



5 December 2011

To: EU Prime Ministers and Heads of State

Key Messages from EAPN for the Council 8-9 December

EU in jeopardy: Prioritise Solidarity and an Inclusive Europe 2020!

- 1) Solidarity first and one-speed Social Europe**
- 2) Urgently defend a social and democratic EU**
- 3) Make Europe 2020 the overarching strategy**
- 4) Tackle the social impact of the crisis and increasing levels of poverty, inequality and social exclusion with concrete actions: integrated active inclusion, social investment and a New Deal promoting multidimensional solutions for all groups**

Dear Prime Minister,

On 8 and 9 December, the European Council will meet to discuss proposals to solve the Eurozone crisis and the first steps on the Economic Semester 2012 cycle. This follows the adoption by the Commission on the 23 November of the 2012 Annual Growth Survey package.

In the Annual Growth Survey EAPN cautiously welcomes

- acknowledgment that austerity may be harming growth, with a recognition of a need for more flexible approaches opening up potential for stimulus packages,
- recognition of need to balance austerity with equity, consider the distributional impact of policy proposals,
- affirmation that expenditure cuts must be tempered with increases in revenue, particularly through fairer, more effective and efficient taxation,
- support to tackle youth unemployment and the social impact, even if the measures proposed are insufficient.
- the proposal for EU stability or Eurobonds as a means to share the burden of debt and avoid the dominance of the market and credit agencies.

These improvements reflect the work done in preparation for the recent EPSCO Council (SPC Opinion on Europe 2020 and Crisis). Whilst EAPN cautiously welcomes the improvements in the new AGS¹ aiming to strengthen the social dimension, there are doubts about the difference these proposals are likely to make in the overall context of cuts to social protection expenditure.

¹ EAPN is preparing a more detailed analysis and position on the AGS package for early January.

For EAPN members, Europe 2020, inclusive growth and the poverty targets are increasingly subordinate to the dominant policy driver of stabilizing the Euro by driving down deficits and debt, primarily through socially-harmful fiscal consolidation which is visibly generating more poverty, exclusion and inequality. This is unacceptable as a social solution to the crisis.

The New Eurobarometer Survey (28 November) gives a damning picture of what EU citizens think about EU actions – nearly 9 out of 10 people think that poverty has increased in the last year. 75% say not enough is being done to fight poverty (84% in New Member States and 73% in EU 15). Even more worryingly there has been a substantial fall in the number of people who think the EU has a positive impact (78-62% in 2009, now 67-48%), particularly in fighting poverty and social exclusion (from 70% in 2009 to 55% now) and creating new job opportunities and fighting unemployment from 72 to 55%. Can the EU afford to continue to alienate EU citizens from what seems increasingly an EU defending the interests of the powerful few?

The decisions over the debt crisis are also seen as increasingly undemocratic, being driven by narrow national self interest, defending the interests of a handful of dominant Member States against the solidarity principle with poorer countries and regions, with key decisions being taken behind closed doors and outside the Community method. Re-establishing trust and a participative and democratic process is now an urgent priority

The messages from EAPN to the Council must be implemented through a coherent, integrated Europe 2020 strategy, with concrete measures which contribute to the reduction of poverty, exclusion and inequality.

1) Solidarity first and one-speed Social Europe

An underlying founding principle of the EU is support to lagging regions, yet because of the pressure from the markets there appears to be an increasing impulse to abandon poorer regions that have not benefited from the Euro in the same way. Europe cannot function with three speeds – working in the interests of the richest countries and markets, to the detriment of the poorer regions and people. Shared responsibility for managing debt and deficits is essential and in a way that does not destroy social cohesion. We call on EU leaders:

- To defend the solidarity principle at the heart of the EU treaties,
- Defend one-speed Europe and agree a sustainable, common debt management solution which retains all countries in the Eurozone, with the support of the ECB implementing proposals for Eurobonds,
- Support flexible debt/deficit reduction which does not undermine social protection and public services, rejecting the proposal to double punish poorer regions with difficulties in debt/deficit reduction with sanctions withdrawing structural fund support.

2) Urgently defend a social and democratic EU

The Community method ensures the involvement of the tri-partite of actors – Commission, Council and European Parliament. But the main decisions are being made completely outside this process. National and European Parliament appear minimally engaged. Neither is there meaningful participation of key stakeholders (like social partners, local and regional authorities, NGOs and people directly in poverty) - for example in the National Reform Programmes. This reflects a shocking disregard for the need for accountability and is

destroying trust in participation and the democratic process, undermining the credibility of the EU: We call on EU Leaders:

- To confirm the Community method as key means of decision-making, with no back-room deals,
- To directly engage and give a stronger role to Parliaments at national and EU level,
- Engage with the grass-roots: realize the potential of the Open Method of Coordination engaging stakeholders systematically at national level in the National Reform Programmes and Social Reports, (for example by supporting national platforms against poverty).

3) Make Europe 2020 the overarching strategy

The EU cannot retain credibility if it continues to focus only on the economy as an end in itself. Even the drive to reduce public debt and deficit, cannot be made outside the considerations of equity, social impact, including longer term social and economic costs. We call on EU Leaders:

- To restore Europe 2020 as the visibly overarching strategy – to be delivered through a coherent, balanced macro-economic, employment, social and environmental objectives,
- Give priority and visibility to delivery on the agreed targets, particularly the poverty target, which currently faces an 8 million shortfall, and agree a common percentage reduction in poverty for all Member States,
- Agree country-specific recommendations for all targets/priorities – the poverty target monitoring must be visible at all stages.

4) Tackle the social impact of crisis and increasing levels of poverty, inequality and social exclusion with concrete actions: integrated active inclusion, social investment and a New Deal, promoting multidimensional solutions for all groups.

The proposals for tackling youth unemployment including a Youth Opportunities Initiative are welcomed, as well as the actions to diminish the social impact through the recognition of stabilizer role of social protection, the priority given to Active inclusion, (albeit only 2 pillars, missing adequate income support) and action on key services. But it needs to go further. We call on EU Leaders for:

- Urgent and more systematic ex-ante and ex-post assessment of the impact of the economic governance and other Europe 2020 measures in order to restrict the negative short and long-term social impact of current EU policies, leading to more transparent public debates,
- Red-lining social protection systems and raising minimum income levels as key stimulus measures, defending social rights and positively impacting on growth, employment and inclusion²

² Recent research from the University of Antwerp (Belgium) calculated that the cost of ensuring an adequate minimum income in all 27 member States, above the European poverty threshold would be 130 billion euro. Although, this appears as a huge cost, but only represents 1.12% of Gross Domestic Product (GDP) of the 27 member states in 2009 or 1% of the EU budget of this year. Spread over 10 years, in the frame of the Europe 2020 Strategy, it would mean only an increase of 0,112% of the GDP in each country. Of course the raise would be more significant in poor member states than in rich ones. In this matter, Structural Funds could be used to bring solidarity between member states to help those countries who have to make the biggest efforts. In times of economic crisis this is not to be conceived as a cost but as an investment, because people living from benefits will spend this raise of minimum income immediately for necessary goods and services and it will reinforce the economy of each member State.

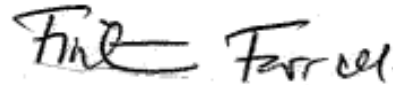
- Insist on balanced deficit reduction with focus on fair taxation – including more progressive income tax, targeting the richest 1%, avoiding regressive VAT and concrete actions to tackle tax evasion and avoidance.
- Agree now an integrated New Deal for creating quality green and social Jobs and ensuring access for all through integrated Active Inclusion, defending Minimum Income/Social Protection and quality, accessible Public Services.
- Embed multidimensional EU and national strategies that deal with access to rights, resources and services for all, across the life cycle and ensuring inclusion for ethnic minorities, migrants, the sick, people with disabilities, the long-term unemployed and the homeless, based on integrated National Social reports delivering on the agreed Common Objectives of the OMC on Social Protection and Social Inclusion,
- Back the Commission's proposals to ring-fence 20% of ESF for delivery on the poverty target and ensure access for civil society organisations.

We hope that you will take on board our proposals, and welcome any opportunity to continue the discussions with you

Yours faithfully,



Ludo Horemans
President



Fintan Farrell
Director

Cc:

President Van Rompuy, President of the European Council
President Tusk, President of the Council of the European Union
President Buzek, President of the European Parliament
President Barroso, President of the European Commission

See EAPN Analysis on the National Reform Programmes:

<http://www.eapn.eu/images/stories/docs/NRPs/nrp-report-final-en.pdf>