March 8, 2013

To: Heads of State and Government

Letter to the EU Spring Council of March 14-15, 2013

Make social policies the driver of the Annual Growth Survey and the European economic governance

Dear President,
Dear Prime Minister,

At the EU Spring Council meeting of March 14 and 15, you will discuss and endorse the Annual Growth Survey (AGS) for 2013. At the same time, you will continue to develop the Economic and Monetary Union (EMU).

The rise of poverty and unemployment makes it clear that financial and economic governance cannot exist without a strong social pillar[1]. The EMU should address social convergence on the basis of the highest existing social standards.

The EPSCO Council concluded last week that "Preventing a lasting legacy of structural unemployment and poverty presents a major policy challenge and is essential to attain the Europe 2020 employment and poverty/social exclusion targets". 26 million people are unemployed and 120 million are experiencing poverty or social exclusion - nearly one-fourth of the EU population.

The AGS 2013 does not provide solutions to tackle the preoccupying social challenges. No concrete proposals or guidelines were formulated to address the on-going increase in inequality and poverty, or to ensure that the social consequences of austerity are mitigated. The AGS is calling for measures that contradict the need for quality of work and are unlikely to increase sustainable employment. Modernisation of social protection is often interpreted as simply cutting benefits or reducing eligibility and coverage, while there is a need for increasing social investments.

Therefore, we call on you to change the focus of the European Semester and to promote the coordination of macro-economic policies with the aim of supporting social policies, as the number one priority of the AGS 2013.

We call on you to make social policies the driver of the economic governance by taking the following key actions:

- **Protect social budgets when developing policies to tackle macro-economic imbalances.** We support the EPSCO Council in stating that "on the expenditure side, investments in education, employment services, active labour market policies, and training and youth guarantee schemes should be preserved, as should investments in social protection systems delivering adequate, sustainable and efficient support".

- **Increase social investments, particularly in the light of the Commission's social investment package** issued on February 20, which recognises that social policies have lasting impacts by offering economic and social returns over time. According to the EPSCO Council "Member States need to ensure that social protection policies pursue a wider political objective going far beyond the provision of safety nets for the poorest citizens." Social investments should "promote participation and inclusion in the labour market and in the society. The utmost attention needs to be paid to the capacity of social protection to cushion the impacts of the crisis and of ongoing fiscal adjustment". For example the investment in social and health services, focussing in particular on prevention, and early and integrated action, is crucial for better cohesion in our society and is economically sound.

[1] This is also incontestably shown in the Commission's *Employment and Social Developments in Europe Review* for 2012.

- **Develop a true and integrated anti-poverty and social inclusion strategy at EU and national level.** This includes the integrated implementation of Active Inclusion Strategies at national level, in relation to which the EPSCO Council is calling on member states to pay "particular attention to income support, access to services and inclusive labour markets". A comprehensive anti-poverty strategy should also comprise the actions agreed under European Platform Against Poverty and Social Exclusion and should be supported with appropriate EU and national budgets to ensure an immediate and sustainable reduction of poverty.

- **Endorse the EPSCO recommendation on establishing a Youth Guarantee.** Whereas we welcome this recommendation, the €6 billion allocated is not sufficient in order to bring in an EU-wide Youth Guarantee and is unlikely to even be sufficient to tackle youth unemployment in the regions identified as having a youth unemployment rate that is higher than the EU average.

- **Mainstream social targets in all other policies.** The EPSCO Council has endorsed the Social Protection Committee's *Key conclusions on the social situation in the European Union* pointing out that "social policies alone cannot deliver on the Europe 2020 poverty target; this objective must be underpinned by other public policies including in the economic, employment, tax and education fields". For example, they should fully use the potential of public procurement by promoting the use of social and environmental considerations.

- **Invest in the creation of, access to and progression in quality and sustainable employment.** The EPSCO Council concluded that "there should be recognition of the role wages may play to support aggregate demand, reduce inequalities and protect against in-work poverty".

- **Remove barriers to employment and social inclusion through the adoption of the Article 19 Equal Treatment Directive.** Discrimination plays a crucial role in preventing people from being lifted out of poverty and from accessing education and the labour market.

- **Ensure a wide inclusive and democratic process to decide upon economic and social priorities** at national and EU level to make the EU more social and closer to citizens' aspirations.[2] We welcome the call of the EPSCO Council on the Commission to "actively engage the Social Partners in developing policy guidance in the 2014 Annual Growth Survey". Next to this, we urge the Council to include civil society organisations in a civil dialogue to define the social priorities of the AGS and the European Semester. Real efforts must be made to ensure that national stakeholders are truly involved in developing National Reform Programmes.

Changing the focus of the European Semester is needed to prevent people from living in a segregated world and from fearing unemployment and extreme poverty.

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.

[2] Across Europe, at least 30% of people are not interested in politics and do not vote, which could indicate that citizens are turning their back on politics, *EC Contextual Analysis Report, Participatory Citizenship in the European Union*, 2012, p. 37.