

# Strengthening the Legitimacy of the European Semester: EU Semester Alliance CSR proposals for an inclusive, equitable and sustainable EU

## HEARING REPORT

*European Economic and Social Committee  
Brussels, 7 April 2014*



**EUROPEAN ALLIANCE FOR A  
DEMOCRATIC  
SOCIAL EUROPEAN SEMESTER  
SUSTAINABLE**

  
European Economic and Social Committee

**Strengthening the legitimacy of  
the European Semester:  
EU Alliance for a democratic, social  
and sustainable European Semester**

**7 April 2014**

**TRE7701** | 7<sup>th</sup> floor  
9.30 a.m. - 1 p.m.

EESC | Trèves building  
Rue de Trèves, 74  
1040 Brussels





## Summary

On 7 April 2014, at the European Economic and Social Committee, the EU Alliance for a democratic, social and sustainable European Semester (*Semester Alliance*) presented its initial assessment of the Semester – [Proposals for 2014 Country-Specific Recommendations \(CSRs\): Progressing on a Smart, Sustainable and Inclusive EU](#), proposing country-specific recommendations and country fiches. This publication draws on the work of Alliance partners' national members, who strive to engage in the European Semester, particularly through the National Reform Programmes (NRPs) and Country-Specific Recommendations (CSRs) at national level, and it represents an initial attempt to **assess macroeconomic, social, environmental and equality policies** delivered through the European Semester in 2014, and to present combined proposals for CSRs that could **help achieve progress towards the social, equality and environmental goals and targets of the Europe 2020 Strategy**.

The new EU Semester Alliance is a broad coalition, bringing together 16 major European civil society organisations and trade unions, representing thousands of member organisations on the ground, at European, national, regional and local levels within the EU. The Alliance, coordinated by the European Anti-Poverty Network (EAPN), aims to support progress towards a more democratic, social and sustainable Europe 2020 Strategy, which can deliver on the social and environmental targets and equality commitments, through strengthening civil dialogue engagement in the European Semester, at national and EU levels. To further this work, the Alliance has received funding from the European Commission, under the framework of a Joint Action for an initial period of 1 year (PROGRESS/EaSI). Find out more about the Alliance from [this PowerPoint](#).

### Key Messages

1. Promote **macroeconomic policies that support social, equality, and environmental goals**, through **investment in inclusive and sustainable growth and taxation**.
2. Back and **ambitious poverty target** by a strategic approach, combining **affordable access to quality services** (particularly housing and healthcare), **adequate and sustainable social protection throughout the lifecycle** (including minimum income, unemployment benefits and pensions), and developing **comprehensive strategies for children and youth**, as well as other at-risk groups.
3. Invest in the **creation of high-quality, sustainable jobs**, including green and social jobs, and support people towards them through **personalised approaches and tailored pathways to employment**, in the framework of broader **Active Inclusion** strategies.
4. Support **comprehensive education and lifelong learning**, as well as **vocational training** adequately responding to both labour market, as well as individual, needs.
5. Promote **equality for all and particularly gender equality**, by **closing the gender gap** in wages and pensions, **compensating for time spent caring** for children and other dependents, and **countering the multiple discrimination against migrant women**.
6. Reduce **tax exemptions and environmentally harmful subsidies**, invest in **decentralised energy production**, and ensure that climate **change objectives have clear targets**, indicators, guiding principles, and monitoring mechanisms.
7. Ensure **transparent governance, ownership, and meaningful participation in Europe 2020 and the European Semester process**, by closely involving beneficiaries and their civil society organisations in the design, implementation and monitoring of policies, and by **carrying out ex-ante social and gender impact assessment**.

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## **Introducing the EU Alliance – Opening Remarks**

**Barbara Helfferich**, Chair EU Alliance for a democratic, social and sustainable European Semester

Good morning and welcome. I would like to share with you some apologies from members of the European Parliament – representatives of the EPP, ALDE, as well as Ms. Pervenche Berès can't be present, although we invited everybody to join us today. We'd like to thank the European Economic and Social Committee and Maureen O'Neil for hosting this event. Also, thanks to the European Commission for their support of this one-year project, bringing together 16 NGOs and trade unions, for a social sustainable and democratic Europe. Based on an ad-hoc group which came together in 2011, we have this alliance today, and we have the pleasure to introduce the members and our work today, namely on the Country-Specific Recommendations. We will have some introductory remarks, and then we will hear from different members of the Alliance, their views on Europe 2020, and we will conclude with a round table, with members of the European Commission and the European Parliament reacting to what they heard, as well as discussion with the audience, and closing remarks.

**Maureen O'Neil**, President of SOC Committee, EESC

A very warm welcome to everyone. I am the President of the Social Affairs Section of the EESC and I have had the pleasure of working with you in the past, as it is very important for me that our opinions are grounded firmly in realities, which also brings legitimacy to our work. The formation of an Alliance is hugely important. After the European Year against Poverty in 2010, everybody was so pleased to be working in a collaborative way, and it is a real step further that we are working together again, as everybody brings different expertise and knowledge. If we share it, we have the opportunity to make a huge impact. Every time you try to put NGOs down, they reform in a slightly different way and exhibit real resilience. We need to hang on to that, the knowledge and expertise that NGOs bring.

At the moment, the EESC is contributing to the Mid-Term Review of Europe 2020, across the board and through the flagships, and particularly my role has been around the European Platform Against Poverty. What we have seen so far is a lot of activity, but not really a lot of progress. Change has not happened at the rate that we would wish. I



work very closely with EAPN and Sian Jones in particular, and the EESC Opinion had 9 recommendations. But looking back at implementation, it is very disappointing. What we want to emphasize are issues around stakeholder involvement, the lack of balance between macroeconomic and social issues, lack of coherence between policy measures at the EU level and the national level, the insufficient investment, but also a disparity in investment, and a need to look at synergies between different policies in Europe 2020. We will be putting together a report

and hold a conference, and I am looking forward to taking on board suggestions emerging here today.

This afternoon, in the Social Affairs section we will be looking at child poverty, with Eurochild's contribution. This is one of the areas that was perhaps more focused on in Member States, compared to other elements of the anti-poverty strategy, but even this one needs to be revisited. We are all concerned with daily realities, and the connected between the EESC and the Alliance is very important. We hope and we will push for much more impact in the next 5 years, so that we do see a real change in Europe 2020.

**Nicholas Costello, Deputy Head of Unit: Social Policies, Innovation and Governance**

I am very glad to have the chance to address you, especially now, as I think this is a very useful time for you to be coming together in this way, in an important period for determining and influencing present and future policies, because of several factors which, taken together, represent a window of opportunity. There will be elections, and then a new commission, which means that a series of new directions will be set. The Mid-Term Review process is also just starting, and we just published the Communication on that, another important window for putting views across and influencing the future. This is all about process, but there is also a change in the situation, in the sense that Europe is finally emerging from the crisis. The poverty challenges are all fully there still, as far as we can know, as social statistics aren't as up to date as we would like them to be. We can nonetheless see that social problems remain very severe, but, as the economies are generally picking up, this must change the tone of the discussion. You referred to the tension between fiscal and social and economic and employment policies, so surely if economies are picking up, this creates more fiscal space and shifts the discussion on spending in all areas, including social policy. So, in all these ways, this is a crucial time to be discussing together.

A few words about the general context and our work on this. Europe 2020 set very ambitious goals to cope with the long-term challenges of globalization, resource efficiency and demographic and technological change. These goals have been made hard to reach, to use a euphemism, because of the intensity of the financial and economic crisis over the last few years. We have seen the divergence between Member States, as well as polarization in societies and within countries increasing over the past few years. Overall, so far Member States are not making any progress towards the poverty reduction target, and the number of people experiencing poverty and social exclusion has actually risen since 2008 by 6.6 million, increased, making the target of 20 million reduction even more ambitious than when it was set. But the target still plays an important role as a political anchor, as it is politically binding, and it allows for comparison and for monitoring. The primary responsibility for monitoring the target and improving the situation in Europe, is in the hands of Member States, and we would all like to see them making more efforts in reducing poverty and social exclusion. However, the EU supports and complements the activity of Member States in many forms, for instance, it provides guidance, like in the Social Investment Package. It also provides financial support, as the EU budget for 2014-2020 is closely aligned with the Europe 2020 goals, and 20% of the European Social Fund funding must be used for measures to support social inclusion. We are currently working on Operational Programmes and Partnership Agreements, putting more emphasis on the use of the funds to social inclusion. There is a now a 6 billion euro fund, dedicated to boost youth employment, as well as Fund for European Aid to the Most Deprived, with a budget of around 3.5 billion.

Turning to the European Semester as a whole, and despite criticism that it has not been sufficiently social, it has, in recent years, allowed for integrated monitoring of the progress on the

Europe 2020 targets, and it has allowed an EU-wide, as well as country-by country guidance to Member States on priority reforms. This approach overall is developing well, even if one could wish that social policies were given more importance among the wide range of policies which are needed to overcome the crisis. The Country Specific Recommendations in particular have seen an increasing number to address the area of poverty reduction and inclusion. The most recent Annual Growth Survey has very clearly highlighted the role of social cohesion and addressing inequalities. We are currently in the process of discussing with the Member States how they have addressed the 2013 CSRs, which is directly informing our input into this year's Recommendations, which we are currently preparing. This year is also the first year with a Scoreboard on key employment and social indicators – this is work in progress, but it already makes it easier to identify employment and social trends, not by revealing secret numbers, but because it highlights key issues and brings them in the political debate. I don't want to paint too rosy a picture, but, taking everything into consideration, social issues are now more at the forefront of EU policies, and attention is being paid more than ever to the need of inclusive growth.

The main tool for supporting policy development in the Member States is the Social Investment Package, which is not just over a year old. It provides coherent guidance on how to empower people from an early age, strengthening people's ability to adapt to risk, and enhancing their opportunities to participate in society across the life course. The key question is, how can MS adapt their social models to the social consequences of the economic crisis short-term, but also long-term demographic and other social trends, changing family structures, labour market trends etc, in the 21<sup>st</sup> century? How can the Member States invest more efficiently and effectively? How can they target their support structures better, and make sure that those in need do receive the support they need?

Starting from this perspective, we are already addressing a range of topics - homelessness, investing in children, minimum income, long term care and social services in general. The work on minimum income and reference budgets continues, and last week's seminar in Brussels looked at key challenges of income support schemes, notably coverage and adequacy, effective delivery, and how to link minimum income with activation measures. On Investing in children, we are organizing capacity-building seminars in particular in Member States which have received CSRs on fighting child poverty – the first one took place recently in Italy. We had a conference on pensions at the end of March, bringing together EU and national decision-makers, experts and stakeholders, to take stock and identify together what still needs to be in the areas identified by the White Paper on Pensions. Next month, we are organizing a conference on social innovation in Brussels, bringing together key stakeholders from both the private and the public sector. It will examine how social policy innovation can contribute to implementing effective and efficient structural reforms, based on the social investment perspective, and will report on the experiences and examine further how Member States can best be supported for social policy innovation and social policy experimentation, through the new programme for Employment and Social Innovation. It will also be able to showcase the main evidence-based research and knowledge-sharing, in the implementation of innovative social policy reforms.

With this guidance in a range of areas, we are setting out to strengthen the knowledge base that we already built up in previous Semesters. This will help address the perceived lack of social policies in the European Semester, and help underpin the CSRs with more analysis and concrete guidance to Member States. Thank you very much for your attention.

**Sian Jones, Project Coordinator, EU Alliance**

I would like to give you an overview of what the EU Alliance is about and what we are trying to do. We are a broad coalition, bringing together 16 civil society organisations and trade unions, representing thousands of organisations at local, regional and national and EU level. The Alliance tries to support a democratic, social and sustainable Europe, where, at the moment, the European Semester is a crucial instrument. We want to strengthen civil dialogue at the national level, bottom-up, as well as the EU level. The ad-hoc coalition started in 2011, and we have working with a group of MEPs in the last two years, having hearings in the European Parliament. The Alliance has now received funding from the European Commission for a year, to continue this. It is a strong selection of organisations working on poverty, environmental issues, trade unions and rights organisations, working on equality issues, trying to build a cross-sectoral approach.

The need for an alliance came from the fact that the Europe 2020 targets for poverty reduction are not being met. There are 8 million more people in poverty, there is a decline in employment, there is more progress on early school leaving, but still a shortfall of 2.7%, there is an 18% reduction in greenhouse emission, but 13 Member States won't reach their targets, while equality in Europe 2020 lacks visibility and it not mainstreamed. Civil society organisations and other stakeholders are crucial to the success of the strategy, and their involvement lends democratic legitimacy to the process. The European Semester is mainly about economic governance, not about reaching the Europe 2020 targets. There has been a failure to engage with civil society and stakeholders, there is very little engagement, and of very low quality. There is also weak political involvement – national and European Parliament are not consulted. We want a democratic, social and sustainable Strategy, which responds to the promises of smart, sustainable and inclusive growth, while mainstreaming equality. We need a coherent approach, to make sure that all policies work together, because, currently, the macroeconomic aspects take over everything else. We also need more legitimacy, as some stakeholders have their voices heard very strongly, but it is not the case of civil society organisations, which bring forward the voice of the citizens. The Alliance will work at both EU and national level, through three pilot national alliances, which will try to engage with National Reform Programmes and Country-Specific Recommendations. We have planned activities of capacity building, information, dissemination, awareness, social media, through a blog, reporting.

Today we want to present our joint proposals on Country-Specific Recommendations. You will hear from a number of speakers what our content messages are, but I would like to stress our governance messages. We absolutely feel that the European Semester can't deliver unless it has engagement of civil society stakeholders and social organizations. For that, we need Guidelines on stakeholder engagement, as announced in the European Platform Against Poverty, and never followed through. This is key for Europe 2020 overall, and we need to ensure that not only organizations are involved, but also the people directly, those affected by the policies. Not all stakeholders are the same. There are powerful lobbyists, but civil society needs financial and logistical support to be on equal footing. Another option to consider is annexing stakeholder contributions to the National Reform Programmes, as it is already done in the case of France, and it is a very good practice. It is not just about engagement, but also the quality of said engagement, which needs to be monitored – whether there is an actual impact on policies, and whether an ongoing structured dialogue is in place. The role of national parliaments and the European Parliament needs to be enhanced, as well as the role of the European Economic and Social Committee and the Committee of the Regions, who are very strong partners.

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# Joint Presentation of EU Alliance proposal, for CSR, to deliver on Europe 2020

## *Social and sustainable macroeconomic policies*

- **Promote macroeconomic policies that support social, equality and environmental goals**
  - *Implement an ex-ante social/equality/environmental impact assessment and*
  - *A comprehensive strategy that ensures that economic objectives deliver on social, equality and environmental targets.*
- **Invest in inclusive and sustainable growth**
  - *Invest in affordable housing, energy-saving priorities and social/health infrastructure to ensure positive results on multiple Europe 2020 goals: creating new jobs, investing in people, preventing poverty and tackling climate change.*
- **Promote inclusive and sustainable tax**
  - *Ensure tax policy contributes to long-term social and environmental objectives*
  - *Embed ex-ante impact assessments to guard against unfair distribution, promoting a tax justice model.*

### Sorcha Edwards, CECODHAS Housing Europe

Thank you very much for this initiative. We welcome the effort to remind the lack of democracy, and its importance in this process. For the social housing sector, this has been a very important initiative, as for the first time we have specific recommendations from the European Commission on housing policy. There is the recognition that dysfunctional housing markets were one of the reasons of the crisis. The European Commission is concerned about this because of the macroeconomic imbalance resulting from this dysfunction. We want to bring the attention not to the macroeconomic imbalances resulting from public debt, but also focus on these pockets of individual debt, resulting from dysfunctional housing markets and unsustainable mortgage practices. What we are seeing is an urgent need to address the housing needs of key groups. These issues come up through the Country-Specific Recommendations, in Spain, Sweden, Ireland, for instance, and a clear call is coming through, for more investment in social housing, in tackling homelessness, and reviewing unfair eviction practices. The costs involved here are not expenditure, but social investment in the long-term, preventing human suffering and social exclusion, from a human as well as budgetary perspective. Early intervention avoids much higher, acute care costs later on. In the UK, an investment of 1.6 billion euro in social support services generated savings of 3.4 billion from the public purse, and resulted in a drop in the need for acute social services support later on. In Sweden, where fuel poverty is growing, an estimated 50.000 jobs could be created in socially disadvantaged areas, through investment in the rehabilitation of existing homes. Social investment is not expenditure, but investment in people, and this is clearly underlined by the European Commission's Social Investment Package. However, we want to see this integrated in the Country-Specific Recommendations, which hasn't happened so far.

### Sian Jones, EAPN

Macroeconomic objectives need to support social, equality and environmental objectives. While there is an increase in social and environmental Country-Specific Recommendations, but the overwhelming majority are still macroeconomic, and most undermine the social and equality ones. Our members report a focus on fiscal consolidation, on deregulation, and this clearly has an impact on poverty, help enhance a growing inequality gap, including gender inequality. In Bulgaria, members say that the Country-Specific Recommendations do not deal with the challenge that austerity is freezing economic growth, and ignore signs like rising deflation, which suggests that

excessive concentration of income inequality undermines demand, stable recovery and macroeconomic balance. In Austria, the Country-Specific Recommendations highlights reducing the budget deficit, but doesn't speak about keeping a sound level of social protection. Italy has the lowest percentage of expenditure on social protection in the European Union, but the point is not made or reinforced in the Country-Specific Recommendations. In Denmark, the Country-Specific Recommendations on fiscal consolidation clearly resulted in a cut in benefits for people under 30 and people receiving disability pensions, in index-linking for pensions, and it generated more poverty. The wealthiest 10% have seen an increase of 1842 euro in the period of the crisis, while the poorest have seen a reduction 144 euro. In the UK, 85% of the budget deficit is recuperated through cuts, and only 15% through increasing revenue. We need to be promoting a comprehensive strategy, where economic objectives deliver on social, equality, and environmental objectives. A tool is carrying out ex-ante impact assessment, before the policies are made.

The second area is promoting inclusive and sustainable tax, which is a crucial area for all of the organizations. We welcome the European Commission's proposals on growth-friendly tax policies, but this is not the same as inclusive and sustainable taxation. We welcome action on tax evasion and avoidance, but want more effective actions. There is a shift to environmental tax, but it is not enough and details are not spelled out. There is no ex-ante assessment to see the impact. The focus on consumer taxes is problematic, as VAT is very degressive on basic goods and services, and there is no focus on property tax, capital tax, corporation tax and other income taxes. We are surprised that, for instance, in Bulgaria there is no comment in the Country-Specific Recommendations on the flat tax rate, and the need to support effective social security contributions. In Germany, our members call for a wealth tax, and a shift of 10% of tax burden to environmentally harmful conduct, that causes CO2 emissions. Greece is under a Troika regime, so it does not receive Country-Specific Recommendations, but it is crucial to fight tax evasion. The proposal is made to rotate inspectors and institute immediate penalties. Spain also calls for progressive taxation policies, or redistribution and fairness are not happening. If trend is on VAT, which is indirect taxation, this directly impacts people on low incomes. We call for a balanced approach, inclusive and sustainable tax policies, and for that, ex-ante assessment, involving stakeholders, is crucial.

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## ***Fighting poverty and social exclusion***

- **Increase the ambition of targets and a strategic approach**
  - *MS should set ambitious national targets, draw on all 3 indicators, broken down by key factors (gender/age, ethnicity).*
  - *Each MS should develop a comprehensive diagnosis of causes/trends as basis for integrated antipoverty strategy.*
  - *Develop sub-targets and thematic strategies for key priorities/groups: tackling homelessness, investing in children, Roma inclusion and across themes.*
- **Ensure affordable access to quality services – particularly Housing, addressing homelessness, health and long-term care.**
  - *Require measures to increase affordable access to housing: social housing, rent-regulation, tax reform, as well as diversification and re-balancing of housing tenures.*
  - *Increase investment in affordable quality health and long-term care, as well as ensuring equal access including promoting action to counter discrimination eg Roma/undocumented migrants.*
- **Strengthen social investment and universal social protection systems**
  - *Give priority to investment in integrated social protection across the life cycle, guaranteeing adequate minimum income, unemployment benefits and pensions with EU-wide benchmarks.*
  - *Ensure proposals to reduce social security contributions must not negative impact on sustainable financing of SP.*
- **Investing in children and youth, combined with integrated strategies for all, at-risk groups.**
  - *Encourage implementation of integrated strategies to invest in children (and their families), in line with the Commission's Recommendation.*
  - *Implement the Youth Guarantee through quality integrated programmes and promote Youth Inclusion, beyond employment.*
  - *Ensure that an integrated approach to social inclusion and poverty reduction across the life-cycle is promoted for all key target groups.*

### **Liz Gosme, FEANTSA**

FEANTSA has published a list of homelessness-related Country Specific Recommendations on its website, but we very much welcome the opportunity to be part of this Alliance. We call for an increase in the ambition and scope of the targets on poverty-reduction, namely by promoting a more strategic approach to poverty. The Alliance proposals highlight the low ambition and transparency on many national poverty targets, and lack of progress in most Member States. The dominance of singular, piecemeal Recommendations emphasize the lack of an overarching strategic approach, as well as the lack of specific strategies for key groups. We recommend that Member States set ambitious national targets, drawing on all three indicators, and broken down by key factors, such as gender, age, and ethnic origin. We call on Member States to develop a comprehensive diagnosis of causes and trends, as the basis for an integrated poverty strategy, across the lifecycle, and for all groups. Finally, we encourage MS to develop sub-targets and thematic strategies, for tackling homelessness, investing in children, Roma inclusion, but also integrated strategies across themes, such as gender equality and social and sustainable development. As an example, more than 10 Member States have now developed homelessness strategies, which is definitely progress, but the alliance has called on Poland, the Czech Republic and Luxemburg to implement these strategies that they adopted. There needs to be an emphasis on prevention and early intervention.

The second recommendation relates to ensuring affordable access to quality services, particularly housing and health. Access to affordable housing is a basic prerequisite for participation in society, and can also drive quality growth and jobs, and contribute to overall economic and financial stability, by counteracting the negative impact of real estate speculation and preventing over-indebtedness. The number of evictions is on the increase, with heightened risk of homelessness for families. In the area of health and long-term care, cuts to key services lead to unmet health care needs for key groups. Our proposals are: We require Member States to develop measures to increase access to affordable housing, including increased investment in social housing, rent regulation, taxation reform, as well as the diversification and rebalancing of housing tenures, through innovative approaches to co-ownership. We also call for investment in affordable quality health and long-term care, as well as ensuring equal access, and promoting pro-active action to counter discrimination against groups such as Roma and undocumented migrants.

### **Jorge Nuño Mayer, Caritas Europa**

One of the key messages of the Alliance is that social protection in Europe needs to be saved. It has a clear preventing nature, and we call for saving the social protection systems because these social models were making the conditions of living and working in Europe exceptional and more just, in comparison to other parts of the world. The social protection systems were also, as the Commission highlighted repeatedly, very efficient in diminishing the impact of the crisis. When we speak about social protection, we mean a two-fold dimension, encompassing both monetary transfer and services. In the last several years, social protection systems have been the subject of serious cuts, very frequently imposed as part of austerity programmes, in some countries led by the Troika. Healthcare systems were very much affected, for instance, 25% cut in healthcare budget in Greece, which is also the country where 800.000 people are excluded from healthcare coverage. We can bring other examples, for Ireland, Spain, Portugal or Cyprus, but we don't have the time now. The result is that, only in Greece, live births have dropped by over 10%, and still births increased by 21% between 2008 and 2011, according to researchers. People are postponing visits to the doctor, as they can't afford them, and, as a result, their health condition is worsening, and will result in more serious and complicated treatments in the future. Apart the purely human dimension, one should remember that treatment of more serious diseases is more expensive, hence affects the budgets more. We find also cases in Spain where, CARITAS has more than duplicated the attention to people between 2008 and 2011, attending now over 1 million people, for simple issues like food and clothing.

Cuts implemented in the social protection systems the effectiveness of income support in reducing poverty, while weakening internal demand and inclusive growth. It is contributing to growing inequalities. We think that the measures set in the CRS and Troika programmes should not ignore the human consequences of the actions they promote. The evidence shows that societies that are more unequal tend to grow more slowly in the medium to long term. The proposal to reduce social security contributions can put at risk the sustainable financing of social protection systems, unless alternative proposals are made. The coalition proposed that priority is given to investment in social protection, across the lifecycle, guaranteeing adequate minimum income, unemployment benefits, and pensions, with EU-wide benchmarks. We call that proposals to reduce social security contributions should not negatively affect sustainable financing of social protection.

Another important point is the promotion of more investment in children and youth, in the framework of integrated strategies for risk groups. One fifth of Europe's children are living at risk of poverty, the average material deprivation rate for children has increased between 2009 and 2012, from 19.6% to 22.3%. The causes are attributed to insufficient earnings from parents' work, and inadequate support for households with children. We see it also in our members' work on the

ground, in Italy and other countries, where the needs for families with children are increasing. Only a limited number of countries received a CSR on tackling child poverty, while in most of the Member States this group suffers the most. Millions of young Europeans are at risk of being the lost generation, a term already mentioned before 2010. These young people will be exposed to poverty their whole life, including when they are pensioners, due to the long spells of unemployment. With regard to the Youth Guarantee and Youth Employment Initiative, fears are raised about the quality of implementation, and also we see a tendency in some countries to replace jobs with endless and low-paying training courses and apprenticeships.



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## ***Quality employment and Active Inclusion***

- **Create sustainable, quality employment across the life cycle.**
  - *Invest in quality green and social jobs.*
  - *Concrete measures to reduce in-work poverty and gender pay gap: increasing minimum wages, supporting living wages and work-life balance, defending employment protection and social rights.*
- **Personalized, integrated Active Inclusion not Activation alone**
  - *Explicit promotion of integrated Active Inclusion (income support, inclusive labour market and access to quality services), based on personalized integrated support.*
  - *Access to affordable childcare/ECEC to support women into work.*
  - *Support to active ageing to enable older people to move/stay in jobs with age-friendly LM.*

### **Penny Clarke, EPSU**

We are delighted to be here. The European Public Service Union (EPSU) and the European Trade Union Confederation (ETUC) are very pleased to be associated with this Alliance. We have rising poverty, rising inequality, but also rising wealth and accumulation of capital, and this needs to be addressed, we need to take it into our hands to strengthen the alternatives that we have, and which are well documented, to take sure that we build a more social Europe. Just this past Friday, trade unions took to the streets on Friday, very much for the same message, we had 30-40.000 people in Brussels. It is a symbolic gesture that we can mobilize, we are visible, we show our faces, we come out, and we can be public and engage. The democratic element of this is very important. We always had in Europe this idea of more and better jobs, and the links between quantity and quality employment. When I looked at the different recommendations, clearly quality employment, and the rise of precarious employment, is very present. Having a job does not protect against poverty – for instance, from Croatia, from Ireland, in-work poverty is highlighted. In Poland, junk contracts, zero-hour contracts are mentioned. We expected a decent Directive from the European Union banning them, saying that these are not permissible, they are not proper contracts, and they shouldn't exist at all, anywhere. A few targeted social directives would solve many of the problems people have on the ground. I want to flag the work done by the European Commission and the Council around quality indicators and quality employment. We agreed ten broad dimensions of quality employment, which can provide a common framework, but we need to remind Member States and the social partners that this exists, and that it is our job to implement it in a coherent way.

A number of the national reports also refer to increasing unemployment for young people and other key groups. I would end by saying that many reports flag up the job creation potential that we have in Europe – green jobs, white jobs, social jobs, the role of the non-profit sector to create sustainable employment which would indeed meet needs – as the French report put, it, jobs that are useful for society. This is a very important benchmark, as important as any economic criteria. Why can't we judge what we do according to what is useful to society? Why should be only be judged in terms of what is economically sustainable? We have got to move the target of the policies that we are developing, to decrease the ambiguity of many Recommendations. We see double speak sometimes, on the one hand, recommending things, but on the other hand taking them back, with other recommendations that actually undermine the previous ones. Strengthening public funding, strengthening social dialogue, workers' rights are crucial, for the workers concerned, but also as without this we can't structure the sectors. We represent in EPSU health and social services, and we see an increase in rather autonomous forms of working in social

services, and this can be addressed by good social dialogue, good industrial relations and good public funding. The European Commission doesn't need to look far to see what policies work – they are the ones based on fundamental rights and access. The Commission just launched a consultation on disputes settlement on trade, and it actually refers in the consultation paper to the fundamental right to property, as outlined in the Charter of Fundamental Rights. I would like to see DG Employment refer much more to fundamental social rights in our and their social objectives. Thank you.

**Heather Roy, Eurodiaconia**

Penny has already underlined the need for investment and employment, which comes through in the Semester Alliance's report. We are very aware that employment is not the answer for everybody. We are concerned that when we see the Country-Specific Recommendations and the National Reform Programmes from previous years, the emphasis is put on employment, rather than on other means by which poverty and exclusion may be reduced. Active Labour Market Policies have been the main focus on previous CSRs, and they have aimed to increase employability, which is of course a good thing, but it is often combined with sanctions to increased conditionality, to press people to accept any job offer, without attention to the lack of quality jobs, and without working with employers, which would open doors to excluded groups, such as protected work places. Specific obstacles for key groups to employment and participation are weakly recognized in the CSRs, as it is particularly the case with lack of affordable childcare, and other supportive services that can enable people to get into work. More focus is given to raising retirement ages, than to ensuring that older people can actually work longer.

Eurodiaconia is a network of organisations that provide social services and work on social justice, with a Christian basis across Europe. One of our members in the Netherlands was particularly aware of this contradiction between employment and inclusion, when the Netherlands received a CSR in 2013 to take further measures to enhance participation to the labour market, particularly of those at its margins, without developing a broader, more integrated approach to address poverty. You will see that it is not just in the Netherlands, but also Ireland, Denmark, many other Member States, who make recommendations in the direction of a balanced approach between enabling people to work, while providing the services and the income that's needed to allow people to work. The Alliance wants to see concrete recommendations around an integrated active inclusion approach, which includes adequate income, inclusive labour markets, and access to quality services. We want to see the promotion of access to affordable childcare, as this is crucial in enabling women to take up job opportunities, and we also want to see support to active ageing, to enable older people to move or to stay in jobs, and that this is given the right attention, beyond the mere concern of increasing retirement age. We wish to see more CSRs focusing on active inclusion, as a way to combine the desire to get people back into work as soon as possible, while also giving the support that they need to be able to work.

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## ***Inclusive education***

- **Support Comprehensive Education + LLL**
  - *Universal access to quality, comprehensive education and measures to tackle segregation to key groups.*
  - *Develop lifelong learning and support, on-the job training and lifecycle management for older people.*
  - *Social Investment in early childhood/and ESL.*
  - *Invest in quality ECEC with quality assurance standards.*
- **Vocational Training responding to the labour market and individual needs**
  - *Better match VET to respond to labour market needs, adapted to individual needs/skills.*
  - *Ensure that broader educational values are enhanced beyond labour market needs.*

### **Jana Hainsworth, Eurochild**

I would like to thank EAPN for coordinating this Alliance. Eurochild thinks this is an extraordinary opportunity to strengthen the democratic legitimacy of Europe 2020, and to build a much more coherent and cohesive approach to Europe 2020. It is not just an opportunity for us at Brussels level, but also for all of our members at national level, to be coordinating between different networks, and build a much more integrated, cohesive understanding of the CSRs and how they can impact policy-making at national level. I will speak about the CSRs promoting inclusive education. 18 Member States in our report were identified to have Country-Specific Recommendations related to inclusive education. I want to stress that there are 8 different networks in the Alliance that specifically identified education as an issue for Member States to be addressing. The three observations which we are in the report highlight supporting comprehensive education, life-long learning, social investment in early childhood, addressing early school leaving, and ensuring that vocational training responds to the labour market and the needs of every individual. One issue relates to quality education, which is not just the buildings and their accessibility, but what goes inside the schools, after school, adult education and the prevention of early school leaving and second-chance partnerships. This is about the training of teachers, the accessibility of their approaches, the need to provide integrated services to all different groups, enabling schools to be welcoming places for particularly marginalized groups in society.

In relation to early childhood education and care, we often talk about childcare placement, to facilitate the labour market participation of parents. What we are mostly concerned about is the quality of that care, particularly for those aged from 0 to 3. These are not places where we simply “park” our children in order to be able to work 8 hours a day, so we want to know what happens within those child care placements, what is the training of the professionals. We are very happy that DG Education and Culture are engaged in a quality framework, specifically focusing on early years, from 0 to 3. From many Member States, we received the feed-back that this is not only about increasing quantity of provision, but also very much about the quality. Of course, there is also the issue of coverage of education services, and the provisions should be increased, as an investment in people, throughout the lifecycle. Learning does not end as we leave school. Investment in education is not only connected to labour market needs, but it is also about fulfillment and contribution to society, which is not only through the labour market. Thank you.

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## ***Gender equality***

- **Reduce the gender pay gap, with a national strategy to eliminate wage discrimination and gender segregation in education and work.**
- **Close the gender pension's gap, promoting work-life balance, shared parenting, reforms of social security/tax systems to promote individual rights.**
- **Ensure a compensation mechanisms in pension schemes for time spent caring for children/dependents.**
- **Specific Measures to counter multiple discrimination against Migrant Women – reinforcing employment and social protection rights/independent status.**

### **Mary Collins, EWL**

The European Women's Lobby has been involved with the ad-hoc coalition for a number of years, so we are very happy to see it coming together as a more structured Alliance, and we hope to have a big impact this year. There is no specific gender equality objective in the Europe 2020 strategy, hence it is very hard to see it emerging through the European Semester processes. It is very problematic, as it is hard to trace and monitor what is the impact of policies on gender equality and on women. We can however safely say that, over the past years, the cuts and the austerity measures are having a disproportionate impact on women, as they are more concerned with public sector, in relation to jobs or services. We really hope that, particularly after the Mid-Term Review, the gender equality framework will become a core element of the future of the Europe 2020 strategy. I would recall that half of the population is made up of women.

This year our members focused on specific issues related to gender equality. We know that in the past there have been some recommendations to Member States, calling on them to increase the childcare provision. We believe as well that child care has to be of quality, and also that the issue of care needs to be looked at from a lifecycle perspective. It is also an issue for men, not just for women, it is a collective responsibility, and therefore we would like to see the European Commission taking a leadership role on encouraging men to take up their share of care. We decided to focus on the gender pay gap, which exists in every single country in Europe. Yet, in three years of European Semester, only Austria received a CSR systematically, every year, to address and close the gender pay gap. We don't understand why the 27 other countries are excluded from that, as it is absolutely essential to have an explicit recommendation about the gender pay gap. It's a complex issues, with broad issues that need to be tackled, but we do want to see commitment to it. Some of our members have proposed a national strategy on addressing the gender pay gap, as a number of initiatives are taking place at different levels, with different actors, in different countries, so it's a question of pulling this together in a national strategy, ensuring that the ultimate end is to tackle the gender pay gap. We don't expect the gender pay gap to disappear, but there is a process up until 2020, and Member States should receive recommendations to help them work towards a target 0 by then. I will just briefly mention that the gender pension gap is enormous in the European Union. We have data now that shows it is on average 39%, which more than doubles the gender pay gap. Yet again, only Austria received a CSR in 2013 to address the pension gap. We would expect that this also filters down and is brought into the Country-Specific Recommendations and the rest of the Semester.

The third issue we wanted to look at is particularly migrant women. If the employment target of 75% is to be reached, which we doubt very much, it needs to look at particular groups of women as well, and we have highlighted the multiple discrimination against migrant women. Last year, Sweden received a CSR about migrant workers, but it did not look at the gender-specific issues

relating to migrant women. Particularly in countries where migrant women are employed in care-related sectors, be it in households or with multiple employers, we are concerned about their precarious working conditions, and the fact that their contracts are outside standard labour laws. We really need to make sure that the protection of their rights and their access to rights are ensured, alongside recognition of qualifications in third countries, and a systematic gender equality perspective through migration policies.

**Maciej Kucharczyk, AGE Platform**

Last year the European Commission addressed, to a couple of countries, but in our view, not to enough countries, a Country-Specific Recommendation to address gender inequalities, also in old age. This is a positive sign of recognition of the under-participation of women in the labour market, as well as of the growing poverty among older women, but this is not enough. We would like the Commission this to insist this year, in the CSRs, on the gender perspective in elaborating national reforms, in order to prevent the poverty risk in old age. We speak about a lifecycle approach, because gender inequalities in old age are a direct consequence of different handicaps women accumulate during working age. The pension gap shows exactly how the unsolved social realities of women during working age will impact negatively in later stages of life.

Our recommendation calls to close the different pension gap through different measures that can address those inequalities at earlier stages of life. We are calling for a different approach both to men and women, looking at their participation in the labour market, at the way they build their pension rights across working life, but also at taxation systems. These are all different areas where the same benefits and responsibilities should be applied to both men and women. In order to address the risk of poverty in old age, we need to promote compensation mechanisms in the pension system. We would like the European Commission to consider looking at the specific situation in different Member States and to recommend solutions which could include, for instance, carer leave – to allow both men and women to look after children. Now we also have the so-called “sandwich generation”, where women of active age have to look after children, but also frail parents and other dependents. A solution could be to promote carer leave, or any compensation that would allow to receive equivalent pension rights for time spent caring. Our proposal is to look at gender and age quality through the lifecycle, in order to anticipate and eliminate any risk at later stage of life.

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## ***Climate change / Resource efficiency***

- **Reduce tax exemptions and environmentally harmful subsidies on fossil fuels, differentiating car tax according to energy/efficiency.**
- **Invest in decentralised energy production, renewable fuels and increased energy efficiency.**
- **Ensure climate change objectives have clear guiding principles, measure targets/indicators, timelines and monitoring mechanisms.**
- **Carry out ex-ante social/gender impact assessment to ensure burden does not fall on the poor, excluded and women.**

### **Constanze Adolf, Green Budget Europe**

I would like to concentrate on environmental fiscal reform, as it was already referred several times this morning that fiscal reforms should play a major role in the European semester. It is not only about tax reform, but also looking into environmentally harmful subsidies. This is a key instrument to deliver resource-efficient and social policies, which are needed in the European Semester. This would also tackle climate change and raise revenues which are cost-efficient, with the least environmental impact. The extent to which environmental fiscal reform has been mainstreamed has been very limited. The overall positive linkage between environmental fiscal reforms, social and sustainable fiscal consolidation, and structural reforms, tend to be overlooked. Most Finance Ministries know about the positive impact of environmental fiscal reform, but politically, it is not feasible. Environmental and climate policies are usually seen as a “nice to have”, rather than a “must-have”, although evidence shows that they normally offer less pain and more gain. Environmental tax reform encourages a shift in tax burden from labour to resource-use. Subsequently, it corrects market failures, improves economic efficiency, helps develop new industries that will provide sustainable and local jobs, and will create a clear, predictable environment and contribute to restoring fiscal stability after the recession, by raising additional revenue. The EU Alliance for a more democratic, social and sustainable Semester encourages Member States to move forwards with environmental fiscal reform, particularly in these times of crisis, anticipating a more fundamental reform of the fiscal systems, and ensuring adequate carbon prices, as core element. Due to the European Semester, Spain had a CSR last year, calling on it to reform the fiscal system, and they built up a Commission, which issued a report three weeks ago. We see in this report that environmental fiscal reform already plays a role. On the other hand, we have Cohesion Policy, which should take the CSRs into account, and we would encourage the European Commission to rely on this.

I would like to raise one more important issue, which is that of environmentally harmful subsidies. We find it unacceptable that in the EU, environmentally harmful activities are still subsidized, directly – by public budgets, and indirectly – by societal costs and adverse effects for health and the environment, which are not internalized in product prices due to insufficient implementation of the so-called “polluter pays” principle. Such subsidies distort markets and hinder the transition to a resource-efficient and low-carbon economy. This is a great amount of lost revenue, which could be used for social and environmental policies. Therefore, we urge Member States to set up inventories and action plans to abolish environmentally harmful subsidies by 2020. For instance, fossil fuels are subsidized by the European Union (I will not refer to national budgets) by no less than 26 billion euro a year. CO<sub>2</sub> emissions cost 40 billion euro a year, in healthcare and social systems, money which comes out of the taxpayers’ pockets. Nuclear energy costs 35 billion euro a year, company cars – 53 billion euro a year, all of EU money alone. As you know, we have a heavy dependence on fuel imports, of about 500 billion euro a year, which corresponds to three times the annual EU budget. The costs of inaction at EU level on climate change amount to 50 billion euro a year. This means a slow-down process, as there is a lack of investment in an

environmentally-friendly, green and resource-efficient economy, based on social equity. The EU risks being blocked in a high-carbon infrastructure, while climate change will rise costs in the future.

Clean energy production takes into account both social and environmental interests, as well as the needs of future generations, it creates new jobs, and it reduces the import-dependency (I already mentioned, the 500 billion worth). Yet, the market logic means that clean energy can't compete on an equal footing, as both fossil fuel-based energy and nuclear energy are subsidized to a far greater extent than energy from renewable sources. Clean energy, therefore, needs a clean and fair chance to develop.

My last point is about raising energy bills, which is a massive political issue in many European countries, as consumer energy prices are rising everywhere, driven by the cost of fossil fuels. Energy taxation, however, tends to produce a benefit for consumers overall, when judged against other forms of taxation. We have a lot of studies where we judge energy taxation against VAT, other consumption-based taxes, and labour taxes, and we can see the clear benefits of the former. You need 5-8% of the additional tax income to compensate those who are at the margins of society. That means that we have more than 90% to spend on other issues.

To conclude, we call for a 10% tax shift from labour to resource-use, climate and environment; we call on Member States to develop a concrete strategy by 2016 on how to phase-out environmental harmful subsidies, by 2020; and, seeing the huge success of the social Scoreboard, we call for a Scoreboard of environmental and climate indicators. Thank you very much, I am looking forward to a lively discussion.



## ***Wrap-Up and Conclusions of the Key Messages***

**Barbara Helfferich**, Chair EU Alliance

Nobody can argue with the conclusion that there is rising poverty, as well as rising wealth. This is indisputable. We also know that Member States who have invested and who are supporting healthy and sound and adequate social protection systems have performed better during the crisis, so there is a lesson to learn here. We heard an impressive range of proposals coming from the Alliance, on various issues: better participation and meaningful stakeholder engagement, taxation issues, safeguarding social protection systems, strengthening public funding, the need for ex-ante evaluation and impact assessment before economic policies take hold, investment in employment and quality jobs, active inclusion without conditionality, quality education, the gender pay gap, the need to secure pension systems and ensure care leave, and the issue of fuel poverty. These are a number of proposals, which we put together in this report we are launching today, which also presents our general analysis and our own country specific recommendations. I would also like to remind you that, when we talk about Alliance members, we mean thousands and thousands of organisations, working at national level and contributing to this particular process. We have picked three countries where we will be working more closely and more in detail, but this is a reminder that we are not just the people sitting here today at the European level, but we are very much representing our national organisations. I would like now to invite comments from the floor.

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## **Questions / Comments from the Audience**

### **Klaus Heeger, European Confederation of Independent Trade Unions**

I am really impressed by the work which has been done, by the clarity of the messages. Even if we are not members of this Alliance, which we would like to become, these are messages that we can sell, that we can present on our website, and send them to our member organizations. Congratulations from our side! I have one question regarding the Social Investment Package. Our members see it as a great approach, focusing on investment rather than on cost, but they would like to know how, either in the frame of the NRPs or the CSRs, can we actually bring this message through. We need to tell our members concretely – when it comes to the NRPs, you can step in here, here, and here. How can we send this European message back to the national level?

### **John Grahl, EuroMemorandum**

I am grateful for this invitation. We don't belong to the Alliance, as we are not a membership organization, we are rather a network, but we certainly would endorse nearly all messages put before you this morning. It seems to be that the term imbalance is rather weak. What we have is not an imbalance between the economic and the social, we have a structural subordination of the social to a particularly narrow dogmatic economic model. This has been the situation for some decades, but it is getting substantially worse. We have some very aggressive measures directly confronting social achievements, rolling them back, diminishing them. To give just one example of the actions of the Troika, in the area of housing. Until the end of 2007, housing policy was essentially the introduction of subprime mortgages across Europe, and that weird and absurd policy was only dropped in December 2007, when it was seen what was happening in the United States. We need a structural change or constitutional change to end this subordination, or at least challenge it.

### **Francesca Operti, European Association for the Education of Adults**

I appreciate your work a lot. I heard adult education mentioned, but, after a quick glance at your report, I think it should be strengthened, especially regarding social inclusion. Adults are very important. We just ended a project called BeLL – Benefits of Life-long Learning, which included a questionnaire addressed to 10 European countries. One of the results was that non-formal adult education fosters the motivation to learn more, especially for disadvantaged groups. If you need any input from on, we are happy to provide support.

### **Sian Jones, Project Coordinator, EU Alliance**

Thank you for your positive response. We are only starting, and we are looking at how we can engage as many people as possible in this fight. Not being able to formally join does not mean you can't be a part of this, and I strongly urge you to look at the blog and to contribute. I agree with the comment about imbalance, that balance implies equal partners, and these are not equal partners. All organisations of the Alliance feel very concerned about the fact that the social environmental objectives are seen as subordinate, and not actually that the economic is there to contribute to these objectives. So not to restore balance, but rather to see an EU policies where these objectives are the important thing. That's why people vote to be in the European Union – because they want to be part of a vision of delivering on these core issues that people care about. The economic strategies have to support that, not the other way around. Life-long learning is a very important issue, and we want to look at how we can deepen these messages. I would like to underline that these recommendations don't come from the people in this room, but from our national members, and that's what makes the difference of this Alliance. I would urge you to talk

with your national members and see how they can link up with Alliance members at the national level, to really put these issues on the agenda of the Member States.

### **Penny Clarke, EPSU**

On the Social Investment Package, it is actually a good example of the ambiguity of some of the social policies at the moment. There is a lot in the SIP about the efficiency and effectiveness of social spending, which is fine, but what we don't see is the link to fundamental rights, universal coverage, public service obligations. In Greece, for example, we hear that EU funds have been used to give vouchers to people to purchase healthcare. This may be very laudable, but the question is why wasn't more direction and support available to build up universal healthcare provision, which is solidarity-based. Only through economic and social risk-sharing can we achieve efficiency. If we compare healthcare spending in the EU and the US, we see that our systems are more efficient in preventing, for instance, still births and child mortality, because we cover everybody. But this is not apparent in the Social Investment Package. I saw the latest implementation roadmap, where there are some interesting things, which, with slightly more direction, could lead to some of this rebalancing. But it is all up for grabs, as the language remains ambiguous.



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## **Round Table Response from European Commission and European Parliament**

**Outi Slotboom**, Head of Unit, DG Economic and Financial Affairs

Thank you for giving me the opportunity to speak, and thank you for all the useful comments, presentations, ideas and suggestions that were put forwards. I wanted to say some words about how we put together the recommendations package in general and how that works, and conclude with some words on the outlook for the coming year. As a reaction to what was said earlier about economic governance dominating the Europe 2020 targets, I want to emphasize the European Semester and Europe 2020 as an integrated strategy. This means that, after years of doing employment guidelines, social policy action, fiscal policy guidance, structural reform programmes, social etc., in separate documents, done by different people in the Commission and the Member States, now we have an integrated strategy. The Commission, once a year, and this year it will be the 2<sup>nd</sup> of June, publishes Country-Specific Recommendations and a more detailed underlying Staff Working Document, detailing how the European Commission arrived at these proposals, and how it looks at the country as a whole. The Staff Working Document is a narrative of the country, its economic situation, challenges, policy priorities, looking at macroeconomic and fiscal areas, product markets, financial markets, employment, energy, environmental sustainability to some extent. This also means that the policy recommendations which follow need to look at the country as a whole, and set forwards a consistent programme for all these issues. This means that not only we can propose good objectives, but, whenever there is a proposal, say concerning pensions, the assessment has to cover the sustainability and cover of the pension reform at the same time. Every time we have to achieve a social or economic objective, we have to look at how to finance this, how fast can it reasonably be achieved in a country, and what is the priority order among the different competing very good objectives. This makes it a very difficult exercise. Maybe it is natural that people will always disagree on the resulting balance. Some people would like to see more priority given to certain objectives at first, and others following later, and other people will have a different order. It is important to look at the country as a whole, and whenever there is an objective, look at the financing and the fiscal side, and the environmental policy side as a whole.

A second comment to some of the remarks that were put forward about certain Country-Specific Recommendations not touching a given issue although the issue was important. Country-Specific Recommendations are the top of the iceberg, they present the most urgent 5 or 6 or 7 priorities for the coming year. It is certainly not the whole economic, environmental, social work programme for the country for the medium term. It includes a selection of what it considered to be key priorities, and need to be taken in conjunction with other exercises and guidance, such as the Annual growth Survey. At the beginning of each European Semester, the European Commission presents the overall, general policy line that it proposes, in the AGS. A lot of these proposals are there and are not repeated for each country separately. For instance, certain things discussed earlier, about tax reforms and shifting taxes from labour towards property tax, are very explicitly put forward in the general guidance in the AGS. The same goes for fiscal consolidation and its consequences on social equity. As mentioned before, every country has a set of key priorities in its Country-Specific Recommendations, which means that not every area in which a Member State performs worse than the EU average is automatically taken up in the CSRs, as these are but a selection of priorities.

A third point is about the legitimacy of the European Semester and the recommendations. Respect of the subsidiarity principles is one of the factors that can give legitimacy to the exercise. If the Commission tried to write a full, detailed economic policy programme for each Member State,

made in Brussels, it would not be acceptable, and it would not adequately reflect the national situation, the priorities, the feelings in the country itself on what the priorities should be. After the general guidance in the AGS, the starting point is always the Fiscal Programme of the National reform Programme, or the Draft Budgetary Plan in the autumn, from Eurozone members. The Commission always encourages Member States to consult national stakeholders and enhance the ownership in the country. There are issues on which the European legislator has decided priorities and objectives, and those are there, but on other issues, the space is left to the Member States to decide. We are in a process where the Commission can propose recommendations, which are then endorsed by Member States when they meet in the Council, and this is the system in which we operate. When reading the National Reform Programmes, the Commission also checks what the level of consultation is, who was consulted and in what way, and in what way were the stakeholders heard. At the EU level, the Council discusses first the AGS, the European Parliament discusses it, and afterwards the Member States write their programmes. The CSRs are proposed by the Commission, approved by the Council, and, after the “6-pack” entered into force, the European Parliament had a discussion on how the Commission proposals were modified by the Council. Furthermore, the European Parliament holds economic dialogue on key issues in the European Semester.

To finish with some words on the outlook, the crisis has hit the European economies very hard, the social consequences were already discussed. In terms of public finances, government debt, which on average in the EU was 60% of the GDP before the crisis, has risen to roughly 90% during the crisis. In the Euro area, government debt is currently at 96% of GDP, which will constitute a long-term challenge, and



which will mean that interest payments on government debt will use up money that can't be used for other purposes. The government deficit peaked at 6.5% of the GDP and is now declining, which also means that fiscal adjustment is winding down, in line with what the Commission has proposed. There are big differences between the Member States, but, overall, the fiscal stance is expected to be neutral in the coming year, after structural consolidation in previous years. In terms of the next year, I mentioned the upcoming Country-Specific Recommendations on the 2<sup>nd</sup> of June. The Commission has published a stock-taking document of Europe 2020 on the 5<sup>th</sup> of March on the Europe 2020 strategy. There will be a public consultation with the stakeholders, coming out in the coming months and closing sometimes in the autumn. I expect the Alliance members to participate very actively in this consultation. We hope that the new Commission will put forward proposals for the Mid-Term Review, to be considered by the March 2015 European Council. In parallel, the European Semester process is up for review, since the economic governance legislation (also known as the “2-pack” and the “6-pack”) has a review clause, which invites the Commission to present a report on the effectiveness of how the governance system has functioned. The deadline for this review report is December this year. Additionally, the ongoing

work on the deepening of the Economic and Monetary Union may touch upon certain issues of policy coordination, which may also be relevant in this context. Thank you.

**Nicholas Costello, Deputy Head of Unit, DG Employment, Social Affairs and Inclusion**

Generally, I would say that one point struck me across the range of policy areas that you presented and discussed earlier. There are disagreements on particular points, but there is a shared conceptual framework, which is to quite an extent embodied by the social investment approach. One of the points that the Social Investment Package makes is that there isn't always a choice to be made between the macroeconomic on the one hand, and the social and sustainable on the other. If we talk about smart, sustainable and inclusive growth, very often, they end up being the same thing. When we speak of early childhood education and care, it is clear that it is inclusive, that it is one of the best ways of countering intergenerational poverty, but it is also clear that it contributed to growth in many ways. Any number of studies show the impact of early childhood education and care on whether people get well-paid, fulfilling jobs, or whether they end up in trouble or in prison, or involved with drugs. So clearly, this is an investment which helps the economy, but also the fiscal position, over the succeeding decades. By the nature of investment, you have to spend money now, to gain returns later, but that's what we do across the economy, and a lot of social policy meets the same criteria.

One of the questions was how can we take this message back to Member States, to show that social spending are not simply a form of consumption, but a form of investment. The SIP isn't just the Communication, there is a thick and heavy body of annexes, which contain quite a lot of information and evidence brought together, with the advantage that it is an easy source to find. You can quote it to say that many issues which are thought of as purely social, which are undoubtedly good in themselves, such as tackling discrimination against the Roma for instance, are actually also vitally economic in several Member States. How can one achieve an employment target if 10% of the population are systematically discriminated against and excluded from the labour market?



A surprising number of social policies have a very positive economic impact. Sometimes we think that some social policies have a positive economic impact, while others are just a form of consumption. Active labour market policies are always thought of as those who help stimulating employment and growth, but minimum income policies are not always thought of in the same way. I want to highlight the interactions between them. For instance, if you have active labour market policies (training, other kinds of activation measures), but people don't have adequate incomes, the activation measures are much less effective. Put crudely, if you don't have a decent life, if you don't have internet access, if you can't travel to look for a job, if you are not presentable for an interview, if you don't have a decent income, you can train till you're blue in the face, but it might not help you get a job. So, the different areas of social policies help each other.

We are currently looking at how to say that more rigorously. Another example, for recidivism, there are quite good studies that show how spending in certain areas produces fiscal effects, sometimes even in the short-term, but there aren't comprehensive studies to show the overall effect. One of the areas we are working on is bringing together such studies as there are, and develop them further to be able to put more numbers on the overall effect of social policies, to be able to answer why some Member States can spend more on social policies than others, and have higher productivity and higher return rates. If the overall spending resulted in pure consumption, you would not see that, so we want to put numbers on this, to help strengthen the case for social investment and why it's important for growth-oriented economic policies.

The bulk of the points you raised are those that we are discussing a lot of the time – gender pension gap and gender pay gap, for instance. You pointed out the 39% gender pension gap, which is similar as number with what we put in the SIP: if you put together the gender pay gap, the gender labour market participation gap, and the gender part-time gap, each of them leads to less earnings for women and for men, and they multiply up to 42% overall earnings gap (less women participate in the labour market, those who do work less hours, and those hours are paid less).

It's been pointed out that we are well off the poverty target, and one of the main culprits is the social effects of the crisis. This doesn't mean that the problem was completely on course to be solved before, but clearly, the crisis has had a very big impact. One would conversely expect, assuming that we are indeed moving back to a growth area, some positive effects at the end of the crisis, both directly, as growth resumes, as well as indirectly, having more fiscal space. This is not automatic, as there is an asymmetry between the beginning and the end of a crisis – it is always obvious when a crisis start (ie, when the Lehman Brothers goes bankrupt and it is a headline in every newspaper), but it is usually less clear when the crisis ends and we read phrases like "fragile recovery". Subsequently, the policy response is less automatic at the end than it is at the beginning of the crisis. Thank you.

**Marije Cornelissen**, Greens/EFA

During my mandate, helping to set up this Alliance and stimulating it was one of the things I most loved to do, and that I'm by far the proudest of. Back when the Semester and Europe 2020 were set up, hardly anyone had much interest. From the Green group, I had the opportunity of becoming the first rapporteur of the European Parliament of the employment and social aspects of the semester. When writing this report, in November 2011, we were very much in a sort of panic state, where summit after summit came with new ad-hoc panic reaction, the financial market had to be stilled, we didn't know if the euro will survive, it was all "austerity, austerity, austerity" as complete and utter mantra. The idea of some leeway for social policies was just beyond anybody's reality at that moment. I wrote in my report that some leeway had to be given to cushion the effect of the crisis on the most vulnerable, and that the financially and budgetary measures and targets needed to be temporized more, ie, countries needed to be given a lot more time, so that their more vulnerable citizens are not hurt that much. I did not expect this to pass in the plenary, because it was something very much out of the box. Looking back, although there is still a lot to criticize, we have come a long way. I would never have believed back then that there would be plans for a social Scoreboard, and a temporizing of the budgetary and financial targets and programmes, and this Alliance definitely contributed to that.



I am a fan of Europe 2020 – what’s not to like, in the targets and the common efforts to achieve that across Europe? I am also a fan of the process of the Semester - the idea of setting the goals that are to be reached, because in the end the EU is in competition with the rest of the world. As we need to develop – socially, economically – together, each country puts in the National Reform Programme what they can contribute to this

common goals, and then receives Country-Specific Recommendations. Once the Greens get a majority in the European Parliament, the process which is currently in place could be wonderful. For now, unfortunately, it has been filled in by Christian Democrats and right-wing liberals, so the content is less green and less social than we might have wanted to see it. But this is also a matter of democracy, as more people voted for them than for us.

But this Semester is there, and the issue is that all the fiscal and budgetary measures are binding, while the social ones are not. As this won’t change soon, what can we do to make this more binding as well, to ensure that Governments are going to follow up on commitments. The European Union ensures that budgetary commitments are followed up, as there is an infringement procedure, with billion euro fines. But what are Governments more afraid of than of losing money? It is losing millions of votes. So I think that Europe 2020, and especially the social and employment goals, need an audience, need public opinion, to put pressure on Governments to follow up on social, environmental and employment targets, otherwise they lose votes. This was the idea behind supporting some umbrella non-governmental organisations to come together and talk about how we could spread the word and create an audience for the goals that we stand for. It was taken up and grew organically, and by now thousands of people across Europe are involved in this recommendations process. It started in the spring of 2012, and in just two short years thousands of people understand what the Semester is, which isn’t easy to understand to begin with, it almost seems designed to keep people out, and all the abbreviations – AGS, NRPs, CSRs... People lost interest early on in the stage, and hardly any journalist writes about it. But if we can still mobilise thousands of people to engage with it in two years, then just imagine what could be done in the future.

These are challenging times to come. The Social Dimension of the EMU will be put into place, and my biggest fear is that the social Scoreboard will remain next to the real, binding Scoreboard, and not impact policies enough. This is something to watch out for, how budgetary and economic policies are in conflict with social and employment ones. I hope that this will become very clear when the Scoreboard is giving a strong place, at least in the reporting. The Mid-Term review is also coming up, and it is easy to say that Europe 2020 is going nowhere, and that we are not getting any nearer reaching the targets, not even the financial and budgetary ones. But we are only halfway through, there are 5 years left, and NGOs know better than anybody else how we can get closer to achieving these goals. There is also more of a listening ear now in the Commission, I think, than there ever was before, so there is a great opportunity for constructive criticism in this

Mid-Term Review. I was very proud that, in the last Semester report, voted in the plenary of the European Parliament in February, a paragraph calls for an inter-institutional agreement. A lot of people say that we need a Treaty change, to give the European Parliament a fuller role in the Semester process, we talk about it a lot, we hold meetings about it, we write 4 reports a year about it, if not 5 or 6, yet we don't have a say in it. This means that the game is only between the Commission and the Council, and we can be disregarded at any time. A Treaty change is not necessary for an inter-institutional agreement, as our institutions can sit together, hash out an agreement and say "This how it's going to work, and this is the role of the European Parliament", which would democratize the Semester significantly. It was attempted last year, but it was voted down, but this year it received a huge majority, so the hope is that the next Parliament will agree to that as well. The Employment Committee should do an own initiative report on how this agreement should look like, preferably pursuing Rule 51 and in connection with the Economic Committee. It would be a step forward if, in the European Parliament, we managed to bridge the gap between EMPL and ECON as well.

A final thing to look out for in the coming period is that the European Commission plans on introducing the "South-East Europe Semester", for enlargement countries in this area. This will mean a "South-East Europe 2020" strategy, with goals that these countries will try to reach, function of their capabilities, with a Semester-type process. This is a great administrative challenge for these countries, but it could be a great opportunity, especially if they don't make the same mistakes we made with our Semester. For instance, they could include stakeholder involvement and proper parliamentary involvement from the get-go. All of our experience of the past few years could benefit our colleagues in these countries, so please contact your partner organisations in South-East Europe and make sure that they know, that they are engaged, that they understand the process, and that they know when and how to influence it, so they can be a voice. There is a lot of work to be done, and I am very happy that this Alliance will be there to contribute to it.

### **Jürgen Klute, GUE**

Thank you very much for the invitation. I belong to the GUE, the extreme-left group in the European Parliament, and we have some criticism to the European Semester, but I do not necessarily agree with all criticism coming from my political group. I appreciate this initiative of the Semester Alliance. I am a member of ECON, the European Parliament Committee on Economic and Monetary Affairs, and I was shadow rapporteur when we negotiated the "6-pack". I remember that at the time we discussed the possibility to implement an economic dialogue, coming from Sylvie Goulard, a French member of the European Parliament's ALDE group. The idea behind was to invite social partners and civil society in the European Semester, but this did not become a part of the process, and your initiative builds on this idea in a bottom-up way, and it has my support.

The GUE says that, so far, the democratic legitimacy of the European semester is not very strong. I think we need such kind of method, I am not against the European Semester, as you can't have common currency without political and economic coordination. It is a big step ahead that we have this kind of coordination now, but the problem is that it is not transparent for citizens, and a lot of them misrecognize the Semester as part of Troika policies. This was not the original idea of the Semester, but the two processes started in the same time, in order to fight the crisis, and it is very important to mark this difference: the European Semester is not the same as the Troika. But to achieve this, we need broader democratic legitimacy for the Semester, involving social partners and civil society. I was recently involved with a European Parliament report on the Troika, from the ECON committee, and in that framework we had delegations visiting all countries. My impression was that the lack of involvement social partners and civil society from the beginning, in all the

measures, would have avoided a lot of problems. This would have slowed down the procedure, without a doubt, and I am aware of time constraints, but, on the other hand, it would have been better to involve social partners and civil society more strongly and more broadly.

Another issue which was already mentioned is the binding power, which we discussed in the ECON, in the context of the “6-pack” and the European Semester: how can we make proposals and Country-Specific Recommendations binding for the countries which didn’t have deficits? We discussed that the crisis is not only a problem of deficit countries, but also surplus countries, like Germany or others, are a part of the problem. For instance, we discussed the possible implementation of a special fund, the German trade unions are currently debating kind of a Marshall Plan, where surplus countries would contribute, to finance the economic recovery in the crisis countries. This was not taken on board, what we have in the “6-pack” is that that Commission has to issue Country-Specific Recommendations if a country has a surplus over 6% of the GDP. Although this recommendation has been made to Germany, the German Government did not implement it. This is an issue of injustice between Member States, it needs to be reviewed. When drafting the report on the Troika, we made some proposals about what is necessary in the future, and this should become a part of the European Semester as well. The first point is that we need social impact assessment for all proposals from the Commission.

Another point is that all European Commission proposals have to be in line with social and fundamental rights. Our impression was that not everything that was done in the context of the Troika work, but also partly in the European Semester, was really in line with social and fundamental rights. We have to strengthen this aspect, and debate how we can implement it better and mainstream it in the European Semester, especially the protection of social systems, health and education systems, as it doesn’t make any sense to destroy these systems with austerity policies. In Greece, more than one third of the population has no access to healthcare anymore, and we were told by some doctors that there is a high number of people who visited a doctor too late, and died because they could not receive the treatment they needed. This has to be avoided in the future, it is a crucial demand, if the European Semester, a needed instrument, is to be accepted by the citizens.

We need to take into account that a core reason for this crisis is not the deficit of the Member States. I do not agree with some colleagues who say we should not discuss about deficits, I think this is not sustainable. The deficit in most countries is not the core problem, but the fact that the Euro area has some architectural failures, and this has not been worked on. We can’t solve these issues without Treaty



changes, and in the meantime we have to act. Our possibilities are restricted by the Treaty, so we have to act within the measures we have on the table, but if we don’t change the Treaty, we won’t

overcome the crisis and all measures will fail on the long term. It's an important step ahead the European Semester, but it has to be adjusted, corrected. We should not forget that there is only one important step, and we need more to overcome the crisis and to come to a sustainable currency. Thank you very much for listening.

## **Debate with the Audience**

### **Constanze Adolf, Green Budget Europe**

I want to thank the entire panel for their support, and address a question: What power do we have in the European Semester for the next legislative period? You already raised some challenges that we can expect from the new European Parliament, we will also have a new Commission coming. We work mainly with DG TAXUD and DG ECFIN, and we can see that, in addition with the horizontal work that the Commission is doing, they are deepening the vertical level, saying that they need to understand more what is happening in the Member States. We agree with that, we have a fundamental problem if the DGs don't know what is happening in the Member States. Looking back over the past 5 years, one of the core problems has been that people don't understand what is happening, and don't see the EU acting with one voice. This is a clear message, that we need to have very concrete and very powerful demands from the EU, but how will this be possible, if we concentrate on 28 recommendations, and the overall aim is not clear anymore? Where is Europe 2020?

### **John Grahl, Euromemorandum**

If we are assessing Europe 2020, we need to look back at its predecessor, the Lisbon Strategy, which was, in my view, a failure. Three quarters of the employment growth which took place during the Lisbon period, in Ireland, Italy, Spain and Greece, has since been reversed. We need a realistic assessment of what's gone wrong, before placing a lot of hope in Europe 2020. Looking at the economy, the reality of the first decade of this century was one of quite significant divergence in performance, which was disguised by unsustainable capital flows. The European Commission bears the responsibility of these capital flows, as it adopted a model of financial integration which is completely deregulatory. Alexandre Lamfalussy raised a point that this integration might lead to instability, and he was politely told to drop the subject by the Commissioner. So what is it actually being done to deal with this divergence, now that it has been revealed by the crisis? The only emphasis is painfully and exclusively placed on competitiveness, that is, on driving down incomes, costs, and public provision in the weaker states, which has a huge cost to social models, which has been documented by DG Employment and Social Affairs. This is what is happening, and it is ratified by all the documents that have come out, the "6-pack", the economic Scoreboard (which has sanctions behind it, unlike the social one) – that the overarching priority is competitiveness. The short-run danger we can already see, but the long-run danger is that the developmental problem of weaker countries won't be solved in this way. These countries will only lose their capacity to develop, because the states will be weaker, much able to intervene, to encourage development, and because of huge brain drains – Ireland and Greece being staggering examples. This approach only undermines the capacity of these countries for future development, when the competitiveness pressure will be much increased, unless some fundamental re-thinking of how development and convergence are going to take place.

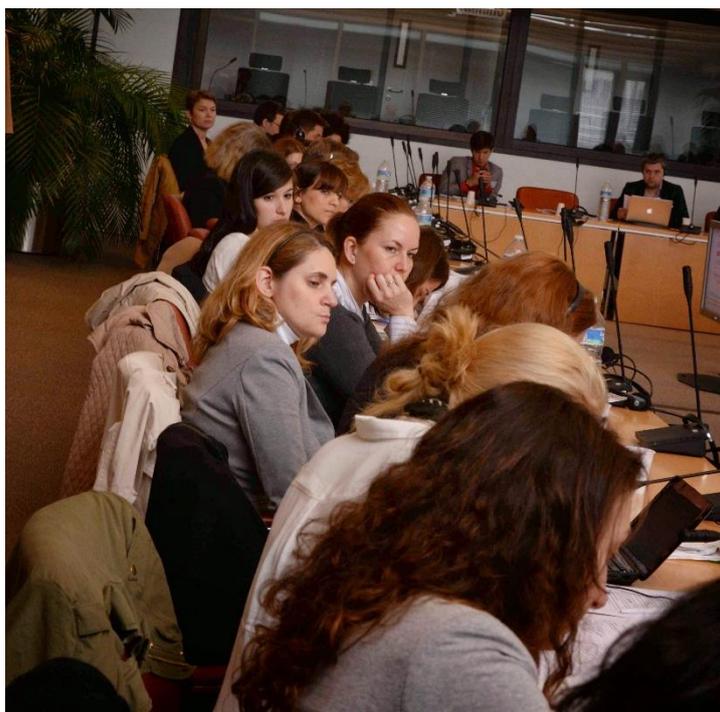
### **Richard Pond, EPSU (also speaking on behalf of the ETUC)**

I think what we are doing here is extremely important, in trying to develop the democratic element of the European Semester, and congratulations particularly to the civil society group who, at the national level, have done a lot to improve the involvement within the Semester – and the trade unions can certainly learn from that. My first point is direct at the European Commission, after having read their documents and having heard them here earlier. The Commission needs to stop talking about the social effects of the crisis, because that happened in 2008, and since then we had 5 years of policy responses to the crisis, so this is more about the social effects of the policies that were supposed to deal with the crisis. My second point, going back to the question of

democracy, is that I think we've seen some progress towards greater involvement of groups, social partners and institutions in the semester, but there is still a long way to go even to get the European Parliament properly involved. We're trying to do our best here to get to grips with one element of the Semester, the NRP and CSR, but alongside the process is still completely free of any democratic involvement, namely the economic Scoreboard, the alert mechanism, the in-depth country review. We have had 17 in-depth country reviews, 3 with clear recommendations for countries to take action on issues relating to public expenditure, macroeconomics, minimum wages – all areas of which have a knock-on effect on Country-Specific Recommendations. The democratization of this process also needs to go to a rebalancing between the different parts of the European Commission and the European Parliament. Marije Cornelissen talked about balance between the Economic Affairs Committee and the Employment Committee within the Parliament, I think we also need to see a rebalance within the Commission, between DG ECFIN and DG EMPL, as it seems that DG ECFIN is driving the issue, even in relation to the labour market and collective bargaining.

**Jana Hainsworth, Eurochild**

I would first like to react to Outi Slotboom's mentioning that the CSRs only represent the tip of the iceberg. I think what we are trying to do here is to go beneath the surface, beneath the CSRs, to understand what that means in practice, how an integrated approach could be developed. I support much of what has been said about this. I would like to give an example linked to Nicholas Costello intervention on early childhood education and care, which we obviously support. Indeed, 9 Member States had specific Country-Specific Recommendations related to early childhood education and care, but so much depends on the interpretation of the delivery within that frame – as Penny Clarke mentioned the situation in Greece, where families are being given vouchers to purchase health services. We need very strong messages from the European Commission in relation to universal provision of inclusive services, which is not the way that many Member States have interpreted the focus on childcare provision, seeing it only in the very narrow perspective as enabler of labour market participation. So interpretation and implementation is crucial, if you go beneath what is said in very crude, very generalized Country-Specific Recommendations. I would urge, in terms of the Mid-term Review, that we do not let go of any of the social and education priorities, and we dedicate the next 6 years to engage with many more actors at the national level to question, to challenge, to debate the interpretation of the CSRs.



**Outi Slotboom, DG ECFIN**

Thank you very much for your comments. Maybe I should say a few words about our internal working methods. The position papers, reports, proposals etc. which come out of the Commission are done collectively, in large teams. The country-analysis is done by big country teams, where each DG – Employment, ECFIN, Environment, and many of the others – send their country experts, and the different country-reports are done together. You can't put labels and say that only one part of the Commission is responsible for one particular document. This has been a huge exercise, and the European Semester in general involves hundreds and hundreds of people in the different country teams, but we see a great benefit in bringing all these people together. You mentioned the in-depth reviews, under the Macroeconomic Imbalances Procedure – this is one of the areas where this integrated approach has really been an effort of the Commission. For instance, in the alert mechanism report, we added more social indicators to give a better overview of the situation in each country, and then in the in-depth reviews, we added a whole section on labour market and social developments in the country, to make sure that the analysis is contextualized. In terms of whether there is scope to change the Strategy, of course we, as civil servants, are waiting for the new Parliament and the new Commission. But this is a time for review, where everybody who has things to say is invited to contribute. My understanding is that the Europe 2020 consultation will have open questions about the priorities and the working methods. In terms of the comments on the Euro area, we have published studies to demonstrate the benefits of having a single currency to complement the single market, to reduce transaction costs and make it easier to do business across the board. A part of that has been financial markets integration, but this is also a global phenomenon, this is not something limited to the Euro area or the EU. The recent proposals on a banking union will help have better supervision of the banks of the financial sector in the Euro area and the EU, which will certainly be an improvement. On the competitiveness policy, which only means negative things, I would still like to emphasize the different things that we have said about competitiveness: if you look at the Country-Specific Recommendations, competitiveness is very often about more education, better innovation, more investment in research, better quality in education, active labour market policies. This is a very big part of the competitiveness recommendations that we are putting out.

**Nicholas Costello, Deputy Head of Unit, DG Employment, Social Affairs and Inclusion**

I have some sympathy for the point about not talking anymore about the social effects of the crisis, and I think now is the time to be thinking about coming out of the crisis stronger, something future-oriented, as it's already been over 5 years. On the other points, I think we have covered everything already from the Commission. Thank you.

**Marije Cornelissen, Greens/EFA**

Constanze Adolf mentioned that the European Commission should engage civil society much more at the national level, to find out what is actually happening in the Member States. I think the European Commission works with an extensive network of experts, in all fields, for the greatest part academics, with expert knowledge and providing factually true information about the policies in the Member States. However, they are unable to supply what civil society can provide, which is how people experience policies, what the priorities should be and what people really want. My dream is that, in a couple of more years, this won't stay an EU Alliance, but will become national alliances as well, combining civil society organizations in all kinds of sectors, even sectors that usually don't work together a lot, as they deal with different fields. It would be great if the Commission could make efforts to stimulate that. The gentleman from Euromemorandum said that countries in crisis need a chance to develop, and some of the structural flaws need to be remedied – if everybody just cuts, there is nobody to buy, hence no chance to develop, if you can't

invest. Jürgen Klute mentioned that surplus countries could pay for recovery plans of crisis countries, and the European Commission's plan for the future does include some sort of transfer possibility, such as, for instance, an unemployment scheme. This is very, very necessary. In our own election programme, the Greens included such a Fund, where countries with a booming economy would contribute, and countries with higher unemployment would get money out. On the one hand, this would ensure that countries don't fall as low as they can, but also that other countries don't get bubbles, as they do now. In the 2000s, Spain would have paid into the Fund, and Germany would have taken money out. Now it is completely reversed, but such an initiative could have cushioned the Spanish bubble. If GUE and the Greens become strong in the European Parliament, then this transfer union is something we should definitely put on the agenda. The gentleman from the trade unions mentioned the social effects of the response to the crisis. This is the greatest fight that we had between different groups in the European Parliament when wording a report or a resolution – whether to say the social effects of the crisis, or the social effects of austerity measures; we usually find some intricately-worded compromise. I would definitely say, even though colleagues from the Commission say that everything is done in complete collegiality, that the battle between social and economic is what characterizes everything: ECON vs EMPL in the European Parliament, DG ECFIN vs DG Employment, Rehn vs. Andor, Berès vs. Bowles, figures vs humans. I hope to see a more united stance in the coming mandate, but that would depend on the voters as well.

#### **Jürgen Klute, GUE**

I can agree that it is very difficult to explain to citizens what the EU is doing at the moment, we see that every day when we go into our constituency and meet the electors, and it is really a pity. This is our duty as Members of the European Parliaments, to make things clearer, but it is my impression also that the media have a responsibility, and I don't see them taking up this responsibility. In a country like Germany, the debate is focused on national issues instead of EU issues, and it is very difficult to come into the public debate with this difficult jargon. I would encourage the European Commission to do more in this respect, although I am aware that it already does quite a lot in this direction. I was often invited by the European Commission or by the European Parliament to participate in discussions with citizens, but this is still not enough. Another point is that at least the European Parliament is not really involved in the decision-making on the European Semester. In this struggle we have between the three institutions, how can the European Parliament be on equal footing with the Commission and the Council? Three years ago, we started having a parliamentary week each spring, to discuss with members of the national parliaments, but this doesn't have concrete results in decision-making. This is a further point that we need to work on – how can we use this possibility, which is very helpful, but it is not yet part of decision-making, so this aspect needs to be strengthened.

## **Closing remarks by Barbara Helfferich, Chair of EU Alliance**

I would like to close this discussion here, and thank all participants. Keep in mind that this is a first exchange, and I was particularly encouraged by the fact that we had the Commission here (DG Employment and DG ECFIN), which is a very good exercise, to be repeated. In the process of our one-year project, and hopefully even longer term, we have now issued our assessment of the Country-Specific Recommendations, as we have experienced them at the national level. We will continue to work with our three pilots, Bulgaria, Ireland and Denmark, to continue deepen that discussion at the national level and to forge such broad alliances in these countries, and to make this a test case as to the contributions that these alliances can bring to the whole process. We will certainly take up the consultations available at the EU level, and we hope they are meaningful and adequate. We intend to give a strong input, and would like to see a much clearer approach to stakeholder participation and guidance from the European Commission. We need clear targets, a clear analysis, past and present, and we need ex-ante impact assessment of policies, and on the effect of macroeconomic policies on social policies. I also take onboard the issue of more regard to social and fundamental rights, which we all need to keep in mind, in particular the European Commission. We are looking forward to a new Commission, to a new European Parliament. We are sorry to see some people go, and we will welcome those supportive of our objectives, in terms of improving the balance between the social and the economic, and supporting an integrated strategy to reach those goals. Thank you again to the speakers and participants, and we would like to have at least a second and a third exchange in the future, to work together for a better and more progressive Europe. Thank you to the European Commission for financial and other support for this project, and to the Alliance colleagues – I am looking forward to working with you on the next steps of this project.

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The *EU Alliance for a democratic, social and sustainable European Semester (EU Semester Alliance)* is a broad coalition bringing together major European civil-society organisations and trade unions, representing thousands of member organisations on the ground at European, national and local levels in the European Union.

The 'EU Semester Alliance' aims to support progress towards a more democratic, social and sustainable Europe 2020 Strategy, through strengthening civil dialogue engagement in the European Semester at national and EU levels.

*Enabling civil-society to participate in the shaping of EU policies and to contribute to progress on the Targets of the Europe 2020 Strategy concerns us all!*

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