BUILDING SOCIAL EUROPE

A comprehensive implementation plan for an effective European Pillar of Social Rights
TABLE OF CONTENTS

KEY MESSAGES ........................................................................................................................................... 3
Introduction .................................................................................................................................................. 4
1. Introduce EU legislation to establish minimum social standards, and develop policy instruments to further the impact of the Social Pillar in Member States ............................................... 5
2. Effectively mainstream the principles of the Social Pillar in the European Semester, rebalancing social and economic priorities ........................................................................................................... 7
3. Invest in people, both at EU and national level .......................................................................................... 9
4. Promote the meaningful involvement of civil society in the implementation of the Social Pillar, at EU and national level .................................................................................................................. 11

Recap table linking Social Platform’s campaign on EU social standards to the principles of the European Pillar of Social Rights (EPSR) and to the Sustainable Development Goals (SDGs) . 12
KEY MESSAGES

1. Introduce EU legislation to establish minimum social standards, and develop policy instruments to further the impact of the Social Pillar in Member States

2. Effectively mainstream the principles of the Social Pillar in the European Semester, rebalancing social and economic priorities

3. Invest in people, both at EU and national level

4. Promote the meaningful involvement of civil society in the implementation of the Social Pillar, at EU and national level
Introduction

The European Union is slowly coming out of the financial and economic crisis that shook it to its core a decade ago. While implementing stringent national austerity measures, the EU – somewhat paradoxically – committed to fighting poverty and social exclusion and promoting equality and solidarity at EU level (Europe 2020 Strategy). As a result, the intentions and targets of the European 2020 Strategy have not been met and the social impact of the crisis remains. While the EU continues to face challenges on its march towards achieving socio-economic justice for all its 500 million plus inhabitants, new windows of opportunity have opened that could lead to the realisation of a truly socially and economically just Europe: reinvigorated political will, public opinion swinging in favour of social equality and solidarity, and a new tool – the European Pillar of Social Rights – that can bring about the necessary policy changes.

In November 2017, the proclamation of the European Pillar of Social Rights underscored the united political commitment of Europe’s leaders to realise a truly socially and economically just Europe. The focus now shifts to how the Pillar will be implemented to ensure that the enjoyment of social standards including quality employment, adequate social protection, and universal access to community-based services becomes a reality for people across the EU.

The emergence of the Social Pillar has come at a strategic moment. The upcoming European elections, ongoing discussions on the future of Europe and the next multi-annual financial framework, and the adoption of the 2030 Agenda for Sustainable Development are just three areas where the argument for a broader EU social agenda can gain real traction, beyond employment. Not only would this be an opportunity for the political establishment to regain people’s trust by showing that the EU brings real added value to their daily lives, but it would also respond to people’s expectations of their decision-makers; a November 2017 Eurobarometer survey found that 45% of Europeans want social equality and solidarity to be emphasised in the face of major global challenges.

Social Platform welcomes the Pillar. It is the right tool to bring about the necessary policy changes to address key trends, such as poverty and social exclusion, job precariousness and in-work poverty, and barriers to accessing social protection, including for people in non-standard forms of employment and the self-employed.

Its success is based on the condition that its ambitious agenda is reinforced by making full use of all existing and potential implementation tools available at EU and national level.

In this paper we outline our vision for how this can be achieved through a comprehensive implementation approach that encompasses legislation, governance, funding, and meaningful civil dialogue.
1. Introduce EU legislation to establish minimum social standards, and develop policy instruments to further the impact of the Social Pillar in Member States

"[The EU] may adopt [...] by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States."

Article 153 (2)(b) TFEU

"[The EU] may adopt measures designed to encourage cooperation between Member States through initiatives aimed at improving knowledge, developing exchanges of information and best practices, promoting innovative approaches and evaluating experiences."

Article 153(2)(a) TFEU

Social policies are a shared competence between the EU and its Member States. Therefore the EU, though with some limitation, is clearly granted a law-making competence to adopt directives that establish minimum requirements.

The EU has legislated in the past on areas concerning employment and social issues, fundamental rights, and non-discrimination. From protection of health and safety in the workplace to reconciling family and professional life and limiting working time, from equal treatment in the workplace and social security and social integration to protection in the event of termination of employment, from posted workers to social security coordination: the extensive body of EU social acquis developed over decades has proved the EU’s added value in achieving social progress and equal opportunities for citizens across the continent.

Many of these directives give a more concrete expression or implementation of social rights as derived from the Treaties and the EU Charter of Fundamental Rights, and it is key to continue using EU legislation and international treaty obligations to their full potential when implementing the European Pillar of Social Rights. This is true both to address fragmentation and gaps in social rights that increased in the years of crisis, as well as to avoid the emergence of new inequalities and discrimination. Our societies and our economies are changing and new challenges are emerging that require new or updated EU legislation to set minimum social standards across the EU, in line with active inclusion approaches.

Examples of legislation needed

Framework directive on decent working conditions – The world of work is changing and access to social protection – a key dimension of quality employment – is not enjoyed by all workers in Europe. Gaps and inequalities exist. For example, for people in standard employment, changes to benefit levels and requirements in recent years have resulted in lower take-up and widespread reduction of coverage; and there is an increasing number of people employed in new forms of employment, in many cases under precarious and atypical conditions with no or insufficient access to social protection. The situation varies between Member States and a fragmented approach can create new gaps, leaving the door open to unfair competition, discrimination and abuse – including overuse of atypical contracts. An EU framework directive (articles 153(2) and 352 TFEU) setting common binding minimum standards would prevent this situation while fostering transparency and promoting a level playing field, among both workers and companies.

Directive on work-life balance – Families are diversifying, societies are ageing, the gender pay and pension gaps are far from being closed, and inequalities between men and women
continue to exist in European labour markets. Yet, existing legal and institutional frameworks fail to provide adequate solutions for the needs of modern and equal societies. The proposed Work-Life Balance Directive is a solid basis to address these issues, and should be adopted swiftly to avoid further watering down. The measures introduced, such as paid paternity and carer’s leave and the non-transferability of parental leave, as well as the right to request flexible working arrangements, have the potential to bring real changes to the lives of many Europeans, and a positive impact on the mental health and well-being of workers and their families.

**Framework directive on minimum income schemes** – Despite the economic recovery and the slow reduction of relative poverty levels, poverty remains a big issue, new forms of poverty emerge, with depth and persistence of poverty increasing and clear signs of the weakening of our social protection systems. In such a situation, the current piecemeal approach is not bringing optimum results; not all EU countries have minimum income schemes, and those that do exist are often not adequate to lift people out of poverty. This could be addressed through the adoption of an EU framework directive on adequate minimum income schemes (legal basis 153(1)(h) TFEU). Such a directive should set a social protection floor establishing common principles, definitions, and methods to enable people to live a life in dignity, support their full participation in society and the labour market, and ensure their independence across the life cycle.

The already presented proposals on the Written Statement Directive and the proposals for a European Employment Agency and European Social Security Number should be adopted from the perspective of ensuring social rights.

To complement legislation, initiatives in specific areas supporting the Social Pillar can also be introduced and existing policy instruments built upon, such as: access to Housing and prevention of homelessness; Action Plan for the Integration of Third Country Nationals; National Roma Integration Strategies; Voluntary Quality Framework for Social Services; Social Investment Package; 2008 Recommendation on Active Inclusion; Investing in Children – Breaking the Cycle of Disadvantage; and Accessibility Act.
2. Effectively mainstream the principles of the Social Pillar in the European Semester, rebalancing social and economic priorities

"[The EU] shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child.”

Article 3(3) TEU

The European Semester is an important tool to coordinate Member States’ economic, employment, and social policies that has proven to be a powerful instrument to push forward reforms and policy measures at national level. Unfortunately, in the wake of the economic crisis this governance tool has contributed to increased divergence rather than promoting social and economic progress across the continent. The causes of this are three-fold:

1. There is a clear imbalance between the Semester’s economic and social components, with economic priorities prevailing; the strong focus on employment issues limits the social policy dimension of the European Semester.

2. Excessive focus has been put on the efficiency and cost-effectiveness of social protection and services, as opposed to their adequacy and role of safety nets.

3. There has been an overemphasis of fiscal consolidation, with the Semester being used to promote deregulation of labour markets and freezing of wages, cuts to benefits and services, and a rise in taxes – even regressive ones.

Positively, we have witnessed and contributed to a strengthening of the social dimension of the Semester in recent years, notably with clear improvements to the annual growth survey and country reports. It is now vital that policy-makers grasp this momentum and build on these positive developments by mainstreaming the principles of the Social Pillar, thereby transforming governance processes into engines for upward convergence and social and economic progress. To do so, it is key that the right social challenges and solutions are identified and that the correct policy measures to address them are promoted. This requires aligning indicators and monitoring tools with the Pillar’s priorities. It is essential that a comprehensive and appropriate set of indicators and monitoring instruments are selected and used to allow the necessary nuanced reading (both quantitative and qualitative) of the EU’s social and economic situation, as well as to keep track of the EU’s progress in terms of achieving the sustainable development goals. It is also important that the mainstreaming of the Social Pillar is carefully carried out through all stages of the European Semester, ensuring that each principle is systematically implemented and monitored.

Furthermore, it should be ensured that this “socialisation” of the European Semester is visible throughout the process and in particular in the national reform programmes and country-specific recommendations. Member States must engage and participate in this process in order to achieve the social progress that is needed.

Newly introduced instruments such as the “social scoreboard” are at risk of failing to promote effective rebalancing of governance tools because they overlook key trends, such as the deterioration of the effectiveness of our social protection systems, persistence and depth of
poverty and social exclusion, rising precariousness in employment, in-work poverty, and housing affordability, as well as funding towards the development of community-based services. However, putting the right social challenges at the heart of the agenda is not enough; to trigger the necessary policy changes, one such approach could be the introduction of a clear mechanism to activate automatic policy recommendations, including country-specific recommendations.

There is also a need to focus on the adequacy, coverage and accessibility of our social protection systems and the quality, accessibility, affordability and availability of services. The ongoing work on the Pillar provides momentum to promote a different generation of reforms that foster cohesion, equality, participation and inclusion: this includes adequate minimum wages to combat in-work poverty; progressive, fair taxation to promote redistribution and overcome income and wealth inequalities; and adequate income support and quality and affordable care and support, social, health, housing, education and life-long learning services.

Civil society has also played a positive role in providing the institutions involved in the European Semester process with up-to-date data and information about the challenges at national, regional and local level; as well as practical recommendations. This has not only helped to make the Semester process more in sync with the realities on the ground, it has also helped to ensure ownership of the European Semester in civil society at local, regional and national level. It is crucial that this partnership approach is continued and adequately funded to further such ownership and input. Strengthening the use of the social scoreboard with the abovementioned major topics would help, in this regard.
3. Invest in people, both at EU and national level

"[The EU] shall promote economic, social and territorial cohesion, and solidarity among Member States.”

**EU level**

The proclamation of the Social Pillar and the design of a new multi-annual financial framework (MFF) is an opportunity to shift the balance of the EU budget towards people-centred policies that reflect European values. Strong, cohesive societies are the best defence against radicalisation and extremism. The EU budget must seek to bring people together, rebuilding trust between Europeans and institutions and overcoming deep divisions. This will require leadership, and the MFF could be a powerful signal that the EU is serious about creating a Europe for its people. Brexit and the need to finance new political priorities such as security must not divert funds from social inclusion and social protection.

Building on the successes of the European Social Fund (ESF), while ensuring that its social inclusion dimension increases, we believe that it could be successfully combined with the Fund for European Aid to the Most Deprived (FEAD) and the Youth Employment Initiative into a single instrument that could play a crucial role to realise the rights and principles enshrined in the Social Pillar. Erasmus+, Horizon 2020 and the Employment and Social Innovation (EaSI) programme are also key investment programmes in the framework of the implementation of the Social Pillar.

Moreover, the role of the European Investment Bank in complementing the abovementioned funds is crucial. The use of different financial instruments can boost more long-term social investment projects in Europe.

Additionally, social investment should be mainstreamed across instruments and headings, and we encourage the EU to use the MFF to overcome “silo” thinking, since social rights and social inclusion are relevant to a wide variety of EU policies and instruments.

To ensure social coherence, the EU should review instruments outside the social sector for social impact. Policy areas such as health, agriculture, regional development, infrastructure and trade should include percentages for social impact spending. The new regulations for funding instruments in these sectors should outline specific objectives for achieving social coherence as well as processes to monitor and evaluate their achievement. In addition, the EU should develop instruments to strengthen investment into quality social infrastructure, while also developing mechanisms to ensure that such investment is reserved for the development of community-based services, responding to the individual needs of the people they support. For such instruments to be a success, it is essential that they target and respond to the specific needs of the sectors involved.

Nonetheless, combining current social policy-oriented budget lines with other sectors and policies must not allow any social policies to go unfunded or underfunded. Flexibility within larger and more varied headings must not give scope to siphon off social funds towards other priorities.

The EU must also safeguard social policy funding within the structures of the new MFF. Within single instruments, earmarking for specific policy priorities will be essential. For instance, the minimum benchmark within the ESF to promote social inclusion has been exceeded by most
Member States, and – given their aforementioned social needs – should therefore be increased after 2020. In the Juncker Plan it has been recognised that the current share of investment in social infrastructure (4%) needs to be strengthened based on the size and importance of the sector.

Efforts to streamline and simplify budget rules are an important development if they promote meaningful engagement of key stakeholders, including civil society organisations (CSOs) and current or future beneficiaries, who should be included as essential partners in all stages of the programming phase and monitoring and evaluation processes. CSOs are essential in building vibrant local relationships, supporting participation, and strengthening connections between people. This is a vital precondition for a flourishing European society and financial resources are needed for CSOs to fulfil this function. Operational grants for EU CSOs should be continued under the successor of the EaSI programme, the Fundamental Rights and Citizenship programme, the Europe for Citizens programme, and other programmes.

**National level**

Allocation of adequate funding to social protection and services at national level is key for implementation of the Social Pillar.

While national governments in some Member States made extensive cuts to social expenditure to consolidate public finances – cuts that have disproportionately affected people in vulnerable situations who were already the worst hit by the crisis – numerous scandals emerged. The LuxLeaks, Panama Papers and Paradise Papers events shone a light on far-reaching trends in global tax avoidance and evasion.

When presenting its 2016 package of measures on taxation, the Commission provided evidence that puts corporate tax avoidance at about €50-70 billion a year in the EU. Reforming national tax systems and ending policies that allow tax avoidance and evasion by multinational companies and billionaires would allow public authorities to collect billions of euros of extra resources that could be allocated to fund social investment and welfare systems and services.

The EU level also has a role to play in supporting and guiding Member States’ allocation of public resources; existing budgetary rules do not differentiate between investment and current expenditures. This means that for Member States to respect the rules laid down in the stability and growth pact there is no differentiation between cuts to social protection and services and cuts to other expenditures such as military spending. This system fails to take into account increasing evidence of the economic and social returns of certain kinds of public expenditure, particularly: early childhood education and care; primary and secondary education; training and active labour market policies; and affordable and social housing. There is also evidence that local and regional authorities have been more affected than national authorities by European fiscal rules. Given the role of local and regional authorities in funding social services, European fiscal rules have had a particularly negative impact on the development of this sector; at a time when demand is also increasing.

Adapting the Stability and Growth Pact as well Eurostat deficit rules for social investments is necessary in order to allow Member States to implement the Social Pillar.

In order to make investments in these areas, the European Commission should grant budgetary flexibility to Member States for public social investment in the short-term, and adapt EU macroeconomic rules in the long-term. Budgetary flexibility is essential to allow Member States much needed fiscal space, and to provide strong incentives to invest in social policies and services that will make our societies and economies more resilient.
4. Promote the meaningful involvement of civil society in the implementation of the Social Pillar, at EU and national level

"[The EU] shall by appropriate means, give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action."

Article 11(1) TEU

European CSOs bring together local, regional and national members working with and representing the interests of people and organisations, including those who are traditionally underrepresented in decision-making. For this reason, it is of paramount importance that CSOs are involved in the implementation of the Social Pillar at all stages of the process.

In terms of agenda-setting, CSOs should be involved at the highest political level, with regular social summits and an EU high-level dialogue, to engage civil society in setting political priorities.

With regards to policy-making, CSOs should be involved at a technical level. The participation and empowerment of rights-holders and civil society is vital at all stages of the process: in the design of policies, but also in their implementation and monitoring.

To guarantee a minimum standard of civil dialogue across the European institutions, four principles should be applied:

1. The right to be consulted in decision-making: as well as agenda-setting and policy-making, CSOs should be actively involved in implementation, evaluation, and monitoring.

2. The need for a transparent and open decision-making process: this can be improved through the implementation of a mandatory Transparency Register for all EU institutions and the introduction of “legislative footprints” on all legislation and policies to show how and when it could have been influenced.

3. The need for a protective regulatory and financial framework for CSOs: it is vital to ensure that EU CSOs operate in a favourable legal and regulatory framework, and are adequately funded, including through the following means:
   a. A streamlining of EU funding requirements and formats, to make applying for funding more accessible to organisations.
   b. The establishment of multi-annual operational grants that favour long-term actions and reduce reporting and administrative requirements to a minimum.
   c. The maintenance – if not the increase – of EU financial support to civil society organisations.

4. The institutional recognition of the importance of civil dialogue: The Treaty on European Union obliges EU institutions to engage in a dialogue with civil society. However, in practice fruitful exchanges with EU institutions far too often depend upon the goodwill and individual engagement of decision-makers and civil servants. In order to establish a structured, regular, ongoing and systemic exchange flow with EU institutions, the importance and obligation of civil dialogue needs to be recognised institutionally at EU level.
Recap table linking Social Platform’s campaign on EU social standards to the principles of the European Pillar of Social Rights (EPSR) and to the Sustainable Development Goals (SDGs)

<table>
<thead>
<tr>
<th>Social standards</th>
<th>EPSR principles</th>
<th>SDGs</th>
<th>Implementation tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality employment</td>
<td>2. Gender equality</td>
<td>SDG5: gender equality</td>
<td>Legislation:</td>
</tr>
<tr>
<td></td>
<td>3. Equal opportunities</td>
<td></td>
<td>a. Work-life balance directive</td>
</tr>
<tr>
<td></td>
<td>4. Active support to employment</td>
<td></td>
<td>b. Framework directive on fair working conditions</td>
</tr>
<tr>
<td></td>
<td>5. Secure and adaptable employment</td>
<td>SDG8: decent work and economic growth</td>
<td>Governance:</td>
</tr>
<tr>
<td></td>
<td>6. Wages</td>
<td></td>
<td>a. Adequacy and coverage of minimum wages</td>
</tr>
<tr>
<td></td>
<td>7. Information about employment conditions and protection in case of dismissals</td>
<td>SDG10: reduced inequalities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. Social dialogue and involvement of workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. Work-life balance</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>10. Healthy, safe and well-adapted work environment and data protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11. Inclusion of people with disabilities</td>
<td></td>
<td></td>
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<tr>
<td>Adequate income support</td>
<td>2. Gender equality</td>
<td>SDG1: no poverty</td>
<td>Legislation:</td>
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<td></td>
<td>3. Equal opportunities</td>
<td></td>
<td>a. Framework directive on fair working conditions</td>
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<tr>
<td></td>
<td>13. Unemployment benefits</td>
<td></td>
<td>Governance:</td>
</tr>
<tr>
<td></td>
<td>14. Minimum income</td>
<td>SDG10: reduced inequalities</td>
<td>b. Adequacy, coverage and accessibility of benefits, starting from minimum income</td>
</tr>
<tr>
<td></td>
<td>15. Old age income and pensions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>16. Inclusion of people with disabilities</td>
<td>SDG11: sustainable cities and communities</td>
<td></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Quality, accessible and affordable services</th>
<th>1. Education, training and life-long learning</th>
<th>SDG3: good health and well-being</th>
<th>SDG4: quality education</th>
<th>Governance:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9. Work-life balance</td>
<td></td>
<td></td>
<td>c. Quality, accessibility and affordability of services</td>
</tr>
<tr>
<td></td>
<td>11. Childcare and support to children</td>
<td></td>
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<td></td>
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<td></td>
<td>16. Health care</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>17. Inclusion of people with disabilities</td>
<td></td>
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<td></td>
<td>18. Long-term care</td>
<td></td>
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<td></td>
<td>19. Housing and assistance for the homeless</td>
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<td>20. Access to essential services</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Funding: adequate funding allocated at EU and national level</td>
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