

To: Heads of State and Government

Letter to the European Council of October 18-19, 2012

Respond to the social emergency and integrate social priorities in EU economic governance

Dear President,
Dear Prime Minister,

Economic policy promoted by the European Union does not respond to the social emergency in Member States. Currently there are 25 million Europeans without a job and 116 million living in poverty. These numbers continue to increase as the situation worsens since the beginning of the crisis in 2008.

We want to remind you of your conclusions from the June Council regarding the *Compact for Growth and Jobs* which noted the need for “tackling unemployment and addressing the social consequences of the crisis effectively to combat poverty and support vulnerable groups”.

The current economic narrative fails to deliver on the social emergency

The narrative in the European Council assumes that the single market and competitiveness will generate growth which in turn will create employment that will consequently reduce poverty. This assumption is wrong. First, there is no growth for 2012 and the forecast of [Eurostat](#) for 2013 is just 1,3%. Secondly, 94% of the jobs created in 2011 have been in part-time work and with temporary contracts. Precarious jobs are no solution to combatting increasing poverty.

An alternative way to ensure inclusive and sustainable development

We believe an alternative approach is required: focusing on the social objectives of the Europe 2020 Strategy (combatting poverty, education and employment) and investment in social and health services and infrastructure to ensure social inclusion and cohesion. Such a new approach to economic governance would support the EU in fulfilling its objective to “*promote peace, its values and the well-being of its people*” as set out in article 3 of the Treaty on the European Union.

Empirical evidence shows that maintaining a sufficient level of public spending in the social, health and educational field can not only help improve the social situation but also would support growth.¹ This is supported by the latest data from the IMF who admitted it completely underestimated the effects of austerity and that cuts in public spending are resulting in an enormous economic loss.²

Public expenditure is a long term social investment in inclusive growth without which you are likely to undermine an inclusive and effective recovery, dismantle the European social model and increase growing public disillusionment in the political process.

¹ Much 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](#)”

² IMF, [World Economic Outlook](#), October 2012.

Therefore at your October meeting we call on you to:

- **Commit to a social investment strategy and use the future EU budget to achieve sustainable and inclusive growth.** This strategy should focus on quality jobs, adequate social protection systems and accessible public services and to ensure reduced poverty and social exclusion.
- **Immediately implement the commitment to lift at least 20 million people out of poverty and social exclusion,** making this your first priority and not as a consequence of growth and jobs. It has been two years since you committed to this target but there is clearly a lack of results and political will whereas social difficulties have never been as high.
- **Allocate a minimum share of 25% of cohesion funding to the European Social Fund (ESF) and dedicate 20% of the ESF to the objective of combatting poverty and social exclusion.** Funding visible infrastructure projects, as proposed, is not a viable long term solution to rising unemployment and poverty. Whereas the ESF provides resources for long term results that support re-entry to the job market and inclusion.
- **Involve citizens and civil society organisations at local, regional, national and European level in the decision making process** of the economic governance and the implementation of the Europe 2020 Strategy. Give a voice to those who are directly impacted by budget and fiscal consolidation. Their involvement will help reduce the current democratic deficit in European governance.

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.