



Issues and challenges of multilevel governance with respect to growing social and territorial inequalities: in quest of a civil society strategy

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1. Introduction

The Belgian Christian Workers' Movement, Beweging.net, has a long history in the fight against poverty and inequality. Since its inception in the late 19th century this social movement continuously and systematically aimed to influence local and national policies in its search for more robust welfare systems and wellbeing for everyone, especially the working population and the most vulnerable people (Gerard E. and P. Wynants, 1994). The movement, with its trade union, mutual (health) societies, adult education organisations, youth associations, NGDO and social enterprises presently mobilises around 4 million affiliates and 250000 volunteers.

Notwithstanding Belgium's rather well elaborated social protection system and decade-long multiple policy initiatives to fight poverty we witness persistent social deprivation in large segments of society (estimated at 15 to 20%). Research has shown that this results from the intricacies of the welfare system, the Matthew effects it generates, inadequate labour market policies, an inequality-generating fiscal regime and several other factors. In addition, this does not only affect the level of social cohesion aimed at by the workers' movement, but also the workers' movement itself as it produced and produces a major division within the working class.

Therefore, about a decade ago the movements' organisations collectively decided to engage in a number of initiatives, projects and programmes to bridge the widening gap between the poor and not-poor within society and within the workers' movement. Incidentally this coincided with the emergence of theories and practices of multilevel governance in Belgium, but also at the European and international level.

In this paper we will sketch the evolution of this approach which first germinated within the movement and subsequently expanded towards a horizontal approach to multilevel governance involving different stakeholders in Belgian civil society. Later civil society alliances were built at the European level but only in the latest phase did this result in a vertical strategy of policy influencing through a Horizon 2020 project which institutionalises dialogue with European institutions.

2. Reorienting the workers' movement approach to poverty reduction and redistribution

After World War II the Christian Workers' Movement has insisted on the importance of economic growth, on the condition that this would be combined with welfare policies, financial and fiscal redistribution and social dialogue. To forge the idiosyncratic Belgian welfare system, the movement joined forces with other civil society organisations, most notably the socialist workers' movement. In so doing, the differences between those two movements (or "pillars" in the popular politico-sociological jargon in Belgium) were bridged. These differences were related to the embeddedness of

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large parts of Christian workers' movement in the parishes, to its adherence to the Christian democratic political movement and its insistence on the necessity of free (but often subsidised) social and socio-economic initiatives⁴. In so doing, the Christian Workers' Movement has contributed to the welfare system of Belgium which is characterised by neo-corporatism, strong systems of social protection and redistribution as well as a myriad of private social and socio-economic associations and co-operatives. However, poverty, precarity and inequalities remained important, resulting in a socially divided working class. As a consequence, also within the movement a clear deficit could (and still can) be observed when it comes to the involvement and participation of poorer sections of society.

In recent years the movement calls for "qualitative growth" as an alternative for the traditional quantity-based growth model. This implies that growth strategies should not only go hand in hand with welfare, redistribution and social dialogue, but should also produce positive qualitative effects. This paradigm-in-the-making rejects growth that negatively affects the quality of life and the quality of social cohesion. On the other hand, it favours, amongst other things, a growth model that is inclusive, that gives opportunities also to the poorer sections of society to have a life that they consider more qualitative (Develtere, 2016). Of course, the movement itself has a major role to play in this.

Therefore, about a decade ago, the movements' organisations jointly launched the campaign 'Iedereen mee' ("everyone counts" or "everybody included") with the ambition to enhance the inclusion, involvement and participation of the most vulnerable segments of society in the movements' practices of volunteering and 'social engineering'. The trade union, the mutual (health) societies, the youth and adult education organisations and the social enterprises of the movement systematically looked for the major impediments that hinder full-fledged and equal inclusion, involvement and participation of the 15 to 20% less-privileged group of society.

In addition Beweging.net started a special partnership with Welzijnszorg, a grassroots level NGO with a long tradition in empowering the most vulnerable through direct participation. Later, Welzijnszorg became one of the associated partner organisations of the network of Beweging.net. Volunteers of the Christian Workers' Movement support the expansion of the projects and programmes of Welzijnszorg at grassroots level. For example volunteers of the movement help children of deprived families with their homework. On the other hand, Welzijnszorg pushes the member-organisations of the movement to create more space for the participation of poor people in their activities, to adjust their services so that poor (often less literate) people can get better access to them and to take up the problems of poverty and inequality in their policy-making and policy-influencing activities. The fact that the Christian trade union introduced the notions and problems of working poor and poverty in the social dialogue platforms is a good example of this.

In 2006 the movement pioneered a coalition to fight poverty⁵ at the level of the Flemish region. This coalition aims at sensitising Flemish public opinion on poverty and at the same time influencing the regional and federal government. Today, within this coalition, more than 12 civil organisations work together to discuss common policies and statements. Every year this coalition produces a report on poverty in the Flemish region zooming in on sensitive issues such as health, work, income, housing

⁴ Traditionally the socialist workers' movement had relations with the socialist parties and insist(ed) on the dominant role of the State in organising the social domain

⁵ Decenniumdoelen: www.decenniumdoelen.be



and education. This civil society coalition also systematically acts as a watchdog of policy measures (or the absence of such measures) affecting the lot of poor people in the region.

The movement did not abandon the national nor the local level since. Many more initiatives were initiated after the campaign. For example, in 2015 a nation-wide initiative was taken to support the growing group of people who become heavily indebted. Traditionally, in Belgium, public bailiffs assist creditors such as hospitals, banks, schools or telephone companies to get their bill being paid. With MyTrustO, an initiative of the movement, the debtor is being aided by a public bailiff to help him or her to be able to reimburse as much as possible.

3. Discovering the European level

The focus on the role of the movement itself and subsequently on the social protection framework at the regional and federal level were not abandoned in the latest stage. But it became increasingly clear that regional and federal policies were and are embedded in the EU policy framework. Efforts to change fiscal policies, labour policies, investment policies or social security policies were time and again confronted with European regulatory frameworks.

Therefore in 2010, the European Year in the Fight against Poverty, the movement took the initiative to create a similar coalition at the European level: The Alliances to Fight Poverty⁶. This coalition consists of grass-root organisations, civil organisations such as Beweging.net, trade unions and experts. More than 15 countries and over 50 organisations are already involved. This coalition aims to strengthen the national antipoverty policies as well as to promote a European antipoverty strategy. The Alliances to Fight Poverty adheres to the capability approach as advanced by A. Sen and others. Through workshops, conferences, publications and exchanges the vision of the Alliances on a social, democratic and sustainable Europe are getting shape. Throughout the process the Alliances and its members promote their alternative ideas about a revised mission for Europe and a fair distribution of power and resources. For this purpose, a systematic dialogue with national and European politicians is looked for.

The Alliances discovered soon that the governance and decision-making modes of Europe were elite-driven and technocratic and de-politicized undertakings. However for over a decade Europe has been criticised because of its limited democratic credentials and has experimented with new participatory mechanisms. “civil society emerged as a possible remedy to bridge the gap between supranational governance and citizens” (Heidbreder E.G., 2012, 1). In Heidbreder's terms the Alliances as a representation of civil society's preoccupation with poverty and inequality is characterised by diffuse interests, is unlikely to develop into a unified and coherent entity, disposes of limited resources and has limited cognitive capacities. Or as Baglioni (2015) proposes, access to European institutions and decision-making requires substantial human ('capital in knowledge') and economic resources and as such the link existing between the European Union and local civil society organisations is a very thin one, one which is limited to a very few organisations that are rich in resources.

4. RE-InVEST: investing in a new step

To remedy for its expertise and resource gap, the Alliances to Fight Poverty network created a Consortium that unrolled a Horizon 2020 participatory research project proposal. This consortium of academics and social organisations successfully passed the first H2020 societal challenges selection.

⁶ www.alliancestofightpoverty.org



In RE-InVEST (Rebuilding an Inclusive, Value-based Europe of Solidarity and Trust through Social Investment) the world of civil society meets Europe on a new ground, that of a research project. The RE-InVEST-project started in 2015 and will run for 4 years. Through the research project the coalition aims to open the European doors and to get in direct contact with the European policymakers. The research project helps to build bridges in multiple ways: between social organisations and vulnerable groups; between social organisations from different countries and environments; between activists and academia; between the national and the European level; between civil society and policy-makers. In this way the project produces both horizontal and vertical dynamics that may have an impact on the present European governance mode. Horizon 2020 is the biggest EU Research and Innovation programme ever. The quintessence of the programme is that it fosters interaction between scientists, private actors and policy-makers with a view to impacting on the governance mechanisms of the Union. For example, the EU itself systematically consults with Horizon 2020 experts for their input in upcoming legislation. The Horizon 2020 officer of the European Commission in charge of this programme has to show that the research projects s/he supervises has effective and systematic contacts with other European Commission departments and EU institutions. In this way experts, including civil society actors, do not have to lobby anymore to get their voices heard.

The content of the RE-InVEST project reflects very clearly the Alliances' strive for fighting inequalities by proposing positive solutions within the framework of the European Social Investment Package. The aim of RE-InVEST is to rebuild an inclusive, value-based Europe of solidarity and trust through social investments. Social investment is seen as a key-answer to the challenges of the ongoing crisis and the present generation of re-adjustment programmes. It is known that these re-adjustment programmes have a serious negative impact on people and especially on vulnerable people. The hypothesis of the Alliances is that social investments must enhance Human Rights and Capabilities of people. Therefore new solutions in the field of social protection, active labour market policies and service markets must be found and new funding strategies to finance the social investments have to be implemented.

Above all this, through this action-research programme the Alliances want to contribute to more political inclusiveness and democratic governance. With 19 partners from 13 countries, a mix of experts and civil organisations and grass-root organisations, an intensive 'merging of knowledge' exercise is being conducted during 4 years to discuss these issues.

For RE-InVEST a multi-level strategy and approach to fight poverty, precarity and inequality is considered essential. The European Union strives for more convergence but policy-making in the social domain is still the prerogative of member States. It does not seem appropriate to impose community legislation which would limit the national governments' competencies to build national consensus on a fair approach to fighting poverty and inequality. But other European instruments could enhance or potentially harm both convergence and poverty alleviation. We will illustrate this with the preliminary findings of the Re-InVEST programme on the EU Investment Plan.

5. Challenges of the growing social and territorial inequality

One of the present main objectives of the European Union is to become a more homogenous union. Convergence is thus one of the key words of the work programme of the Juncker Commission. The 2015 Annual Growth Survey and the Five Presidents' Report seek for paths to strengthen convergence within and between member states. This convergence aim also has to be realised through the completion of the European Monetary Union, resulting in the deepening of the internal

market. A White Paper on this is foreseen by Spring 2017. But the search for convergence is also reflected in the EC social policy plans. In his 2015 State of the Union, the President of the EC stressed the importance of the social pillar: “I will want to develop a European pillar of social rights, which takes account of the changing realities of Europe's societies and the world of work. And which can serve as a compass for the renewed convergence within the euro area.” (Juncker J.C., 2015)

Convergence is a key issue. But what is the empirical evidence?

5.1 Poverty and inequality are rising

Graph 1 shows that the disparities in risk of poverty or social exclusion between countries are very high.

The percentage of people at risk of poverty or social exclusion⁷ in the European Member States ranges from 11.2 % to 43.2 %. The gap between the best performing country (the Czech republic) and the least performing (Bulgaria) was 30 percentage points in 2008. In 2013 the gap had increased to 33 percentage points (see graph 2).

Besides poverty, the growing inequality in some of the EU countries is a real challenge. Graph 3 shows that between 1980 and 2008 there was a marked increase in the share of top 1% earners in several Member States (e.g. Finland, France, Britain and Italy).

The long-term widening of income and wealth disparities, along with the declining share of wages in national income is a real challenge (graph 4).

The disparity among the EU members is a cause for concern that undermines the convergence of the EU and the European integration process. It is notable that per capita income in the richest Member States is three times higher than per capita income of the poorest. This disparity is enforced, since the onset of the crisis, by a process of concentration of capital, production and investment in the euro area – about 49 per cent of the euro area research and development in 2012 was concentrated in Germany, the Netherlands and Austria, compared with 46 per cent in 2007⁸.

5.2 Severe asymmetries in the European construction

⁷ The Europe 2020 strategy promotes social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people out of the risk of poverty and social exclusion. This indicator corresponds to the share of persons who are at risk of poverty or severely materially deprived or living in households with very low work intensity. At risk-of-poverty are persons with an equivalised disposable income below the financial poverty threshold, which is set at 60 % of the national median equivalised disposable income (after social transfers). Material deprivation covers indicators relating to economic strain and durables. Severely materially deprived persons have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford (to) i) pay rent or utility bills, ii) keep home adequately warm, iii) face unexpected expenses, iv) eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone. People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work 20% or less of their total work potential during the past year.

⁸ Euromemorandum, 2015, p. 27



Apart from the growing poverty and inequality gap the EU is characterized by severe asymmetries. We focus here on the consequences of weak domestic demand.

Domestic demand, notably in the Eurozone, shows a downward trend. In the Eurozone its growth rate averaged 1.23% in the long term (1990-2015) and 0.66% since the beginning of this century (2001-2015). Since the financial crisis, domestic demand growth was even negative, averaging -0.26%⁹. Also in Germany, domestic demand growth has been particularly anemic, averaging just 1.18 (1990-2015), 0.66% (2001-2015) and 0.88% since 2008.

These weaknesses generated a matching dependence on net exports as a vehicle of recovery *casu quo* growth (particularly in Germany). With the exception of Cyprus, the export ratios of all EU member states have grown, in some cases markedly. While the smaller EU states unsurprisingly display a very high dependency on exports (Ireland, Belgium, The Netherlands, Slovakia, Estonia, Czech Republic, Lithuania etc), the larger, sector-wise more diverse states (UK, France, Italy, Spain) note lower but rising export ratios.

All European economies count on higher net exports. But the gap between the different national economies is significant (graph 5 and 6). This implies that a policy only based on exports creates a race to the bottom for labour and other social conditions. A convergence at the bottom or more divergence?

6. The challenge met ?

The assumption of the European Commission is that growing disparities should be tackled with firm and massive policies and investments that produce more convergence. Convergence policies could contribute to the average growth of EU economy and vice versa.

The Juncker Investment Plan is the Commissions' response to the urgent demands for growth. Growth is regarded as a counterpart of the austerity measures. Consequently, the Commission has set up "an ambitious programme of jobs, growth and investment".

In his 2016 State of the Union, President Juncker announced a legal extension of the initial Investment Plan. This would bring the initial three-year period (2015-2018) with a target of EUR 315 billion to at least half a trillion euro investments by 2020. The focus of these additional investments is supposed to be in the areas of infrastructure, notably broadband and energy networks, as well as transport infrastructure in industrial centres; education, research and innovation; and renewable energy and energy efficiency¹⁰.

When introducing the Europe 2020 Competitiveness Report, five months before the launch of the Juncker Investment Plan, Catherine Day, the Secretary General of the European Commission, stated that "(we) need to try to bridge the gap between the core and the periphery, between the Triple A countries and those that are emerging from (bailout) programs" (Debruyne, 2015). Does the Juncker Investment Plan provide an adequate answer to this gap?

⁹ Figures from OECD *Economic Outlook*, November 2014, Paris; 2014-15 figures are estimates

¹⁰ European Commission (2015), Regulation of the European parliament and of the Council on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013, Strasbourg, 13.1.2015. COM(2015) 10 final 2015/0009 (COD). More can be found on http://ec.europa.eu/priorities/jobs-growth-investment/plan/documents/index_en.htm



By the end of 2014 the Commission “had received more than 2,000 project proposals from across the EU, worth some €1.3 trillion of potential investments, out of which over €500 billion worth of projects that could potentially be implemented over the next three years. These projects ranged from building a new terminal at Helsinki airport to upgrading flood defenses in Great Britain and improving the energy efficiency of public buildings in France”¹¹.

The list of projects that were retained contained more than 700 projects distributed over the EU-member states. The well-performing western countries (Anglo-Saxon, core EU-countries, including Italy and the northern countries) would get 132,000 million euros; the north eastern countries (Poland, the Czech Republic, Hungary, Slovakia and Latvia) would get 72,500 million; the south-eastern countries (Romania, Bulgaria, Croatia) would get 10,000 million. Finally, the southern countries (Greece, Portugal, Cyprus and Spain) would get 15,500 million. This means that the wealthier countries of the core and the more developed eastern European countries will receive relatively more investment support than the other countries. In contrast, the countries under budgetary stress would have a marginal share in the proposed Juncker Investment Plan.

If the Juncker Investment Plan is expected to bridge the gap between the wealthy countries and the countries under stress, one would expect a fairer redistribution.

These first results, two years later, are visualised in graph 8. The core industrial countries - the UK, Italy, France, Spain and Germany (DE) are the main beneficiaries of investment support, and disparities between countries seem to increase rather than decrease.

7. Answers from the civil society

Although ‘inclusive growth’ and convergence are key pillars of the Europe 2020 strategy, the social and the convergence dimension of the strategy have clearly lost momentum with the (Euro)crisis and the ensuing priority given to macro-economic stabilisation policies. Meanwhile, inequalities are growing, with unemployment and poverty reaching new records, particularly in the peripheral regions of the EU.

While the EU is basically still following a neoliberal path of austerity and liberalisation, within the Commission there is a growing awareness of the necessity to reorient the current strategy in favour of social investments.

Already in 2013, the Commission launched a major endeavour to rebalance economic and social progress with the Social Investment Package. This strategy of Social Investment covers a wide range of areas and may benefit the entire population, but it is particularly relevant for the most vulnerable segments of society who see their job opportunities and social benefits come under increasing pressure. Investments in early childhood education, housing, health care, other basic services and active labour market policies are examples of such social investments. By strengthening the capabilities of vulnerable groups, such investments may at the same time produce lasting social inclusion effects, boost economic growth and indeed make European societies more resilient against future crises. Moreover, this strategy is applicable in all EU-countries (not just the Eurozone) and especially in those countries where the level of social investment is very low. This strategy thus has the potential to help bridge the gap between the member states.

¹¹ This and following citations are from http://ec.europa.eu/priorities/jobs-growth-investment/plan/docs/special-task-force-report-on-investment-in-the-eu_en.pdf



One of the problems now is the articulation between the Social Investment Package and the Juncker Investment Plan. The latter might not close the gap between the member states and moreover, the Juncker Investment Plan is primarily a plan for new infrastructure, rather than a social investment plan. The Commission promotes in the recent AGS more investment in social infrastructure. At this moment we can't evaluate the effects of this new course.

However, if the Commission's ambition is to convince all Member States as well as other stakeholders to join efforts for this Social Investment Strategy, it will need a stronger philosophical and empirical knowledge base. Indeed, the Social Investment Package looks like an interesting intellectual exercise which is at odds with mainstream EU policies. To begin with, it will be very hard to implement a large-scale social investment agenda in the present climate of excessive internal competition, fiscal and social dumping and growing divergence. For this reason, a solid framework of social minimum standards needs to be (further) developed. Furthermore, with the present budget of the EU (1% of GDP), the current austerity policy and the investment policy it is impossible for the Commission's investments to produce any macro-economic leverage effect (Nicaise and Schepers, 2014).

Through the RE-InVEST project NGO's, experts and grassroots organisations are looking for alternatives.

The first phase of the project is devoted to measuring the social damage of the crisis. In the 13 participating countries vulnerable groups were invited to discuss the impact of the crisis and the austerity measures. People with a history of migration, NEETs (Not in Education, Employment, or Training), long-term unemployed people, young people from disadvantaged areas, people with disabilities, ... shared their experiences. Overall, since the crisis, a social degradation is observed. In every country there is more discrimination, more racism, harsher policies towards vulnerable people, less help and more insistence on responsibilities and obligations of the deprived. But at the same time vulnerable people claim to participate in society, despite bureaucratic obstacles and degrading measures. The reports¹² show that social investment in schools and adult education, health care centres, early childhood centres and secure social benefits can effectively help those vulnerable groups of people to cross the gap from vulnerability and poverty to well-being and active citizenship. In the next phases the theoretical foundations of social investment will be elaborated. On that basis building blocks will be developed for fairer and more effective social investment in active labour market programmes, social protection, and basic service markets. Macro-level conditions for a powerful social investment strategy will also be examined. For the latter the RE-InVEST project looks at new funding strategies and improved democratic governance involving social and civil dialogue.

7. Conclusion

In Belgium the welfare state is in transition. It has been shown that its social protection and fiscal mechanisms effectively function as automatic stabilizers in times of crisis, as we have witnessed since 2008. Nevertheless, its legitimacy and effectiveness are being questioned. Neo-liberal thinking is pervasive and undermines pro-welfare policies. At the same time poverty and exclusion remain endemic, resulting in a divided society.

Therefore the Christian Workers' Movement, which traditionally is very much involved in the welfare system, had to shift its approach. With a widespread internal campaign and through alliances with

¹² Forthcoming – see www.re-invest.eu

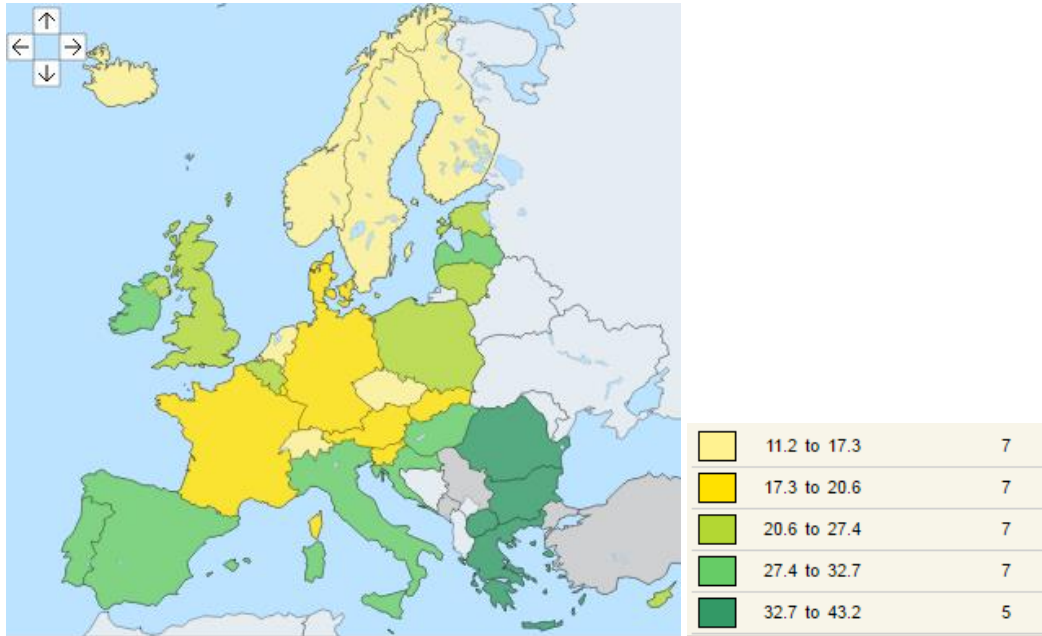


'specialized' grass-roots organizations the movement has sought to reconsider its role and position. This seemed however to be insufficient because, amongst others, European trends increasingly impacted on the Belgian situation. To get more grip on the European level, the movement initiated European alliances of a wide range of stakeholders, inviting trade unions, social movements, NGOs and academia to join forces.

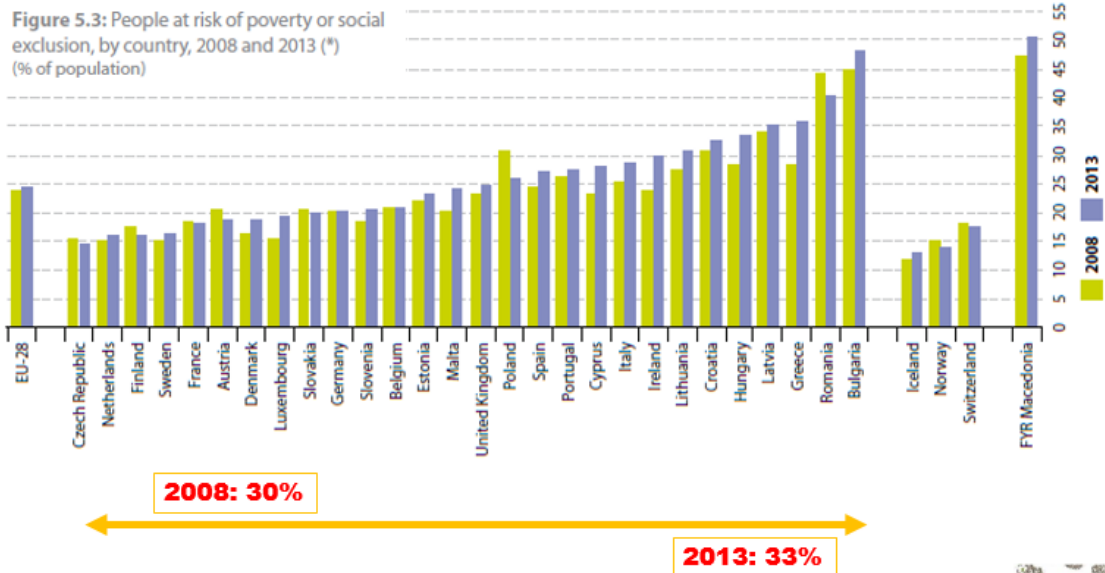
This link between civil society and policy-oriented research was facilitated by the EU's research programme Horizon 2020. In this way, the Alliances to fight poverty hopes to be heard as "an expert group" and to gain influence in European policy-making. It remains to be seen if this strategy will effectively contribute to a fairer and more prosperous Europe for all.

Annex

Graph 1 People at risk of poverty or social exclusion 2014 <http://ec.europa.eu/eurostat>

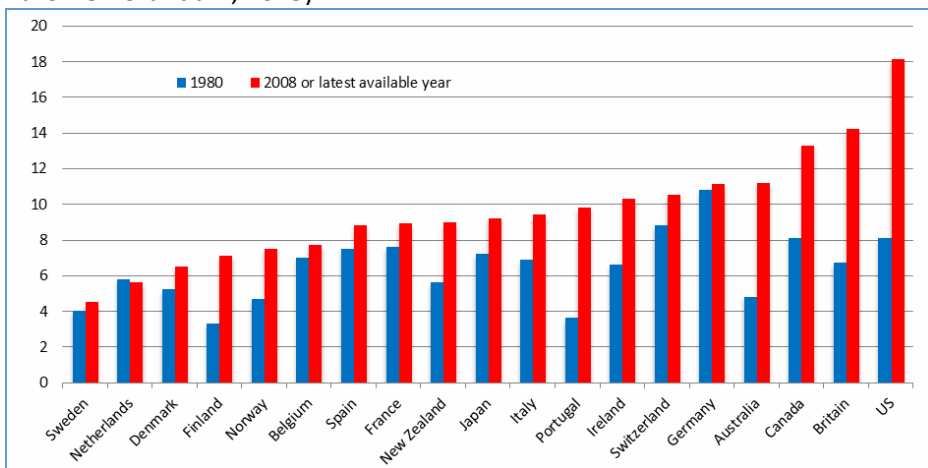


Graph 2 people at risk of poverty or social exclusion 2008 and 2013. Alliances to fight poverty

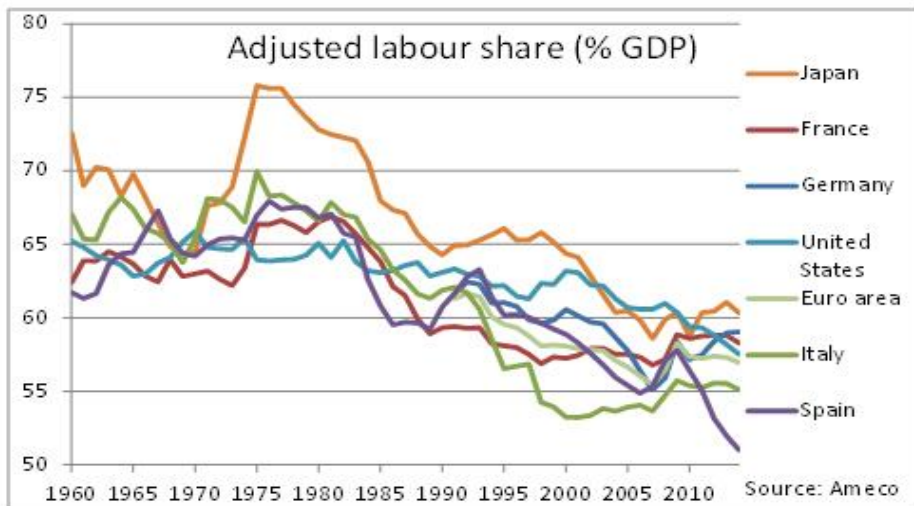


Graph 3: Share of the top 1% of earners in total taxable income, 1980 and 2008

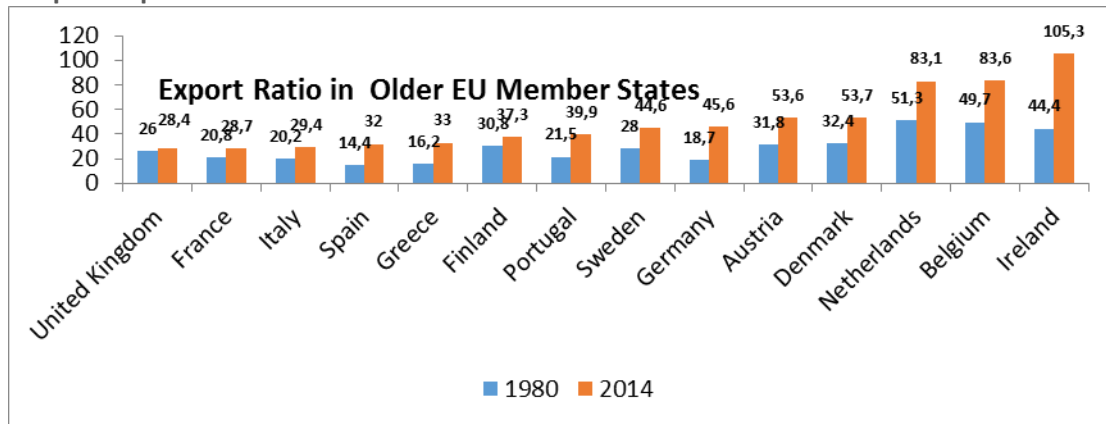
Source: OECD, Statlink <http://dx.doi.org/10.1787/888932566554> (as presented in the Euromemorandum, 2015)



Graph 4 Adjusted labour share, source Annual macro-economic database, Eurostat



Graph 5 Export Ratio in Older Member States Data Source: World Bank



Graph 6 Export Ratio of EU Newer Member States 2004-2014 Data Source: World Bank

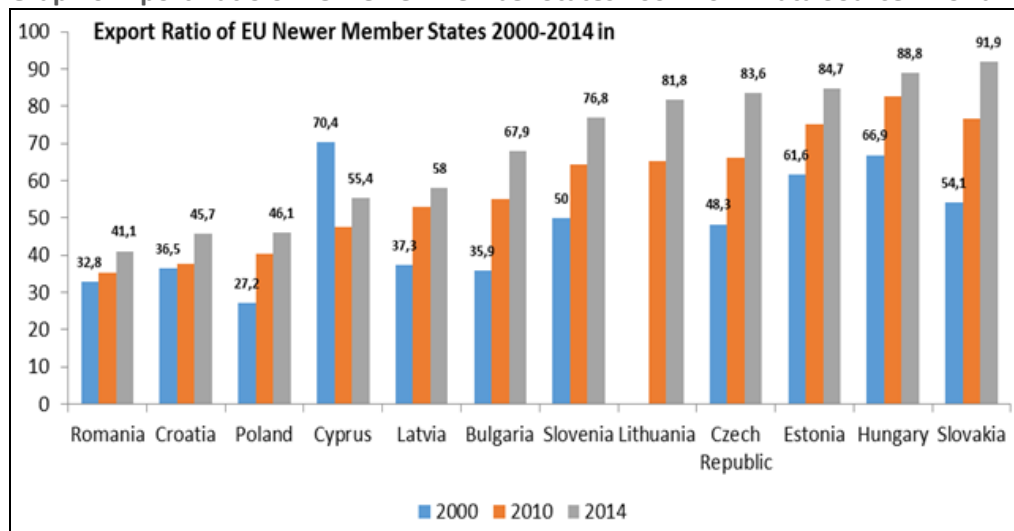
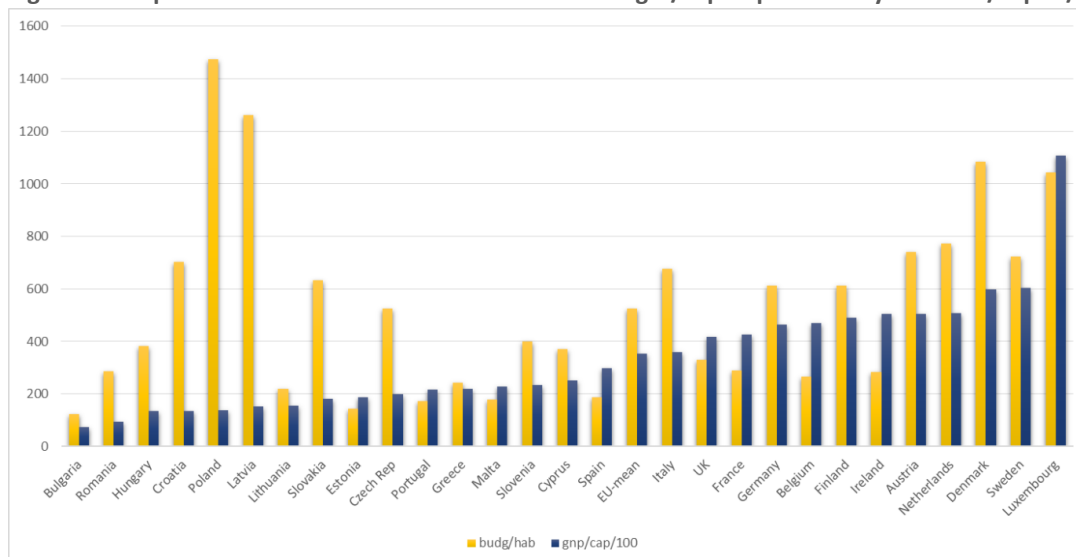
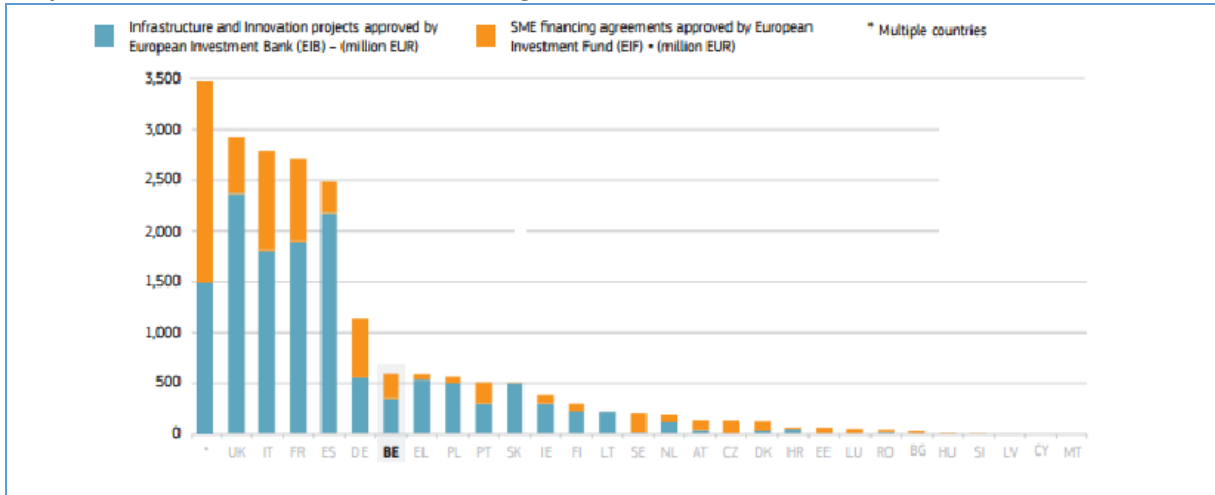


Figure 7 Comparison of the Juncker Investment Plan-budget/capita per country and GNP/capita/100



Graph 8 results of the Investment Plan, august 2016





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