political environment. The decision took into account what is politically feasible, not legally feasible. The joint mutual support [from Member States] could be achieved if we said that it will not be a binding instrument. (Interview European Commission)

Within the EP, opinions differed on the need for a binding EU framework. While the initiative for a directive received support from the Greens and the Progressive Alliance of Socialists and Democrats (S&D) – which specifically call for a framework directive ensuring an adequate minimum income with 100% coverage to protect the right to a decent life and eradicate poverty (European Parliament 2020a: 39) –, the European People's Party (EPP) was divided on the issue, with some members supporting a binding initiative and others opposing it (European Parliament 2020a: 36-40). Centre-right and right-wing groups, in particular the European Conservatives and Reformists (ECR), Identity and Democracy (ID), and Renew Europe were against a binding EU framework. Consequently, the resolution put forward by the EP called for an initiative to strengthen minimum income support, without explicitly calling for it to have a binding nature (European Parliament 2020b; Raitano et al. 2021).

The major source of resistance to binding EU legislation on minimum income support was, however, rooted in Member States' desire to safeguard national sovereignty in the welfare sector. While all Member States recognised the importance of the issue, they shared different views on the nature of an EU initiative. Shahini et al. (2022) identified two opposing fronts. Initially against the poverty target introduced in 2010

under Europe 2020 (Jessoula 2015; Jessoula and Madama 2018), Germany shifted its position, emphasising in its government agreement the need to achieve higher social standards and overcome social protection gaps at EU level. Italy, Portugal, and Spain were also in favour of binding EU legislation, as evidenced by a joint letter published by Belgium, France, and Greece (Pereira 2020) calling for a common minimum income framework to combat poverty and social exclusion. On the other front, Central and Eastern European countries, first and foremost Hungary and Poland, were seen as the key blockers, fearing that a binding EU framework would subject them to a higher fiscal burden. The Nordic countries were generally sceptical of binding EU actions but for a different reason, fearing that an EU directive would set lower standards than their national average.

This opposition from several Member States in the Council significantly limited the political feasibility of stronger EU initiatives. The gatekeeping role played by these countries dampened the momentum, especially after the launch of the proposal for an EU Directive on Minimum Wages (see Müller and Schulten, this volume). In fact, both the European Commission and the Portuguese presidency of the Council of the EU prioritised the proposal for a Directive on Minimum Wages, placing the minimum income initiative on hold. As argued by a representative of the European Commission:

One thing was very clear within the Commission, that with the Minimum Wage Directive on the table since October 2020, there would be no way, or it would be completely unwise politically to try in parallel to do something on minimum income, because in the Minimum Wage Directive already many would have to make a lot of compromises. The message was that you cannot ask a Nordic Member State or Nordic trade unions, or employers (anyway they oppose everything), especially Denmark and Sweden, to make a compromise on a legal minimum wage and at the same time on minimum income. So, there was no political will to do these in parallel. (Interview European Commission)

Similarly, trade unions gave priority to the debate on the Minimum Wage Directive, even though there was less internal consensus on this issue within the ETUC (Interview Pochet).

3.2 From the Commission's proposal to a Council Recommendation (September 2022 – March 2023)

On 28 September 2022, the European Commission presented a proposal for a Council Recommendation on Adequate Minimum Income, with the objective of promoting active inclusion and providing guidance to Member States on how to modernise their AMI (European Commission 2022). The proposal was presented by the European Commission to the Social Questions Working Party³ on 7 October 2022. After thorough examination and discussion within the working party, a compromise text was agreed

3. A preparatory body of the Council of the EU responsible for all legislative matters related to employment and social policy, including the financial aspects of these policies.

upon under the Czech presidency of the Council of the EU. A political agreement on the text was reached by the Permanent Representatives Committee (COREPER) on 30 November 2022, and further endorsed at the Employment, Social Policy, Health and Consumer Affairs (EPSCO) Council formation on 8 December 2022 (Council of the European Union 2022). Finally, the Recommendation was formally adopted as an A-item at the Council meeting on 30 January 2023, without discussion (European Commission 2022). This suggests that the Council acknowledged and approved the Recommendation without further deliberation.

The 2023 European Council Recommendation on Adequate Minimum Income represents an important step forward in the implementation of the EPSR and its Action Plan, demonstrating a stronger EU commitment in the social field. The Recommendation focuses on addressing poverty and social exclusion through various measures, including income support, access to essential services and active labour market integration. One of its key aspects is the promotion of adequate minimum income. It recognises the importance of providing a basic level of income to individuals and households to ensure their well-being and prevent them from falling into poverty. Adequate minimum income schemes can play a crucial role in guaranteeing a decent standard of living and reducing inequality. Moreover, the Recommendation emphasises the need for effective access to enabling and essential services, acknowledging that income alone is not sufficient, and that individuals and families also require access to services such as healthcare, education, housing, and social support. By addressing these essential needs, the Recommendation aims to enhance social inclusion and improve the overall well-being of vulnerable groups. Furthermore, it is aligned with the active inclusion approach advocating a comprehensive strategy to combat poverty and social exclusion. Combining income support with policies promoting employment and social participation, active inclusion recognises that not everyone can participate in the labour market but encourages the active inclusion of those able to work by providing them with the necessary support and opportunities.

3.2.1 Response of supranational players

The Commission's proposal for a Council Recommendation was welcomed by social NGOs such as Caritas Europa, Eurodiaconia and the EAPN which saw it as a positive step towards addressing poverty and social inclusion. Nevertheless, they expressed their belief that the Commission's proposal fell short of ensuring adequate minimum income for individuals. While they appreciated that some elements of their position papers had been incorporated in the proposal, they argued that the document did not guarantee the necessary level of adequacy for minimum income as it failed to set common targets for Member States. Moreover, they considered the Commission's proposals for ensuring the Recommendation's implementation at national level to be weak. Hence, they continued to call for a European framework directive on adequate minimum income, believing it would be more effective in implementing EPSR Principle 14 (EAPN, Caritas Europa and Eurodiaconia 2022). Their position reflects the ongoing demand for a more comprehensive and binding approach to minimum income protection at EU level to address the needs of individuals experiencing poverty and social exclusion.

Following the formal adoption of the Council Recommendation on 30 January 2023, social NGOs raised several concerns and regrets regarding its content and effectiveness in addressing poverty. In particular, the EAPN expressed disappointment over various aspects of the Recommendation, including the lack of an explicit universal rights-based approach, the absence of a common EU-wide framework and methodology on reference budgets, as well as the insufficient measures on AMI financing (EAPN 2023). It also criticised the use of proportionate duration of legal residence as a basis for access, potentially excluding certain vulnerable groups such as refugees or undocumented migrants. Moreover, the EAPN emphasised that current minimum income schemes were failing to lift people out of poverty, which they viewed as a violation of fundamental rights, arguing that social protection was not only a matter of social justice and human rights but also an economically beneficial investment (EAPN 2023). It reiterated its urgent call for a binding EU framework directive on adequate minimum income, stressing the need for meaningful participation of civil society organisations and people experiencing poverty in its design, and calling on all EU Member States to guarantee the right to minimum income for everyone throughout their lives, ensuring it is adequate, accessible, enabling and underpinned by social and human rights (EAPN 2023).

The ETUC similarly demanded a directive, arguing that a binding instrument was necessary to implement effective strategies in the fight against poverty. It emphasised that the aim of Article 2 of the Treaty on European Union (TEU) was to ensure that everyone has the financial resources to live a life of dignity. Highlighting the disproportionate impact of rising prices on people living in poverty, it questioned why those living in poverty should have to wait until 2030 for the recommendations to be implemented (ETUC 2022).

Employers' associations continued to argue against any binding EU framework, stating that social policy reforms were a national competence and any EU actions in this field should be in line with the principle of subsidiarity (BusinessEurope 2022). While acknowledging that existing national minimum income schemes needed to be reviewed and adapted to demographic and labour market changes, BusinessEurope argued that 'unconditional and/or too generous minimum income most often results in negative incentives to work' (ibid.). It therefore called for simple and conditional 'activation minimum income schemes' designed at national level with the participation of social partners (ibid.). In addition, BusinessEurope noted that, as taxes on labour were already high in Europe, any further tax increase to finance national social protection systems would be detrimental to competitiveness and job creation (ibid.).

Within the European Parliament, the European Greens and S&D were vocal about the need for comprehensive social protection measures and called for a binding legal instrument as a necessity to ensure consistent and effective protection for individuals at risk of poverty and social exclusion. In September 2022, the Committee on Employment and Social Affairs (EMPL) took the lead in addressing the issue of adequate minimum income, starting work on a motion for a resolution which was eventually adopted in January 2023 by the EMPL Committee (European Parliament 2023a). The draft resolution called on the European Commission to propose an EU directive

on adequate minimum income. It also suggested that this should include common definitions for minimum income and guarantee upward social convergence. The resolution was adopted in the plenary on 15 March 2023, with 336 votes in favour, 174 against and 121 abstentions (European Parliament 2023b). Its adoption by a considerable majority indicates a broad consensus within the EP, adding momentum to the ongoing discussions and initiatives aimed at improving social protection systems and promoting social inclusion. By calling for an EU directive on minimum income, the Parliament has signalled its intent to push for stronger and harmonised measures to protect individuals against poverty and social exclusion. It is important to note that the EP's adoption of the resolution is politically significant but largely symbolic, as it does not guarantee the adoption of an EU directive on minimum income. Nevertheless, it is a strong signal to the European Commission and Member States to take action and consider the establishment of such a directive. If adopted and implemented, such a directive would establish a common AMI framework and set binding standards for Member States to promote social inclusion, reduce inequalities and enhance minimum income scheme accessibility, adequacy and effectiveness throughout the EU.

4. Potential effects and limitations of the Recommendation

Representing an important step in implementing the EPSR and its Action Plan, the Council Recommendation on Adequate Minimum Income has the potential to trigger policy change. Despite its non-binding nature, akin to previous initiatives in this field, the Recommendation is significant, with the combination of increased salience of the anti-poverty issue and growing stakeholder mobilisation offering a unique opportunity for progress in addressing poverty and social exclusion across the EU. In fact, governments and social stakeholders can strategically leverage it as a catalyst for policy changes at national level: its potential lies *de facto* in its ability to influence, guide and stimulate action (cf. Verdun and Zeitlin 2018; Vanhercke et al. 2021). As suggested in its text, the Council Recommendation can contribute to the advancement of adequate minimum income and active inclusion policies across the EU through reliable monitoring, regular policy impact assessments, mutual learning, benchmarking and exchange of best practices and financial support (European Commission 2022). Additional mechanisms through which the Council Recommendation could have a potential effect include policy influence and awareness-raising.

Monitoring and reporting: the Recommendation encourages Member States to monitor and report on their progress in implementing adequate minimum income and active inclusion policies, thereby promoting transparency and accountability within countries and allowing experiences and lessons learned to be shared among Member States. This can in turn help identify challenges and areas for improvement, leading to more effective policy responses. Contributing to the implementation of the EPSR, the Social Scoreboard is an essential tool for monitoring social developments. It provides a comprehensive overview of the social situation in Member States, allowing comparisons and identifying areas that require attention and improvement. It helps policymakers, researchers and stakeholders to track progress, identify trends, and make informed decisions to effectively address social challenges.

Benchmarking and the sharing of best practices: the Recommendation encourages Member States to exchange information and best practices regarding AMI. It also enables countries to compare their minimum income schemes, identify successful strategies implemented by others, and learn from their experiences. This can facilitate peer learning and the identification of effective approaches to ensure adequate minimum income and active inclusion. By highlighting successful implementations and positive outcomes in other countries, the EU can encourage reluctant Member States to reconsider their approach and adopt measures in line with EU recommendations. This exchange can contribute to improving national policies and adopting effective approaches.

Financial support: besides sharing best practices, the EU can also use various mechanisms to encourage Member States to align their policies with EU recommendations, including providing financial support and technical assistance (European Commission 2022). Funds are available to support the Recommendation's implementation, including the European Social Fund Plus (under which each Member State should allocate at least 25% of such funding to combat social exclusion), the European Regional Development Fund, InvestEU and the Technical Support Instrument and the Recovery and Resilience Facility (European Commission 2022).

Policy influence: the Recommendation can influence and shape the design and implementation of national minimum income schemes, serving as a reference point and a basis for dialogue and cooperation in addressing the issue of minimum income across the EU. By providing a framework, guiding criteria, and promoting cooperation, it assists Member States in considering relevant factors – including income support adequacy, access to essential services, and active labour market integration – when designing or revising their minimum income schemes. In this respect, the role of the European Commission in bilateral interactions within the European Semester seems to play a key role in encouraging Member States to strengthen national minimum income schemes.

Furthermore, the EU's endorsement adds credibility and legitimacy to the measures proposed, thus contributing to greater consistency and progress in ensuring adequate minimum income for all. This can influence public perceptions and increase political support for adopting similar policies at national level.

Awareness-raising: the Recommendation can contribute to raising awareness about the importance of adequate minimum income and active inclusion at EU level and in Member States. Highlighting the need to address poverty and social exclusion, it can stimulate public debates and discussions. Supporters of minimum income schemes can leverage the Recommendation to advocate policy changes within their respective countries, using it as a reference and demanding steps forward from their national governments.

Overall, the practical effects of the Recommendation on Adequate Minimum Income may vary among Member States depending on their commitment and political context. Indeed, the EU's ability to ensure compliance with the Recommendation ultimately

depends on domestic political dynamics and national government willingness (cf. Jessoula 2015; Jessoula and Madama 2018; Vanhercke et al. 2020; Brooks et al. 2021; Raitano et al. 2021). Recent events in Italy are exemplary in this regard. Elected in October 2022, the new Italian government completely dismantled the national minimum income scheme – *Citizenship Income* – and replaced it with two less well funded and less inclusive measures: the *Inclusion Allowance* (AdI, *Assegno di Inclusione*) and *Support for Training and Employment* (SFL, *Supporto per la Formazione e il Lavoro*) (see Sacchi et al. 2023). As such, while the Recommendation can provide guidance, set standards and offer mechanisms to encourage compliance, national political dynamics will ultimately dictate whether the EU guidelines are complied with or defied.

Importantly, the weakness of Council’s Recommendation lies not only in its non-binding nature but also in its vagueness. While outlining three main principles – accessibility, adequacy and enabling capacity –, the Recommendation establishes no specific, common benchmarks for Member States. This vagueness hinders its ability to ensure an all-inclusive level of protection against poverty and social exclusion across the EU and may result in variations and inconsistencies in the implementation of minimum income schemes among Member States.

In a nutshell, the Council Recommendation represents a step forward in the realm of anti-poverty measures compared to previous policy initiatives in this field (e.g., the 2008 Commission Recommendation on Active Inclusion). It introduces novel policy and financial instruments designed to support the implementation and reform of national minimum income schemes, facilitate the exchange of best practices among Member States and enhance the importance of adequate minimum income schemes in public discourse. However, akin to preceding initiatives in this domain, the Recommendation remains a soft law instrument not legally binding for Member States.

For its part, the EU can enhance the practical effects of the Recommendation by ensuring its effective implementation through the Semester, pushing Member States to strengthen the adequacy of their schemes. Moreover, it is crucial to foster engagement and dialogue with national stakeholders involved in minimum income policies. This can be achieved by systematically disseminating information about EU-level developments and involving national players in minimum income discussions. Finally, the EU can make the provision of European funds conditional on policies aimed at strengthening national AMI.

Conclusions

This chapter discusses the steps that led to the adoption of the Council Recommendation on Adequate Minimum Income – instead of a directive, as the Commission had initially intended – and maps the positions of key stakeholders on the agreement reached, assessing whether advocates of a binding framework can still turn the tide in favour of a directive. It provides important insights on the future impact of the Recommendation on national minimum income schemes.

Overall, our analysis has revealed that, despite rising problem pressure and strong political demand, the feasibility of a binding instrument, as discussed in supranational policy debates, has failed to materialise due to conflicting interests in different institutional settings: the left-wing versus the right-wing within the European Parliament; state versus market positions between social stakeholders and BusinessEurope; an ambivalent position within the European Commission; and the opposition of some key Member States in the Council which play a strong gatekeeping role in defence of the subsidiarity principle and national sovereignty. This, in turn, highlights the contentious nature of the issue and explains also why some countries have invested only limited resources in minimum income schemes at national level. As a result, although the Recommendation has the potential to guide and stimulate action at national level through policy influence, benchmarking, monitoring and awareness-raising, its practical effects may vary among Member States due to its non-binding nature and vague content.

Several players have raised concerns about the nature and fuzzy content of the Recommendation in addressing poverty and social exclusion and have continued mobilising for a directive instead. The advocacy efforts by various supranational stakeholders and the adoption of a resolution by the European Parliament in March 2023 in support of such a binding framework indicate growing momentum and support within the legislative body. While it is still difficult at this stage to predict policy output, the growing support for a directive, coupled with the need to address poverty and social exclusion across the EU, may create opportunities for advancing the proposal.

However, as argued throughout the chapter, Member States share various concerns regarding the nature and level of EU intervention in the field of minimum income protection. The Nordic Member States with their more comprehensive social safety nets and higher minimum income standards are wary of their sovereignty being infringed, and thus prefer to maintain control over these areas of governance to address their specific needs and circumstances, while Eastern European Member States characterised by limited resources or different policy priorities are concerned about the potential external imposition of further tax burdens.

These disparities make it challenging to achieve consensus on a unified approach to minimum income protection at EU level. While legally feasible within the current European legal framework (Van Lancker et al. 2020), the level of integration and harmonisation in this area has been limited due to political unfeasibility. Though the path towards a binding instrument for minimum income protection in the European Union may be challenging and marked by differing concerns and interests among Member States, it is essential that stakeholders view the new Council Recommendation on Adequate Minimum Income as a valuable tool, rather than dismissing it as ‘too weak’ or ‘second-best’. By strategically leveraging it, governments and social stakeholders can foster collaboration, share best practices and work collectively to strengthen minimum income protection across the EU.

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Annex List of interviews

- BusinessEurope – 8 April 2021, e-mail correspondence
- Caritas Europa – 13 April 2021, Skype interview
- ETUC – 13 April 2021, Microsoft Teams interview
- EAPN – 14 April 2021, Microsoft Teams interview
- Philippe Pochet, General Director of the ETUI – 14 April 2021, Microsoft Teams interview
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- European Commission, DG EMPL – 18 February 2022, Microsoft Teams interview
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- Josée Goris, Minimum Income Network (MINET) – 10 March 2022, Microsoft Teams interview
- Expert – 21 March 2022, Microsoft Teams interview
- Expert – 6 April 2022, Microsoft Teams interview