

2nd March 2011

To: EU Ministers of Employment and Social Affairs

Refer: EPSCO Council 7 March 2011

Growth Survey threatens the EU project and delivery on poverty target – the Social OMC and national strategies on social protection and social inclusion are vital to defend the social dimension.

Dear Minister,

One of the main discussions at the March EPSCO will be the contribution of Social Ministers to the European Semester and the discussions on the Annual Growth Survey. EAPN is deeply disturbed and disappointed by the apparent return in these documents to a “growth only” strategy. This seems to undermine the commitments made in the Europe 2020 strategy to a social and sustainable policy that combines a coherent economic, environmental and social approach contributing to, rather than undermining, social cohesion. The driving priority in the Growth Survey given to reducing public deficits fast by cutting public expenditure and driving down wages, is actively pressurizing Member States to weaken their welfare states and can only undermine the European project as well as attempts to achieve the target to reduce poverty by, at least 20 million, by 2020.

The EU is witnessing record low levels of confidence by citizens in the European Union (down 8% points to 42% in the latest Eurobarometer poll). The opportunity for the EU to restore this trust will depend, to a large extent, whether the EU shows itself capable of delivering a social vision which can put people at the centre, both in a progressive response to the crisis and in the proposals for a coherent EU economic, employment and social strategy for the next decade. The benefits of including the social dimension within the overarching economic strategy are currently being strongly outweighed by the risks. A strong Social OMC working with dynamic European and National Platforms against Poverty, which can involve national stakeholders, including NGOs and people experiencing poverty in developing National Social Protection and Social Inclusion strategies and Action Plans, is proving itself to be even more essential to balance this regressive trend and provide the drive for a strong social dimension in the strategy, and the basis for inputs to the NRP.

EAPN's Key Messages

- 1. Restore Inclusive Growth as an equal priority with strong recommendations defending the core values of the EU project and Social Model.**
- 2. Back comprehensive national strategies on social protection and social inclusion, based on active stakeholder engagement, in the Review of the Social OMC.**

1. Restore Inclusive Growth and core values of the European Project and Social Model

Europe 2020 claimed to be a strategy to promote smart, sustainable and inclusive growth, where growth would be a servant to social cohesion. In the recent draft Employment Report and Progress Report, these messages are again underlined¹. The SPC Assessment of the social dimension of the Europe 2020 strategy also highlights that *“despite the clear redistributive effect of social protection, inequalities have often increased and poverty and social exclusion remain a major issue... the crisis has aggravated this situation..... ensuring that the benefits of recovery are widely shared is an important political aim in the context of Europe 2020 and past experience has shown the high cost of delayed re-integration and the higher cost effectiveness of prevention over remediation”*.²

However the Growth Survey and documents explaining the European Semester, appear to undermine these commitments and confirm our fears about a return to a fiercely neo-liberal political agenda. No mention is made of inclusive growth or the need to tackle the *“bottlenecks to inclusive growth”*. The measures proposed focussing on competitiveness and fiscal consolidation are pressurising Member States to weaken their welfare states: specifying the need to decrease wages, weaken worker’s rights, cut public expenditure, increase the retirement age and promote regressive tax systems. Poverty is considered only as a *“bottleneck to growth”*. There is little sign of a coherent response to the Crisis with commitments to invest in people and prevent long-term social and economic costs by defending adequate minimum income and social protection systems, active inclusion approaches and access to decent jobs and services, defending social rights and tackling discrimination. (See EAPN response to the Draft Employment Report)

EAPN is its recent report: **‘Is the European Project moving backwards? The Social Impact of the Crisis and the Recovery Policies in 2010’**, based on a survey with national and EU members – highlights the following **key messages**: (February 2011)

- The social impact is getting worse as Government’s austerity measures make the poor pay and undermine a sustainable recovery.
- The social impact is being systematically under-assessed and ignored
- NGOs are gravely weakened and their fundamental contribution to society is at stake
- The crisis was not inevitable and was a result of deregulation and increasing inequality, not public sector spending.
- Another fairer way is possible, - towards prosperity for all
- The EU must restore the core values of the European Project and use Europe 2020 to drive an ambitious social and sustainable vision.

We urge Social Ministers to send a strong message to the Spring Council insisting on restoring inclusive growth as an equal priority, to urgently carry out a pro-active social impact assessment of the crisis and austerity measures, and to press for fiscal policies which do not undermine social cohesion, investing in social infrastructures and people, as a social and sustainable approach to recovery.

¹ Draft Employment Report (January 2011)

² SPC Assessment of the Social Dimension of the Europe 2020 Strategy (2011)

2. Back comprehensive National Strategies on Social Protection and Social Inclusion to feed into the NRP, based on active stakeholder engagement, in the review of the Social OMC.

The Social OMC has played a key role in providing comprehensive, multidimensional and coherent approaches to preventing as well as alleviating poverty and social exclusion, based on the Common Objectives of the Social OMC (2006), focussed on ensuring access to rights, resources and services. The National Strategies on Social Protection and Social Inclusion, with National Action Plans on Inclusion, succeeded in promoting active stakeholder engagement in many countries, enabling NGOs and people experiencing poverty (amongst others) to engage and contribute to developing solutions to poverty and social exclusion that worked. In return, these stakeholders gave visibility and helped to trigger public debate, a sense of ownership and commitment to delivering on the objectives.

This broader social vision of the Social OMC, based on rights and a tested participative approach is essential to balance the trend towards an extreme macro-economic focus in Europe 2020. Whilst the new Europe 2020 strategy includes potentially important social elements like the poverty target, Guideline 10 and the Flagship Platform, the current approach of the Semester, driven by the Growth Survey macro-economic priorities of growth first and fiscal consolidation, is undermining the likelihood of a balanced approach. A short review of the current draft National Reform Programmes, confirms this tendency, with the sections on poverty and social exclusion dominated by a narrow focus on getting people into any jobs, increasing flexibility without security, reinforcing conditionality, with scant attention to investing in active inclusion, social protection systems and social rights, or countering the cuts first priority which will devastate our social systems and people's lives.

Developing multidimensional National Strategies on Social Protection and Social Inclusion, through National Platforms against Poverty involving stakeholders, linked to the national policy cycle, could provide a stronger, more coherent and sustainable social input for the annual NRP report and provide the SPC and Social Ministers with a better platform to propose and defend effective social policies, with the backing of key national stakeholders.

EAPN urges Social Ministers to back the need for a reinforced Social OMC, based on strong National Strategies for Social Protection and Social Inclusion, developed together with national stakeholders (including people experiencing poverty and NGOs), in National Platforms against Poverty. This is an essential instrument to ensure a strong social dimension to Europe 2020, providing a comprehensive, integrated social basis for the input for the NRP.

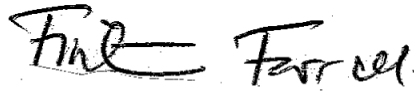
We hope that you will take on board our comments in your considerations in the upcoming EPSCO Council and in your contribution to the Spring Council. The outcome of this discussion will play a major part in defining whether the **legacy from the 2010 EU Year to combat Poverty and Social Exclusion will lead to a reduction in poverty and social exclusion** or a dramatic increase, and long-term damage to the EU project and social model.

We welcome any opportunity to continue the dialogue with you.

Yours faithfully,



Ludo Horemans
President



Fintan Farrell
Director

Cc:

Commissioner Andor, Commissioner for Employment, Social Affairs and Inclusion
Ms Pervenche Beres, President of the Employment and Social Affairs Committee in the European Parliament

See:

- *EAPN's Response to the Draft Joint Employment Report* here:
<http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/2011-EAPN-response-to-Draft-Employment-Report-2010.pdf>
- *EAPN's report: Is the European Project moving backwards: the social impact of the crisis and of the recovery policies in 2010* here:
<http://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/crisis-report-2011-en.pdf>