

Handled to European Commission
Directorate-General for Employment, Social Affairs and Inclusion
Directorate A



Smart Policies for Social Inclusion

4 new families of integrated policies for Europe:
Networks and social connections,
product lifetime and consumption pattern,
urban experiments and regeneration,
inclusive green policies

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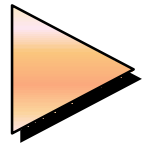
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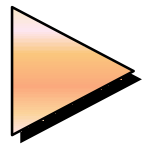
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1. The EU context

“The crisis has disproportionately hit those who were already vulnerable and has created new categories of people at risk of poverty. The Commission considers that Member States should give priority to:



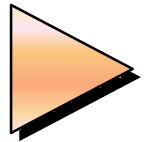
* The implementation of **active inclusion strategies** encompassing labour market activation measures, and adequate and affordable social services to prevent marginalisation of vulnerable groups.



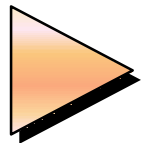
* Ensuring access to services supporting integration in the labour market and in society”.

(Annual Growth Survey 2012)

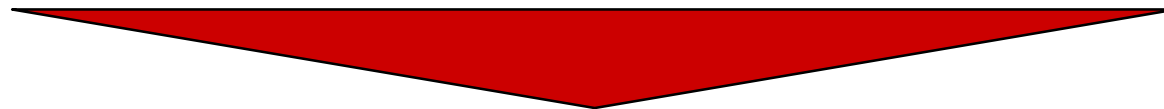
1. The EU context



“Every euro spent will be a multi-purpose euro. A euro can strengthen cohesion, boost energy efficiency and the fight against climate change, and promote social targets, increase employment and reduce poverty at the same time. It can have a major leverage effect in many areas” (EU Commission, “A budget for Europe 2020”).

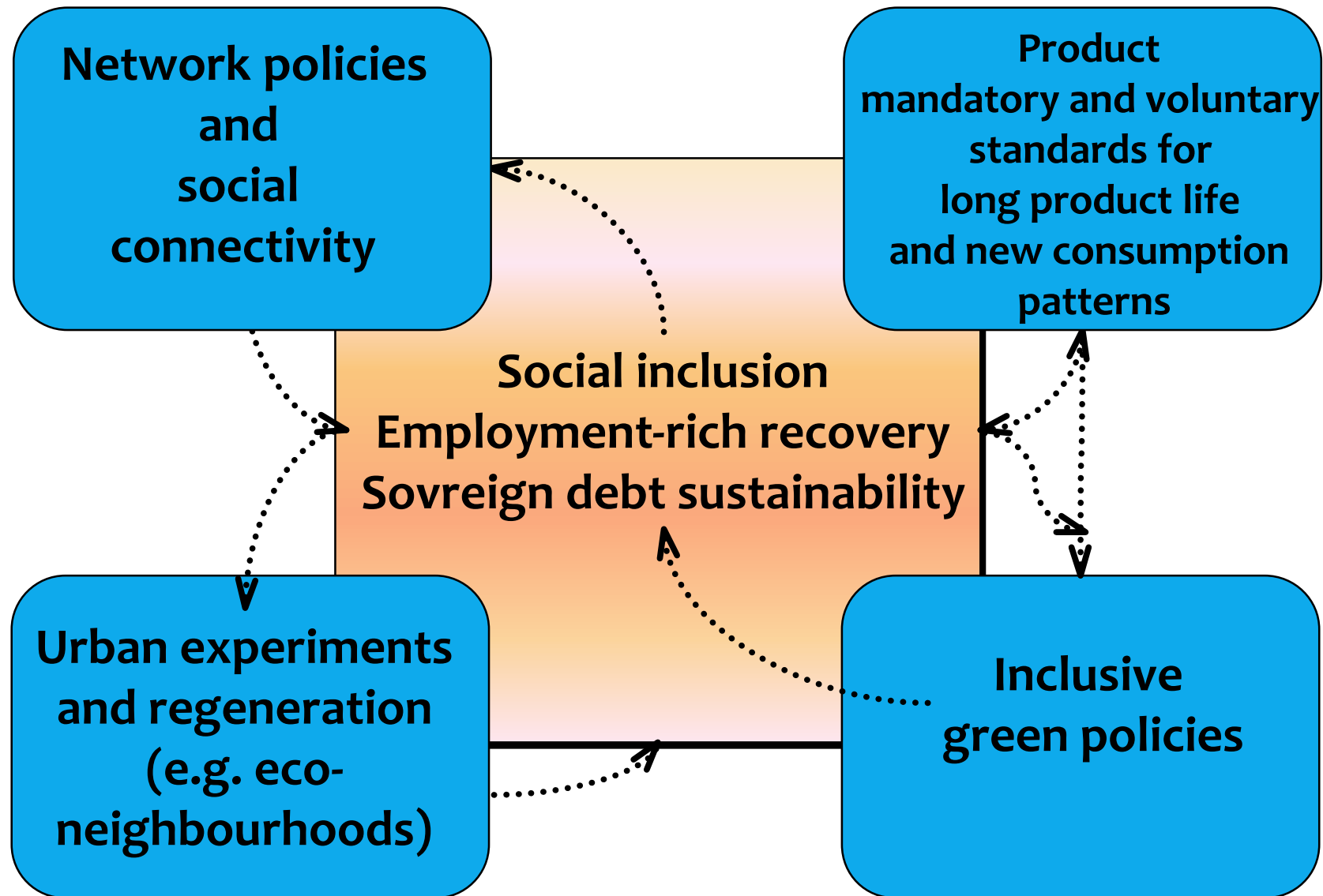


The financial and economic crisis is putting a huge pressure on EU and inter-governmental governance to deliver on their own promises.

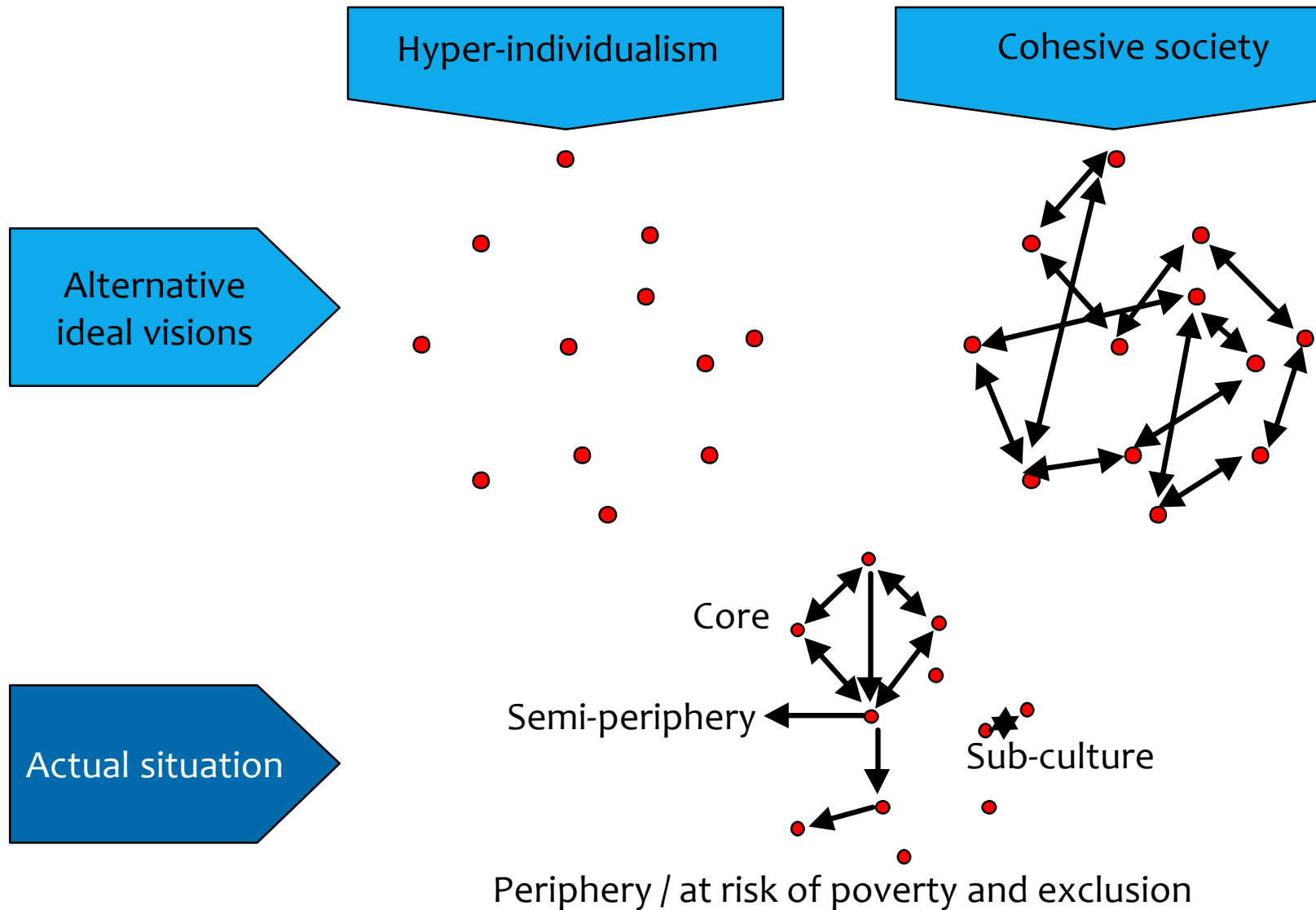


Leveraging excellent data and analyses, such as those provided by the ESDE 2011, smart new policies need to be quickly devised, brought to the attention of policy makers, introduced and gain traction by their proven success.

2. Our approach: 4 families of smart policies for social inclusion



3.1.1. Network policies and social connectivity: the context



3.1.2. Network policies and social connectivity: our proposal

EU, the Member states and local authorities should promote

Socially mixed networks (rich-poor, national-foreigners, insiders-outsiders) for *

- referral hiring on the labour market;
- * solidarity exchanges to contrast material deprivation;
- * shared child care across families and lone-parents;
- * informal and non-formal learning;
- * emergency action in climate and other crises;
- * innovation networks;
- * supply chain networks of SMEs.

While connecting Europe, transport and energy smart networks should work (also) for the poor

Transport and energy costs are disproportionately high for the poor, who may be forced to renounce to jobs outside their residential area because of low wages, bad public transport connections and long journey time.

Boosting liberalised local public transport would enlarge the job catchment area and reduce structural unemployment for low skilled workers, while abating congestion, injuries and CO₂ emissions.

3.2. Product standards for long product life and new consumption patterns

The poor

- * low income;
- * most income spent on non-durables, such as food, energy, transport;
- * low accumulation of durable goods (what we called “cumulative bundle”);
- * concentration on low-priced, low quality (including short-living) products;
- * low satisfaction of many needs, including some basic ones;
- * shorter time horizon for decisions, higher vulnerability to negative shocks;
- * narrow cumulation of interest-bearing wealth, also for aging cohorts;
- * most income coming from the labour market and public expenditure, both shrinking during the crisis.

We developed a formal model, demonstrating the connection between income, cumulative bundle, need satisfaction and the duration of goods.

Longer lifetime of products, including resistance to wear-and-tear, availability of maintenance and repairing services in the neighbourhood, markets for used goods and for temporary lease of products reduces the “digital and non-digital divide” and boosts the satisfaction of material needs.

These mandatory and voluntary EU standards lead to energy and resource efficiency, reduce waste and can provide additional income sources.

Further policies in our book on “Innovative economic policies for climate change mitigation”

3.3 Urban experiments and urban regeneration: the context and the proposal

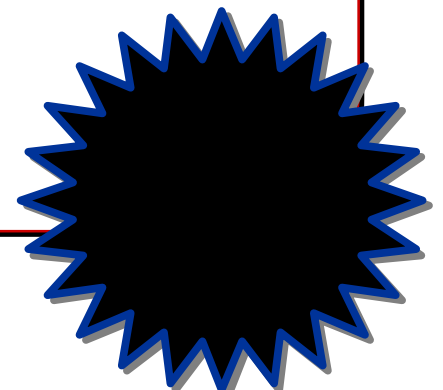
Cities at the centrestage of inclusive and sustainable development

- * More than two thirds of the European population lives in urban areas;
- * Even higher is the percentage for CO₂ emissions;
- * “Traditional” urban poverty rooted in peripheral areas: deprived, energy-inefficient, badly connected, lacking private and public services, trapped in high structural unemployment, possibly with low rates of electoral turnover, relevant risks of vandalism, drugs, criminality;
- * “New poverty”: invisible, in-work poverty, social downward trajectories from the middle class.

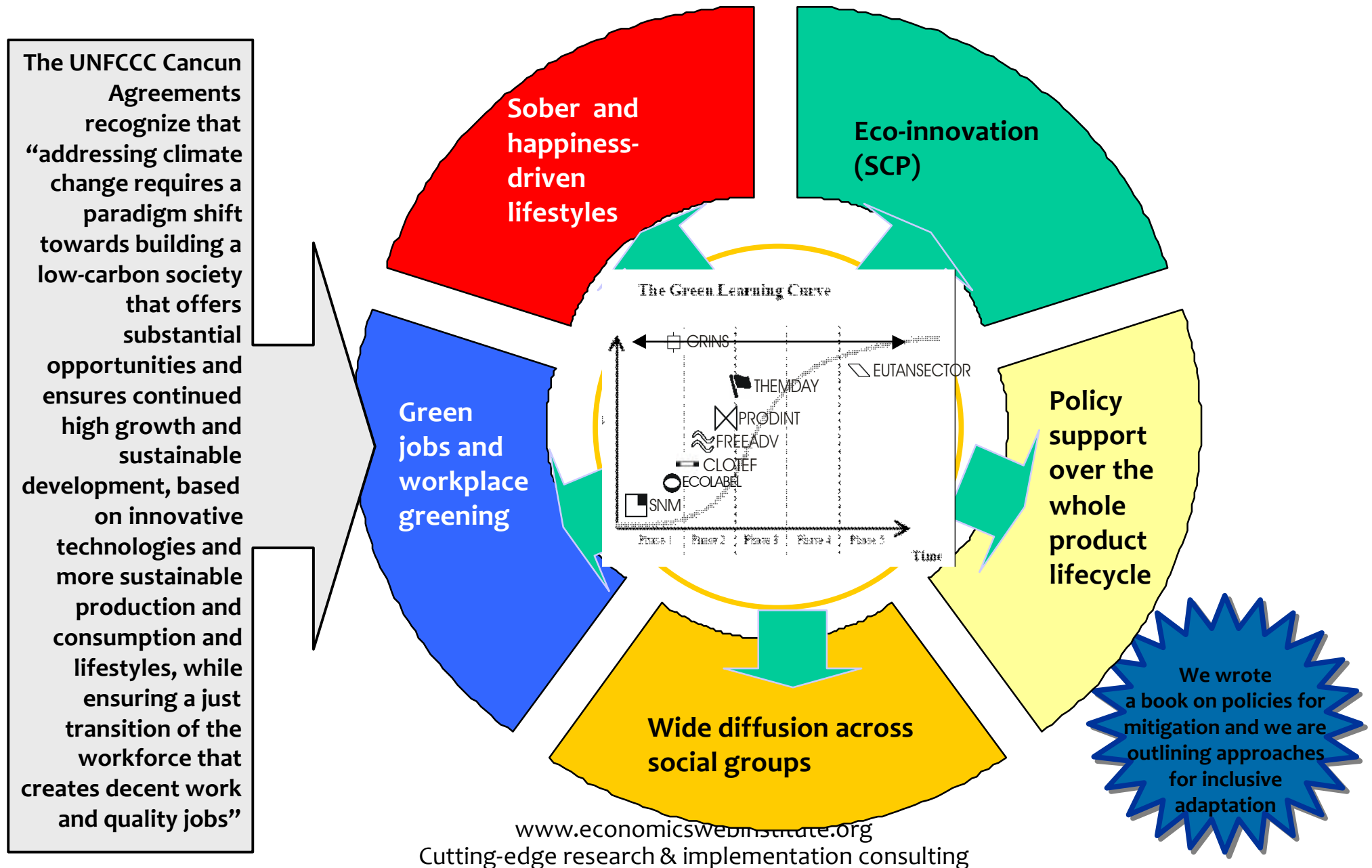
Urban policies by the EU, the Member states, the sub-national government and the local administrations are key for Europe 2020

Urban regeneration is key for sustainable recovery in the construction sector, painfully hit by the crisis, to provide energy-efficient housing and opportunities of local green jobs.

Experiments such as econeighbourhoods nurture eco-innovation and a green exit from the economic and social crisis. White jobs in health and social work can have an important territorial inclusive dimension.



3.4. Inclusive green policies: the context and the proposal



4. Conclusions

“These unfavourable labour market trends are likely to aggravate further the adverse impacts of the crisis that have led to income losses, rising poverty and financial distress among households. Recent studies estimating the distributional impact of austerity measures show that they need to be **carefully designed** to avoid that the most vulnerable bear the brunt of the social impact of fiscal consolidation” (ESSQR Dec. 2011).

In this vein of carefully and smart design of innovative policies, EWI has recently brought to the attention of policymakers of OECD countries a few “recipes” for the taking off of an inclusive green economy.

In the present short presentation we could not report all the overlapping research and active support to policymaking that EWI is providing, but just touched some themes that we would like to nurture soon, with a special emphasis on the stated ESDE “research agenda for the near future”: the patterns of consumption and wealth distribution; the dynamics of poverty trajectories; wages and employment from the point of view of aggregate demand at EU level.

Contacts

The Economics Web Institute is
devising, outlining and
supporting the activation
of innovative policies.

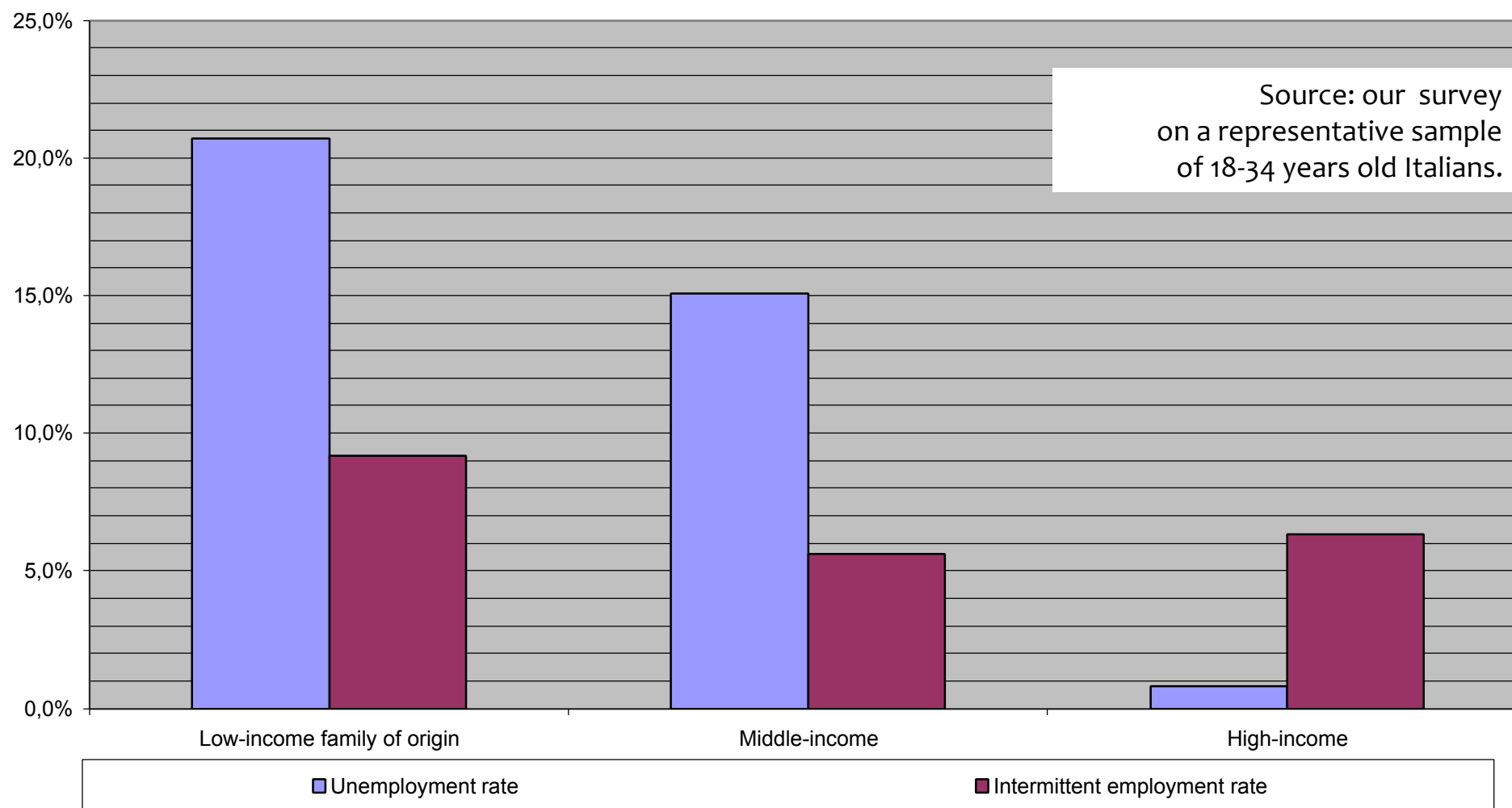
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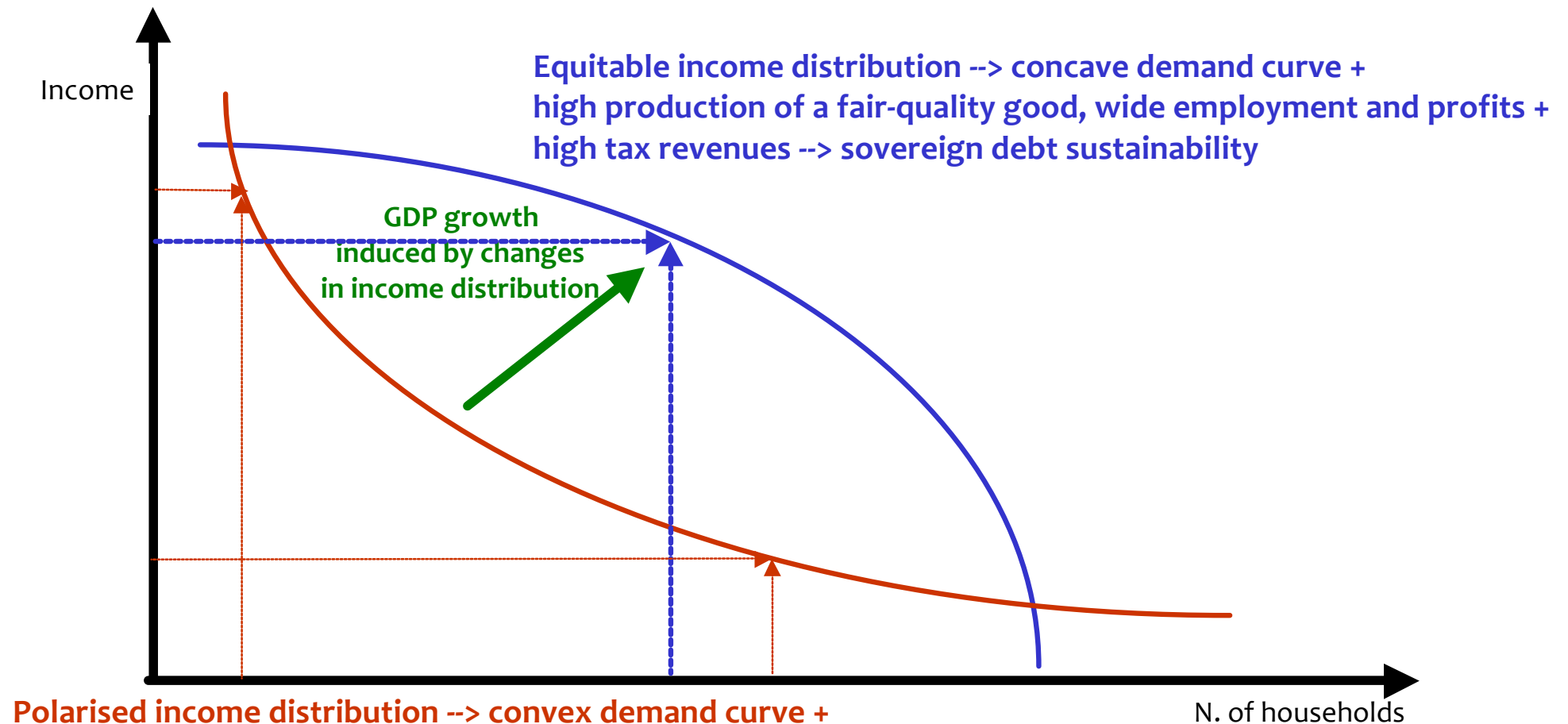
Appendix I - An example of a quantitative research of ours

Youth unemployment and instability depends on income of the family of origin



Appendix II - An example of model-based approach to employment-rich recovery

Income distribution --> the shape of demand curve and profit-maximising price-quantity-quality equilibria



Polarised income distribution --> convex demand curve + production dichotomy with narrow top-quality production and large inflow of cheap imports, low employment, profits, and fiscal crisis

Source: our papers published at EWI + unpublished materials