

Another Europe is possible: for a fair distribution

An urgent call for a social,
democratic and sustainable Europe



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Editor: Michel Debruyne, Haachtsesteenweg 579, 1030 Brussel, België



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An Alliance for another Europe

Europe started as a positive project. The foundations of this hopeful project were laid after the Second World War. The original slogan 'No more war' was translated into a vision of a prosperous Europe. A vision of a Europe where people could meet each other and participate, enrich their culture and welcome other people. Today this vision has become reality for 28 countries and more than 500 million people.

Europe has created a democratic environment that enables an open dialogue between civilians, NGOs, trade unions and governments. The Alliance to fight poverty, comprising members from 13 European countries, is a positive result of this open and democratic framework. After discussing the future of Europe, the Alliance to fight poverty now puts forward a model for Another Europe.

A new project for Europe

The European Union has created enormous potentialities for everyone. People can travel freely, work or study in another country and build up social rights in other member states.

Europe has invested a lot in quality of work and in promoting work equality for men and women, the elderly and people with disabilities. Europe has put the struggle against poverty first and foremost.

And yet, although Europe is a successful project, millions of citizens don't trust the European project. They see and feel the bad effects of European governance every day. Even the European Union itself is struggling with its former ambitions.

Europe should resume its initial hopeful start and begin with a renewed project: a European project that gives hope to everyone, especially to those suffering from poverty and social exclusion. Another Europe is possible if we relaunch it with the hopeful spirit characterizing its conception. In doing this, three essential principles have to be maintained.

'The Social' as an Essential Dimension in Europe's construction

One of the hopeful elements of the European project is the pursuit of well-being for everyone.

Alas, the crisis makes one thing very clear: since the 1980s the accomplishment of human rights has steadily declined, reversing a positive trend that had started out after the Second World War. Social rights are distorted for a lot of people, in particular for those who are living on the edge of society. The crisis has only accelerated this erosion of rights. We even notice this in countries where the financial crisis has had a limited impact.

The deterioration of rights is most apparent in people experiencing poverty. Even in good economic years, the number of people facing poverty didn't decline. And now, struck by the crisis and the subsequent austerity measures, poverty is strongly visible in most countries. By 2011, 24 per cent of the European working age population was already at risk of poverty and social exclusion. The number of poor people has increased exponentially in crisis times: from 2010 to 2011 by 2 million, from 2011 to 2012 by 4 million.

The activation policy is distorted to 'activate into poverty'. An upsweep in the numbers of 'working poor' occurs with each new work incentive. By 2010, no less than 8.2 per cent of the European working population was qualified as 'working poor'. The 'right to be educated' has been distorted by austerity measures. The 'right to be housed' by cuts in social spending. The 'right to a decent old age' by the duty to work longer and by austerity measures. The right to live in one's own home country by the absence of livable future. The 'right to receive care' by the privatisation of health care. The consequences of this policy affect the population as a whole and increase the inequalities both between and within member states. The precariat — people living unpredictable and insecure lives — is growing fast.

This decline of the accomplishment of human rights is a direct consequence of the application of pure market logic. The imposed structural reforms towards the internal market and more market flexibility consider social welfare as an obstacle to economic prosperity. As a consequence, social rights have to be transformed and reduced. The internal market has put the social rights under severe competition. Social dumping, as taxation dumping, has be-



come an element of destructive competition. The European construction increasingly resembles a race to the bottom.

A renewed project for Europe has to counter this detrimental evolution by restoring rights as genuine rights. The European Union has to fully concern itself with the realisation of human rights. Rights are more than quantitative targets and must be realised as common goods agreed upon at EU level. Common goods not only stand for more and better jobs, but also for good and affordable education, housing, care, etc.

Again, the concern of Europe should be the well-being of everyone. This well-being, understood as the freedom to choose and lead lives we value and have reason to value, should be at the core of the European construction. This freedom depends on a better implementation of human rights and an enhanced democracy. Therefore we need to restore the concept of global solidarity both between member states and within member states.

This strand of thinking already surfaced in earlier discussions on the European construc-

tion. One of these discussions took place in the 1980s and tackled the 'social dimension of the internal market'. This resulted in the new Title 11 of the Treaty. Title 11 focuses on social policy, education, vocational training and youth, and defines the purpose of the European Social Funds. But to date, Title 11 is still awaiting its implementation¹.

Putting human well-being at the core of the European construction is essential to rebuild a new hopeful project for Europe.

Endogenous development as an Essential Dimension in Europe's construction

The hopeful European project emerged from the existing rich diversity of its member states and their economic cooperation.

Alas, with the introduction of the 'single market', which stimulated harmonization and cost cutting, the EU provoked destructive competition. Cost cutting should have boosted economic growth but has put the European economy in a downward spiral of ever more delocalisation. Economic and fiscal harmonisation has destroyed economic diversity by imposing

1. We also find similar elements in the discussions on the Treaties.

the same conditions on everyone. This centralised model unleashed destructive competition on every level: workers, region, cities, people from different countries, etc. And it stands in the way of developing a more constructive competition.

A renewed project for Europe has to reconnect its economic priorities to answer the social, ecological and climatic challenges. Therefore it has to invest in the rich economic diversity of our countries and regions and bring them in constructive or rich competition with each other. Through strong and innovative politics the EU can develop the potentialities of each country and region to stimulate an equal standard of living.

Rich competitiveness means competing to do it better. 'Better' in terms of quality of products and processes, ecological quality, quality through innovation, and quality of work and social services. Common norms agreed at EU-level should be the basis of this constructive competitiveness.

Rich competitiveness also means an appropriate combination of constructive competition and cooperation. It relies on economic

solidarity to provide the necessary tools for a political and social solidarity. It emerges from the regional strengths and complements this diversity with cooperation and constructive competition. It enhances endogenous development.

Economic solidarity comprises common policies able to reduce the public debt for countries affected by the crisis, macro-economic policies in the richest countries in order to restore balances on payments, common norms on taxation, and investments in the countries and regions most affected by the crisis to help stimulate an endogenous development.

By stimulating rich competitiveness we connect Europe to the world. We challenge the world to seek its own social and ecological protection systems. We challenge them to do it better and to defy us. A valorised taxation that integrates the cost of necessary investments for social, sustainable and ecological development of the region makes constructive competition possible. Rich competitiveness is totally different from the protectionist approach. It is a reasonable strategy as it gives an answer based on valid general arguments



that are acceptable for others. The EU can lead a development that is based on human well-being and sustainability.

Much of this can already be found in the discussions on the economic model of Europe. But to change the current economic governance, the EU has to define economic recovery in terms of endogenous development and to prioritise it over fiscal consolidation.

Putting endogenous development at the core of the European construction is essential to rebuild a new hopeful project for Europe.

Cooperation as an Essential Dimension in Europe's construction

Another hopeful element of the European project was the enhancement of democracy.

One of the distortions of the European construction is the centralised and top-down governance that prevailed during the handling of the crisis. The European construction as a democratic organisation was reduced to an agency of obligations on account of the crisis. Discussions on economic governance and the

austerity measures have never resulted in other policies. Instead, they were neutralised. Every discussion was halted by the imperatives of economic governance. There was and is only 'one way' to solve the crisis and it blinded most people.

The internal market, too, puts constraints on the democratic construction. Social dialogue is being obstructed not only at the European level, but in almost every member state as well. Social dialogue and civil dialogue are only mentioned in the appendices of governmental or Commissions' documents. Dialogue has been reduced to adding to documents: social and civil stakeholders became 'adding-machines' at the European level and in most countries.

Europe has lost its role as a democratic model and its democratic justification.

A renewed project for Europe has to answer the democratic challenges created by the European construction. To answer these challenges we need to return to the basic elements of the European construction. Cooperation between all levels and between all the 'living forces' is an essential element of the answer.

Subsidiarity regulates cooperation. Basically speaking, the essential element of subsidiarity is collective action. Following the principle of subsidiarity, competences are adapted in each single case to the specific problem to be handled. Actions are distributed among actors by giving priority to the adequate level in order to mobilise the resources, initiatives and potentialities of all actors. This adaption has to be deliberated by all involved actors. Subsidiarity means deliberation at every level.

Subsidiarity means that the centre is especially aware of the risk of excessive regulation. Before creating a new regulation, the centre must mobilise all levels and all social and civil actors to consider the problems and solutions.

Through political, social and civil dialogue common norms and common goals can be established at the appropriate level.

Subsidiarity also means an obligation for the centre to intervene so that the individual or community gets the resources to fulfil their ambitions. The centre can only do this on the basis of goals agreed at EU level.

By achieving subsidiarity we want to empower people so as to make them accountable. Accountability demands solidarity and empowerment.

Empowerment and accountability are key elements of cooperation. The objective of cooperation is to strive to do things better. To enhance this cooperation Europe has to define minimum norms and methods to stimulate the member states to do things better and to realise and deepen the human rights. Cooperation assumes positive competition. Through methods and minimum norms Europe can create a sphere of positive and rich competitiveness. Subsidiarity also means that common norms should be fixed at the right level. Every level has its responsibility to establish common norms and to create a positive competitiveness.

Much of this can already be found in earlier discussions on the European construction. In the Maastricht Treaty and the Amsterdam Treaty we find the necessary elements of cooperation. We just need to accentuate and implement it.

Putting cooperation at the core of the European construction is essential to rebuild a new hopeful project for Europe.





Another
Europe
is possible:
the Fair
Distribution
Pact





Another Europe is possible if we rebuild Europe on the three main principles. Each principle assumes a fair distribution of power, resources and means between the member states; between Commission, Council and Parliament; between EU and member states, regions and cities; between rich and poor; between organisations; etc. The goal is to fight inequalities in political power and resources. It also assumes a redistribution of means. Inequality in Europe and the member states should be reduced.

Rebuilding Europe to fight these inequalities means that we need a revised mission for Europe and a fair distribution of power and resources. We thus call for a Fair Distribution Pact.

Therefore we ask:

- The Fair Distribution Pact is a project aimed at enhancing human well-being. It is a key project because it redefines the mission, the tasks, the instruments and the construction of the European Union. It is a project because it has to be built up from the bottom through dialogue with social organisations and civil society, with the member states, the regions and the cities and with the different parliaments
- The main task of the EU is to shape and to enhance common norms of human well-being and to stimulate member states to realise and deepen the human rights

To develop 'Another Europe' we have to change the European governance. Our Fair Distribution Pact has three chapters: one on social governance, one on economic and fiscal governance, and one on enabling governance. Each chapter proposes realistic and at the same time hopeful answers for 'Another Europe'.





Proposals of the 'fair distribution' pact



1 Another Europe is possible: towards a Social Europe

A Social Europe requires social policy based on rights, quality of work, an enhancement of social services and decent housing and education.

Although Europe is constructed on the European Social Model, today we see that Europe is only paying lip service to its social objectives. Harsh economic and financial governance dominates the debate on the future of Europe. EU social policy is limited mainly to the design of social inclusion policies for target groups. Moreover, the internal market concept prohibits a broader policy. But 'policies exclusively designed for the poor tend to be poor policies'.

This restricted model of governance doesn't offer hope for the millions of people across Europe who are suffering from poverty, for the millions of people who have an insecure future, for the millions of children who do not have an adequate level of education, for the migrants from outside Europe who do not find a new home, etc.

Toward a social policy based on Human Rights

We say that a Social Europe is an asset to the recovery of Europe. Investing in social security, social services, education and care gives people the opportunity to invest in their work, in their children and in their neighbourhoods. Investing in social security will have high returns such as a higher productivity, a richer competitiveness, more efficiency and more social cohesion.

EU social policy should have the ambition to contribute to the well-being of every citizen. A social Europe means a Europe that is built upon effective human rights. We are in urgent need of vehicles to put these human rights into political practice.

Therefore we ask:

- › To use the European horizontal clause and the Charter of Fundamental Rights as cornerstones for the implementation of all European legislation. This can form the basis for an integrative approach of all policies.



- › To firmly place social rights alongside economic freedoms. To this day, they are no more than facilitators in a competitive playing field. Social rights have to be seen as the basis for further political integration of the EU alongside the principles of solidarity and social justice
- › To monitor the accomplishment of human rights in the member states

In order to reinforce social cohesion in Europe we must fight the inequalities between the richest and the poorest countries in the EU and within the member states.

Therefore we ask:

- › To deploy the European funds to address these inequalities. In the same way, investments in education, health and care, social cohesion, etc., should lead to results in the fight against inequality. A fair distribution should be a key method

Therefore the EU has to use every instrument and method to enhance social protection.

Therefore we ask:

- › To implement in EU legislation the research of the European Commission entitled 'Beyond GDP'. Criteria other than productivity should be taken into account, including

quality of work, quality of life, value for social cohesion, social utility and the capabilities of people

- › To develop indicators that can help to detect and reduce inequalities within societies
- › To implement these broader criteria in the Annual Growth Survey and in the evaluation of the European Semester, and to use them as indicators in a social imbalance procedure. They should also be valued equally to the macro-economic indicators and considered in the former global evaluations
- › To use the annual report on comprehensive measures of subjective well-being of the Commission and the 'Better life initiative' of the OECD as a monitoring instrument for EU policies
- › To reintroduce the social chapter and poverty targets of EU2020 in the National Report Programs with full political strength and consequent funding. This guideline should be put on the same footing as the macro-economic guidelines in the EC Annual Growth Survey
- › To make the methodology and choice of the EU indicators for measuring poverty common
- › To reduce the statistical gap on poverty and social exclusion indicators by updating data collection frequency and/or used criteria, and

particularly including short term alert indicators for impact assessment of austerity measures

This enriched social policy can only be designed and achieved through social and civil dialogue.

Therefore we ask:

- To urgently implement the participative governance of the National Reform Programs involving stakeholders and to promote the participation of the whole society to get innovative ideas and proposals for solutions

Towards a higher quality of work

The EU has to fight for decent work. It has to cover a spectrum from on-the-job employability to lifelong learning, the prevention of economic and social hazards, a fair and free balance between work, care and private life, decent minimum wages and social security. It has to further develop the gender policy. Via collective bargaining and law and collective learning, it has to aim at developing fair competition.

In reality, the activation policy has dominated the Employment Strategy since 1990. The ob-

jective was to maximise its macro rate of employment, whatever the quality of the jobs available to the people. It departs from the idea that flexible labour markets achieve maximum efficiency. From that perspective the reform of welfare regulations had to create incentives and penalties to activate individuals. In order to achieve this objective less money was spent on social protection in many countries. The crisis and the austerity measures have only aggravated the cuts in social welfare. As a result, the quality of work degraded almost everywhere. In conclusion, the activation policy has perverse effects: the level of global competitiveness hasn't increased and welfare expenditure hasn't been reduced, it has only lowered wages and social allowances. The result in every country is the growth of precarious jobs, a weaker social security and an increasing fear for the future.

We need an alternative Employment Strategy based on decent work standards.

The EU has to launch a debate on the regulation of quality of work. Common norms are essential if we want a 'rich competitiveness' that encourages every country to attain a high level of well-being.



Therefore we ask:

- To define high common norms of well-being that has to be implemented by the regions and member states
- To define the right to decent work as a common goal of the enriched Employment Strategy
- To establish quality norms for non-standard modes of employment (atypical kinds of work) that are not sufficiently protected at the legal level and reduce the share of these non-standard modes

Investing in individual capacities is the best guarantee for economic recovery.

Therefore we ask:

- To valorise lifelong learning for everyone. People should have an individual right to lifelong learning. This right has to be implemented by governments and employers
- To encourage member states to make sure young people leave school with basic reading, writing and counting skills
- To develop flexibility and facilitate transitions in the professional life course such as financing of parental leave and career breaks. This flexibility should be controlled and decided upon by the workers
- To reintroduce the recommendation of active

inclusion (2008/867/EC). This offers the chance to establish a clear EU and national road map for implementation ensuring an integrated strategy tackling obstacles of different disadvantaged groups with specific guidelines. It ensures policy coherence across the life cycle recognizing the limitations of the Active Inclusion approach to people outside working age. It provides guidelines to ensure that Active inclusion implementation does not undermine commitments to reduce poverty and to promote well-being for people outside the active inclusion area

EU social policy must guarantee that every individual has a right to obtain a minimum income.

Therefore we ask:

- To define a common procedure on adequate minimum wages. Social dialogue and collective labour agreements are essential elements of this procedure
- To define a common norm on adequate minimum income schemes.
 - During the first years these are still based on the 60% median income
 - A new scale to substitute the median income has to be introduced, based on a method of budget standards

- › To organise solidarity funds to achieve these adequate minimum income schemes in the member states and the regions that are most affected by globalization and the crisis

Reinvest in social services to ensure social protection of people and to fight unemployment, poverty and social exclusion. Social protection has to be considered by the EU as a necessary tool in fiscal and monetary policies.

Therefore we ask:

- › To strengthen public employment in education, health, research and other collective objectives that cannot be adequately achieved by the market. The need for long-term investment in these collective areas cannot be compared with other types of investments. Therefore it is necessary that these investments are fine-tuned in the Stability and Growth Pact, and that they are partially exempted in deficit and debt calculations of EU-member states
- › To promote other models than the private market. In the fight against inequalities semi-private, social economy, cooperative, not-for-the-profit and volunteering initiatives should be encouraged for being 'socially useful'

Improve the participation of workers in the achievement of common goals of companies, sectors and regions. In sum, the social dialogue needs to be enhanced.

Therefore we ask:

- › To reinforce the right to information and participation for employees in enterprises
- › To reinforce social and civil dialogue in order to outline the employment, economic and financial strategy at the different territorial levels

Toward an extension and enhancement of social services

Social services are essential to realise the rights of people and to fight against both poverty and social exclusion.

The austerity measures have changed the aims and methods of social services. Personal responsibility is increasingly becoming the core of social duties, irrespective of social and economic context. Austerity measures that reduce public budgets and encourage privatisation create services at two speeds: good services for the households with an income and bad services for the others.



Social services have to be extensively enhanced and resourced to fulfil their objectives. Overall, a fair distribution is essential for the realisation of human well-being.

EU social policy cannot be based on commodification and deregulation of social goods and services. The internal market has turned social goods such as health, education, food and housing into major elements of growing inequality. Therefore the EU should guarantee quality, accessibility, affordability, transparency and efficiency of the social services and protect them against negative competition and commodification.

Therefore we ask:

- To strengthen social goods and social services in the Social Policy through a set of common norms that define affordability, quality, accessibility, efficiency and transparency
- To ensure that all social service providers operate on the same level via these common norms

Social services are mostly organized by not-for-profit organisations and public authority services. They have accumulated absolute advantages on right-based services, quality of

services, quality of work, affordability, accessibility, etc. They are now brought into destructive competition with the profit sector, which does not follow the same norms. This negative competition negatively impacts the protection of human rights. Therefore, there is a need to recognize the importance of the not-for-profit sector and public sector at the EU level.

Therefore we ask:

- To give priority to and recognise the specificity of not-for-profit and public authority social and health care service providers. To create an operating environment — legislatively, economically and operationally — that allows these providers to work while retaining core values. These include solidarity, reciprocity, transparency and participation and the right of all people to receive the care they need without restrictions
- To promote access to and involvement of not-for-profit and public authority service providers in EU funding and the partnership principle in the European Social Fund
- To strengthen the dimension of exchange and dialogue in the field of social services. This dialogue should address the eradication of poverty and the reducing of inequality, as both are important goals for social services

- › To ensure that social and health care services are provided within a rights-based framework, drawing on the provisions of existing legislation such as the Charter of Fundamental Rights, the UN Convention on the Rights of People with Disabilities and the Convention of the Rights of the Child
- › To monitor the implementation of relevant EU legislation and policy, and consider the impact of new policy initiatives to ensure they do not adversely affect social and health care services. Further, monitor the application of the principles of quality, accessibility, sustainability and affordability to all legislation
- › To reject the current reductions in funding for social and health care services and promote an alternative approach based on the social investment logic. Promote a long-term view of social policy development, expenditure and potential savings to ensure availability and sustainability of services, which are as close to the user as possible

Towards a European decent housing policy

Although housing is a competence of the member states, regions or cities, the EU increasingly interferes in the mission, the goals, the methods, the instruments and the financing of the member states' housing policy through internal market obligations. The result of this EU policy is a narrowed mission of housing policy within the member states.

A common broad definition of 'social housing' and 'housing policy' has to set common minimum norms for action and intervention. This definition is the result of a broad dialogue with social and civil actors and the member states, regions and cities. These common norms have to foster the capabilities of citizens and households. A decent and affordable home is an essential basic right that enhances the potentialities of people.

Through social and civil dialogue each member state, region and city can stimulate a (social) housing policy that unifies the universal right to a decent and affordable home.

Therefore we ask:

- › To write a new paragraph on housing in Title 11 of the Treaty, alongside a specific defini-



tion and mission of 'social housing' and 'housing policy'

- To set up a social and civil dialogue on the mission and definition of 'social housing' and 'housing policy'. The mission and definition have to answer challenges on the legal security of tenure, the affordability, the habitability, the accessibility and the location
- To focus the European Social Funds on member states, regions and cities where housing problems are most severe

Almost every member state, region or city struggles with the problems of homelessness. The right to adequate housing must be a guideline to answer these problems.

Therefore we ask:

- To strengthen and enlarge mutual learning on answers to homelessness, based on human rights
 - To emphasise urban renewal and renovation as key methods
 - To give priority to policies that tackle homelessness and house evictions through housing-led policies

Towards a European decent immigration policy

'Undocumented immigration' puts pressure on the housing market in most countries. This pressure can only be reduced by a global answer from the EU and by solidarity from each country.

Therefore we ask:

- To give a global answer based on human rights. This answer should respect the non-discrimination principle, irrespective of the status of citizenship
- To give 'undocumented' immigrants the right to an adequate standard of living for themselves and their families during their path to legalization.
 - The right to a legal residence has to be a guideline in this global answer
- To share the immigration flows between the member states, adhering to fair standards of distribution decided at EU-level
- To develop a social policy in the states where immigration starts



2 Another Europe is possible: towards an endogenous development

The strength of Europe lies in the potentialities its diversity creates for sustainable development. A bottom-up approach is best suited for optimising this richness. It enables us to help Europe's least developed regions and demands a fair distribution. An endogenous development also respects ecological boundaries. A fair taxation is the cornerstone of this policy.

For an endogenous development

The least developed regions can shape their own sustainable development through solidarity between regions and learning processes. But to make this happen, the EU has to change its economic policy. Sustainable development should be the key principle.

Therefore we ask:

- › To change the macro-economic and industrial policy to a policy based on sustainable development that strives for ecological quality, quality of work and ecological quality of products

- › To redefine all economic indicators in function of these new objectives. They should measure the quality of products, the ecological quality and the quality of work. The EU should therefore expand the EC-label
- › To promote the regional development through the European Structural Funds. The criteria of the ESF are based on solidarity and learning processes
- › To impose a 75% norm on the use of European Structural Funds by local firms, enterprises and organizations

Cooperation and mutual help are key principles to help the least developed regions in Europe. This cooperation has to optimise the potentialities of the regions. The importance of regional development should thus be emphasised in the EU funding system.

Therefore we ask:

- › To reinforce the power of the regions in the funding system by:
 - Strengthening the involvement and participation of the regions
 - Prioritising the role of the regions in the funding criteria



- › To promote the investment in regional development by European countries and regions in the least developed countries. The countries with surpluses in trade balances must invest in regions with a deficit
 - To prioritise industrial innovation and renewing in less developed countries and regions
 - To fix the level of implementation participation for the poor region itself (subcontracting, partners, actors, etc.) at a minimum of 75 per cent
 - To prioritise social and green projects in the program for Employment and Social Innovation (EaSi) and Structural Funds
- To this end the statutes of the ECB would need to be reformed, rendering it answerable to the European Parliament and committed to an extended set of policy objectives including employment and qualitative growth
- For the EU to allow deficit-spending for anti-cyclical purposes and structural modernisation, without the imposition of arbitrary ceilings to deficits or overall debt and with mutually assured Eurobonds
- › To promote long-term investment in the real economy instead of investments in financial assets that have no productive counterpart²
- › To lower deployment of private sector debt as a vehicle for macro-economic growth

The EU needs to bring all measures and instruments together to fuel the economic recovery.

Therefore we ask:

- › To reform the Stability and Growth Pact and the Fiscal Pact by prioritising the economic recovery of member states and strengthening the states' revenue potential as a vehicle for cyclical and structural adjustment

The EU has to protect the development of emerging regions and their social, ecological and environmental context by a taxation that includes social and environmental externalities. In this manner the EU could avoid unfair and destructive competition. It could also progressively spread its social and ecological

2. A further challenge to all participants in the recalibrated political economies of the OECD and Europe is to overcome the structural addiction to unrealistic rates of return that have too long informed the investment strategies of the managers of sovereign wealth funds, pension funds and other investment funds, and, by implication, generated the exaggerated management fees. Above all, the current and future sustainability of retirement pensions will have to become the subject of general distributional debates within society concerning their intergenerational equity, rather than of intra-fund adjustments.

model to other continents, stimulating a broad debate on social and ecological constraints

Therefore we ask:

- › To promote the valorised price by taxation. Taxation should be based on social and innovative costs and ecological externalities
- › The proceeds of this taxation must be invested in the least developed regions in Europe, but also in social and ecological production in the least developed countries in the world

For a fair taxation that enhances endogenous development and social inclusion

Taxation – most notably progressive income taxation – is a key vehicle for reducing income and wealth inequalities and for ensuring the social security of all citizens. Taxation is an instrument of fair distribution and as such it gives people, organisations, regions, cities and member states the necessary resources to enhance the human rights of citizens. It is also the foundation for a culture of social solidarity that acknowledges both the need for the collective funding, maintenance and development of public goods and the desirability of

social equity, equality of opportunity, shared burdens and shared rewards. It is an instrument of fair distribution within and between the member states.

Today we see an inverse use of taxation. We see a destructive dynamic of European tax competition that decreases the social equity and solidarity in and between the member states.

The EU has to avoid tax competition by establishing common norms on taxation.

Therefore we ask:

- › To establish a Fiscal Union and Settlement Union of the EU17 based on the long-term commitment to eradicate poverty, unemployment and social exclusion and to reduce inequality. As a Settlement Union the Eurozone would deploy its resources collectively to ensure the relative convergence of external balances, of national and regional ratios of investment, private consumption and public consumption to GDP. At the same time it should outlaw fiscal free-riding with the abolition of tax and regulatory competition and a relative convergence of states with low tax ratios (cf. Ireland, Greece, Portugal) to a higher average



- › To force all member states to commit themselves to the principle of progressive taxation and fair taxation as the foundation for an effective Union
- › To install a Fiscal harmonisation within the EU27 that ends tax competition by establishing minimum standards for direct and indirect taxation, maximising transparency, automatic information exchange and compliance policing. This means:
 - To agree minimum rates of personal income tax (PIT) and corporation tax (CT)
 - Commitment to the principle of progressive income taxation (phasing out of flat tax regimes and relative convergence of scales of progression)
 - To install an EU-wide harmonisation of wealth taxation with effective rates
 - To install an EU-wide harmonisation of tax exemptions. Diminishing the exemptions should help bring about a fairer distribution and protect lower incomes

The EU has to fight tax avoidance. Fraud and tax avoidance have cost the member states more than 1.000 billion euros in 2010 alone.

Therefore we ask:

- › A Common Consolidated Corporate Tax Base of 25%

- › To outlaw European tax havens and secrecy jurisdictions
- › To boycott financial corporations and other companies operating 'brass plate' business in tax havens

Taxation has to be socially equitable. Many of the new austerity measures place a relatively higher tax burden on the poor and lower income groups than on the rich. The poor should not pay for the crisis. Multinationals are now avoiding taxation by all kinds of methods and as such pay less taxes than smaller companies while creating fewer jobs.

Therefore we ask:

- › To halt the trend towards a greater dependence on regressive indirect taxation in order to achieve a better balance between progressive direct taxation and taxes on consumption
- › To restore a fair taxation on multinationals
- › To install a fair taxation on short-term currency speculation and on all spot conversions of currency

To stimulate a fair transition to an energy-neutral economy, the EU should introduce common norms on carbon taxes and introduce EU-wide carbon taxes. The proceeds can be

invested in the energy renovation of houses, the energy efficiency of firms and production, energy-neutral mobility, etc.

- To introduce an EU-wide eco-taxation that encourages the use of renewable energy
 - To harmonize and extend the existing carbon taxes
 - To introduce an EU-wide aircraft fuel tax to remove the anomaly by which air transport is fiscally favoured over its terrestrial transport competitors

Establish a common policy on land and mortgage policy to avoid future housing bubbles. There is a strong relationship between these bubbles and the economic and financial crisis.

The economic and financial crisis was not only triggered by housing bubbles, it also had a severe impact on countries with a lax mortgage policy and land regulation policy.

Therefore we ask:

- A common policy to ensure that all countries can develop an economic policy that is based on sustainable development and not on speculative growth and households debt
- The common policy has to define some instruments to organise such land and housing policies. These instruments should discourage speculation on land, regulate the mortgage policy, fight against household indebtedness and halt the trend towards rising rents and housing prices



3 Another Europe is possible: towards a Societal Europe

A new and hopeful project for Europe starts with recognizing the ability of people to shape a new future. A future of an enriched community where people, regions and member states create a better Europe by sharing.

Creating a Societal Europe means to give people, organizations, regions and member states the resources to increase their well-being.

The EU has to install an 'enabling governance' that starts from a validation and modernisation of the principle of subsidiarity³ and a fair distribution of power and resources.

For an European governance that empowers

An enabling European governance empowers people, organisations, regions and member states to explore and enhance their own potentialities. An enabling governance gives them the tools and the resources to build on their own strengths.

Therefore we ask:

- › The mission of the EU has to enable persons, organisations, cities and regions to fulfil their potentialities
- › To start from a validation and modernisation of the subsidiarity principle as a core principle of the EU

A Societal Europe is only possible if the existing inequalities between regions are reduced. An enabling governance of Europe gives the member states and regions most affected by globalization and the economic and financial crisis the means to develop a hopeful future. The EU has to strengthen and enlarge mutual learning.

Therefore we ask:

- › To transform the EU Funds into means for enhancing the fulfilment of the potentialities through social and civil dialogue and through learning processes

3. As it has been described above in the first chapter

- › To stimulate, via the public procurement policy, the local embedded economy and the social and civil dialogue on the regional and subregional level

For an European governance that strives to do better

An enabling governance starts from common goals and norms in order to strive for a qualitative development of Europe, to promote social cohesion and collective well-being, and to avoid a race to the bottom. These common goals and norms are obtained by a broad participation of social and civil stakeholders.

Therefore we ask:

- › To define common norms of economic, fiscal and social governance in the member states, their respective regions and local authorities
 - To define minimum standards on social security, quality of work, quality of production and products, social housing policy, etc.
- › To start from the Charter of Fundamental Rights to define the common goals and norms

- To implement the Charter of Fundamental Rights in the European legislation
- To organize a social imbalance procedure on the European level to monitor the European legislation. The social and civil dialogue has co-decision power in this procedure

For an enhanced social and civil dialogue

To define these common goals we need an enabling European governance that enhances participation and democracy on every level of society. It strengthens the different stakeholders on every level. It begins with reinforcing social dialogue and recognizing civil dialogue in the mainstreaming policy process.

Therefore we ask:

- › To enhance social and civil dialogue at every level of the European. At the European level it enforces the social and civil dialogue as a legislative tool.
 - To recognize civil dialogue and give it the right to counsel European legislation in its mainstreaming process
 - To give within the civil dialogue specific attention to the organisations working with people experiencing poverty



- To enforce social dialogue by extending the competence of the social dialogue beyond employment policy within socio-economic governance, including the European Semester process, macro-economic imbalance procedures, social services policy and the Single Market policies
- To enforce the social dialogue by giving it the right to counsel overall European legislation in its mainstreaming process

The enabling governance gives people the possibility to contribute and participate at every level.

Therefore we ask:

- › To stimulate people to vote and give special attention to groups abstaining from vote
- › To stimulate people experiencing poverty and social exclusion and their organisations to enter into dialogue with social and civil stakeholders
- › To enhance social and civil dialogue at every level by guaranteeing the right to give advice on the social and economic actions of the member states, the regions or the cities
- › The corporation is an important level where democracy is learned, therefore a policy of increased staff participation needs to be stimulated



Another Europe
is possible:
for a fair
distribution

An urgent call for
a social,
democratic and
sustainable Europe



Another Europe is possible if we relaunch Europe.

We have put forward three essential dimensions for a renewed European construction: 'the Social', endogenous development and cooperation.

These dimensions constitute our framework for a renewed European project in the following legislative period.

The concern of this Europe should be the well-being of everyone. This well-being, understood as the freedom to choose and lead lives we value and have reason to value, should be at the core of the European construction. This freedom depends on a better implementation of human rights and on an enhanced democracy. Therefore we need to restore the concept of global solidarity both between member states and within member states.

A renewed project for Europe has to reconnect its economic priorities to answer the social, ecological and climatic challenges we face. Therefore Europe has to invest in the rich economic diversity of our countries and regions and bring them into constructive or rich competition with each other, in order to stimulate an equal standard of living. Besides, by stimulating rich competitiveness we connect Europe to the world. We challenge the world to seek its own social and ecological protection systems. Accordingly, the EU can lead a global development that is based on human well-being and sustainability.

A renewed project for Europe has to answer the democratic challenges created by the European construction. To answer these challenges we need to return to the basic elements of the European construction. Cooperation between all levels and between all the 33 living forces is an essential element of the answer. A rich definition of subsidiarity forms the basis of an answer that combines solidarity and democracy. The cornerstone of this renewed project is an enhanced social and civil dialogue on the European and member states level.

To achieve Another Europe, a fair distribution of power, resources and means is necessary.

Our goal as the 33 Alliances to fight poverty is to gather NGOs, social partners and civil society along with cities, regions, member states and the European institutions around a Europe that develops and organises a fair distribution.

This memorandum is an appeal for all actors concerned about Europe to call upon a Fair Distribution Pact.



On Alliances to Fight Poverty

The 'Alliances to fight poverty' started in 2010 to counter the rising poverty, social inclusion and inequality in Europe and answer the threatening challenges they represent. The Alliances are a coalition of grassroots organisations, workers movements, trade unions, social think tanks and experts from already 13 European countries. We have created a platform for a renewed Europe by sharing experiences, knowledge and different views. This renewed Europe should be social, democratic and sustainable.

The Alliances want to successfully push back poverty, social exclusion and inequality at every level of society.

- › We want to influence our stakeholders as the fight against poverty begins in our own organisations. It is there we find the necessary support for our social vision of Europe. They can make society aware of the challenges we face.
- › We want to influence our government at every level as human rights should underpin its politics. It has to stop violating them as it currently does by upholding economic governance that only leads to more poverty and inequality.
- › We want to influence Europe as its policies determine our lives and our future more than ever. At present, this future doesn't look too bright for many people. It should be Europe's main objective to change this, to realise a future without poverty, social exclusion and rising inequality.

Our goal as the 'Alliances to fight poverty' is to gather NGOs, social partners and civil society along with cities, regions, member states and the European institutions around a new vision of Europe wherein fair distribution occupies centre stage.

The 'Alliances to fight poverty' call upon all concerned about poverty, social exclusion and rising inequality to join and strengthen their push for a renewed Europe. We can all make a difference.

More information on Alliances to Fight Poverty : www.alliancestofightpoverty.org



An urgent call for a social,
democratic and sustainable Europe