

5th Parliamentary and Trade Union Dialogue on Social Europe
“EU 2020: Proposals for a sustainable European prosperity strategy”
Madrid, 15th – 16th April 2010

The dialogue provided the opportunity for an outspoken and very political discussion of the European 2020 Strategy and its shortcomings. Parliamentarians and trade unionists agreed on the lack of a veritable social dimension as well as on major shortcomings concerning the tools for implementation.

Strategy

- *Short-term*: How can Social Democrats and Trade Unions influence the debate in the run-up to the next European Council in June (especially within the Spanish presidency)?
- *Long-term*: What are possible ways of dealing with the Europe 2020 strategy now and once it has been put in place? Instead of just “adding on” to the strategy as it is, Social Democracy and Trade Unions need to have their own independent take on it. This is a question of voicing criticism, organising pressure as well as working on a different approach to growth altogether.

Fundamental questions

„We know what we would like to have in a perfect world – but what do we do with the strategy at hand?“
(Gabriele Bischoff, DGB)

1) What kind of strategy are we dealing with? What is our common position vis-à-vis this strategy?

- **Guiding principles**

How can we replace the mantra of competitiveness? What should be the relationship between growth and prosperity? How do we argue that growth should be serving prosperity rather than the other way around? Which role does social balance play?

- **Values**

What is the role of social justice and in which ways can we further it?

2) What are the characteristics of the **historic, economic and political context** that our debate on the Europe 2020 Strategy is set in?

- **Policy areas**, that the Europe 2020 Strategy needs to relate to:
 - Economic governance within the European Union
 - Stability and Growth Pact
 - Economic balance within the EU and capability of the economy/ies
 - Relationship between the market and the welfare state

The Europe 2020 Strategy needs to be linked to these policy areas. In the course of its implementation, the European Union has to find answers to how individual policy areas relate to and influence one another.

Contents

Why has the **Lisbon Strategy** been a failure?

- 1) The strategy did not create a link between economic and ecological aims.
- 2) EU member states lacked ownership, which reflected negatively on the governance mechanisms.
- 3) Since the strategy was put in place in 2000, the EU has become more heterogenous.
- 4) The Lisbon Treaty has changed the basis on which any strategy could be built.
- 5) The European measures to the financial, economic and debt crisis have been insufficient.

Unfortunately, there has not been a full-fledged analysis and discussion of why the Lisbon Strategy failed.

What is more, recent experience has shown that when it comes to **crisis management and crisis prevention**, the prospects for a common European policy are pretty bleak: national interests and national strategies are still to the fore (i.e. financial transaction tax, scrappage allowance, Greek debt crisis). However, there was no doubt that a European currency union requires common action.

What could a **social democratic vision of the Europe 2020 Strategy** look like?

The Friedrich-Ebert-Stiftung's paper "Paving the Way for a Sustainable European Prosperity Strategy" and the paper of the Fundación IDEAS "La Estrategia 2020: del Crecimiento y la Competitividad a la Prosperidad y la Sostenibilidad" were on a par: Europe 2020 should focus on three areas: **prosperity, quality of life** and the EU's **citizens**.

Growth, rather than an end in itself, should serve as an instrument for an improved quality of life/welfare. Growth and increased competitiveness ought to be produced by **social productivity** rather than by dumping strategies. **Decent work, social progress** and **ecological sustainability** should not be seen as by-products but as preconditions for economic success. Economic development and **social security** should have equal weight. Social democrats and trade unions ought to demand a greater emphasis on the social dimension for accepting the prevalence of growth as a major factor in the strategy.

There was widespread agreement that **social inequality** cannot and should not be reduced to the issue of poverty. Instead, aspects such as wage disparities, and in particular the gender pay gap should become a focal part of the discussion.

Against the backdrop of the upcoming **household consolidation** of EU members, the negative implications for **welfare systems** were pointed to (i.e. pension systems, labour market, working time). Without stronger fiscal and monetary policies, a race to the bottom of these systems was expected. The Europe 2020 Strategy was criticised for giving no indication of where social policy in the EU was or should be heading in the next ten years. From the point of view of the trade unions, such a vision would be needed specifically to prevent employees in different EU member states to be played off against one another.

Trade unionists emphasised the importance of **decent work**, which should replace the current focus on high employment and productivity. The growth of employment should not be regarded as positive as such; it was more important to influence what kind of employment is created. It was positively noted that the role of **industrial policy** has changed. While the Lisbon Strategy focused on the new economy, there was a recognition now of the competitiveness of European industries.

More fundamentally, the concept and **definition of growth** („intelligent growth“) was called into question and the link between social development and growth was pointed out.

Implementation of the strategy

The discussion focused on the following issues:

- **Role of the European Commission and the European Council:** There was widespread agreement that the European Commission should control EU member states rather than leaving it to the Council.
- **Indicators:** Indicators can work only if a distinction is made between input and output. Though on the one hand it was argued that input is no guarantee for output, participants agreed that there was however a relationship between the two. Proponents of a stronger focus on outputs put forward that what counted were results. Social productivity should be introduced as a new indicator.
- **Open method of coordination (omc):** The OMC was judged not sufficiently effective. It should be both strengthened and enhanced. In particular, negative as well as positive incentives should be introduced, possibly including the creation of positive monetary incentives that could be financed by European taxes.
- **Social Stability Pact:** Such a pact would link the EU member states' social expenditure ratios to their economic performance.
- **Democratisation:** Civil society ought to be involved more. Social partners in particular should be integrated in the European governing system more effectively.

For a final assessment of the prospects of implementation, the **national targets** of the EU member states need to be looked at.

Social Democracy and Trade Unions were called on to monitor the implementation of the Europe 2020 Strategy influencing the public debate by outspoken criticism, a clear position and agenda-setting.

In the run-up to the meeting of the European Council in June, the Spanish Presidency was asked to push for social democratic influence on the Strategy. Afterwards, both trade unions and social democratic parties within the EU member states (though most of them are in opposition) ought to put pressure on their governments with regards to the national action plans.

Social democracy and trade unions could work together on various policy areas:

- Wage and employment policy coordination
- Directive on posted workers
- Equal wages for equal work in the same location
- Flexicurity
- Growth of employment
- Household consolidation and sustainable growth

On the whole, a coherent and independent strategy of social democracy and the trade unions should be aimed for. It was seen as important to discuss specific issues such as increased economic cooperation early on in order to anticipate and shape future developments.