

THE SOCIAL INVESTMENT PACKAGE

ETUC position adopted at the Extraordinary Executive Meeting of 23 April 2013

Key messages;

- The key concern is that the EU needs real social investment. Social benefits bring value to individuals and to society and therefore it is justified to dedicate adequate budget resources to deliver social benefits and services to the people who are in need and entitled to social rights. Europe needs a real investment package to promote growth, employment and ensure economic and social cohesion. The ETUC has called for an additional investment equivalent to 1-2% of European GDP.
- The ETUC deplors that the Social Investment Package (SIP) will not bring the needed balance to EU governance. The new tools of economic governance primarily focusing on diminished public finances are of a binding nature and risk counteracting the principles of the social investment strategy. ETUC recalls that social policy can only reach its goals if it is embedded in macroeconomic governance and financial regulation that support sustainable growth of wellbeing in the real economy.
- Intervention of profit-seeking actors in social policy, such as health and social services, should be limited and preceded by an impact assessment.
- Child poverty should be addressed through integrated strategies that go beyond children's material security and promote equal opportunities.
- The ETUC will give priority to further developing the policies for a Social Europe and the fight against poverty.

Introduction

The ETUC welcomes the fact that the Commission, with the Social Investment Package (SIP), has recognised the need for social investment in the European Union, but mere recommendations are not enough. The EU must heed the ETUC's long-standing demands for an end to austerity and a reversal of the misguided macroeconomic policies which have led us back to recession.

The pressure on public budgets and the austerity policies adopted over the last few years have not only reduced the investment on social policy, but also led to the weakening of social protection systems and reduction of social benefits.

In times of crisis, high unemployment and less public spending, more people are in need of support and entitled to benefits from the social budget. Increased expenditure in the social budget is not a sign of failure. Social services and benefits serve as stabilisers to the economy and keep up demand in hard times, thus they are drivers for economic recovery in Europe.

The ETUC reminds all decision makers that the size, the structure and the design of social policy are primarily a national competence. Exchange of good practice and coordination, as part of the Open Method of Coordination (OMC) is of course welcome at EU level and is part of the European social model, but every state must still have the responsibility to design its social systems the way they see fit.

The ILO recommendation no 202 on Social Protection Floors should serve as a guide, for the widest possible coverage and higher levels of social protection, combined with an analysis of where there are gaps in the protection and a policy to bridge these gaps. In this context the ETUC would also like to make a reference to the ILO Decent Work Agenda which aims at creating jobs, guaranteeing rights at work, promoting social dialogue and extending social protection as valid also for development of European social policy like the SIP.

The ETUC welcomes and underlines the main argument of the SIP that social policy is considered as an investment for society. However, it must be emphasised that even such social policy measures that not obviously will give economic return in the future are useful and important.

Specific comments

The ETUC calls for a real policy development to promote quality employment, not precarious jobs, that can foster sustainable growth. The role of the social partners, notably within the social dialogue, must be underlined and strengthened.

It is important that social policy is considered as an asset for society, and therefore the ETUC finds it positive that the SIP presents social policy not only as a burden on national budgets. The social perspective must be integrated in all policy areas. Social targets must not be mere rhetoric. Social policy with limited resources cannot remedy the undesired effects of stricter economic policy in general.

Universality is the most suitable way to attain objectives and guarantee social rights for all. Public social protection systems, based on principles like universality and solidarity, are the best way to guarantee adequate and effective social protection to all those in need and to enhance social cohesion. To the ETUC it is important that there is an appropriate balance between universal social policies, aimed at promoting the well-being of all, and targeted approaches aimed at supporting the most disadvantaged.

Social policy is a wide policy area. It covers in-kind benefits like access to child care, education, training during unemployment, elderly care and health care, as well as income support in the form of cash benefits for those who are not able to work due to illness or unemployment and pensions to retired people. Clarity is needed regarding which benefit is under discussion, when it comes for example to the point whether some specific conditions should be met to make the person eligible for the benefit, or if it is a universal entitlement for all in need.

According to the Commission's proposals, benefits should be targeted to those who need them and when they need them. This sounds good, but could lead to negative effects like shorter times that a benefit is provided or more restricted criteria for eligibility.

Social benefits in a variety of cases, for example unemployment benefits, are accompanied by conditionality. Conditionality linked to this kind of benefit can be justified, but the required conditions must be possible to meet, and the individual must be aware of eligibility criteria, and the assessment methods must be well designed and controlled, ensuring that the rights of the people in need are secured and that the conditions are designed to help them, for example find a job. Legal certainty and active state support, e.g. for labour market reintegration, are crucial. Social rights must not be confused with charity.

Regarding child poverty, the ETUC underlines the approach that child poverty and social exclusion should be dealt with through integrated strategies that go beyond ensuring children's material security and promote equal opportunities. Support to parents' participation in the labour market is important and so is the acknowledgement about

intensifying efforts to ensure that all families have effective access to affordable, quality early childhood education and care. Addressing childhood inequalities through eliminating school segregation is also positive.

Social innovation is described as something useful and positive in a context of new challenges. We want to underline the importance of a rights-based approach to social benefits. Innovation may be welcome, but more important is that the rights of the people in need are secured.

Private providers are mentioned in the SIP as a way forward for social policy, both for-profit and not-for-profit. The ETUC underlines that having different kinds of service providers must not be a goal in itself. The main responsibility for providing adequate social protection and benefits is borne by public authorities and politicians. Efficiency, as well as fairness, which should be pursued in order to fulfil general interest objectives, can also be developed in public services by not-for-profit providers, including public service providers. Public procurement must be carried out with caution.

The gender difference is addressed in the SIP. Women have in general a lower rate of social protection coverage and labour force participation than men and the gender pay gap is mentioned. Low wages lead to low benefits from social insurance schemes, including pensions. Women are more likely than men to be poor in old age. The ETUC reminds the decision makers that the social partners must be involved when policy measures regarding these issues are developed.

The European Social Fund is mentioned several times as a source of financing for projects targeting the SIP. The ETUC underlines that the ESF cannot be the main source of funding for the Social Investment Package, or the social investment in general that is needed in Europe. The ETUC's conviction is that even an extensive use of the ESF cannot counterbalance the perverse effects of wrong policies put in place through austerity regimes, which are even worse for the countries under the Troika regime.

To ensure adequate revenues the Commission will, as part of the European Semester, monitor the adequacy of income support in the Member States. The outcome of such a compilation can be of importance to trade unions, so the ETUC reminds the relevant authorities to fully involve the social partners in this mission.

The ETUC supports the idea that the Member States to a larger extent should involve the social partners and relevant civil society organisations in their work with the European Semester, especially on matters regarding policy issues connected to social investment and active inclusion.

The ETUC urges the Commission to clarify how the new recommendations on ex-ante coordination of social policy, aiming at social investment, interlink with the European semester, the Open Method of Coordination and, not to forget, with the measures imposed by the troika in the memorandums of understanding with programme countries. The ETUC reiterates that social policy to a large extent is a national competence. Social policy interacts with other policy areas, like tax policy and family policy. Not all reform proposals can be measured and evaluated with figures and graphs.

The ETUC recalls that the stated purpose of the EU is economic and social progress. We call on the EU to focus on policies improving living and working conditions, quality employment, fair wages, equal treatment, quality public services and social protection including sustainable health and pension provisions. Such policies would contribute to building citizens' trust in our common future.