

## An Action Plan for Europe

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### Foreword

#### Goodbye to "Non-Europe"

The 2008 crisis revealed weaknesses in both European integration and in Economic and Monetary Union, which is far from complete and has survived only at the price of crises and developments that have damaged Europe's credibility in the eyes of the rest of the world and of its own people. Right now, the European Union's growing unpopularity, in all Member States without exception, is its biggest problem. The fear in the immediate future is that the May elections are going to cause a real upheaval.

As the election campaign gathers pace, the manifestos and lists of proposals that are appearing all around would have one believe that there are really only three paths open to Europe and that they all lead to a dead end. Dissolving the EU and returning to inter-governmentalism, in other words, putting an end to the European dream of a «Europe of the peoples», would also place peace and future generations in jeopardy. Maintaining the status quo would mean maintaining an incomplete Europe, unable to protect its people and tending to sow division rather than unity. Rushing ahead towards the federal model, may be tempting but clashes with the overwhelming scepticism of most Europeans. Why would anyone agree to entrust more powers to institutions that have proved unable to listen to Europeans or take their views into account?

There is another way, however, that would involve using economic and social forces to identify and consolidate our common interests and, on that foundation, build policies that build mutual solidarity. This would be a return to the Community method, implemented by Jean Monnet and already tried and tested. It involves choosing a destination as opposed to an ideology, and marking out staging posts.

### This destination should be a strong, solidarity-based Europe

The European Union needs to become much stronger if it is to survive future crises. In order to achieve this, there needs to be greater solidarity, not only between the Member States but also between people. The public should be offered genuine economic integration, which is in any case essential for the countries that are eligible for the single currency, with a time frame of 10 or 15 years. This means gradually pooling certain budgetary, fiscal and social competences. Only once it is equipped with a strong, solidarity-based economic union, will the Europe will be able to get back on track towards the kind of advanced political union its people want. We must not repeat the mistake of the Constitutional Treaty: people will not be prepared to accept possible transfers of political sovereignty until they can see in practice that the additional identity Europe offers is an asset. That is why it is essential that these transfers be understood by political forces, social partners and civil society.

The role of the European Economic and Social Committee here is of the utmost importance; and the Committee's members have demonstrated that they are ready to shoulder their responsibility by coming together behind an «Action Plan for Europe». The Committee's plan is practical and accessible and offers a genuine destination a Europe of the future, working for the people.

Henri Malosse EESC President

### Introduction

The declaration set out hereafter is primarily addressed to Europe's citizens. Without them and their involvement, the European project would crumble. They are the main protagonists in such difficult times.

The second part of the document will set out the grounds for rethinking European governance arrangements in order to fully harness the potential of organised European civil society while building on the Community method.

The third part is the action plan primarily addressed to the new European Parliament and the new European Commission, putting forward a set of concrete measures based on EESC activities and opinions..

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### European Economic and Social Committee (EESC) Declaration

Your voice for a competitive, social, fair and democratic European Union. Five years to save the Union!

Europe is at a crossroads. We have five years in which to save and rebuild the Union by learning from the financial crisis that has led to a social and a political crisis. The European Parliament elections, as well as the renewal of the European Commission, in 2014, offer an opportunity for policy changes and a broad debate on the future of Europe.

As the bridge to civil society, the European Economic and Social Committee urges all political actors to forge ahead with achieving participatory, social and fair integration. We must build solidarity, so as to counteract national resentments and increasing selfishness. The failed crisis management has encouraged populism and has given a new boost to anti-European movements. This is why we need a clear and comprehensive response to the fears of the European people regarding the economic situation and unemployment.

The answer is not nationalism and populism, but European action. What is needed is an investment programme aimed at structuring the economy and society to be resource-efficient, sustainable, innovative, inclusive and responsive to the needs of an ageing European population. This will make Europe fit for the future and internationally competitive. This response should focus on the citizen.

The European Parliament has a key role to play in changing the course of current politics. Parliament can help the European Union to recast itself by consolidating Economic Union, Social Union and Democratic and Civic Union and rebuilding trust among Europe's citizens.

We call for a competitive, social, fair and democratic Union that makes full use of Europe's potential; a Union with strong values, rights and policies; a genuine Union. This is why voting is so crucial!

# II. Arguments for an Action Plan for Europe

A Community of values. Its past and current challenges and a vision for the future

It is important to remember the context in which the European Community was created and which made it necessary. After the First and Second World Wars, the Community was a rational response to the worst conflicts mankind had ever known. After 70 years of peace, it has been forgotten, in some guarters, that without this achievement, none of the other subsequent achievements would have been possible. Europe faced the Great Depression as a divided continent and the consequences of this were traumatic: mass unemployment, hunger and despair; an economic crisis that fuelled nationalism and race and class hatred. These developments and divisions led directly to war. Adamant that this should never be allowed to happen again, the founders of the united Europe first established the European Coal and Steel Community (ECSC) - and the peace resulting from the establishment of the European Communities was their greatest achievement.

Today, in the knowledge that, although history does not simply repeat itself, patterns can and do reoccur, we need to reassert, firmly and clearly, the indivisible and universal values - respect for human dignity, freedom, equality, solidarity and diversity - on which Europe is based and the key principles - democracy, the rule of law and human rights - that have made them a reality. In support of these values, Europe has developed democratic social integration processes and instruments. Teaching these values to Europe's citizens so that they adhere to them and disseminate them is also becoming a priority. Europe needs policies that accord with these values. Historically, the European Community - and its successor, the European Union - are totally unique. At key moments in its history, Europe has been capable of bold and far-reaching democratic and institutional innovation. So, why not innovate today, at a time when there is integration fatigue, when solidarity between states is fragile and when citizens are taking to the streets to demand better living conditions and real participation in democratic processes?

The EESC strongly believes that two paths for the future of the EU are excluded. First, dismantling the EU and returning to an inter-governmental approach, which would mark the end of the road for the European dream of a «Europe of the peoples». This option, promoted by those political forces most strongly opposed to European integration in many countries, could quite simply place peace and future generations in jeopardy. Second, maintaining the status quo, the de facto solution being proposed by the majority of political forces. This would mean maintaining a lop-sided European Union, with a major market that is increasingly open to the world on the one hand and bureaucratic monitoring and coordination procedures on the other. It is very apparent that more and more people are rejecting this «incomplete and complex Europe», which does not protect them and divides rather than unites them.

The EESC advocates another path, one that would involve drawing on Europe's economic and social players to identify and consolidate our common interests and using this foundation to build common policies that promote European citizenship, democracy and mutual solidarity. This path would call for a reinvention of the Community method envisaged by Jean Monnet. The Community method plus would mean strong institutions with a strong European vision working alongside civil society to advance the European project. It would also mean cutting back the intergovernmental dimension<sup>1</sup>.

Europe is capable of democratic innovation through various initiatives at local, national and European levels (e.g. the European Citizens' Initiative). The Community method plus is a more structured and comprehensive method and a significant step forward from the usual consultation processes. It represents a vision of real dialogue with major social and economic players, a dialogue with direct impact on Union policies. The Lisbon Treaty has already opened the way to achieving a more participatory democracy in Europe. But this potential needs

to be further developed. A decision in one country can deeply affect people in other countries. We need stronger institutions to enable Member States to address this situation.

To that end, and to follow on from the European Parliament elections and the renewal of the European Commission, the year 2015 is the most appropriate moment to organise a European Convention based on Participatory Democracy and Active Citizenship. This Convention is necessary not only to advance the debate on the democratic design of Europe but also to build up a true citizen's agenda to be addressed by the Union and its Member States.

A citizen-centred Union should address the main concerns of the Europeans. According to the December 2013 Eurobarometer survey<sup>2</sup>, citizens' trust in the European Union has reached a historical low of 31%, while two-thirds consider that their voice does not count in the EU. Unemployment and the economic situation (cited by 51% and 33% of respondents respectively) are by far the two most frequently mentioned issues of concern to Europeans, while the two most important issues facing the EU are considered to be unemployment (48% of respondents) and the economic situation (38% of respondents). Despite the low level of general trust in its ability to solve the crisis, the EU is still seen as the best-placed player to take effective action against the effects of the financial and economic crisis (by 22% of respondents - a relative majority).

Because of the crisis from which Europeans see no way out, the protection of fundamental rights is threatened by increasing disparities and anti-democratic attitudes, and needs to feature high on the European Union's agenda. The related issue of accessibility, as a human right for persons with disabilities, must also be given particular attention<sup>3</sup>.

The EESC can help foster democratic resilience - the capacity of political institutions and social organisations to promote fundamental rights, democratic values, pluralism and tolerance. The economic crisis and its effects are currently the key drivers of the European agenda. It is a matter of priority for the EU institutions to stem the anti-democratic discourse and attitudes that are dangerously close to becoming part of the political mainstream in some European countries.

It is also important to strengthen the institutions involved in civil dialogue at all levels. Decision-making should be reconnected with the issues of concern to citizens, through interaction with organised civil society. The viability of the EU and national institutions is at stake and deliberative and consensual processes can inject legitimacy and substance.

Lastly, the concept of solidarity needs to be extended to include other types of interactions (for example, solidarity between generations, the disabled and the non-disabled). Solidarity is something that is built up gradually, over time and through a sustained process of education. Solidarity is the key to building a stable and effective political architecture and this also requires a bigger EU budget.

In the action plan, concrete proposals are put forward in three areas that have a direct impact on the life chances of each individual living and working in the EU.

# III. EESC Action Plan: a Europe of values in practice

The EU is in a state of continuous change. We need a clear evaluation of the state of European society and politics and a clear understanding of the current challenges. The EESC is responsible for bringing European civil society into the process of institutional transformation and stimulating its potential to contribute to further European integration. The action plan builds on the experience and expertise of EESC members and puts forward a set of proposals that would help the EU to get closer to its goal, while responding to current and future challenges. This action plan puts forward concrete measures in three key interlinked and complementary areas.

#### A. Building a prosperous Europe by consolidating Economic Union

On numerous occasions in the past few years, the EESC has presented its ideas and proposals on the EU's new economic governance instruments<sup>4</sup>. These reflect the views of civil society organisations on how the European Union should move towards economic and social integration. These opinions have consistently argued that if Europeans are to benefit from the internal market, it will require complete Economic and Monetary Union and further and deeper economic integration and social cohesion, and not just better coordination of Member States' economic policies.

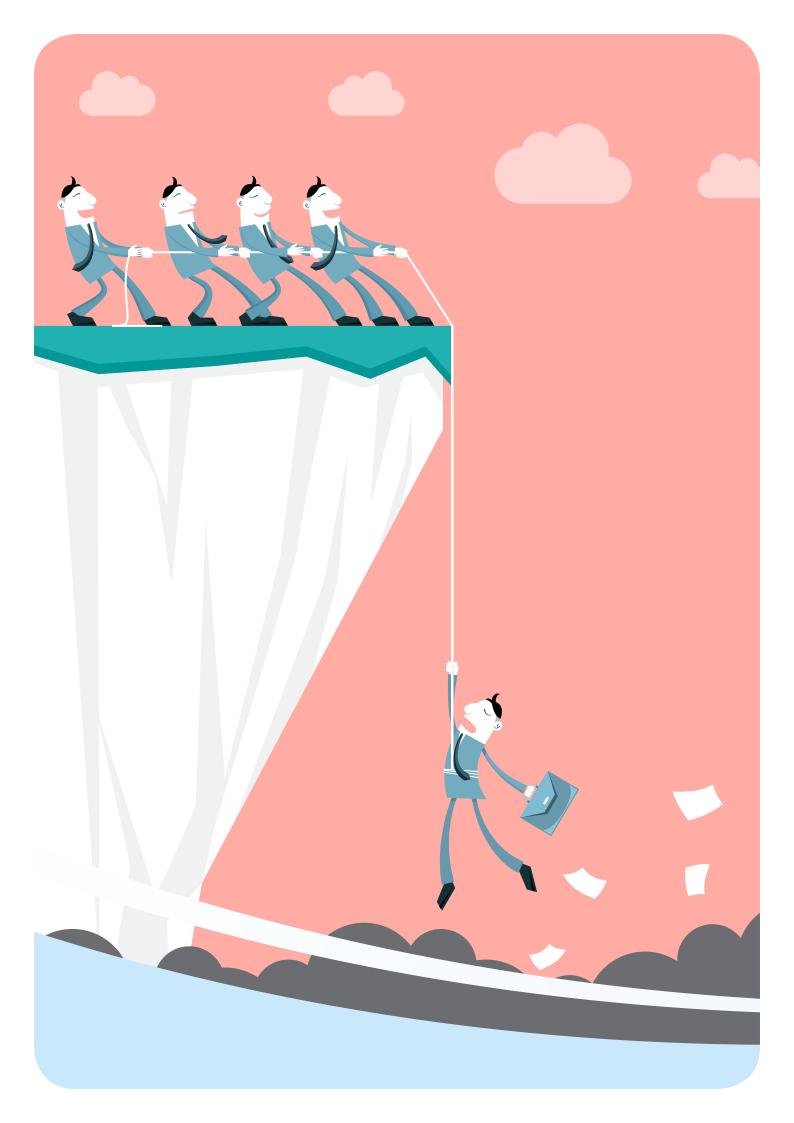
The crisis has starkly highlighted both the economic and social costs of non-Europe and divergence and the added value of European-level economic policy, particularly - but not exclusively - for the euro area countries. The establishment of the European Stability Mechanism (ESM) and the announcement by ECB president Mario Draghi in July 2012 that he would do «whatever it takes» to save the single currency have temporarily calmed market volatility and restored the confidence of Europeans and businesses around the world that Europe will not fall apart and that European solidarity still works.

The EESC has therefore welcomed the common approach of the four presidents of the European Council, the Commission, the Eurogroup and the ECB in the report Towards a genuine Economic and Monetary Union, which they submitted to the European Council in June 2012<sup>5</sup>, to move, over the next decade towards a stronger EMU architecture based on integrated financial, budgetary and economic frameworks and on a stronger social dimension. Regrettably, the process that started in June 2012 has been largely confined to the intergovernmental level in the Council, whereas the European Parliament and the EESC have always made it clear that the success of deepening EU integration depends primarily on including European citizens in the process right from the start. The EESC is concerned that a purely intergovernmental approach will further water down the support of political forces, social partners and civil society for a more integrated Europe. Subsequently, the EESC has made detailed recommendations for involving civil society more closely in economic governance at both European and national levels6.



The EESC believes that progress towards Economic Union is urgently needed, since the EU's fundamental problems still remain. Of the four building blocks for restructuring EMU set out in the above-mentioned report, little remains of the attempt to eliminate the systemic shortcomings of the Maastricht EMU construction. In view of this, the EESC urges the European institutions to move towards Economic and Fiscal Union within the next five years as a necessary supplement to Monetary Union. Economic and Fiscal Union should build on budgetary synergies between Member States and include the following components:

- 1. Joint European efforts on investment: a European Investment Plan within an integrated financial framework to ensure sufficient investment in the modernisation of Europe, lasting prosperity and employment for all, and a better quality of life through qualitative growth. Energy policy in Europe is key here. A plan of this nature, with a strong pillar of social investment in more and better jobs, would aim to combine long-term productivity growth with economic recovery in the short term. It could provide a new impetus for qualitative growth through sustainable industrial and service industry policies emphasising the careful use of resources.
- 2. Common debt management of the euro area<sup>7</sup>, including a debt redemption fund as called for by the European Parliament<sup>8</sup> and the creation of Eurozone bonds as set out in the European Commission Green Paper<sup>9</sup>, and of more short-term eurobills.
- 3. Better coordination of fiscal policies, not only on the expenditure side as laid down in the «six pack», the «two pack» and the Fiscal Treaty, but also on the revenue side, in better coordinated tax policies to stop tax evasion and strengthen democratic legitimacy<sup>10</sup>.
- **4. Deposit insurance guarantees** and the possibility of the European Stability Mechanism directly recapitalising banks that are illiquid but not insolvent, and a credible fiscal backstop to restore confidence in the banking sector and unblock the credit crunch, in particular for SMEs<sup>11</sup>.
- 5. Implementation of ex-ante economic policy coordination as suggested by the European Commission<sup>12</sup>, including a fiscal capacity and solidarity mechanism at EU level to absorb asymmetric shocks<sup>13</sup>. The EESC has welcomed the Macroeconomic Imbalances Procedure as an important instrument of the new economic governance structure of the Union. However, the macroeconomic imbalances procedure of the European Semester currently in place needs to be revised and strengthened so as to reduce both deficits and surpluses in a symmetrical way<sup>14</sup>.
- **6. Progress towards a coherent budgetary and fiscal union** through a genuine coordination of national and European budgets, while moving towards a gradual introduction of a common budget for the euro area which shapes macroeconomic policy, as a supplement to monetary policy at Community level<sup>15</sup>.
- 7. Further work on establishing a system of European unemployment insurance<sup>16</sup> so as to alleviate monetary pressures and avoid Member States' wage policies bearing the full brunt of any asymmetric shocks.
- **8. Encouraging the entrepreneurial spirit** and facilitating the creation and maintenance of businesses. State authorities should create an environment that is favourable for business activities through fair competition rules, improve law enforcement and the workings of the judicial system, and ensure that the legislative environment is as stable as possible.
- 9. The EU and the Member States have collectively agreed to put the principle of sustainable development at the heart of the Union's policies for the environment, the economy and, above all, energy. The Union must address the public's current concerns regarding energy costs, hydrocarbon fuels for transport and the supply of heat, light and power for domestic and business use. The EESC recommends the internal energy market be completed by making progress on plans to interconnect national energy grids in a European grid that will allow renewable energy generation to be optimised and Member State price levels harmonised.
- **10. Reinforcement of consumer protection and consumers rights in the frame of citizens' rights**, aimed at increasing consumers' participation and empowerment in the definition of sustainable and responsible economic and social growth policies.



#### B. Building a fair Europe by developing the Social Union to boost growth and jobs

With the economic crisis and its social effects, many citizens fear that the European social model is at stake and that market integration dominates the EU Agenda. As a result, they are losing trust in the willingness and ability of the EU institutions to improve people's working and living conditions. What have been the essential elements of a Social Europe to date? The Commission's 1994 White Paper on social policy described a «European social model» in terms of values that include democracy and individual rights, free collective bargaining, the market economy, equal opportunities for all, and social protection and solidarity. This model is based on the conviction that economic progress and social progress are inseparable: «Competitiveness and solidarity have both been taken into account in building a successful Europe for the future»<sup>17</sup>.

The EESC has always stressed that the EU is not only a single market but a great political project based on strong values and fundamental social rights, and that economic growth in the EU should always go hand-in-hand with social progress. A key challenge after the crisis is to reduce poverty and rebuild trust in a fair and social integration process. Social imbalances should, therefore, receive the same attention as economic imbalances. Although social policy is a shared competence between the EU and the Member States, where different

national social systems and policies and European initiatives have to complement each other, it is essential to acceptance of the integration process.

Core elements of a more «Social Union» - as a driver for a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection - are therefore European minimum social standards, solidarity mechanisms through programmes and funding, as well as social stabilizers, and initiatives to guarantee equal treatment and fair mobility for all in the European labour market.

For the EESC, politics must be geared more towards people than towards markets, In recent years, the EESC has frequently stressed that particular attention should be paid to full employment and job creation and the updating of skills and to ensuring a better match between qualifications and labour market needs, employability, the quality of work and the creation of green and better jobs. Europe has to provide more impetus and credibility in order to achieve the goals of the Europe 2020 strategy, which includes enhanced monitoring in the context of the European Semester. The Lisbon Treaty offers new possibilities for strengthening the social aspects of Europe, which have yet to be fully explored.

To this end, the EESC urges the European institutions to develop a Social Union with the following key priorities:

- 1. Focus on Social cohesion in all policy areas: the last enlargement of the EU, followed by the social crisis, the increased disparities both between and within Member States, and the promise of social cohesion and social progress, which did not materialise for everyone. A new impetus for social cohesion is therefore necessary.
- 2. Draw up a new European Social Agenda together with all stakeholders: A Social Programme including an Action Plan could set out clear and tangible targets, both qualitative and quantitative, based on and improving on those already set for the Europe 2020 strategy, especially to support efforts to re-industrialise Europe, improve services, reduce and eradicate mass unemployment, guarantee fundamental social rights, promote entrepreneurship and new jobs, combat poverty, maintain social inclusion, facilitate social investment, promote higher education and training, improve fair mobility, and develop social governance and participatory ownership of the European project<sup>18</sup>.
- 3. Ensure the free movement of workers, thereby safeguarding the right to work and live in another country as one of the fundamental freedoms of the European Union. The ban on all forms of discrimination, enshrined in the Charter of Fundamental Rights and in the European Treaties, is of crucial importance to Europe's citizens. The EESC opposes any limitation of this fundamental freedom and is concerned at the current questioning of the free movement of workers. Furthermore, and in the next five years, efficient measures will be needed to establish fair mobility.

- **4. Establish standards for a minimum income:** one of the lessons learned from the social crisis is to ensure that its citizens are better protected. It is not enough to provide an emergency chute for banks individuals also need one. The EESC has therefore called for a European initiative to establish European standards for a minimum income. For times of crisis Europe needs strong economic and social stabilisers<sup>19</sup>.
- 5. Improve prospects for young people: Europe cannot simply wait for the economic situation to improve; it has to act quickly and efficiently to improve employment prospects for young Europeans. In addition and in many Member States, structural problems need to be tackled through reforms of the labour markets and of the education and training systems. A "lost" generation, with the potential of young people remaining untapped, can endanger the whole idea of European integration. Sufficient funding needs to be provided for this purpose. Following the model of the Globalisation Fund, a Community programme for youth employment must be set up (Youth Employment Fund)<sup>20</sup>.
- 6. Promotion of social partnership and the autonomy of collective bargaining: It is essential to promote the social partners' autonomy and their special role as provided for in the Treaties, and above all to fully respect the autonomy of wage bargaining in the context of the "European Semester." Furthermore, the EU needs to ensure that agreements between the European social partners are fully respected. This means that agreements reached in the context of social dialogue should be converted into binding legislation if the social partners so wish.
- 7. Develop an EU-Agenda for "work 4.0" with industrial relations that ensure democracy in the workplace: sufficient workers' rights and good health and safety provisions are essential elements for shaping and modernising the European social model. New technological and economic developments such as cloud computing, big data and data value chain developments, smart factories, robotics, etc. are changing the world of labour and work. The necessary modernisation of the EU's industrial base and services needs the involvement and active participation of employees in social innovation processes.
- 8. Ensuring anti-discrimination and equal opportunities for all: this means: (a) no gender discrimination with respect to social protection, more effective assurance of equal pay, an increase of the share of women in management and supervisory boards, and extending the scope of the Equal Treatment Directive beyond employment, and (b) no disability discrimination with respect to social protection, and more effective guarantees of equal enjoyment of all human rights and fundamental freedoms by all people with disabilities.
- **9.** A social progress protocol in the Treaties: the EESC has already suggested including a social progress protocol in the European treaties, aimed at clarifying the relationship between fundamental social rights and economic freedoms by confirming that the Single Market is not an end in itself, but was established in order to achieve social progress for all EU citizens<sup>21</sup>.



### C. Building a democratic and civic Europe through the emergence of a public European space

The economic crisis has confirmed how interconnected European society is. It is clear that the decision-making process at European level cannot be legitimate and effective unless it is supported by proper governance arrangements.

A democratic political organisation rests on two pillars, a civic one and a political one. These are linked by the concept of active citizenship. The EU cannot survive the economic and institutional crisis without taking bold steps towards becoming a democratic political community.

To this end, the EESC urges the European institutions to move swiftly towards advancing democracy and civic participation, in particular by implementing the following proposals:

- 1. The organisation by the EU of a European Convention based on Participatory Democracy and Active Citizenship. This convention should start in 2015.
- 2. The strengthening of mechanisms for participatory democracy in accordance with Article 11 of the Treaty on the European Union (TEU). With regard to horizontal civil dialogue (Article 11(1)) and vertical civil dialogue (Article 11(2)), the Committee calls for rules governing their procedures and participants<sup>22</sup>. The EESC also recommends drafting a detailed study of existing processes for civil society participation; the extension of the Transparency Register to include the Council; the creation by the European Institutions of a single database with information on contacts, consultations and dialogue with civil society, and the drafting of an annual report as a useful communication tool to demonstrate the scale of participatory democracy within the EU<sup>23</sup>.
- **3. The introduction of courses on Europe**, its culture and its history, in all Member States and civic education courses should be more prominent on school curricula, and should also be supported and coordinated at European level.
- 4. Particular focus on the fundamental rights of EU citizenship. The EESC considers that the EU should strengthen the culture of fundamental rights at EU level and that fundamental social rights are «indivisible» from civil and political rights and therefore require special attention, taking into account the findings and recommendations contained in the European Parliament resolution of 13 March 2014 on Employment and social aspects of the role and operation of the Troika (ECB, Commission and IMF) with regard to euro area programme countries<sup>24</sup>. The EESC therefore urges the Member States to build a protection- and promotion-oriented fundamental rights culture at all government levels and across all policy and legislative domains and strongly encourages the Commission to act effectively in this field in its role as guardian of the Treaties and to propose further measures and promotional activities<sup>25</sup>.

- 5. The adoption of a statute for a European foundation and a European association. The EESC also reiterates its support for the draft statute for a European foundation, and stresses the need to avoid any kind of discrimination between such foundations and European political foundations<sup>26</sup>. It also calls once again on the Commission to put forward a proposal for a European Statute for associations<sup>27</sup>.
- **6. An immediate review by the European Commission of the Minimum Standards for Consultation**, with a view to the inclusion of better standards of participation for civil society in the European decision-making process by including more systematic, structured and, if need be, financially supported mechanisms for consultation. Member States should ensure that, at the very least, consultative bodies are created at the appropriate level to draw up recommendations on environmental, economic and social development involving a wide range of civil society organisations with the aim of promoting civil dialogue and consensus on democratic governance<sup>28</sup>.
- 7. The presentation by the European Commission of a Green Paper in which a clear policy proposal is developed to establish a permanent and stable framework for vertical, transversal and horizontal civil dialogue. Member States are called upon to set up the necessary mechanisms and bodies to enable civil dialogue to take place at national and subnational level.
- 8. The granting to third-country nationals who are long term residents in the EU of the same rights as EU citizens. The Charter of Fundamental Rights is applicable to all people living in Europe, not only to EU citizens. Therefore, the EU should adopt an Immigration Code to provide greater transparency and legal clarity regarding the rights and freedoms of third-country nationals residing in the EU. The Committee considers that European immigration law should guarantee equal treatment and the principle of non-discrimination<sup>29</sup>.
- **9.** The promotion of projects that are visible to the public, such as the European Youth Card, the European University Institute, and the building of a structured public space for European civil dialogue.

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- 15 See the two opinions ECO/334 and ECO/340 referred to under footnote 9.
- 16 A reflection process took place, on the basis of which a paper was prepared for the Commission ("A euro-area wide unemployment insurance as an automatic stabiliser: Who benefits and who pays?"), but no Commission proposal was issued. Two communications (COM(2012) 777 final/2 and COM(2013) 690) mention a euro area fiscal capacity and a stabilisation scheme with broader scope. For more information see: http://europa.eu/rapid/press-release\_MEMO-13-837\_en.htm Why has the Commission not proposed a euro area unemployment insurance scheme?
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