

11th June 2013

To: EU Ministers of Employment and Social Affairs

Refer: EPSCO Council 20-21 June 2013

Dear Minister,

Re: Propose urgent action to ensure strong social dimension and balanced vision for the EU, backing social investment in social protection and social rights.

On 20-21 June, the EPSCO Council will meet to: 1) adopt Conclusions on the Social Investment Package, 2) review the European Semester and proposals for the Country-specific Recommendations. The EPSCO takes place prior to crucial discussions on the 3) social dimension of the EMU in the June Council.

This EPSCO comes at a crucial time against a backdrop of increasing social, economic and democratic crisis. The resulting unemployment, poverty and inequality are feeding social unrest, xenophobia and racism that are undermining stability and social cohesion within, and between EU Member States. The EU has not delivered on its Europe 2020 poverty target, with latest figures showing approximately 120 million people at risk of poverty and social exclusion, ¹4 million more than last year instead of progress on the poverty target². In addition the EU handling of the crisis is increasingly criticized³, for undermining sustainable economic recovery as well as increasing poverty and social exclusion. The EU through its intervention on economic governance and the fiscal compact has required Member States to cut social spending and thus increasingly intervening in social policy, raising key issues of legal legitimacy as well as democratic accountability and undermining trust in the EU project.

Whilst EAPN welcomes the increasingly strong stance taken by Social Ministers in the EPSCO to promote a social dimension:⁴ *“a balanced vision of social progress and social cohesion is crucial to restoring the confidence of citizens... this should emphasize fairness and equity in burden sharing and be reflected in the policies”*, more is needed to demonstrate that the EU backs a coherent, balanced economic vision that contributes to social objectives, can guarantee social justice as well as a social dimension in the EMU, reflected in the European Semester and in the distribution of EU funds.

We call on Social Ministers to press for urgent action by:

- **Agreeing an ambitious social dimension of the EMU which will ensure that economic objectives contribute to social objectives, and promotes concrete pro-active social and employment progress.**
- **Pursuing a balanced social/economic European Semester and CSRs, that put Europe 2020's targets at the centre, and requires engagement of parliament, civil society and social partners.**
- **Giving priority to Social Investment that backs universal social protection as well as enabling/activating policies, to ensure social, health as well as economic returns.**

¹ EU SILC (2011)

² To reduce poverty and social exclusion by at least 20 million by 2020.

³ See IMF report on Greece (May 2013)

⁴ Letter from the Irish Presidency on social dimension of the EMU (15 May)

1) An Ambitious Social Dimension of the EMU and EU

We welcome the recent proposals made by the Irish Presidency following discussion in the EPSCO⁵, particularly the proposed scoreboard of employment and social indicators, to alert to employment and social imbalances, and the need to reflect the social dimension in concrete policies. But EAPN is concerned that these will not be sufficient.

We ask Ministers to press for:

- **An ambitious vision for the EU as well as the EMU** that reflects balanced economic and social objectives and can restore trust in the EU project. Make Europe 2020 and not narrow economic governance the driver of policy developments and actions.
- **Effective ex-ante policy coordination, to ensure economic policies *contribute* to social goals, not undermine them.** The proposed employment and social scoreboard, should be a key tool in a comprehensive approach, with direct engagement of social ministries and Social DGs in macro-economic discussions, including in the current Troika MOUs, to ensure that social objectives are supported, social spending defending and welfare states not dismantled.
- **Mainstreaming of balanced approach through European Semester**, reflected in the Country-Specific Recommendations (CSRs), the National Reform Programmes (NRPs) and in the Annual Growth Survey (AGS). This should be applied consistently in all countries, ensuring follow up of all Europe 2020 targets (including in countries under Troika arrangements).
- **Pro-active Policies promoting high level social standards.** Concrete actions are needed to correct social imbalances, between and within countries, and progress towards convergence on social rights, which can give substance to EU Treaty commitments⁶. A clear priority should be progress on an EU Frameworks Directive on the Adequacy of Minimum Income Schemes and a framework to ensure living wages in the EU.
- **Social Investment and Employment Pact** – effective recovery needs public social investment in social protection and public services, quality employment and enabling policies that support inclusion as well as provide a consumption floor for the economy, and inclusive growth. It will also reduce the substantial social, health and economic costs of increasing poverty, exclusion, inequality and the high political cost from loss of social cohesion in the EU.
- **Democratic and Participative Governance** – ensuring democratic accountability and ownership of the European semester, with obligatory code of guidance for consultation with national and EU parliaments, and stakeholders including people experiencing poverty and NGOs, as well as social partners in all stages: NRPs, CSRs, AGS.

⁵ Letter from Irish Presidency on social dimension of EMU (May 14)

⁶ Article 3, Article 9 TFEU

2) Put back Europe 2020 goals at the centre of the European Semester – balanced CSRs and a democratic process

EAPN has worked actively with its members to engage in the NRPs and to make proposals on CSRs to the Commission⁷, and as part of an Adhoc Coalition took part in a cross-party hearing in the European Parliament on the 14th May⁸. We are currently assessing the NRPs and CSRs with our members. An initial assessment highlights some progress on the number of social CSRs, with 9 countries receiving poverty CSRs and 23 on education and employment. However, members highlight continuing **lack of coherence and imbalance between social and economic objectives**. The Europe 2020 strategy is notably absent in the preamble of the document on CSRs, with no mentions of its goals or targets. The main focus of CSRs are **macroeconomic priorities that continue to undermine the social objectives**, through enforced austerity and market-led solutions: reductions in wages, benefit and service levels, cuts to social expenditure, enforced privatisation undermining affordability and quality. **The lack of consistency between countries** is also highlighted (for example, why countries with no national minimum income receive no, or clearly inadequate, CSRs on Minimum Income, or why some countries receive CSRs on fairer taxation (AT), but not countries where flat taxation models go unchallenged BG). Even when the **problems are correctly identified, the solutions lack a rights-based approach** (for example, UK: need to increase affordable housing supply, with CSR proposing de-regulation of planning, not increase in right to social housing). 3 MS receive CSRs requiring strategic responses to reducing the poverty target, but are mostly limited to a single group (eg BE – migrants, and HU – Roma). **The pressurized timetable on the CSRs also excludes adequate democratic consultation**: with ministries, but also Parliaments, and civil society organisations. This mirrors the continuing **weak stakeholder engagement in the NRPs** with 12 EAPN national networks highlighting some engagement, but little signs of meaningful engagement or visible impact on NRPs.

We request ministers to:

- Require coherent, balanced social and economic objectives in the European Semester, with Europe 2020 objectives/targets explicit in the selection of CSRs ensuring that macroeconomic CSRs enhance, not undermine, social objectives.
- Request consistency on CSRs to different countries - ie CSRs for all countries where poverty is increasing, requiring integrated, multi-dimensional strategy to achieve the poverty target, with thematic integrated strategies for priority groups.
- Insist on democratic accountability of the CSRs and the NRP process – through a revised time frame, enabling MS to consult with national parliaments, and to engage systematically on the NRP and CSRs through regular, meaningful dialogue with social partners and civil society organisations working with people experiencing poverty.

⁷ EAPN 2013 Assessment of CSRs and proposals for Alternative CSRs 2013 (March 2013).

⁸ Strengthening the democratic legitimacy of the European Semester: Civil Society Proposals for smart, sustainable and inclusive recovery, presented to EP hearing 14 May 2013.

3) Social Investment Package

In EAPN's full assessment of the SIP⁹, EAPN welcomes the Commission's attempt to give new focus to social objectives, demonstrating that social spending produces economic, as well as social and health returns, and its recognition of the 3 functions of welfare states: social protection, investment and stabilisation. The Recommendation on 'Investing in Children', as well as the Homeless report and Active Inclusion implementation report are particularly important, in highlighting the need to implement integrated, rights-based strategies. However, strong concerns are raised about the **overall coherence of the SIP package** with potential contradictions in the texts themselves but also in relation to existing mechanisms – the Social OMC and the European Platform against Poverty. Members worry that the **SIP could be used to undermine support for universal social protection systems**: justifying switching funding to "enabling" policies, particularly activation and targeted approaches and increasing punitive conditionality. Where clearly **positive recommendations are made** (for example the three pillar strategy to reduce child poverty, housing-led preventative approach to homelessness combined with emergency action, and implementation of integrated active inclusion, with emphasis on adequacy of income support through agreeing common methodology on budget standards) **implementation** is not clear. Above all, EAPN is concerned **how the SIP will link to the EU2020 poverty target and priority. Will social investment lead to a reduction in poverty?**

We request Ministers to:

- **Endorse social investment that challenges austerity and invests in combined social protection/enabling support** that will visibly reduce poverty and inequality.
- **Ensure that social investment defends universal social protection systems** with additional targeted/ tailored measures to ensure access for specific groups, and supports positive extra incentives rather than punitive conditionality.
- **Call for a concrete Roadmap with timelines for delivery and mainstreaming through Europe 2020**, (including child poverty, homelessness and active inclusion). Establishing multi-annual programmes through a partnership approach with multi-level governance, social partners and civil society organisation.
- **Back social investment in EU funds that contribute to poverty reduction**, in EU Structural and other funds, including 25% funding for ESF and 20% on poverty reduction.

We urge Social Ministers to take on board our proposals, and welcome any opportunity to discuss them further with you.

Yours sincerely



Sergio Aires, EAPN President



Fintan Farrell, EAPN Director

CC to:

Commissioner Andor, DG Employment

Pervenche Bères, Chair of EP Employment and Social Affairs Committee

⁹ See EAPN Response to the SIP: Will the SIP deliver on poverty? (June 2013)

Attachments

1. EAPN 2013 [Assessment of Country Specific Recommendations and proposals for alternative CSRs from National and EO Members and Detailed Country Fiches](#)
2. [EAPN Response to the SIP: Will the SIP deliver on poverty? \(June 2013\)](#)