



**21 November 2019**

Dear Commissioner Gentiloni,

On behalf of the **European Anti-Poverty Network (EAPN)**, the largest platform of anti-poverty organizations in Europe, representing thousands of anti-poverty organisations and activists across 32 countries, working with and for people with experience of poverty and social exclusion, we congratulate you for your nomination as **EU Commissioner for the Economy**. This role is crucial for EAPN and for the 109.2 million people (2018) at risk of poverty and social exclusion in Europe. We closely followed your hearing in Parliament, your Mission letter and the written questions you received from Parliament. We are pleased to share with you today our **key hopes and expectations of your five years as Commissioner**, on which we hope to work closely with you and your team in order to make meaningful progress for people experiencing poverty throughout Europe.

### **1. An Economy that really works for people**

In your mission letter you are asked to ensure our economic policy *‘encourages sustainable growth and offers the protection and stability Europeans need’*, and that *‘Europe’s economic policy... supports wider societal goals and helps provide stability and protection in times of economic downturn or crisis.’* In the hearings, you stated that *‘Europe is facing an economic slow-down and that it is interesting to understand the dimensions of the slow-down’* and that the economy *‘strongly needs... social investments to support the main transitions’* – i.e. digitalisation and climate change.. You also announced your intention *‘to make use of flexibilities with the rules of the Stability and Growth Pact... to deliver an appropriate fiscal stance, enable fiscal policy to play a stabilising role and promote much-needed investment and to also make use of fiscal space to face the risk of a slowdown in our economy.’*

These are welcome words, but our experience has underlined the dominance of macroeconomic priorities to reduce deficits and debt driving austerity measures over of social rights.<sup>1</sup> Europe’s macroeconomic priorities need to aim at reducing poverty/inequality, guaranteeing social rights, promoting well-being, and promoting environmental protection. This requires a paradigm shift, with a Well-being Pact replacing a Stability & Growth Pact, and ex-ante distributional impact analysis made on all policy proposals.

The support to ‘flexibility’ to encourage investment should explicitly focus on **social investment in social rights** – key to this is increasing the levels of minimum income and social protection systems as well as strengthening key social services (health, education, housing, social services) to build a solid foundation for EU welfare states. You rightly underline the key role of tax (‘No social fairness without tax fairness’) and highlight essential measures to tackle tax avoidance and evasion (which we fully support) including EU proposal for a consolidated corporate tax base. A shift to progressive taxation will both help reduce poverty and inequality, ensuring that strong public services are adequately funded by fair tax systems, with corporations and the wealthiest paying their fair share.

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<sup>1</sup> EAPN 2010 Review of the 2019 European Semester – is the European Semester 2019 more social?



## 2. Rights-based Post Europe 2020 strategy underpinned by Agenda 2030 SDGs/Social Pillar

In your mission letter you are asked to contribute to *'turning the European Semester cycle of economic governance into an instrument that integrates the Sustainable Development Goals (SDGs)'*. In your hearing you highlighted that the *"European Semester has become more social in recent years, mainly due to the European Pillar of Social Rights and related dynamics."* You also said that you *"see the inclusion of the SDGs in the European Semester process as a tool to strengthen its social dimension"*. However, EAPN are concerned about how the individual SDGs will be coherently shaped together and implemented, ensuring consistency particularly with the macroeconomic goals.

We miss the announcement of an overarching longer-term **10-year comprehensive post 2020 strategy** that builds on the learning of Europe 2020. In this regard, EAPN strongly supports the Finnish Presidency Council Conclusions which call for a *"new long-term growth strategy for the Union, aimed at ensuring that the Union becomes the world's most competitive and socially inclusive, climate-neutral economy"*.

A post 2020 strategy, developed together with stakeholders would set coherent long-term objectives and priority targets including on poverty reduction, monitored/delivered through the European Semester and other hard law instruments underpinned by Agenda 2030, SDGs and European Pillar of Social Rights. As with Agenda 2030 it should make the eradication of poverty a pre-requisite for a sustainable socio-economic development and rebalance economic, environmental and social goals. You can see our position paper, **'EAPN proposals for a post Europe 2020 strategy: Delivering Agenda 2030 for people and planet'** [here](#).

## 3. Implementing all principles of the Social Pillar – key priority to Minimum Income/Minimum wage

In your mission letter you asked to lead the work on the *'design of a European Unemployment Benefit Reinsurance Scheme to protect our citizens and reduce the pressure on public finances during external shocks'*, in close cooperation with the Commissioner-designate for Jobs and Social Rights. In your hearing you expressed your support to *'a European Framework for minimum wages'*. EAPN fully supports this call and all initiatives to realise it. We have called for an EU framework to guarantee minimum/living wages and support the proposal on an EU unemployment benefit reinsurance scheme. But are concerned that this will only be for the euro area and doesn't meet the needs of those who cannot work or access decent jobs. To be effective, minimum wages need to provide a positive hierarchy above a decent minimum. We call for continued progress on upward convergence on Minimum Income ensuring adequacy, coverage and enabling support. An **EU Framework Directive to guaranteeing an adequate minimum income for all for a dignified life** to all is a crucial component.<sup>2</sup> Given that EAPN has been leading on the campaign on Adequate Minimum Income since 2008, and coordinating the European Minimum Income Network (EMIN) for over 5 years (2013), funded by DG Employment, we trust that we will form part of discussions on the relevant instruments to ensure this.

## 4. Civil dialogue at same level as social dialogue including in the European Semester

In your hearing, you were asked: *'How do you intend to strengthen the social dimension of the semester process, and what will you do to achieve more upward convergence? And will you bring forward a legislative proposal to include an annual assessment of income inequality, social housing, wage developments and collective agreement coverage?'* You highlighted the *'need of a cooperation with social partners'*, jointly organised with Commissioner Schmit. However, we were disappointed to see **no mention of civil society organizations** and people experiencing poverty in this envisaged cooperation.

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<sup>2</sup> [2010 EAPN Working Paper on EU Framework Directive on Minimum Income](#) and Legal Opinion



EUROPEAN ANTI POVERTY NETWORK

EAPN has actively engaged with its national members in the European Semester throughout the Semester, (engaging with the AGS, Country Reports, CSRs, and NRPs, and involvement in bilateral meetings) since 2010 and is working pro-actively to improve this engagement with the Commission and Member States. We recognize some positive progress made particularly by DG Employment and with the European Semester Officers. However, there is still some way to go, particularly in terms of engagement with civil society by national governments. We will count on you to make concrete Recital 11 of the Employment Guidelines, which provides a legal basis for non-governmental organisations to be treated as key partners and ensure that the participation of civil society assumes an equal footing to that of social partners. We have concrete proposals for how this engagement could lead to better accountability and solutions at national and EU level. (See EAPN Position Paper Post Europe 2020 and [EAPN Assessment of the Semester 2019 – is the Semester more social?](#))

### 5. Ensuring fair and progressive taxation systems

You are charged with stepping up the *'fight against tax fraud, tax evasion and tax avoidance'* and to *'combat harmful tax regimes around the world'*. You are also invited to *'make full use of the clauses in the Treaties that allow proposals on taxation to be adopted by co-decision and qualified majority voting (QMV)'*. In your hearing you announced assessing the legal and political possibilities to make real progress in this regard – progress which is much needed and welcomed by European citizens. You also stated that *'there cannot be an aggressive tax competition between EU MS'* and that *'a minimum tax level for all EU MS could be one solution'*. As explained above, EAPN calls for a paradigm shift away from the current economic model of austerity, towards investment in social protection, public services and quality jobs, fair fiscal measures and increasing redistribution - which can only be achieved through effectively tackling tax evasion and avoidance and by promoting progressive taxation systems, including tax on wealth, property and capital.

Our Political Bureau is meeting in Brussels on 4 and 5 December – we hope that you may have 30 minutes on either of these afternoons to meet with us to discuss these issues.

Yours sincerely,

Carlos Susias  
President  
EAPN

Leo Williams  
Director  
EAPN