



**European Committee
of the Regions**

**ANNUAL RECEPTION OF CARITAS AND DIAKONIE FOR THE NEW LEGISLATURE
SPEECH OF THE PRESIDENT OF THE EUROPEAN COMMITTEE OF THE REGIONS
4 SEPTEMBER 2019**

CHECK AGAINST DELIVERY.

[Introduction, thank you for the invitation]

Ladies and Gentlemen,

First of all, I would like to thank you very much for inviting me, as a representative of the European Committee of the Regions – which represents Europe's 100 000 municipalities and 274 regions in Brussels – to give this keynote speech on the subject of "Social Europe".

I was very pleased not least because I had the opportunity, exactly a year ago, at the General Assembly of the Free Social Welfare Association (Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege) to discuss this subject with some of you, so we can continue this conversation today.

[The balance between economic and social pillars in the EU]

I think we are all aware of the fact that there can be no European Union without a strong social pillar.

In 2006, today's departing Commission president, Jean-Claude Juncker, then still prime minister of Luxembourg, said at the Charlemagne award ceremony in Aachen: "If we do not succeed, in the next ten years, to make out of this highly successful economic construction called Europe an equally successful socially integrated European Union [...], Europe will fail."

We are now in 2019. Unthinkable earlier, a failure of the EU suddenly seems – in the light of Brexit and right-wing populist governments – no longer beyond the bounds of possibility.

We do not have a successful socially integrated European Union.

On the contrary, almost a quarter of the EU's population is at risk of poverty and social exclusion.

Despite the signs of an economic upturn, the unemployment rate in some of Europe's regions continues to be unacceptable, particularly for many young people.

Job insecurity, whether in the form of part time, fixed-term or zero-hours contracts, is also on the increase. Given these economic and social conditions and the far more widespread fears of



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falling behind, some have lost faith in a better future and are turning away from Europe, which is held accountable for the feared deterioration in living standards.

Although Europe is not perfect, I strongly believe that it is the only desirable way to meet the major challenges of the 21st century.

But only if a few conditions are met.

One of these is that cities and regions must be recognised as full stakeholders at European level.

And Europe must not lose sight of its founding treaties.

Because this is where the goal of economic and social progress is set out.

Social rights must rank on a par with economic freedoms.

But the primacy now enjoyed by competition policy and the single market is having the opposite effect, with disastrous consequences for the provision of social services and for fundamental social rights.

The European Union treaties state that "the Union shall aim to eliminate inequalities".

We need a budget that can make this possible.

This is what the European Committee of the Regions is working for in the negotiations on the next financial framework – something I shall say more about later on.

[Outlook for the institutions in the new legislature]

What has been done at European level so far?

The European Pillar of Social Rights was adopted in November 2017.

While this may be just a declaration without binding measures, aims or indicators, I see it nevertheless as a milestone we should now use as a point of reference in dealings with the new Commission and on whose implementation we should insist.

In her political guidelines, Ursula von der Leyen writes: "it is high time that we reconcile the social and the market in today's modern economy".

I would have put it the other way round and said that we must reconcile the market with the social!

But perhaps that's just splitting hairs.

It is deeds that count.



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And Ursula von der Leyen has given assurances that she will propose an action plan for the full implementation of the European Pillar of Social Rights.

We will, of course, expect new legislative proposals on this front.

The new Commission, the Council and Parliament must prove in their multiannual programme, which is currently being negotiated between the three institutions for the first time, that they are serious about a social Europe.

We are waiting with anticipation and and hoping for more than just declaration of intention is adopted.

[The next steps]

We must also not forget that the negotiations on the new Multiannual Financial Framework are far from over.

Far from it: the most important stage is starting now, when the newly constituted institutions start their work. Here, we must not confine ourselves to the Brussels bubble, but also put pressure on national governments, especially since Germany will be holding the Presidency of the Council of the EU in a year's time.

The Council's Strategic Agenda states that "the EU must give itself the means to match its ambitions, attain its objectives and carry through its policies".

This is something we should never lose sight of.

As the European Union's main investment tool, cohesion policy is just such a means and is essential for a social Europe.

It makes its impact clear on the ground and encourages the investment that Europeans need.

For the non-profit sector it is the European Social Fund that is undoubtedly particularly important.

In the current programming period, the ESF has helped 7.4 million people to find work and 8.9 million have acquired new skills.

In addition, the ESF will play an increasing role in the coming years in the implementation of the European Pillar of Social Rights.

As a result, the 6% cuts in the ESF announced by the Commission so far are unacceptable to us and I am sure I am not not mistaken in thinking you take the same view.



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In addition, investment in social infrastructure has fallen by 20% since 2009 and the investment gap is estimated at EUR 150 billion per year for the next ten years.

How do we expect to achieve a social Europe if the EU's main investment policy is being cut back?

We can not achieve more with fewer means: this simply defies logic.

A real vision for Europe must go hand in hand with adequate financial resources.

To secure cohesion policy, the Committee of the Regions has therefore launched the #CohesionAlliance in cooperation with European regional associations. We need to continue to influence the ongoing negotiations through this partnership.

Our budget and accounting rules should also serve to unlock public investment capacity at all levels.

For example, the Committee of the Regions is committed to excluding public investment expenditure and national co-financing from the Structural Funds from the deficit calculations under the Stability and Growth Pact.

We have learned in recent weeks that the Commission is also considering more flexible fiscal rules.

We have to wait and see how far the Commission is prepared to go, but it would be a welcome message if investment in human capital and social infrastructure were no longer to fall victim to a big round zero.

[CoR proposal: regional social policy scoreboard]

As President of the Committee of the Regions, I would like to say something specifically about the importance of the local level.

The bulk of European legislation is implemented at this level.

What is more, social policy is often a responsibility of local and regional authorities and one thing is clear: the social pillar will not be implemented without the involvement of the local and regional level and the social partners.

The bottom-up approach is particularly important in social policy, so that resources can be allocated where they are most needed.

However, the European Semester, which is intended to coordinate the economic and fiscal policies of the Member States, is a top-down process.



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In addition, social investment has not so far been a priority in the European Semester. In 2017, the CSRs of only three Member States mentioned social investment.

And even if recommendations are made in this area, they are focused on economic viability.

2018 saw the introduction of "Social Scoreboard".

This is intended to regularly monitor progress in the implementation of the European Pillar of Social Rights in the context of the European Semester and its indicators reflect the pillar's principles. The aim is to strengthen the European Semester's social dimension.

However, the macroeconomic analyses of the scoreboard say nothing about any regional disparities within Member States.

The Brussels Region is a good example of this.

In 2015, this region was the fourth richest in Europe, but at the same time the unemployment rate was extremely high at 17.3%.

The Committee of the Regions has therefore drafted a proposal for a regional social scoreboard.

The idea is to add regional indicators to the existing scoreboard.

Based on the finding that national averages do not reflect regional differences and can even be misleading, we have worked with Eurostat to complement all the indicators in the scoreboard with regional data that already exist.

We have found usable data for the regional level for nearly half of the indicators in the scoreboard.

In the process we discovered that accurate regional data is vitally important when it comes to the risk of poverty indicator, since regional disparities are particularly strong here – as, for example, in Italy, between the region of Alto Adige/Bozen and Sicily.

We have also proposed an "output indicator" that combines the available indicators to identify which regions in Europe are generally on the right path, which are stagnant, and those in which the situation is even deteriorating.

We found that the situations of most regions has improved, but that there are very significant differences between Member States.

Only in five regions has the situation worsened.

We hope that our proposal to add a regional social scoreboard to the Social Scoreboard will be adopted and followed up by the other institutions so that the European Semester is based on more accurate data and better takes into account the social reality in our regions.



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[Conclusion: Joining forces]

Finally, I would like to draw your attention to just one more point which is important for me personally and which, in my view, is too often forgotten: the importance of the social economy.

The logic behind the social economy is the principle of making profit for people rather than investors or owners. The main aim is to achieve social, societal or environmental progress for the common good.

This is, in my view, an area that is essential for social Europe.

This is a policy of the future and is becoming increasingly important at European level.

More than 11 million people – about 6% of the EU workforce – are already working for social economy enterprises and about 10% of all EU businesses operate in this segment.

This should get more support from the European side.

But now – to really conclude – I would like to tell you that we must have the courage to realise the vision that the founding fathers had for the Union.

I hope that I have shown to you that we need a Europe that not only brings economic prosperity, but is also fully signed up to the goals of equity and social progress.

This is the only way to push back nationalism and create a peaceful, solidarity-based Europe with a strong economic, social and territorial cohesion.

We should now join forces to advance social issues in the new legislative term and in the next financial framework, so that non-profit institutions can continue working together with the regions for cohesion in Europe.

In this crucial time for the future of the EU, it is important to seek ways of joining forces and I therefore thank you once again for your invitation today.
