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CSRs 2015: Delivery gap remains on a democratic, social and sustainable Europe

Introduction

The EU Alliance for a more democratic, social and sustainable European Semester (a.k.a. EU Semester Alliance) is a broad coalition bringing together 16 major European civil society organisations and trade unions, representing thousands of member organisations at European, national and local levels in the European Union. The EU Semester Alliance aims to support progress towards a more democratic, social and sustainable Europe, through promoting inclusive and sustainable growth and through strengthening civil dialogue engagement in the European Semester at national and EU levels.

Ahead of the EU Council endorsement of the 2015 CSRs, the EU Semester Alliance wrote a letter to Heads of State and top EU officials, outlining 7 key messages on the political substance and the democratic governance of the CSR process. In their response, the European Commission, the European Council and the European Parliament reiterated their commitment to strengthening civil dialogue and promoting inclusive and sustainable growth.

Will this engagement be enough to change social realities on the ground for the better? The EU has so far failed in implementing its legal obligations – as enshrined in the Treaties and the European Charter of Fundamental Rights – to ensure people’s right to live in dignity. The pressure on public budgets through the European Semester is increasing the risk of human rights violations for many population groups. Refocusing the Semester through a limited number of CSRs to only cover key priority issues is detrimental to the development of policies that will address the persistent social inequalities within and among Member States.

There is still much room for improvement in the key areas addressed by the EU Semester Alliance’s original letter, as indicated by the street light approach below:

1. Social and sustainable macro-economic policies



The 2015 CSRs are driven by short-term macroeconomic priorities overly focusing on fiscal consolidation and competitiveness, with 18 Member States receiving CSRs to reduce deficits by reinforcing austerity measures, which negatively impact on services and social protection systems, exacerbating poverty and social exclusion, rather than contributing to the target. The CSRs focus significantly more on investment in markets instead of in people. This is in opposition to our recent statements, backed by research by the OECD and the IMF, which demonstrate that investment in people is key to decreasing inequalities and developing inclusive and sustainable growth. Opportunities to invest in more inclusive and sustainable tax policies are also not sufficiently seized; CSRs encourage a shift from labour tax to consumption taxes (VAT) on basic goods and services (without preventative social impact assessments), rather than towards taxing environmental risk and promoting progressive taxation.



Some CSRs – although very few – do demonstrate that the European Semester can be used to promote more progressive macro-economic policies; i.e. fighting tax evasion (CZ, HU), increasing housing supply (UK) and public social investment in education (DE). Looking further into these areas – rather than focusing solely on economic and fiscal measures - would pave the way for the European Semester to help achieve the Europe 2020 targets.

2. Adequate social protection to fight poverty and social exclusion



The fact that the amount of “poverty recommendations” between 2014 and 2015 has halved – despite 121.3 million people in the EU being at risk of poverty - demonstrates that the European Commission fails to understand that economic and employment policies alone cannot successfully tackle poverty. Effective anti-poverty and social inclusion policies are essential in order to reduce inequalities and drive effective and sustainable growth.

Whilst 15 Member States received CSRs on pensions, the main focus is raising retirement ages, and too little consideration is given to the adequacy of current and future pensions and the impact of ongoing reforms to the rights to adequate standard of living and independence. This is contradictory with the 2015 Ageing Report and Pension Adequacy Report predicting that, while pension systems are now financially sustainable, pension levels will drop to replacement rates of 20 or 30 % in some Member States. Moreover, the gender pension gap receives too little attention while it stands at almost 40 % on average for EU28.

The focus on cost-cutting in spending on health and long-term care underestimates the growing inequalities and increases the risk of human rights infringements. While the demand for health and care infrastructures is rising, the CSRs miss the opportunity to encourage investing in facilities that are accessible and affordable for people requiring health and long-term care and support for their informal carers. Only in Latvia and Romania is accessibility and affordability of services an issue, with quality only mentioned in Finland.

A handful of Member States received CSRs on their housing markets (e.g. HR, NL, SE, UK, IE). However, none focused on tackling housing exclusion or homelessness. With a growing proportion of the EU population struggling to meet housing costs, and rising homelessness in an overwhelming majority of MS, the EU cannot continue to ignore the social dimension of housing policy in its recommendations.



There are some individual positive measures in the fight against poverty and social exclusion, though there is a lack of general coherence with other recommendations (short-term fiscal measures): increased affordable quality childcare (AT, CZ, EE, IE, RO, SK & UK) and access to quality community-based social services (EE). 6 Member States received CSRs regarding minimum income (BG, LV, LT, PT, RO, ES), but, disappointingly, only 3 recommendations emphasised requirements on adequacy and coverage (LT, HU and PT), or a demand to establish an effective minimum insertion income (Romania).

3. Quality Employment



The overall approach to employment remains closely linked to negative activation (BE, HR, FR, SK) with CSRs to ‘remove disincentives’ to work through conditionality, which aims to get people off welfare benefits and into any job, regardless of their quality or sustainability and keeping wages low (BE, HR, FI, FR, LU, PT, ES). Little to no mention is made of job creation or quality work, despite significant growth in in-work poverty rates.



In our view, focusing on the increasing employability of people will not be sufficient to reduce inequalities in the EU and ensure economic and social convergence. Nonetheless, some recommendations include positive steps towards quality and sustainable employment and job creation. This is the case in Estonia and Hungary, which focus on reducing the pay gap and improving the situation of low-wage earners. There is also mention of holistic active inclusion approaches, such as for Bulgaria, which calls for an integrated approach for groups at the margin of the labour market, or Hungary and Poland who receive CSRs on personalized pathways and outreach programmes (although this compares to 16 countries given such CSRs

in 2014). The CSRs calling on Member States to strengthen measures to increase the labour market participation of older workers and women, though better care services is also much welcomed. These holistic approaches are needed if Europe is to achieve smart, sustainable and inclusive growth.

4. Promoting Inclusive Education



Inclusive education, training and vocational education are also less prevalent in the 2015 CSRs than in their 2014 counterparts. Although the focus on ending segregation for Roma children is much welcomed (BG, CZ, HU, RO, SK), inclusive education is only specifically supported in Hungary, whilst other groups are often solely referred to as disadvantaged, which leaves significant room for interpretation at national level.



Nonetheless, efforts towards improving the educational achievement of disadvantaged groups (AU, CZ, HU, MA, RO) are much welcomed, in particular through targeted teacher training (CZ, HU, MA, SL). 6 Member States have received CSRs about improving access to training and vocational education (BE, EE, FI, HU, IT, LV), but this represents a 50 % reduction from 12 in 2014. Clearly, ensuring that all European citizens have access to quality education throughout their life-time is key for Europe to achieve its long-term political objectives.

5. Promoting Gender Equality



An equality approach enables a better analysis and understanding of the inequalities between women and men across all sustainable and inclusive development issues (social investment, food security, climate change, economy, etc.). The present economic system based on GDP growth does not fully recognise the contribution of women (both in terms of paid and unpaid work) to the development of our societies.

The European Commission currently fails to address issues such as the recognition of unpaid care and domestic work and the sharing of care between women and men (through the withdrawal of the maternity directive and the subsequent long-awaited work-life package) and the need for social and fiscal policies that support families. . Quality education for girls and boys at primary, secondary and tertiary levels is another important tool in promoting equality, which is overlooked in the CSRs.

Despite the persistent gender gaps in pay and pensions, the European Commission has failed to address these issues in a systematic way by setting targets to reduce these gaps by 2020.

6. Investing in resource efficiency and tackling climate change



The 2015 CSRs have completely neglected the potential benefits of Environmental Fiscal Reform and better EU spending by Member States to achieve the Europe 2020 Strategy targets and foster innovative low carbon investments for sustainable economies. The European Commission dropped almost all of the recommendations on environmentally harmful subsidies, environmental tax reform, promoting renewables, and energy efficiency from the European Semester. Energy-related policies will be '*taken up via other policy processes*' whose objectives and governance are yet to be defined.

The 2015 CSRs are proof of a continuing failure to weigh climate, environment, health and social aspects fairly on the one hand, against austerity and unsustainable growth on the other. The societal costs of inaction on climate, energy and the environment will have a high cost in the future. It is locking Europe further into fossil fuel dependence, failing to tackle reliance on imported energy in the process. Moreover, by not shifting tax from labour on to pollution, the Commission's inaction has left a disproportionate tax burden on households that are less well-off and on taxpayers as a whole.



7. Participative Governance



The Semester Alliance has expressed strong concern over the democratic deficit of the European Semester, with very little if any consideration given to representatives of civil society, smaller trade unions and parliaments at both national and European levels.

Whilst some positive developments are highlighted in Spain, Belgium, Ireland, Denmark and France, our members in general report little progress on better engagement with the Semester process at national level. More should be done to ensure that the European Semester Officers take a pro-active role in engaging civil society and small trade unions in the Semester process throughout the EU, and are provided with appropriate funding for this.

Earlier publication of the Country Reports and Country Specific Recommendations to create time for more genuine dialogue with and within Member States is a positive step; however, meaningful consultation with national civil society organisations and national parliaments can only be ensured through concrete guidelines, agreed indicators of successful participation and an explicit monitoring mechanism. General guidance notes to Member States do not suffice.



The EU Semester Alliance – A voice to be heard and followed

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