

21 June 2013

To: EU Prime Ministers and Heads of State

Refer: European Council 27 and 28 June

## EU must become a beacon of hope

**Future support for the EU depends on a strong social dimension,  
balancing economic and social goals and agreed democratically**

Dear Prime Minister,

On 27 June, the European Council will debate the social dimension of the EMU. This discussion comes at a time of mounting social and economic, as well as democratic crisis, threatening not only the future of the EU, but our values of democracy and freedom. The increasing unemployment, poverty and inequality are feeding social unrest, xenophobia and racism that undermine the economic stability and social cohesion of the EU. The EU has failed on its Europe 2020 promises – it has not delivered on the poverty target, with latest figures showing nearly 120 million people at risk of poverty and social exclusion,<sup>1</sup> 4 million more than last year instead of progress on the poverty target, with inequality growing in most countries<sup>2</sup>.

The EU handling of the crisis through austerity is now widely criticized, even by former allies like the IMF<sup>3</sup> for undermining sustainable economic recovery as well as generating increasing poverty, exclusion and widening inequalities. EAPN members in its General Assembly held in Belgrade on the 15<sup>th</sup> of June, sent a clear message: the **EU is increasingly seen as economic predator on social rights, rather than a beacon of hope**. It is identified with austerity, initiating direct interference in MS social budgets, to drive deficit reduction and privatisation through the European Semester and economic governance. These actions are attacking the basic pillars of the welfare state in many countries, as well as taking the EU to the edge of legal legitimacy and deficit of democratic accountability. Most importantly they are undermining trust or faith in the future of the EU project. **Can the EU afford to pay this price?**

EAPN fully supports the views expressed by the Irish Presidency following the April informal EPSCO<sup>4</sup>: *“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”*. **Urgent action must be taken to show that the EU backs a coherent, balanced economic model**, where economic priorities enhance, rather than attack social objectives. It must offer a real guarantee to all that social rights and social justice are safe with the EU, in all policies as well as in the EMU, with balanced Europe 2020 goals central to the European Semester and in EU funds.

---

<sup>1</sup> EU2020 target, to reduce poverty by at least 20 million by 2020 based on 3 indicators

<sup>2</sup> EU SILC (2012)

<sup>3</sup> IMF Report on Greece (May 2013)

<sup>4</sup> Letter from Irish Presidency on the social dimension of the EMU (14 May 2013)

**We therefore call on the Council urgently to:**

- 1) **Set ambitious objectives for the social dimension of the EMU as part of rebalancing economic and social objectives:** ensuring that economic priorities enhance rather than attack social objectives with concrete measures for social progress, focused on EU2020 goals.
- 2) **Promote urgent democratic debate and accountability on the social dimension of the EMU and the EU,** involving National and European Parliament, and engaging with civil society and social partner stakeholders.

### 1) **An Ambitious Social Dimension of the EMU and EU**

We welcome the recent proposals made by the Irish Presidency following discussion in the EPSCO<sup>5</sup>, 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 these measures are not likely to be sufficient to counter the *current assumptions that macro-economic stability and growth are more important than social rights*.

**Your discussion should include these elements:**

- **An ambitious, coherent vision for the EU as well as the EMU** that ensures that economic objectives support social rights and contributes to a coherent social and sustainable strategy that can restore trust in the EU project. Make Europe 2020, and the implementation of fundamental rights and not narrow economic governance the driver of policy developments and actions.
- **Urgent and 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. However it will only have impact if it is linked to fundamental rights and subject to democratic scrutiny. It should include the direct engagement of the EPSCO, Social Ministries and Social DGs from the Commission in all macro-economic discussions, including in the current Troika MOUs, to ensure that social objectives are supported, social spending defending and welfare states not dismantled. *An immediate priority must be to stop current austerity measures attacking social rights and generating more poverty.*
- **Coherent, balanced approach mainstreamed through the European Semester.** This new rebalancing of social and economic objectives must be reflected explicitly in the Annual Growth Survey (AGS), as well as the Country-Specific Recommendations (CSRs) and the National Reform Programmes (NRPs) and National Social Reports (NSRs). The CSRs in particular need to be more consistent in all countries, with *CSRs on poverty reduction, employment and education and all Europe 2020 targets in each country*, (including in countries under Troika arrangements) developed through a democratic/participative assessment involving national and regional governments as well as social partners and civil society stakeholders.
- **Pro-active Policies promoting high level social standards.** Concrete actions are urgently needed to show the EU is a beacon for social rights, supporting convergence across the EU which can reduce social imbalances that undermine economic stability and sustainability. Promotion of EU social standards comparable to EU Health and Safety legislation can give concrete and visible meaning to EU Treaty commitments<sup>6</sup>, whilst supporting effective automatic stabilisers and a level playing field across the EU to reduce imbalances. A clear priority should be progress towards a high quality, comprehensive EU Social Protection Floor<sup>7</sup>. A first step, taken now within the

---

<sup>5</sup> Letter from Irish Presidency on social dimension of EMU (May 14)

<sup>6</sup> Article 3, Article 9 TFEU.

<sup>7</sup> ILO Recommendation on Social Protection Floor (May 2012).

current Treaty obligations, is an EU Framework Directive on the Adequacy of Minimum Income Schemes<sup>8</sup> and a framework to ensure living wages in the EU.<sup>9</sup>

- **Social Investment and Employment Pact.** The Commission's Social investment Package has highlighted that social investment is not a cost but as an essential pre-requisite for recovery reaping economic and social returns.<sup>10</sup> 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 are key to immediate as well as long-term gains. The social, health and economic costs of austerity must also be counted in terms of increasing poverty, exclusion, inequalities including in health, and the high political cost from loss of social cohesion in the EU.

## 2) Promote urgent democratic debate and accountability on the social dimension of the EMU and the EU, involving National and European Parliament, civil society and social partner stakeholders

The decisions on the EMU that are affecting the very social fabric of the EU cannot continue to appear to be taken behind the backs of the people and outside the democratic process. Urgent steps must be taken actively promote debate and democratic accountability directly involving national and European Parliaments, multi-level governance, as well as civil society and social partner stakeholders in the proposals. This must include immediately increasing democratic accountability and ownership of the European Semester, with consultation with national and EU parliaments, and an obligatory code of guidance, reporting and monitoring of effective participation involving stakeholders including civil society organisations, particularly people experiencing poverty and their NGOs, as well as social partners in all stages of the process: in contributing to the messages of the AGS, in developing the NRPs and NSR, in the CSRs

We urge the Council to consider seriously our demands, and show readiness to take urgent action to ensure the future EU project corrects the current bias in economic policy to ensure support for social rights, democracy and equality.

Yours sincerely



Sergio Aires, EAPN President



Fintan Farrell, EAPN Director

CC:

President Van Rompuy, President of the European Council

President Kenny, President of the Council of the European Union

President Schulz, President of the European Parliament

President Barroso, President of the European Commission

**Related documents:**

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)

---

<sup>8</sup> See EAPN (2010) Working Paper on an EU Framework Directive on Adequate Minimum Income.

<sup>9</sup> See also the excellent contribution by the Belgian Government to the SPC debate on the Social Dimension of the EMU (May 2013).

<sup>10</sup> EC (2013) Social Investment Package.