



Minimum Income: Recommendations from the EU

by Silvia Spattini

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After the minimum wage, the European Union (the EU) is dealing again with the minimum income. In recent months, three different documents on this subject have been adopted by three EU bodies: (1) the Council Recommendation of January 30, 2023 on adequate minimum income ensuring active inclusion (2023/C 41/01), (2) the European Parliament Resolution of March 15, 2023 on an adequate minimum income ensuring active inclusion (2022/2840(RSP)), and (3) the Opinion of the European Economic and Social Committee (EESC) of March 22, 2023 on the Recommendation on an adequate minimum income.

It seems sensible to remind that Article 34 of the Charter of Fundamental Rights of the European Union sets forth the right “to social and housing assistance intended to ensure a decent existence for all those who lack sufficient resources”. In a similar vein, Principle 14 of the European Pillar of Social Rights provides that “anyone who lacks sufficient resources has the right to an adequate minimum income that guarantees a decent living” specifying that “for those who can work, the minimum income should be combined with incentives for (re)integration into the labour market”.

Through the Action Plan on the European Pillar of Social Rights, the EU aims to reduce the number of people at risk of poverty or social exclusion by at least 15 million by 2030, compared to 2019, of which at least 5 million should be children.

The relevance of work as the most effective tool against poverty ensuring social inclusion is fundamental within the EU, and has been reasserted by the three documents mentioned above. Furthermore, adequate minimum wages play an important role to tackle poverty, in particular in-work poverty. While the European Parliament merely calls on Member States to rapidly implement Directive (EU) 2022/2041, the EESC argues for the relevance of adequate minimum wages, whether established by law or by collective bargaining, as a means of tackling poverty, also calling on the social partners to ensure adequate minimum wages through collective agreements.

Although the aspects just mentioned are key to reducing poverty, it is necessary for Member States to act on their existing social protection systems to reduce the risk of poverty for 15 million people, as laid down in Principle 14 of the European Pillar of Social Rights.

As a step towards the implementation of this principle, the Council Recommendation aims “to combat poverty and social exclusion by promoting adequate income support, in particular through a minimum income, and effective access to enabling and essential services for people who lack sufficient resources, as well as by promoting the integration into the labour market of those who can work, in line with the active inclusion approach”.

Adequacy of the Minimum Income

The EESC points out that no Member State so far ensures adequate income support in order to prevent the risk of poverty, especially for families without employment, and 20 percent of people without employment are not entitled to receive any support. Therefore, a first point to deal with is the adequacy of minimum income. The Council recommends that Member States should ensure that the minimum income is at least equivalent to one of the following: a) the national at-risk-of-poverty threshold; b) the monetary value of necessary goods and services, including adequate food, housing, healthcare and essential services, according to national definitions; and c) other levels comparable to (a) or (b), established by national law or practice. In the resolution, the EU Parliament calls on Member States to gradually increase minimum income support to a level at least equivalent to the at-risk-of-poverty threshold.

Emphasis is also placed on the need to take inflation and cost-of-living increases into account and to regularly adjust the minimum income.

Coverage of the Minimum Income

An important recommendation with respect to the way in which the minimum income is allocated, put forward by both the Council and Parliament, is to recognize the minimum income not on a family basis, but to individual family members. This is the only way economic independence can be ensured, particularly for women, young adults, and persons with disabilities.

A major problem affecting all Member States is the high rate of people not using this benefit, which is estimated at between 30 and 50 percent. On this issue, the Council, the Parliament and the EESC urge Member States for simplification, elimination of excessive administrative requirements, dissemination of accessible and easy-to-understand information, and actions to tackle stigmatization. In particular, the EESC also stresses the need for Member States to collect information to understand the reasons for this lack of usage. The Parliament goes so far as to propose proactive actions in identifying potential beneficiaries, notifying them of their eligibility for minimum income, and then assisting them in applying for it and throughout the process.

Access to the Labour Market

With respect to reintegrating minimum income recipients who are able to work, there is a common view of the need for systems to provide activation measures supplying incentives to return to work (e.g. the need for education and training programmes and counselling, mentoring or assistance in finding employment). In addition, it is considered essential as an incentive to return to work and adequate support for obtaining stable, quality employment to provide for the possibility of combining minimum income with earned income, while retaining the right to receive income support during short-term employment and a phase-out of income support.

A Directive beyond the Recommendation?

It should be noted that the European Parliament does not consider the Council's Recommendation to be sufficient, and calls on the Commission to consider adopting a directive on adequate minimum income. This would therefore impose the adoption of the instrument on all Member States instead of leaving it to the states' regulation and the recommendations and invitations of the Council and Parliament alone.

European Recommendations from an Italian Perspective

As for Italy, after the replacement of the citizenship income with the Active Inclusion Measure (MIA), the government and parliament should take into proper consideration the Council

Recommendation (as well as the invitations coming from the European Parliament) and in particular the social objective of reducing the number of people at risk of poverty or social exclusion. Attention should be paid to the indications regarding in reintegration into work and the gradual reduction of the minimum income for recipients returning to the labour market.

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