June 14, 2013

To: Heads of State and Government

Letter to the European Council of June 27-28, 2013

Rebalance the financial and economic dimension of the European Union with a stronger social dimension

Dear President,
Dear Prime Minister,

At the European Council meeting of June 27 and 28, you will discuss the Roadmap for achieving a genuine Economic and Monetary Union (EMU), presented to you by Council President Van Rompuy.

In the last years, many member states have implemented austerity measures which drastically cut expenditure in social and health services, social protection and education. This has contributed to the increase of poverty and social exclusion, inequalities and unemployment in the EU as a whole, as well as worsening the divide between the south/periphery and the north of the Euro area. This has weakened the social tissue of our societies as well as people's support for the EU.

This is why we call on you for an urgent rebalancing of financial and economic policies with social policies, both at EU and member state level, to ensure a European Union that is focused on the well-being of its people and rebuilds trust in its institutions and policies.

We consider the identification of "the social dimension of the EMU" as an acknowledgment that the EMU is not sustainable or credible without a fully implemented and integrated social dimension. This social dimension– identified as one of the four strands for deepening the EMU - cannot be a stand-alone pillar. It has to be rooted in the common understanding of the European social model and embedded in **a comprehensive social agenda**, with the same level of priority as the economic agenda.

To this end, at least the following issues should be included in the Roadmap towards a Genuine Economic and Monetary Union:

- **Safeguard social budgets** when developing policies to tackle macro-economic imbalances, in particular to allow member states to invest in social policies and related services to prevent negative long-term consequences on individuals and societies. Decision-makers must measure and recognise the social and financial returns of investing in such policies and services. We therefore welcome the paradigm shift that appears to be embedded in the Social Investment Package of the European Commission, that looks at social spending not as a cost but as an investment for better social cohesion and economic development.[1]
- **Prevent and correct social and employment imbalances, threatening the stability of the EMU, by carrying out an ex-ante coordination of all economic, structural and social policy reforms.** Such coordination should ensure that economic policies do not challenge or undercut existing national social standards and that action is taken when social and employment imbalances emerge. It concerns in particular national social reforms and job plans put in place to adjust macro-economic imbalances, and all other policy reforms that can have an impact on social policies. This requires among others:
  - **a. The creation of a social early warning system**, to make the social consequences of economic policies more transparent, through the ex-ante, as well as ex-post, impact assessment and monitoring of policy reforms. To this end, social indicators and monitoring tools should be further developed. At least unemployment, income inequalities, poverty and working poor should be part of the indicators used. Other valuable tools in this context are the

[1] Taken from the more elaborated Social Platform position paper on the Social Investment Package of April 26, 2013.

Employment Performance Monitor of the EMCO and the Social Protection Performance Monitor of the SPC;

b. Concrete proposals to move towards **social standards** which can ensure a level playing field and reduce imbalances[2], in view of organising upward social convergence and social progress.

- **Include commitments to social priorities in the contracts for competitiveness and growth**, agreed between the Council and individual member states - based on the results of the social early warning system - to ensure improvement in the social outcomes of economic policies, laying out concrete as well as binding targets and actions. These targets should include reduction of poverty and inequalities in wealth, as well as improved living conditions and equality.
- **Integrate social priorities in financial and economic policies at European and national level**, especially in view of reaching the Europe 2020 targets for poverty, employment and education.[3] Social priorities and concerns must be properly addressed by the Annual Growth Survey and the CSRs; and planned, implemented and reported on by member states through the National Reform Programmes.
- **Put in place a more democratic and participatory process** to decide upon economic and social priorities. Discussions on reforming the EMU have to be held in the Council's different formations, EPSCO as well as ECOFIN, placing social and employment ministers on an equal footing with economic and financial ministers. Also the European and national Parliaments must be given real power in the EU governance processes. Furthermore, ownership and support for the EMU Roadmap towards a closer Union will depend on increasing accountability and dialogue with civil society and social partners, based on true partnership. Concrete proposals should be made to ensure their engagement at EU and national level in the different EU processes, including the European Semester.[4]

The social dimension of the EMU, if properly developed as outlined above, could be a first step in ensuring the rebalancing and re-focussing of the European Union for the well being of people and to ensure that inclusive, as well as sustanable and smart growth is achieved.

We urge you to consider our proposals and remain available to discuss them further with you.

Yours sincerely,

Heather Roy
President

Pierre Baussand
Director

Social Platform is the largest civil society alliance fighting for social justice and participatory democracy in Europe. Consisting of 47 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] For example on minimum income and minimum wage.

[3] In this respect, the EU investment plan that was called for by the France and Germany, should be about public services necessary to have a sustainable and peaceful society

[4] The EP pointed out that "whereas a 'genuine EMU' needs to be supported and accepted by the citizens of the Union; whereas the necessity to involve policy makers, social partners and civil society organisations at all political levels must therefore be stressed", in its Resolution of 20 November 2012 on a genuine Economic and Monetary Union.