socialplatform

February 15, 2012

To: Ministers of Employment and Social Affairs

Letter to the EPSCO Council of February 17, 2012

Re: Integrate a social contract in the European economic governance to counteract the social consequences of fiscal consolidation and austerity measures

Dear Ministers,

At the EPSCO Council meeting of February 17, and within the framework of the European Semester, you will work on the priorities for action in the areas of employment and social policies for 2012 on the basis of the 2012 Annual Growth Survey (AGS).

In line with the process drawn up for the European Semester, we ask you to recommend to the Heads of States and Governments to commit on March 1 to a social contract comprising a set of concrete actions based on the AGS 2012 priorities for protecting the vulnerable and for supporting employment of young people, and other key target groups with difficulty in accessing sustainable and quality employment. This will counteract the social consequences of fiscal consolidation and austerity measures implemented in your Member States.

The development, implementation and evaluation of these actions should be done through the National Reform Programmes, in partnership with all relevant stakeholders at the national level, including non-governmental organisations.

The concrete actions should be achieved within 12 months and clearly reported on in the National Reform Programmes and Social Reports.

As a starting point for developing such a social contract, these actions should include:

- **Defend social protection, further improve the effectiveness of social protection systems** and make sure that social automatic stabilisers can play their role as appropriate, avoiding precipitate withdrawals of past extensions of coverage and eligibility until jobs growth substantially resumes;

- **Implement integrated Active Inclusion strategies** encompassing measures on supporting people into inclusive labour markets, adequate minimum income and universal access to adequate and affordable social services to prevent marginalisation of vulnerable groups;[1]

- **Ensure access to affordable quality services** supporting integration in the labour market and in society, including by ensuring access to a basic payment account, electricity supply to vulnerable customers, access to affordable housing and access to care services for children, elderly and dependent family members;

[1] As stipulated also by the Commission in its Recommendation on Active Inclusion of October 2008.

- **Identify the most urgent needs and propose concrete actions, targeting in particular young people who are not in employment, education or training**, as well as commitments to promote quality apprenticeships and traineeship contracts and entrepreneurial skills. Particular attention should be paid to a vocational training dimension in tertiary education systems and getting work experience.

WHY?

- **In the AGS 2012, The European Commission has called on Member States to prioritise the "protection of the the vulnerable"**. "The social tissue of the EU is being put to the test" and "the crisis has disproportionately hit those who were already vulnerable and has created new categories of people at risk of poverty. There are also clear signs of increases in the number of people at risk of income poverty, notably child poverty, and social exclusion, with acute health problems and homelessness in the most extreme cases. People with no or limited links to the labour market – such as pensioners or vulnerable people dependent on social benefits, for instance single parents – are also exposed to changes affecting the calculation and eligibility of their source of income[2]".

- **The Social Protection Committee reports that the number of people at risk of poverty or social exclusion has increased to 23.4% of people living in the EU** and that the depth of poverty and social exclusion has worsened. Furthermore, 8.5% of those having a job are living in poverty.[3]

- **The Social Protection Committee furthermore calls on the Council to maintain adequate income support levels**, offsetting the worst effects of the crisis and spurring aggregate demand.[4]

- **The levels of poverty and inequality have increased mostly in the countries which have implemented last year's AGS recommendations.** The European Commission has said that *"Although average living standards have increased over time, there are signs not only of growing income disparities but also of the poor getting poorer"*[5] Furthermore, the Commission has acknowledged since 2009 that some people are disproportionately affected by the economic crisis[6], and this must be fully recognised within impact assessments. Also according to the OECD, inequality has risen in almost all Member States (2007-10)[7].

- **The Commission acknowledged that, as the situation is now, the target of lifting 20 million people out of poverty will not be met.** The numbers Member States provided on their national poverty targets show a commitment to lift only 12 million people out of poverty by 2020.

- **Key recommendations were formulated on ensuring coherence and increasing ambition to achieve the Europe 2020 targets, improving the quality of employment and tackling poverty and social exclusion by the European Parliament's Committee for Employment and Social Affairs** for the

[2] Annual Growth Survey 2012, section 4, page 12
[3] SPC, *Third report on the social impact of the crisis and ongoing fiscal consolidation*, February 2011.
[4] Idem.
[5] EC publication, *Cities of Tomorrow*, p.22, October 2011.
[6] The EC asserted that "the economic slowdown is likely to affect women more than men" in its *Report on equality between men and women*, February 2009.
[7] OECD: Society at a glance: social indicators, October 2011.

decisions on the guidance for the European economy that the Spring Council will take.[8]

- **At a time when budgets are being cut, hard pressed social workers and healthcare professionals face insatiable demands for a service from those who are bearing the brunt of austerity measures.** Failure to provide essential health and social care services at times of ill health and crisis, results in avoidable suffering and hardship, often leading to much greater expense in the long term.

We trust that we can count on your support.

Yours sincerely,





Conny Reuter
President

Pierre Baussand
Director

Social Platform is the largest civil society alliance fighting for social justice and participatory democracy in Europe. Consisting of 45 pan-European networks of NGOs. We campaign to ensure that EU policies are developed in partnership with the people they affect, respecting fundamental rights, promoting solidarity and improving lives.

[8] EMPL Committee Report on employment and social aspects in the AGS 2012, January 31, 2012.