

LEGAL REGULATION OF THE MINIMUM INCOME SYSTEMS WITHIN THE EUROPEAN UNION

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The basic aim of the European institutions in the social field is to standardize the rights of European citizens to social assistance, but the forms, amounts and conditions for the granting of social benefits are based on the particular reality of each Member State. This article contains a thorough analysis of the European legal instruments that guarantee the right of citizens in financial difficulty to a minimum income. This addresses the key elements on which to assess the level of effectiveness and efficiency of the minimum income schemes provided by Member States. And finally, we identified the components of a decent minimum income: financial support, access to the labor market and access to quality social services. In this context, the author notes that in recent years, the European institutions have paid particular attention to issues related to ensuring a minimum subsistence income for all persons in a situation of financial vulnerability. Based on the research carried out, the author concludes that the European institutions attach particular importance to the minimum income schemes provided by the Member States. Therefore, in order to increase the effectiveness and efficiency of the fight against poverty and social exclusion, several legislative measures have been adopted in recent years aimed at modernizing income schemes to ensure a dignified life for those in need in accordance with European principles and values.

Keywords: social assistance, minimum income, social services, labor market, European Union.

REGLEMENTAREA JURIDICĂ A SISTEMELOR DE VENIT MINIM DIN CADRUL UNIUNII EUROPENE

Scopul de bază ale instituțiilor europene în domeniul social este uniformizarea drepturilor cetățenilor europeni în materie de asistență socială, însă formele, cuantumul și condițiile de acordare a alocațiilor sociale, au punct de plecare realitatea particulară a fiecărui stat membru. Prezentul articol conține o analiză minuțioasă a instrumentelor juridice europene care garantează dreptul cetățenilor aflați în dificultate financiară la un venit minim. Astfel, sunt abordate elementele cheie în baza cărora se evaluează nivelul de eficacitate și eficiență a schemelor de venit minim furnizate de statele membre. Iar în final, am identificat componentele unui venit minim decent: suportul financiar, accesul la piața muncii și la servicii sociale de calitate. În acest context, autorul notează, că în ultimii ani, instituțiile europene acordă o deosebită atenție aspectelor ce țin de asigurarea unui venit minim de existență tuturor persoanelor aflate în situație de vulnerabilitate financiară. În baza cercetării efectuate, autorul concluzionează, că instituțiile europene acordă o atenție sporită schemelor de venit minim furnizate de statele membre. De aceea, în vederea sporirii eficacității și eficienței în lupta cu sărăcia și excluziunea socială, în ultimii ani au fost adoptate mai multe măsuri legislative care au drept scop modernizarea schemelor de venit pentru a asigura persoanelor nevoiașе un trai demn în conformitate cu principiile și valorile europene.

Cuvinte-cheie: asistență socială, venit minim, servicii sociale, piața muncii, Uniunea Europeană.

RÉGLEMENTATION JURIDIQUE DES SYSTÈMES DE REVENU MINIMUM AU SEIN DE L'UNION EUROPÉENNE

L'objectif fondamental des institutions européennes dans le domaine social est d'uniformiser les droits des citoyens européens dans le domaine de l'assistance sociale, mais les formes, les montants et les conditions d'octroi des allocations sociales ont un point de départ pour la réalité particulière de chaque état membre. Cet article contient une analyse approfondie des instruments juridiques européens garantissant le droit des citoyens en difficulté financière à un revenu minimum. Il aborde les éléments clés sur la base desquels le niveau d'efficacité et d'efficience des régimes de revenu minimum mis en place par les états membres est évalué. Enfin, nous avons identifié les composantes d'un revenu minimum décent: soutien financier, accès au marché du travail et accès à des services sociaux de qualité. Dans ce contexte, l'auteur note que ces dernières années, les institutions européennes ont accordé une attention particulière à la garantie d'un revenu minimum vital pour toutes les personnes en situation de vulnérabilité financière. Sur la base des recherches menées, l'auteur conclut que les institutions européennes attachent une importance particulière aux régimes de revenu minimum prévus par les états membres. Par conséquent, afin d'accroître l'efficacité et l'efficience de la lutte contre la pauvreté et l'exclusion sociale, plusieurs mesures législatives ont été adoptées ces dernières années visant à moderniser les régimes de revenu afin de garantir aux personnes dans le besoin une vie digne conformément aux principes et valeurs européens.

Mots-clés: aide sociale, revenu minimum, services sociaux, marché du travail, Union européenne.

ПРАВОВОЕ РЕГУЛИРОВАНИЕ СИСТЕМ МИНИМАЛЬНОГО ДОХОДА В ЕВРОПЕЙСКОМ СОЮЗЕ

Основная цель европейских социальных институтов - стандартизация прав европейских граждан в отношении социальной помощи, но формы, размеры и условия предоставления социальных пособий основаны на конкретной реальности каждого государства-члена. В статье содержится детальный анализ европейских правовых инструментов, гарантирующих право граждан, находящихся в затруднительном финансовом положении, на минимальный доход. Рассматриваются также ключевые элементы, по которым оценивается уровень действенности и эффективности схем минимального дохода, предоставляемых государствами-членами. И, наконец, определены составляющие достойного минимального дохода: финансовая поддержка, доступ к рынку труда и к качественным социальным услугам. В данном контексте, автор отмечает, что в последние годы европейские институты уделяли особое внимание вопросам, связанным с обеспечением прожиточного минимума для всех уязвимых в финансовом отношении лиц. На основании проведенного исследования, автор приходит к выводу, что европейские учреждения придают особое значение схемам минимального дохода, предоставляемым государствами-членами. Таким образом, чтобы повысить эффективность и действенность борьбы с бедностью и социальной изоляцией, в последние годы был принят ряд законодательных мер для модернизации схем доходов, чтобы обеспечить достойную жизнь нуждающимся, в соответствии с европейскими принципами и ценностями.

Ключевые слова: социальная помощь, минимальный доход, социальные услуги, рынок труда, Евросоюз.

Introduction

The basic aim of the European institutions in the social field is to standardize the rights of European citizens to social assistance, but the forms, amounts and conditions for the granting of social benefits are based on the particular reality of each Member State.

This article contains a thorough analysis of the European legal instruments that guarantee the right of citizens in financial difficulty to a minimum income. This addresses the key elements on which to assess the level of effectiveness and efficiency of the minimum income schemes provided by Member States. And finally, we identified the components

of a decent minimum income: financial support, access to the labor market and access to quality social services. In this context, the author notes that in recent years, the European institutions have paid particular attention to issues related to ensuring a minimum subsistence income for all persons in a situation of financial vulnerability. Based on the research carried out, the author concludes that the European institutions attach particular importance to the minimum income schemes provided by the Member States. Therefore, in order to increase the effectiveness and efficiency of the fight against poverty and social exclusion, several legislative measures have been adopted in recent years with the aim of modernizing income schemes to ensure a dignified life for those in need in accordance with European principles and values.

Ideas and discussions

Most of the social benefits provided by the Member States of the European Union are determined by the specific nature of each region, but certain rights are universal, such as *guaranteeing a minimum income*. Minimum income schemes are aimed at people who have incomes below the guaranteed minimum. Thus, the minimum income is provided in the form of social assistance, the value of which is the difference between the minimum income adopted at national level and the income available to the applicant. All citizens who are in financial difficulty have the right to benefit from this monetary support, and they prove that they are looking for a job and want to work. Usually, the aid is granted for an unlimited period, until the person finds the necessary resources to ensure a minimum subsistence, but there are states, such as France, Italy and Spain, where social assistance is granted on a limited time period. At first sight, we can see that the Member States are entitled, independently, to set

the minimum level at national level, and the European Commission has no powers to set it. However, analyzing the European Social Charter (1961), the Community Charter of the Social Rights of Workers (1989), the Charter of Fundamental Rights (2000), the European Pillar of Social Rights (2017), we find that one of the most important objectives of the European institutions is to harmonize social assistance measures to ensure a dignified life. Because poverty and social exclusion are violations of human dignity and fundamental human rights, and the central goal of income support systems must be to lift people out of poverty and enable them to lead a life compatible with human dignity. Moreover, the real goal is not only to provide assistance, but, above all, to accompany the beneficiaries to enable them to move from a situation of exclusion to active life [10].

Due to the fact that the states do not register notable results in order to ensure a dignified living for the people in need, it was necessary to establish at European level, a mandatory directive on the establishment of a minimum income within the European space. Thus, improving national policies and their coordination would be a relevant response to fighting and combating serious social problems such as poverty and social exclusion, which hinder the harmonious development of Europe's social dimension. European officials believe that decent minimum income systems benefit both those in need and society as a whole. Such systems ensure that those in need are kept active in society, help them reconnect with the labor market, and enable them to live a dignified life. Decent minimum incomes are essential for the creation of a more egalitarian society, are the real basis of social protection and ensure social cohesion, which is favorable to the whole community. For these reasons, several EU directives and recommendations have been adopted in re-

cent years to support Member States in identifying the most effective practices and tools through which progress will be made.

As early as 1992, through Recommendation no. 92 on the common criteria for sufficient resources and social assistance in social protection systems, the European Council established that the social policies of the Member States need to be improved with regard to a minimum income sufficient for a dignified life, at least at a level above of the one of the risks of poverty and to lift people out of poverty, and the level of benefits should be improved. Moreover, there is an obligation at European level to establish adequate, transparent, sustainable and accessible social assistance.

In the field of social assistance, the main objective of the European Union and the Member States is no longer simply to help those who do not have sufficient financial resources, but a reintegration of citizens who for certain financial, psychological reasons, etc. are excluded from a normal social life, characterized by the opportunities of contemporary societies. In this sense, several strategies are being adopted in the European space, which provide for various forms of support, which aim not only to provide monetary aid, but also to provide a set of measures to recover people pushed to the margins of society. Thus, the Council of the European Union notes that innovative solutions and approaches to active inclusion are needed, combining adequate income support, access to quality services and inclusive labor markets, while ensuring equal employment opportunities for both women and men to effectively fight poverty and social exclusion, especially in the context of fiscal sustainability constraints [3].

Since 2008, the condition that social assistance has been linked to active measures has been established in order to achieve the cen-

tral objective of social assistance in the European Union *to help people to help themselves*. In our opinion, this motto must be the basis for the adoption of social policies aimed at providing various types of support to people who, for some reason, cannot independently ensure an adequate level of well-being. If the aid is limited to financial support from the state, a large part of the beneficiaries of social assistance cannot be included in society, in the field of work and remain dependent on the social assistance system. However, if the forms of social assistance provide for occupational counseling, training / qualification / retraining or other active measures, the beneficiaries of social assistance can reintegrate more easily into the labor market, gaining self-confidence and regaining independence from the social assistance system. In this regard, the strengthening of adequate minimum income systems in all Member States, with adequate budgetary, human and material resources, together with *active employment policies* for the able-bodied, is an important and effective measure to combat poverty and inequalities, helping to ensure economic and territorial cohesion, protecting the fundamental rights of the people, ensuring a balance between economic and social objectives and supporting social integration and access to the labor market [9, p. 152]. However, according to the latest information provided by the Member States on the social situation and the progress made in this regard, the European institutions find that the National Poverty Reduction Plans do not always take into account the recommendation on combining income systems with social inclusion measures, and states focus only on providing a minimum living wage.

Income systems are essential to ensure that no one is excluded. Although established in all Member States, income systems vary significantly in terms of adequacy, coverage, use

and complementarity with labor market activation measures and facilitation goods and services, including social services. In many cases, eligibility criteria and benefit levels should be modernized [4, p. 12].

The last countries to introduce minimum income systems are Italy and Greece. In other countries, it was established earlier - in 1933 in Denmark and in 1948 in the United Kingdom. It appeared quite early in Germany (1961) and the Netherlands (1963), then in Belgium (1974) and Ireland (1977), and relatively recently in Luxembourg (1986) and France (1988), as well as in Portugal (1996). [2, p. 96]. However, we cannot consider that all the minimum income systems provided in the European area are adequate and meet the needs of the beneficiaries. In recent years, there have been positive developments in many countries to increase the accessibility and adequacy of income schemes according to the needs of beneficiaries, but in other countries, the minimum income situation has been negative and has shown total ineffectiveness in fighting combating poverty among the needy. For these reasons, minimum income systems must be accompanied by a coordinated strategy at national and European level, focusing on broad actions and specific measures, such as active labor market policies for the outermost groups of the population, education and training for people with low qualifications, minimum wages, social housing policies and the provision of affordable, accessible and high-quality public services [10].

In this context, we can note that in recent years, the European institutions have paid special attention to issues related to ensuring a minimum subsistence income for all persons in a situation of financial vulnerability. In this regard, the European Parliament, in line with the concept of some doctrines, regarding the notion of material deprivation,

expressed the option that “*the main objective of national minimum income guarantee systems is to combat poverty and promote inclusive companies across Europe, the corresponding level of minimum income should be equivalent to at least 60% of the average income per economy* [11]”. Thus, more and more authors have highlighted the importance of correlating the minimum amount of guaranteed income on social bases with the minimum standards in the budget, so to speak with the monetary equivalent of goods and services that make up the minimum consumption basket [12, p. 10]. This resolution standardizes at the level of the European Union, the minimum income provided on social bases, which would guarantee the maintenance of the citizen at the level of the subsistence threshold. This fact-based recommendation is found in most Member States, namely that the minimum guaranteed social income is between 20% and 40% of the average gross income of the economy, taking into account the existing impediments in the states that limit the possibilities for adoption of universal social assistance practices and benefits [8, p. 152]. Thus, in the case of Ireland, for example, the threshold for material deprivation is above the threshold communicated by the Europe 2020 Strategy, while in other countries with a higher level of economic development (Netherlands, Austria), this threshold is set at a value that represents between 40-50% of the average gross income per economy. We find an identical situation in the former socialist countries, such as Bulgaria, Estonia, Slovakia where the level barely reaches the threshold of 40%. Thus, in the highly developed countries, the minimum income has a high value, but the Member States with a modest level of development, the value of the minimum income is low, because low public funds are allocated, thus trying to provide financial support to as

many people as possible in situations of vulnerability.

Another aspect that needs to be taken into account and determines the amount of guaranteed minimum income is the reference budget, according to which the amount of social assistance is assessed, which would meet the social needs of citizens living in different EU countries. Thus, there are countries where a standard indexation mechanism is not substantiated, and income is granted in the form of a lump sum, the amount of which depends on the choice of the political factor; similarly, in other states, the adjustment is arranged according to the variation of one of the basic economic indicators, such as the consumer price index or the value of the daily basket of goods and services [7, p. 75]. To this end, at European level, the Commission, in its Communication on the Social Investment Package, urges Member States to set reference budgets to help design efficient and adequate income support that takes into account the social needs identified at local, regional and national level in order to improve territorial cohesion; moreover, to use the reference budgets as a tool for assessing the adequacy of the minimum income systems provided by the Member States.

According to statistics, in most EU countries, the adjustment of the minimum social support is made in accordance with a certain reference element, which is different in each state, so in some cases it is adjusted to the value of the daily basket or salary, or is adjusted to the price index, the basic aim in each case is to respond as well as possible to the social needs of the social categories that are in various situations of difficulty. A minimum income must be set in a global approach to different human needs, which is not limited to a level of survival or simply to the level of the poverty rate calculated on the basis of median income, which in reality does not meet

essential needs in some countries. Therefore, all living, housing, education, health and cultural needs need to be integrated in order to provide the best conditions for integration / reintegration to those excluded from the labor market and living in poverty [1].

The European institutions recommend that states pay attention to the key issues in setting the minimum income: the permanent revision of the amount in order to increase it periodically, improving the use and coverage of segments of the population affected by social risks and, of course, strengthening the links between different elements of active inclusion. An eloquent example is the Swedish State, where the minimum income is provided to fill financial gaps, and each year the Swedish government sets a national standard (*rik-snorm*) for food, clothing, footwear, hygiene, health, leisure, consumer goods, hobbies, newspapers, telephone costs, etc. the norm also covers the costs for housing, electricity, union taxes, expenses for medicines. Thus, the national rule is the basis for the minimum amount of social assistance benefits. In addition to this, the national norm also takes into account family members, children, their ages, occupational status of parents, etc. the social assistance council may request that the beneficiaries of social benefits participate in employment activities, or in activities for the improvement of professional skills. These measures are undertaken on the basis of the individual capacity and wishes of the beneficiaries, and are aimed at developing the capacity of individuals to independently ensure an adequate level of well-being.

Even if there are recommendations at European level, in the end, the amount of the minimum living allowance starts from the reality of each country, so, for example in Bulgaria the amount of aid is 22 euros, and in Denmark 1433 euros, and the examples can continue. And the situation mentioned indi-

cates the presence of a considerable inequality in the European Community. According to statistics, the highest levels of income inequality are recorded in Romania, Lithuania, Bulgaria, Latvia, Cyprus, Estonia and Italy. There is also income inequality between the regions of the Member States.

However, we can note that in many European countries the minimum income is not enough and does not meet the essential needs of people in vulnerable situations. According to data presented by the European institutions, the dynamics of the number of people who are deep in poverty is constantly growing.

According to the approach of the European institutions, minimum income schemes need to be seen in the perspective of an active inclusion approach, which involves a combination of measures aimed at: integrated support in the form of adequate monetary benefits, access to quality social services and the inclusion of an activating component for beneficiaries. Based on the evaluation of the European Minimum Income Network, three key elements have been identified which are the most relevant [5, pp. 8-9]:

1. Adequacy of benefits to combat poverty: the aim of minimum income systems must be to ensure that beneficiaries can live a dignified life. Establishing adequate minimum income levels must ensure a decent standard of living. In this regard, it is necessary for states to set appropriate amounts of social benefits so that they are sufficient to have a dignified life. European experts say that the minimum income must cover the cost of fuel to enable poor households affected by energy poverty to pay their energy bills. The minimum income should be calculated on the basis of realistic estimates of the costs of heating a household, depending on its specific needs - for example, a family with children, the elderly and people with disabilities [10]. Moreover, they should

not only cover the minimum maintenance costs, but should provide the possibility for the needy people to have access to quality medical and social services, etc. Poverty is a multidimensional phenomenon and it does not refer only to the lack of financial resources, here we can also notice the education and medical and social services of poor quality etc. The adequacy of minimum income benefits can be measured by comparing the income of the beneficiaries with the national poverty line and the income of the beneficiaries with the income of a low-wage worker. According to statistics, in 2016, in the case of single-person households, the adequacy was highest in the Netherlands, Ireland, Denmark and Luxembourg. In these countries, the level of benefits has exceeded 80% of the national poverty line. Especially in the case of the Netherlands, the level of benefits was 106% of the poverty line, effectively lifting the beneficiaries out of poverty. At the lower end, the adequacy of the minimum income in Bulgaria, Romania, Hungary, Slovakia and Lithuania is below 40% of the poverty line or one third of the income of a person with a low salary in 2016 [6, p. 152].

2. Eligibility and use rules: The main eligibility requirements applied in national schemes include nationality / citizenship and / or residence, age, lack of financial resources, lack of assets above a certain limit and exhausted entitlement to any other (social) allowances. The strictness of these criteria determines the extent to which a system provides universal access. Thus, stricter eligibility requirements involve less coverage and vice versa. Checking resources is the most commonly used way to target people living in poverty. Resource checking conditions generally assess the resources of all household members, not just direct applicants. In most Member States, the threshold used in the verification of resources is the maximum level of benefits provided,

while several Member States also do not take into account part of the income of individuals, which has a positive effect on the coverage of systems and helps to reduce poverty among the employed [6, p. 152]. European officials recommend that Member States take the following circumstances into account when setting the minimum income: the link between the minimum income and the condition of access; the impact of the composition of the household, given the importance of the factor of children in poverty; consideration of other resources such as inheritances; components of the minimum cash and in-kind income, for example, through access to healthcare, housing, mobility, family support and utilities.

Many Member States face challenges with low usage rates. The complexity of many national minimum income systems and the administrative requirements for accessing them can be a problem and can hinder their efficient and targeted implementation. Non-use is a serious issue that needs to be taken into account, as it is between 20% and 75% among EU Member States. It is caused by a lack of awareness of rights, administrative burden and the stigma associated with claiming rights (costs, conditionality, controls). In order to increase utilization, formal and informal barriers should be reduced.

3. *Activation and access to services:* Economic support should be accompanied by activation measures and non-monetary incentives, including the provision of additional services. Activation approaches should take into account significant differences between beneficiaries due to different personal factors. This requires a mix of personalized assistance to accompany the beneficiaries (those able to work) on the way to finding a job, as well as the sequencing of interventions / activation measures from the least demanding. The three

pillars of active inclusion - adequate minimum incomes, inclusive labor markets and access to quality services - are not always developed in a coherent way, mainly due to difficulties in coordinating employment and social services.

Conclusions

Finally, we note that the European institutions establish [1]:

- Decent minimum income can only make sense in a comprehensive approach to integration and active inclusion, which combines access to inclusive labor markets - with quality jobs and continuing education - with access to quality public services, especially in regarding education and health;
- The right to work must remain a fundamental right, as a central element of emancipation and economic independence;
- Decent minimum income is, in essence, a temporary but indispensable element, the aim of which is the integration / reintegration of people into the labor market through active measures - it is an emblematic measure for the social credibility of the European Union;
- Areas of adequacy, coverage and access to minimum income remain key issues for Member States in developing their own systems. These systems need to be supported and, where appropriate, completed at European level.

Thus, based on our research, we conclude that the European institutions attach particular importance to the minimum income schemes provided by the Member States. Therefore, in order to increase the effectiveness and efficiency of the fight against poverty and social exclusion, several legislative measures have recently been adopted aimed at modernizing income schemes to ensure a dignified life for those in need in accordance with European principles and values.

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