

EAPN Proposals on New Commission Integrated Guidelines: Economic and Employment

KEY MESSAGES

1. Guidelines must deliver on Europe 2020 goals and targets
2. Inclusive Investment means Social Investment
3. Safeguard adequate social protection for social cohesion
4. Support quality, sustainable jobs and integrated active inclusion
5. Reinforce equitable, inclusive-growth friendly tax
6. Replace fairness with guideline to combat poverty beyond employment
7. Ensure effective governance through quality stakeholder engagement

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INTRODUCTION

The Integrated Economic and Employment Guidelines were first adopted in 2010 as combined instruments to underpin the delivery on the new **Europe 2020** strategy. They brought together for the first time two distinct, legal instruments adopted under different articles of the Treaty (of the Function of the EU) to ensure coordination on the EU's economic and employment policies.¹ The **explicit aim of the Integrated Guidelines was to support the Europe 2020 strategy and the achievement of smart, sustainable and inclusive growth**, and the European Semester of economic policy coordination. Specifically, the Integrated Guidelines frame the scope and direction for Member States' National Reform Programmes, and underpin the development of the Country Specific Recommendations.

In 2010, the decision was made to integrate the guideline related to the poverty target as part of the 'employment guidelines' (Guideline 10) with the argument that it would increase the profile of the social guidelines and increase pressure of delivery under possible threat of sanctions. At the time, EAPN highlighted the risks of this, arguing that it would lead to the side-lining of social inclusion concerns, making them always subordinate to employment policies, whilst the threat of sanctions was unlikely given the different Treaty base of the employment guidelines. It gives EAPN little satisfaction to be proven right- with the current reversion to 'Growth and Jobs' priority with reliance on trickle-down theory to combat poverty and social exclusion.

In March 2015, the Commission launched a new proposal to substantially revise the Integrated Guidelines. Although the timing was expected to be in line with the Mid-Term Review of the Europe 2020 strategy, the decision to substantially delay the Review itself until 2016, seriously raises concerns about the link of the Guidelines and the Semester to the 2020 strategy. It is clear the new Guidelines mark a shift from Europe 2020 to Juncker's new priorities. The Integrated Guidelines will be discussed in the coming months, notably by the European Parliament, before being adopted by the European Council in June.

WHAT'S CHANGED?

As highlighted on the Commission's website, 'The new set of ['Integrated Guidelines'](#) updates the guidance given, in line with the new approach to economic policy-making with 3 key priorities on investment, structural reforms and fiscal responsibility, as set out in the Commission's 2015 Annual Growth Survey" (ie with the President Juncker's Guidelines).

Key Points

- **Loss of priority to Europe 2020**

The previous integrated Guidelines were named the Europe 2020 guidelines and were explicitly the main instruments to deliver on Europe 2020. Although inclusive growth is seen as a key challenge in the Guidelines, Europe 2020 is not specifically mentioned nor their overarching goal of smart, sustainable and inclusive growth. Instead they are re-focussed on President Juncker's priorities in the AGS 2015 – Investment, structural reforms and balancing budgets through fiscal consolidation. The targets are not mentioned or reflected in the guidelines, raising concerns about the loss of priority to Europe 2020.

- **More equal economic/employment guidelines but disconnect from targets**

The Guidelines are reduced from 10 to 8, with 2 less Economic Guidelines. This means the number of Guidelines is equalized between the economic and employment (4 of each). However, the

¹ The broad economic policy guidelines are underpinned by Article 121 and the Employment Guidelines by Article 148.

dominant priority continues to be macroeconomic growth and stability, rather than smart, sustainable and inclusive growth. The reduction of the Guidelines also increases the disconnect with the Europe 2020 targets (ie loss of a guideline on climate change and also on education linked to the targets).

- **Welcome focus on investment, but social investment and social impact overlooked**

The Economic Guidelines give a welcome focus to investment, but fail to focus on social investment, in both social infrastructure and in people. Its other focus is on implementing structural reforms mainly to the labour market, removing barriers to growth and reducing deficits. This is to be done mainly through the modernization of social systems, (ie cuts), which make little reference to the importance of adequate and effective social protection systems to prevent as well as alleviate poverty.

- **Tax reform away from labour and onto consumer/environmental tax.**

A welcome focus on tax reform is underlined, as well as tackling tax evasion and avoidance. However there is little mention of the key role of tax to promote inclusive growth including reducing inequality through distribution and redistribution. Neither is the need to limit the social impact of regressive tax reforms mentioned, particularly given the priority to VAT which negatively impacts on lower income households.

- **Employment Guidelines prioritize job creation, but not quality jobs with a narrowing of activation focus.** There is a strong emphasis on tackling unemployment, through creating better conditions for job creation for small enterprises, primarily through de-regulating labour markets. They call for an increase in more targeted activation which is linked to increased conditionality/sanctions in income support systems which will increase hardship. There is a step back on quality of employment, particularly tackling atypical, temporary or precarious contracts or tackling low wages and in-work poverty.

- **Education and life-long learning is replaced by a focus on skills** – This underlines the disconnect with the Europe 2020 education target. Although references to low skills and dual pathways between professional and university qualifications is made, the loss of a broader concern about education, with its role beyond employment and towards integration, cohesion and inclusion is noted. There are no references to Second Chance education, or access to higher education, and less references to life-long learning.

- **Guideline 10 on social inclusion and poverty, is replaced by focus on fairness, almost entirely employment-focused.** The new Guideline 8 makes no reference to the poverty target, focusing on fairness without a clear definition, and equal opportunities through employment. Neither is reference made to the Commission's key social investment package, or key paradigms and policy instruments in the social field – ie the Social OMC objectives, Integrated Active Inclusion, Recommendation on Investing in Children. Tackling homelessness is no longer an explicit priority as in the previous guidelines.

- **Modernisation of social protection, rather than its role in preventing and alleviating poverty, or in acting as an automatic stabilizer.** Vulnerable groups are only mentioned in the context of employment not poverty reduction. This negatively compares with the previous Guideline 10: *"Benefit systems should focus on ensuring income security during transitions and reducing poverty, in particular among groups most at risk from social exclusion, such as one-parent families, minorities, people with disabilities, children and young people, elderly women and men, legal migrants and the homeless."*

- **Step back on quality of partnership with stakeholders:** Finally, the important recital 16, in the preamble to the Employment Guidelines has been weakened in the new recital 6 with the watering down of references to partnership referring only to support in the 'implementation' of policies, rather than in the design, delivery, monitoring and evaluation of policies in the context of good governance.

KEY MESSAGES

1) The Guidelines must deliver on Europe 2020 goals and targets

Explicitly ensure that the guidelines deliver on the goals of Europe 2020 to promote smart, sustainable inclusive growth through the achievement of the Europe 2020 targets, particularly poverty, employment and education targets.

2) Inclusive investment means Social Investment

Investment must go beyond infrastructure to invest in people, recognizing social policy is an essential benefit not a cost. Require independent social investment experts, as part of the advisory hub, so that areas of social as well as economic added value can be prioritized. Comprehensive social criteria and ex-ante and ex-post social, environmental and equality impact assessment is a crucial pre-requisite to ensure this result.

3) Safeguarding adequate universal social protection for social cohesion

The priority to social protection must aim to safeguard universal systems, implementing Article 9 (TFEU), that ensure adequacy across the life cycle, and access for all to rights to ‘high quality, affordable, adequate and sustainable social services and benefits’, starting with an adequate minimum income. Any structural reforms must be transparently evaluated through ex-ante social impact assessment to ensure that fundamental rights and social cohesion are not jeopardized.

4) Support sustainable, quality jobs, and integrated active inclusion approaches

Investing in jobs which can take people out of poverty and drive inclusive growth, means creation of long-term quality employment, underpinned by stronger employment rights including a decent statutory minimum and living wage which provides a decent income. Unemployment need to be tackled through a broad, integrated active inclusion approach that promotes positive, personalized activation, inclusive labour markets with access to quality services, whilst ensuring adequate minimum income and access to social protection to keep people close to the labour market and included in society.

5) Reinforce equitable, inclusive-growth friendly taxation policy

Tax policy can play a crucial role in reducing inequality and poverty, as well as a sustainable basis for inclusive growth. Tax evasion and avoidance should be prioritized with support to progressive income tax, as well as taxes on property, inheritance and wealth, reducing reliance on consumption taxes that are highly regressive.

6) Replace fairness with guideline to combat poverty and social exclusion, beyond employment

Given the central role of the EU 2020 poverty target, the guideline must make an explicit reference to this goal. A major step forward could be the requirement to develop integrated strategies to reduce poverty and social exclusion which go beyond employment only solutions and prioritize supporting people into quality jobs, ensuring adequate social protection including minimum income and quality services to prevent as well as alleviate poverty. An explicit mention should be to reinstate the commitments to implement social investment priorities – including investing in children and tackling homelessness. Youth and other key at risk groups need to be prioritized with a tailored, integrated approach (children, disabled and long-term sick, ethnic minorities including Roma, migrants, including undocumented).

7) Ensure effective governance through quality stakeholder engagement

Ownership is crucial for effective delivery and to restore credibility in EU policy processes. Stakeholders including organized civil society need to be involved in a continuous, structured dialogue at all stages of the policy process – design, implementation, monitoring and evaluation, not only as partners to delivery as currently proposed. Participation is also a crucial part of credible investment processes, both as workers in enterprise investments, and by Civil Society Organizations within investment fund selection and decision-making processes.

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The European Anti-Poverty Network (EAPN) is an independent network of nongovernmental organisations (NGOs) and groups involved in the fight against poverty and social exclusion in the Member States of the European Union, established in 1990.



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