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Contribution to the Consultation on the Future "EU 2020" Strategy
COM(2009)647 final, 24 November 2009

For a Value-Driven EU 2020

14 January 2010

Caritas Europa, the umbrella organisation representing 48 national Caritas organisations established in all the countries of the European continent to alleviate poverty and social exclusion at home and abroad, welcomes the consultation launched by the European Commission. The fact that the EU will have a vision for the next decade, a vision that will take into account the effects of the crisis, aspire to bring prosperity to people and be embedded in a global context can be considered an achievement. We thus are in favour of a vision with **clear objectives** to pursue, a vision privileging the protection of the human being and of the Creation¹ and stating a real commitment towards **social cohesion, social protection, social inclusion, the protection of human rights, solidarity and sustainable development**. Even though within the very narrow time limits set by the Commission's working document, we have consulted our member organisations as thoroughly as possible in the given circumstances. The answers received, synthesised in this document, have expressed an extremely high interest for the shaping of the new EU overarching strategy, but also serious concern for and a certain amount of discontent with its governance and its main contents, which we have a duty to manifest.

Caritas Europa, as a civil society organisation partner of the European Commission under the PROGRESS program, is proud to give its input to this consultation. At the same time, as one of the largest providers of social services in Europe and partners in development and emergency relief programmes in developing countries, it feels entitled to point at the inadequacies of the current political orientations and indicate better ways of ensuring social cohesion, addressing the social effects of the economic crisis and make the EU's way towards sustainable development.

In the view and experience of Caritas Europa, social welfare does not only rely on the labour market. In our recently published paper, ***Poverty Among Us***, we state that welfare (i.e. the structural conditions for developing personal and societal well-being) relies on THREE sources: paid employment in the labour market, solidarity within the family and primary networks, and the wealth-redistributing and correcting institutional mechanisms provided by the welfare state. Preventing poverty and protecting against poverty risks is the specific task of the welfare state, especially for those who cannot ensure their well-being through either a job income or family solidarity.

We hope the reflections put forward by the Caritas network will substantially help the Commission to prepare its proposal ahead of the Spring Summit. We also hope that a truly democratic inter-institutional dialogue will open up on a matter of such an utmost importance as the overarching EU strategy for the next decade.

¹Caritas Europa endorses and supports the proposals "for an EU that puts people and the planet first" presented in the Manifesto issued this summer by the **Spring Alliance**, the coalition of trade unions, environmentalist and social NGOs for a new EU strategy that puts the economy at the service of people and the planet. More info at www.springalliance.eu

❖ On the vision presented

In the eyes of Caritas, the vision outlined in the Commission's working document only contains a very superficial "social" content. It seems to us that considering the EU a social market **economy**, however smarter and greener, leads to changing the original meaning of concepts linked to human development, like "empowering people" and "inclusive societies", under a narrower employment-oriented and consumer-based approach. Caritas organisations maintain that, even if having a job is a good protection against poverty and social exclusion, employment alone is insufficient to guarantee social inclusion. Discrimination of migrants, Roma and others is only one example. Therefore an active employment policy has to be seen as one element of an overarching "sustainable development" strategy for 2020. Furthermore, employment cannot represent the solution for all cases². The three priorities presented (*Creating value by basing growth on knowledge, Empowering people in inclusive societies and Creating a competitive, connected and greener economy*) are only about the labour market. We see it indispensable here to remind that the European Union was built as a response to the threat of continuous war and competing blocks on our continent, to secure peace. It was grounded on sharing national resources to achieve prosperity, thus societal well-being. Peace and well-being go hand in hand in a fair society based on equality. Today, the threat lies within the Union if it does not respond to the just aspirations of millions of people to build a new society where economy serves the common good in Europe and in the World. On the outside sphere, the challenge is coming from the growing inequalities in the world and the millions of people suffering from poverty, insecurity and hunger³. The EU must return to be a Community of peoples working together to find solutions to common problems and undertaking positive actions of solidarity with one another. If the next strategy for the EU wants to promote "growth for all"⁴, it must begin understanding growth within a wider framework of *well-being* and measuring this well-being differently from just its economic dimension.

The consultation document, in our opinion, does not make a thorough diagnose of the crisis, nor does it analyse correctly the challenges ahead. The reasons why our economy has become unsustainable are not explained and we, as civil society, see it difficult to be confident in a political frame that has not been evaluated at its roots. The document only considers the effects of the crisis, but seems oblivious that already before the crisis 15% of European people were living below the poverty threshold, 10% were working poor, 9% of children were living at risk of poverty, with migrants overrepresented in these sad figures etc. A strategy to exit the crisis cannot make abstraction of the root causes (including the ethical and anthropological ones) of the crisis itself. Behind the economic downturn we see a crisis of values and of the political institutions themselves. The ongoing interconnected crises (the economic and financial one hitting the Western world, the global food security crisis, the climate and energy crisis) are **systemic crisis** that reveal the dysfunction and unsustainability of the world's economic development model and of the lifestyle of the wealthiest nations. They also reveal a lack of **ethical commitment** to the common good. The EU 2020 Strategy must therefore speak about **values**, implement solidarity and a just distribution of well-being, contribute to the development of the impoverished parts of the world and foster a people-centred and green economy. In this **value-driven Europe**⁵, human and social development is the foundation of growth – including economic growth - not the other way round. To our surprise, the consultation document does not enumerate **combating poverty and social exclusion among the future priorities of the EU**. How can social cohesion and freedom be achieved without combating exclusion? We see that

² As also expressed by the report of the Social Protection Committee, "Growth, Jobs and Social Progress in the EU – A contribution to the evaluation of the social dimension of the Lisbon Strategy", September 2009.

³ Over the last 2 years only, the number of people suffering from hunger has risen by 200 million, bringing the historical figure of 800 million to over a billion: one person out of 6 suffers from hunger in the world today.

⁴ Commission's working document, page 4.

⁵ "DRAWING INSPIRATION from the cultural, religious and humanist inheritance of Europe, from which have developed the universal values of the inviolable and inalienable rights of the human person, freedom, democracy, equality and the rule of law [...]" Preamble of the Treaty on European Union, second Recital.

flexicurity is presented as the promising way to accelerate employment. We find this approach, especially the way it is carried out, too reductive for a society hit by a crisis that has exacerbated already existing social disparities. Institutional actions of **solidarity**⁶, **social inclusion**⁷, **non-discrimination and cultural diversity** and the provision of **quality jobs** must be essential directions for achieving more social cohesion in the EU.

Such an open and forward-looking society also needs, as part of its inner cohesion, a new European migration model where people can move freely and where an enriching cultural interaction of people of different origins is achieved. The tenth Common Basic Principle on Integration of third country nationals⁸ recognizes that "*Mainstreaming integration policies and measures in all relevant policy portfolios and levels of government and public services is an important consideration in public policy formation and implementation*". Caritas therefore advocates for the inclusion of **migration as a cross-cutting issue in all solidarity strategies** undertaken at all levels by the EU and its Member States.

All this can be fruitful only in a political and societal environment which is respectful of all people and their communities. The impact on developing countries of EU policies adopted to reach the EU 2020 objectives should be thoroughly assessed, in order to avoid that the EU's socio-economic development happens at the expenses of developing countries. It is a moral duty and in the interest of all to bring poverty to an end and achieve the **Millennium Development Goals** (MDGs) as minimal targets.

The importance of intermediary bodies in the process of building more democratic societies must be recognised by duly implementing the principle of **subsidiarity** and ensuring **participation**, whereby everyone, either as an individual or in association with others, whether directly or through representation, is entitled to contribute to the cultural, economic, political and social life of her/his community. Therefore, measures have to be adopted at all levels to promote a culture of **effective and honest participation**. In the same line, in the consultation document there is not a clear role for the **European Parliament**, nor are there recommendations to national governments on how to involve civil society in the various phases of drafting, implementing, monitoring and evaluating both European and national strategies.

Caritas Europa thus proposes that the fundamental principles of the EU Strategy for the next decade be:

- 1) An ever more **serious commitment** to making the EU a genuinely **inclusive and cohesive society: a social Union**, taking responsibility for the people living in its territory, is ever more needed and must become a priority objective;
- 2) **Real interaction and mutual reinforcement** between autonomous but equally prominent OMC process and EU2020 strategy;
- 3) **Increased legitimacy** through the full involvement of the European Parliament and other representative bodies like the European Economic and Social Committee and the Committee of Regions, as well as through the effective and democratic participation of people and civil society organizations **throughout the EU2020 strategy**, not only in the OMC process;

⁶ The "**Active Inclusion**" strategy, culminated in October 2008 with the adoption of the Commission's *Recommendation on the active inclusion of people excluded from the labour market*, foresees an integrated mix of three policy strands: 1) maintaining the contact with the labour market through opportunities for employment or occupational training, 2) the provision of income support sufficient to live in dignity and 3) access to services to help remove the obstacles hindering certain persons and their families from integrating into mainstream society and promote their reintegration into employment. Caritas Europa notices that any reference to Active Inclusion is completely absent from the Commission's consultation document.

⁷ The Social Inclusion process, under the "**Social OMC**" is also not mentioned in the working document.

⁸ Common Basic Principles on Integration, adopted by Justice and Home Affairs Council of the European Union on 19 November 2004.

4) Rather than unilaterally insisting on individual responsibility, the EU should call upon its Institutions, the Member States, the local governments and the whole collectivity for **solidarity** and **co-responsibility**.

5) Responsibility as a global actor and aid donor for defending and promoting the founding values of the European Union, as well as **sustainable development** in the world.

❖ On specific elements of EU2020

Education: the working document recognizes that “strengthening education is one of the most effective ways of fighting inequality and poverty” and that “preventing early school leaving reduces future exclusion from the labor market and the threat of future social exclusion”⁹. Caritas agrees that early school leaving severely reduces employment opportunities and active citizenship, and that early interventions in education are necessary to avoid that too many people are trained below their capacities and cannot adapt to a fast-changing labour market. This, even more than re-skilling, appears to be the most appropriate measure to escape the poverty trap. However, we disagree with the labour market-oriented approach proposed for a future European education strategy. We disagree with the statement “Knowledge is the engine for sustainable growth”¹⁰ and rather insist that *mentality* and *value-driven* knowledge are. We also refuse the proposed concept of “5th freedom”, whereby the objective of a European Knowledge Area is seen as a free market of education, research and, ultimately, ideas. As stated before, for Caritas **economic development builds upon social development**; as they represent two sides of the same coin, each of them has its own *raison d’être*. In this vision, **education serves first of all the scope of personal development within society**, and then it subsequently serves economic purposes as portrayed now in the proposed EU 2020 strategy. Education must be emphasized as a conveyer of values like justice, equality and solidarity. Equal and free access to education must be concretely ensured for all in the view of building truly fair and inclusive societies.

Employment: the importance of the real, **human value of work** must be reinstated. Human work is central to the whole social question and necessary for the cultural and moral development of every person, of the family and the society. Work must help expressing and enhancing the human dignity of every worker, and be oriented to his or her self-realisation through the full enjoyment of his or her rights¹¹. We thus advocate for **decent job opportunities**, including **adequate wages** and **fair working conditions**¹² as a fundamental right of every worker, for a dignified life through employment. As specific measure to ensure **decent jobs** for the most disadvantaged, we propose guaranteeing **equal access to vocational training, life-long learning** and other pathways to employment, as well as **social employment** for those who need special protection. Rather than self-employment and entrepreneurship - considered in the working document as reliable options to create more jobs among those who are experiencing unemployment - Caritas Europa points at **social economy and social enterprise**, as well as at **social services**, as promising and more realistic reservoirs for job creation. Especially in this time of crisis, the potential of these sectors must be fully used to respond to the new societal needs, which include finding new opportunities to return to a dignified life through paid and decent employment. Furthermore, the consultation paper does not address the necessity to counter **undeclared work**, a phenomenon spread all over EU Member States. Caritas Europa is convinced that a future EU Strategy should also look at this “dark side” of employment and at the “grey economy” in Europe.

⁹ Commission’s working document, page 5.

¹⁰ *ibidem*.

¹¹ Caritas Europa’s reaction, of 16 April 2007, to the Commission’s Green Paper *Modernising labour law to meet the challenges of the 21st century*, COM(2006) 708 final of 22 November 2006.

¹² Such as employment stability, health safety, non-harassment, the right to rest, participation in and control over management and profits. See above footnote.

Social protection: the wealth-redistributing mechanisms of the welfare state are complementary to the labour market and the family as sources of well-being. A **minimum level of social protection** must then be guaranteed **to everyone**, regardless of the person's employment situation, and especially to disempowered people who do not enjoy any other forms of primary protection. **Strong, sustainable and efficient** social protection systems are not just functional to employment and economic growth¹³ but especially to guaranteeing human rights, protecting human dignity and fostering social cohesion. Sustainable social systems are possible and a democratic debate should be held on the future financing of the welfare state.

Social services: they are a constituent element of modern society. And yet, their **important contribution to social cohesion** seems completely overlooked in this consultation. Person-oriented, high quality social services are very important instruments to combat poverty and social exclusion. They provide assistance in emergency and crisis situations, accompany every person in his or her way out of poverty, help to find affordable housing, create frames for social participation, mobilize different services – thus, the community – to empower people at risk of exclusion and to raise awareness about social problems within society. We take this opportunity to remind the EU about the potential conflict between the provision of social services in the Member States and EU competition law. In this regard, Caritas keeps advocating that in case of doubt priority should be given to the rules applying to social services, given their prominent function of ensuring a cohesive society. We appreciate the work done by the Social Protection Committee on the application of Community rules to social services of general interest (SSGI)¹⁴. The design of competition in the provision of SSGI must benefit the users, first and foremost. Users should also be able to exercise their right to choose value-based service providers. In this regard it becomes necessary to find possible alternatives to public procurement procedures, which in practice prevent a diversified supply of services. On the other hand, state aid rules should be adapted to the particular requirements of non-profit SSGI providers. An evaluation of the so-called “Monti decision”¹⁵ is thus crucial. Caritas also recalls here the immense contribution of **volunteers** in creating social capital, thereby social cohesion. In the wake of 2011, and in line with a concrete commitment to solidarity, the EU 2020 should also promote volunteerism in our societies.

The family: as stated above, Caritas Europa identifies the family as one of the three complementary sources of social welfare in our societies. The Commission's working document acknowledges the demographic change occurred in Europe, but does not draw specific conclusions from this premise. In our view, in the coming decade the EU must develop **policies that protect and strengthen families**, reduce the risk of poverty therein – especially for children - and give confidence to young people.

Migration: the Commission's document mentions migration in connection with its “substantial contribution to growth”¹⁶ and with the employment rate of migrants. Caritas reiterates that the EU must abandon a migration model that is too instrumental to the labour market and the economic needs, in favour of a model fully respectful of **Human Rights**. Long term migration policies that offer inclusive welcoming societies for migrants and grant second and third generations untainted citizenship, as well as equal opportunities of self-development, are crucial for cohesive societies and must be developed. A human-rights-based approach includes granting effective access to basic rights and minimum living conditions to the (up to 3.8 million¹⁷) migrants who are in an irregular administrative situation in the EU.

¹³ in terms of investment in human capital, see COM(2007)726, p.7.

¹⁴ Operational Conclusions of the Council, 20 November 2008, 16062/08.

¹⁵ 2005/842/EC of 29 November 2005.

¹⁶ At bottom of page 6.

¹⁷ **SIZE AND DEVELOPMENT OF IRREGULAR MIGRATION TO THE EU, CLANDESTINO Research Project Counting the Uncountable: Data and Trends across Europe, October 2009.**

Non-discrimination: in line with the above, a just EU 2020 Strategy must help building a society embracing cultural diversity, rejecting discrimination, racism and xenophobia in order to encourage inclusion, create equal opportunities for all and achieve social cohesion. Some Caritas organisations have testified increased nationalism and intolerant attitudes in their respective countries, sometimes made acute by the economic and social contingency. On their behalf, we call on the future EU 2020 Strategy to also take into account these social aspects of the crisis, to promote a discourse of tolerance and solidarity so that the crisis is not instrumentalised by extremist groups to advance their agenda.

Financial governance: when stating that “financial resources have come under pressure as a result of the crisis” and that “the remaining problems in the financial system therefore need to be solved swiftly in order to support the recovery”, the working document overlooks that the abnormalities of the financial system have been at the very origin of the crisis. Starting from the genuine recognition of this fundamental failure, the establishment of **new and fair financial rules** should be a strong element of the EU 2020 Strategy.

Global dimension: the current crisis must not jeopardize or slow down the various forms of cooperation the EU maintains with the rest of the European continent. The “global dimension” of the EU 2020 strategy starts at the very borders of the EU. Especially now, the EU must show itself as a real actor of solidarity and help alleviating the social challenges experienced by its neighbours. In particular, the disastrous consequences of the lack of transparent channels for labour migration should be addressed in a coordinated way. The EU must also fulfill its international development and human rights commitments, such as the **Millennium Development Goals** and the **Paris Declaration on Aid Effectiveness**. These commitments are based on the same values embraced by the EU. As one of the main global actors in international development, in the world’s financial and trade architecture, the EU must have a value-driven strategy in these fields, just as in its internal dimension. **A European growth model including a "Welfare Model" will be an example for the rest of the world.**

Caritas Europa recommends:

- That due account is given of results of this consultation. We also expect a **public debate** to take place, also among the EU Institutions, so that decisions can be taken legitimately and truly democratically.
- The new European economy must be based on a **shared model of a just European society**, in interaction with other societies and economies in the world.
- The EU 2020 strategy should decisively **reinforce the feeding/in-feeding/out** mechanism, which did not work under the Lisbon Strategy. The establishment, implementation, monitoring and evaluation of the NSR/spsi should receive **equal prominence** as the other processes, include the same decision-makers and stakeholders, regularly involve the European and national parliaments and ensure a steady two-way communication between the different responsible departments.
- A fair and effective strategy of social (re-)integration through employment cannot do without a **guaranteed income** sufficient for a dignified living. The flexicurity approach – as misinterpreted and misused as it is now - should be replaced by institutionalized solidarity and co-responsibility of political actors.
- To ensure equal access (availability and affordability) for all to **quality social and healthcare services**, for example through considerably increasing the availability of social housing in Europe.
- In applying Community rules to SSGI, to pay specific attention to the important role of **non-profit providers** (first of all with regard to state aid rules) and think about possible alternatives to public procurement procedures, such as licensing models.

- Well-developed **vocational training** systems should be adopted for young people in the Member States as an appropriate response to the actual unemployment trends. **Social employment** should be an option for those who need special protection.
- The EU 2020 Strategy and the OMC/spsi should enhance the role of **social security systems**, so as to ensure a decent living standard to all, including decent pensions, allowances for ill people and a basic income for disabled people who do not have sufficient resources for dignified living conditions.
- In the frame of the OMC/spsi, the exchange of best practices on **family policies** among the Member States should be fostered and the “Alliance for families” should be revitalized. In the next decade, the number of **children** living in poverty must be halved, among others by ensuring child allowance to every child, regardless of the status of their parents.
- The EU 2020 Strategy must include the adoption of the **International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families**. The EU shall adopt a **directive** on the rights of migrants, ensuring equal rights as a necessary basis for equal opportunities, in accordance with the said Convention.
- Full participation and **integration of migrants** in receiving societies must be **mainstreamed** in all relevant policy areas; coherence between the different policies and financial instruments must be ensured.
- Educational systems shall guarantee **non-discrimination**, e.g. when detecting capacities of pupils and directing them to the level corresponding to their capacities.
- The EU 2020 Strategy should make sure that the **structural funds** (ESF, ERDF) really complement national budget allocations to clear social targets, through effective promotion and monitoring.
- The EU 2020 Strategy should refer to the EU Treaty obligation of **Policy Coherence for Development** and envisage appropriate institutional mechanisms in the Commission and in the Member States to implement it.
- The **global dimension** of the EU 2020 Strategy **should be reinforced** in order to enhance the EU’s leverage on the international scene in development, trade, climate negotiations etc., where the EU has the opportunity to promote the model of sustainable development.



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