

October 1, 2012

To: José Manuel Barroso
President of the Commission

**Contribution of Social Platform to the 2013 Annual Growth Survey:
*Strengthen the social dimension and rights based equality of the Annual Growth Survey and European Semester to meet the needs of people in the EU***

Dear President Barroso,

In the last quarter of this year, you will present the new Annual Growth Survey (AGS) for 2013, setting the course for the next European Semester and charting the direction for the EU in view of achieving the Europe 2020 targets.

We were happy to see how the AGS for 2012 identified "tackling unemployment and the social consequences of the crisis", including protecting the vulnerable, as one of the five priorities for the EU and member states. **Unfortunately, member states did not respond as we believe they should have to this priority nor followed up on the lessons learned and the recommendations made last year.**

The National Reform Programmes (NRPs) of 2012 have shown some willingness to set priorities in some key areas.¹ However on the whole, assessments by our members have indicated that there is no improvement in the setting of coordinated and multi-dimensional national commitments for the EU 2020 targets on poverty and social exclusion, employment and education.²

Parallel to this, European economic governance is increasingly putting pressure on the social dimension of the EU. In the last two years, EU priorities have been driven by austerity and fiscal consolidation, taking an approach that totally contradicts the democratic principles of the EU as reflected in Articles 9 to 12 of the Treaty. As a result, reality is showing an increase of poverty and social exclusion, unemployment and low quality employment³, inequality and discrimination, and aggression. National austerity policies are contributing to this increase by attacking essential public services, social protection and benefits, and social infrastructure. Civil society organisations have seen their funding cut or are being asked to replace government tasks in providing services without an increase of budget.⁴

Because of member states not adequately responding to the priorities of last years AGS, we call on you and the Commission for the 2013 Annual Growth Survey to:

- I. Set as a main social priority "Supporting inclusive and sustainable growth with adequate social protection systems, accessible public services, quality jobs and equality for all", to build on last year's priority on "tackling unemployment and the social consequences of the crisis";**
- II. Define clear guidelines - including on the cooperation with civil society organisations - on the governance of the next European semester and on the implementation of the Europe 2020 targets by member states through the 2013 AGS priorities, and follow up on their achievements.**

¹ Such as homelessness: [FEANTSA assessment of the NRPs](#).

² [Overview Europe 2020 targets 2011](#) vs [overview Europe 2020 targets 2012](#). See also reviews of the NRPs 2012 by Social Platform members: [EAPN](#), [FEANTSA](#), Eurochild, European Women's Lobby, [Caritas Europa](#), etc.

³ As you also pointed out in your speech at the Employment Policy Conference of September 6, 2012.

⁴ For example, on the impact of anti-crisis austerity measures on homeless services: [FEANTSA report 2011](#), and the impact on housing conditions: [Eurostat report 2011](#).

How?

I. **Include in the next AGS, our proposals for action by member states under the following three sub priorities to reach the main social priority above, as elaborated more in detail in the annex to this letter:**

- 1) Commit to social investment and reverse the negative social and economic consequences of austerity cuts in services of general interest and social infrastructures;
- 2) Invest in the creation of and access to quality and sustainable employment and support quality job creation in the social sector, in particular as a response to demographic changes;
- 3) Invest in equality in all policy areas to improve the results of implementing the poverty and social inclusion, employment and education target.

To support the implementation of this priority and its sub priorities, member states, should be encouraged by the Commission to make use of the EU structural funds, and especially of the performance reserves

II. **Give explicit and transparent guidance to member states in the AGS on the implementation and governance of the Europe 2020 Strategy:**

- Oblige member states to take up the AGS priorities and headlines in their National Reform Programmes and National Social Reports and request an action plan for their implementation. Set clear and compulsory procedures that allow for true and meaningful involvement of all stakeholders, including civil society and its organisations, people experiencing poverty and social exclusion, as well as social partners, social and health ministers, national parliaments, equality bodies including gender equality, local and regional authorities, in all stages;
- Ask member states to mainstream – including from the perspective of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation - the poverty and social exclusion, employment and education goals of Europe 2020 throughout their 2013 National Semester;
- Provide information on how previous Country Specific Recommendations in the field of poverty and social exclusion, education and employment have been followed up and take action towards member states in case of non-implementation;
- Set clear standards on the provision of desegregated data, such as on the basis of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation, by member states concerning the progress made in achieving the Europe 2020 targets.

We trust that we can count on your support.

Yours sincerely,



Conny Reuter
President



Pierre Baussand
Director

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

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Priority for the Annual Growth Survey 2013: Supporting inclusive and sustainable growth with adequate social protection systems, accessible public services, quality jobs and equality for all

We recommend the Commission to include in the next AGS this priority and our proposals for action by member states to implement it, by taking up the following three headlines:

**Proposed headline 1:
Commit to social investment and mitigate the negative social and economic
consequences of austerity cuts in services of general interest and social
infrastructures**

Background:

The austerity measures promoted by many governments and encouraged by EU economic governance, are widely recognised as resulting in increased poverty and social exclusion. The failure to see expenditure to promote quality jobs, education, services, social protection and minimum income as a long-term social investment in inclusive growth is likely to undermine an inclusive and effective recovery as well as dismantling the European social model and public support. Between 2009 and 2012 social protection expenditure has decreased in nearly all member states. In many countries it has not been sufficient to prevent the gross household disposable income from falling.⁵ Furthermore, the way in which these measures have impacted on women and men as well as groups experiencing discrimination has not been fully assessed nor acknowledged.

There is no correlation between this degraded social situation in Europe and the improvement of the economic situation, in particular the decrease of public deficits and debts in improving economic performance. On the contrary, empirical evidence shows that maintaining sufficient level of public spending in social, health and educational infrastructures can not only help improve the social situation but also would support growth.⁶ Cutting health services and social protection will threaten the economic recovery prospects for Europe as a whole.

It is now time for a social investment strategy in order to achieve sustainable and inclusive growth, adequate support system to address the social impact of the economic crisis, the redistribution of wealth and prosperity, and intergenerational solidarity, to make long-term social investment and short-term fiscal consolidation mutually supportive at both EU and MS level. Key elements for this are high quality, accessible and affordable childcare and care for other dependents, investment in training and education, support for work-life balance, seizing opportunities by migration and integration, and minimum income protection and capacitating service provision, within a framework of a gender budgeting approach which provides a mechanism of good governance⁷.

There is a need for increasing investments in public health and social protection infrastructure, including rebuilding the public health and social care workforce, while ensuring sufficient allocation of budget and funding. In addition, given the ageing population, increase in chronic disease and rise in social exclusion it is important that health and social protection systems that focus on early interventions, are accessible to prevent the marginalisation of vulnerable groups and are a potential source of quality employment. By not investing in health and social services will mean both worse health and social outcomes and higher expenditure because patients will need more intensive and expensive interventions in the longer term.

⁵ [EU Employment and Social Situation Quarterly Review](#) of the European Commission, June 2012

⁶ Many research is now conducted to measure the economic impact of investing in social infrastructures. See for instance for the social housing sector "[The case for public investment in affordable housing in London](#)"

⁷ Some countries, notably Belgium, have adopted gender budgeting as a tool of good governance and in accordance with the *Circulaire du 29 avril 2010*

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Reforms to social protection should not dismantle but should make sure that the system is accessible, sustainable, adequate, socially inclusive and economically productive and based on performing, well-governed, and proactive social protection institutions. An important role for social protection lies in cushioning the impact of the financial crisis, but also in general in supporting the functioning and solidarity of our society.⁸

The Commission considers that member states should give priority to:

- Using EU funds to support social investment and promote gender budgeting as a key instrument for implementing the social dimension of Europe 2020;
- Introducing minimum income schemes that should be recognised as a basic right for people to be protected from material deprivation and allowing for their participation in society;
- Ensuring universal coverage at adequate levels through the life cycle in social protection and universal access to inclusive public services; inclusive education and life-long learning;
- Improving pension systems, respecting national traditions of social dialogue to ensure the adequacy and accessibility of pensions, and addressing the gender pension gap which results in the feminisation of poverty in old age, to improve the lives of older people currently living in poverty.
- Reforms of health systems that accompany pension reform to ensure sustainability, should be progressive, ensure equality of access and prioritise preventive and early intervention methods;
- Investing in social infrastructures and health infrastructure and support, such as good quality, accessible and affordable housing and care facilities and encouraging the member states to use the Structural Funds, in particular the ERDF, for this purpose;
- Providing enough resources for mechanisms combating social exclusion and poverty, such as Active Inclusion Strategies based on sufficient income support, access to quality services and inclusive labour markets, as well as other strategies targeting poverty and social inclusion;
- Maintaining an ambitious level of public spending in education;
- Ensuring sustainable financing in the context of fiscal consolidation by supporting increased revenue through tax justice with higher focus on progressive income tax, and on taxes on capital and environmental-risks;
- Develop integrated homelessness strategies at EU level and in the member states as requested by the European Parliament, the Council, EESC, and CoR.

Proposed headline 2:

Invest in the creation of and access to quality and sustainable employment and support job creation in the social sector, in particular as a response to demographic changes

Background

Investing in job creation cannot be effective and sustainable unless the quality of employment and working conditions is guaranteed.

The number and quality of jobs has diminished since the start of the crisis. Eurofound reported that there were five million fewer people in paid employment in the EU27 in the second quarter of 2010 than in the second quarter of 2008. Furthermore, the greater part of employment growth from 2009 onwards took place in temporary jobs, precarious and in lower-paying jobs, sectors in which young people and women are dramatically over-represented.⁹

⁸ ISSA Crisis Monitor Project 2012, [Managing social security in uncertain times](#)

⁹ Eurofound, [Shifts in the job structure in Europe during the Great Recession](#), August 2011.

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The in-work poverty in the EU remains a challenge and it hasn't dropped during the period of economic growth in the first decade of this century. Over the last years the EU average in-work poverty rate was around 8-9% while in some member states it reached more than 15% (Poland, Romania) and in several more was above 10%. The gender pay gap also remains high at an average of 17% in the EU. In the context of decline and segmentation of the labour markets the in-work poverty grows in majority of the countries. It affects mainly young people, women and those having temporary and part-time jobs. In some countries however the probability of becoming in-work poor is growing for the self-employed people. Given the high supply of temporary, precarious and low-paid jobs, the risk of becoming working-poor is increasing. Finally, the lack of minimum income schemes in some countries or the low level of benefits and the introduction of more stringent conditions result in maintain the high in-work poor levels or in shifting into undeclared employment.

Great potential for job creation can be found in the social sector including the care sector which has a huge growth potential, fostering also inclusive and sustainable growth.

The demographic old-age dependency ratio is projected to double by 2060. This is why an adequate supply of long-term care workers is needed and appropriate strategies and measures for improving recruitment efforts, including the employment of men into what has traditionally being seen as 'women's work' and migrant workers¹⁰. As a result, the capacity to retain recruited workers needs to be increased through improved pay levels, working conditions and career prospects. Investment in lifelong training for staff also has to be improved.

The social economy (SE) in Europe is very important both in human and economic terms, employing over 11 million people. The concept of SE is closely linked to the concepts of progress, good governance and social cohesion. The contribution to European society made by cooperatives, mutual societies, associations, foundations and other social enterprises far transcends their strict economic contribution in terms of GDP. The social added-value relates to social cohesion, investments in human capital, employment, weaving the social and economic fabric, the development of democracy, including good governance, social innovation and local development. The SE also makes notable contributions to a fairer distribution of income and wealth, to creating and providing welfare services (such as social, health and social security services) and to sustainable development.

The Commission considers that member states should give priority to:

- The creation of quality jobs - in terms of living wages, addressing the gender pay gap and decent working conditions: access to social protection, training, knowledge content, work-life balance - building an inclusive labour market and ensuring access for excluded groups through integrated Active Inclusion approaches, particularly for groups at risk of social exclusion, such as long-termed unemployed people, migrants and young people;
- Addressing labour market segmentation through improving employment protection, combating precariousness and improving job quality;
- Investing in job creation in the social and care sector and in the potential of non-profit organisations in delivering quality care adjusted to the needs and demands throughout the life-cycle;
- Investing in human capital in skills and competence development of careers from a gender equality perspective and capacity building of service providers of all types (including non-profit organisations) as well as enabling and encouraging a framework for volunteers who complete the professional employees;

¹⁰ However, the care sector should not be considered as the only employment sector for migrant workers, due to the absence of recognition mechanisms that fail to recognise other professional qualifications obtained in their countries of origin.

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- Investing in the creation of sustainable jobs in the social economy sector (especially for youth and people facing social exclusion) as well as increasing their employability through vocational training and other forms of support. This can be done through e.g. setting specific social requirements for providers interested in delivering services outsourced by public authorities and structural programmes supporting employees' skills and competence development as well as learning work spaces;
- Ensuring a greater presence of support for social economy initiatives for developing employment in quality, accessible and affordable care services in the 2014-2020 Operational Programmes to be financed by the Structural Funds.

Proposed headline 3:
Invest in equality in all policy areas to improve the results of the implementing the poverty and social inclusion, employment and education target

Background

The Commission concludes in its [annual report on the Application of the EU Charter of FR](#) that improving equality is essential to the EU's response to the current economic crisis. The report highlights gender diversity and how "companies with higher percentage of women on corporate boards perform better than those with all-men boards".

The Social Protection Committee highlighted at the beginning of 2012 that "mitigating inequalities is key to ensure a fair distributional impact of austerity programmes and to restore confidence in inclusive growth". It pointed out the importance of social protection transfers and the provision of quality services affordable childcare¹¹, education, access to social services of general interest remaining crucial to employability prospects, and social mobility of different income groups as they directly reduce inequalities".¹²

Tackling inequalities is not only a way to support vulnerable groups and people disproportionately hit by the crisis and at risk of poverty but also a way to empower women and men and enable social inclusion and participation in all areas of life as well as access to education, basic health services and employment. The more discriminatory and excluding obstacles that are obviated the more people can contribute to a sustainable, economic and inclusive growth. Inequity has been one of the drivers of the crisis: greater equity and equality, and gender equality must be one of the solutions.

The European Trade Union Institute recently stated that "[r]esolving the current crisis without taking care to reduce [income] inequality is likely to leave in place the seeds for another crisis (---) in many countries the austerity policies have served to exacerbate existing forms of inequality"¹³. The European Parliament argues that strong social safety nets can make all the difference and therefore should remain intact regardless of any austerity measures¹⁴.

Data show how tackling inequality can lead to economic growth, for example:

- **Eliminating the remaining gap between male and female employment rates could boost GDP in the euro zone by 13%**¹⁵. The Parliament also stresses that the failure to apply the principle of 'equal pay for equal work of equal value' undermines the Europe 2020 employment objectives¹⁶. Closing the gender pay gap will also result in

¹¹ In light of an ageing population, care needs to extend to a life-cycle approach

¹² [SPC Third Report on the Social Impact of the Economic Crisis and Ongoing Fiscal Consolidation – key findings](#).

¹³ [Benchmarking Working Europe 2012](#) (ETUI), p 21

¹⁴ Parliament seminar on June 19, 2012, see [article on the Parliament's website](#)

¹⁵ The Economist, Special report: Women and work, p 4, Nov 26, 2011

¹⁶ Parliament Report with recommendations to the Commission on application of the principle of equal pay for male and female workers for equal work or work of equal value ([2011/2285\(INI\)](#))

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higher contributions to social security and taxation systems, i.e. more income for the redistributive role of states.

- **Reducing health inequalities by 25% would provide substantial economic benefits would amount to €35 billion Euros** through gains in health as a 'capital good', €175 billion through gains in health as a 'consumption good', €44 billion through reduced health care costs, and €15 billion through reduced social security costs.¹⁷

The Commission considers that member states should give priority to:

- Promote, implement and mainstream gender equality, equality and anti-discrimination policies and measures throughout the National Reform Programmes, in accordance with EU treaty obligations;
- Extend implementation of the European anti-discrimination legislation and other soft law measures on inclusion and anti-discrimination in employment across Europe;
- Involve organisations promoting equality and non-discrimination in employment policies so as to tackle more effectively barriers to unemployment, under-employment and pay gap;
- Increase the capacity of equality bodies to effectively tackle discrimination based on age, disability, religion or belief, ethnic origin, sex, sexual orientation, gender identity and/or gender expression;
- Reduce rising income and wealth inequality that is undermining adequate incomes and inclusive growth by promoting fair and wages, adequate minimum income above the poverty threshold and reduction in the income gap between the wealthy and the poor; promote fairer re-distribution through tax justice;
- Adopt the maternity leave directive¹⁸ to safeguard women's income and protection on return to women after childbirth.

¹⁷ WHO, [macro-economics and health](#)

¹⁸ Position of the European Parliament adopted at first reading on 20 October 2010 with a view to the adoption of Directive 2011/.../EU of the European Parliament and of the Council amending Council Directive 92/85/EEC on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding and on the introduction of measures to support workers in balancing work and family life (EP-PE_TC1-COD(2008)0193)