

Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth’

COM(2014) 130 final

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On 16 May 2014, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions — Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth

COM(2014) 130 final.

The Subcommittee on Taking stock of the Europe 2020 strategy, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 5 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 168 votes to 7 with 6 abstentions.

1. Introduction

1.1 Four years on from the introduction of the Europe 2020 strategy (EU 2020), the European Commission has published a communication entitled *Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth* and has embarked on a public consultation⁽¹⁾ on the strategy in preparation for its mid-term review.

1.2 This opinion, a formal response to the Commission referral, also forms part of the EESC’s integrated assessment responding to the request for an exploratory opinion on the forthcoming mid-term assessment of the Europe 2020 strategy made by the Italian Presidency of the Council of the European Union.

1.3 The EESC is preparing a comprehensive mid-term assessment of the Europe 2020 strategy, which will comprise the following documents:

- a project report aimed at exploring in greater depth the conceptual and practical aspects of Europe 2020’s governance;
- the present opinion, SC/039;
- contributions from the Committee’s sections and CCMI, observatories and Liaison Group with European civil society organisations and networks;
- contributions from national ESCs and similar organisations;
- the conclusions and recommendations of the study commissioned by the EESC’s EU 2020 steering group, drawn up by A. Bellagamba, entitled *Priorities, challenges and prospects for civil society: involvement in the Europe 2020 strategy beyond 2015 — Case study of four Member States (BE-FR-IT-NL)*.

⁽¹⁾ See the European Commission website: http://ec.europa.eu/europe2020/public-consultation/index_en.htm

1.4 The package forming the EESC's mid-term assessment will be presented at the high-level conference organised under the Italian Presidency of the Council of the European Union, on *Towards a more effective Europe 2020: civil society's proposals for boosting social inclusion and competitiveness in Europe*, which will take place on 4 and 5 December 2014 in Rome.

1.5 With a view to presenting the proposals for reform of the Europe 2020 strategy drawn up by the different EESC internal bodies ⁽²⁾ and which have been discussed in depth at the meetings of the working groups, recommendations have been included in point 4: **The EESC's recommendations to ensure a genuine reform process for the Europe 2020 strategy**.

2. The Europe 2020 strategy's first four years: the effects of the crisis on long-term trends

2.1 The Europe 2020 strategy was born out of the laudable intention of boosting the EU's competitiveness and employment — targeting structural issues — and at the same time ensuring economic, social and territorial cohesion for its citizens. It is against this already difficult backdrop that we have experienced one of the deepest crises of the last eighty years in terms of intensity and duration, with far-reaching consequences for the strategy itself.

2.1.1 The crisis has aggravated the already widespread economic and social disparities within the EU, highlighting differences in terms of competitiveness and social cohesion, increasing the tendency towards polarisation of growth and development, with obvious constraints in terms of fair redistribution of income, wealth and well-being, between the Member States and, within them, between the regions of Europe ⁽³⁾.

2.2 An analysis of the development and consequences of the crisis — based on a reading of the Commission communication and its annexes ⁽⁴⁾ — shows how it has adversely affected implementation of the Europe 2020 strategy, in terms of the effectiveness, appropriateness and legitimacy of its governance model and targets.

2.3 Since the architecture of the EU's economic governance is heavily geared towards austerity policies, it has put the achievement of the Europe 2020 strategy's medium- and long-term goals in second place after fiscal discipline.

2.3.1 The EESC considers that action is needed, in order to strengthen the policies designed to consolidate public finances in some Member States. It points out, however, that while austerity policies may boost competitiveness and cohesion if implemented during a period of economic growth, if applied 'automatically' in a period of recession, which is the situation currently faced by most Member States, such policies have a detrimental effect on growth. This is demonstrated by the fact that in many Member States, these policies have not produced the expected results in terms of fiscal consolidation ⁽⁵⁾, which has slowed down or even delayed economic recovery and exacerbated already worrying situations of social disintegration.

2.4 Management of the crisis by means of the EU's economic governance has hampered progress on the strategy's medium- and long-term targets. In some Member States, this has created problems that could in some cases become structural barriers and limits to the EU's economic development and social cohesion.

⁽²⁾ EESC (2014) Contributions of the Committee sections, the Labour Market Observatory/Single Market Observatory/Sustainable Development Observatory/CCMI and the Liaison Group — Towards the Europe 2020 Strategy mid-term review. Europe 2020 Steering Committee.

⁽³⁾ 'On average in Europe in 2012 people in the highest (fifth) income quintile earned nearly 40 % of total income, and people in the lowest (first) quintile earned less than 10 %'. Eurostat (2014) Statistics in focus 12/2014.

⁽⁴⁾ For reasons of space, this opinion does not include all the statistical data presented in the two documents referred to: COM(2014) 130 final — Annexes 1 to 3.

⁽⁵⁾ In the 28 EU Member States in the period from 2007 (the last year before the crisis erupted) to 2013, public debt rose from 58,8 % to 87,1 %, which is an increase of 28,3 percentage points. For the 18 Member States in the euro area, the figure rose from 66,2 % to 92,6 %, or an increase of 26,4 percentage points. Eurostat database: General government gross debt.

2.5 Today, despite some encouraging results achieved in: A) combating climate change and in promoting sustainable energy, and B) education and reducing early school leaving, there are extremely worrying signs regarding spending on research and development (R&D), the labour market and the fight against poverty and social exclusion.

2.5.1 As regards expenditure on research and innovation (R&I) the crisis appears to have widened the gap between EU Member States; Member States under great pressure to achieve fiscal consolidation (often the same Member States that are lagging behind in innovation) have cut their public spending on R&I significantly⁽⁶⁾. In the EU, spending on research and development (R&D) remains almost one percentage point below the target of 3 % and the projection for 2020 appears to stand at 2,2 %, having been adversely affected by the low level of private investment and by the rather unambitious targets set by the Member States.

2.5.2 As regards the labour market, the employment rate in recent years, which has stagnated — remaining below the Europe 2020 target (68,4 % in 2013: 74,2 % for men and 62,5 % for women) — reveals some particularly worrying indicators:

- unemployment stands at 26,2 million;
- 9,3 million 'discouraged' workers are willing to work but have given up looking for a job;
- 12 million people have been unemployed for more than a year;
- since 2008, (the first year of the crisis) six million jobs have been lost in the EU (with all that this implies in terms of loss of professional skills and know-how);
- 5,5 million young people (under the age of 25) are unemployed.

This is a situation that is already particularly worrying and which, in some EU Member States, is worsening for young people, for those who have been pushed out of the labour market having reached a certain age and for women on the labour market.

2.5.3 With regard to people at risk of poverty and social exclusion, between 2009 and 2012, the figures rose from 114 million to 124 million. This is a trend that could further deteriorate, bearing in mind any delayed impact of the crisis. The EU target for reducing the number of people at risk of poverty or social exclusion to 96,4 million — by 2020 — will be hard to achieve, given that by 2012, the figure already stood at 28 million above the target.

2.5.4 What makes an already serious situation even more problematic is the rise in the number of people living in a state of material deprivation and the percentage of people of working age living in households in which no one works.

2.5.5 The crisis has heightened the already considerable disparities between Member States, highlighting significant differences in terms of competitiveness and social cohesion. These disparities clearly demonstrate the need for proposals for reform to ensure that measures are as effective as possible where problems are most serious.

2.5.6 All these figures show very clearly how it is important to focus on investments on growth to support competitiveness and conditions for companies, particularly SMEs, to be able to maintain and create jobs.

3. Analysis of the key strands of the Europe 2020 strategy: governance, targets, participation and implementation

3.1 An analysis of the results achieved so far clearly reveals a strategy that has proved to be largely insufficient to achieve the targets it has set itself. A process of reforming the Europe 2020 strategy should be carried out in order to make it efficient and effective, thereby averting the danger that it might fail, as happened with the Lisbon Strategy that preceded it. It is highly important to focus on a number of objectives, to ensure coherence among them and guarantee their implementation.

⁽⁶⁾ Veugelers, R. (2014) *Undercutting the future? European research spending in times of fiscal consolidation*. Bruegel Policy Contribution. Issue 2014/06.

3.2 The Europe 2020 strategy's main problems can be seen in the areas of governance, the targets set, civil society participation and its implementation.

3.3 The EU 2020 system of governance is weak and ineffectual in compelling Member States to honour their commitments to achieving the targets (and the flagship initiatives) contained in the strategy.

3.3.1 The architecture of the strategy's governance has formalised a structural distortion in which economic aspects take precedence over social and environmental governance, subordinating the Europe 2020 targets to the macro-economic priorities of the European Semester, thereby jeopardising achievement the targets for EU competitiveness and social cohesion and sustainable management of natural resources.

3.3.2 The European Semester, which begins with the Annual Growth Survey (AGS) and ends with the drafting of 'country-specific recommendations' has often set priorities that do not effectively contribute to achieving the Europe 2020 strategy's targets. What is more, the country-specific recommendations are not taken on board by the Member States when framing their annual national strategies (national reform programmes) or in the related decisions on the budget, structural reforms, employment policies and social policies⁽⁷⁾.

3.4 When the Europe 2020 strategy was drawn up, the setting of proposed targets and related indicators was not only not binding; it was not subject to a process of consensus-building among the European public. To date, with the exception of targets for the reduction of greenhouse gas emissions and for the use of renewable energy sources, which are covered by a legally binding framework, each country has been able to set its own targets, which have often been unambitious.

3.4.1 The quantitative measurement of the targets is not backed by a qualitative assessment: the 'smartness' of a socio-economic system cannot be measured solely on the basis of quantitative indicators such as research spending or the number of new jobs created; use should also be made of qualitative indicators such as the type of innovations brought to the 'market', and the quality of the jobs created.

3.5 The Europe 2020 strategy does not involve organised civil society adequately, at either national or European level. The reasons for this are as follows:

- the limited measures to communicate and disseminate the Europe 2020 strategy have meant that it is principally experts in the field that are familiar with it and involved in it;
- the reluctance of some Member States to involve organised civil society in the process of planning measures to be carried out under the Europe 2020 strategy;
- the lack of a real link between civil society action at European level and at national and local level;
- the steps taken to tackle the effects of the crisis (including the European Semester timetable) overlap with Europe 2020 initiatives, making it more difficult for the social partners and civil society representatives and economic partners to understand the process of developing the strategy and to take part in it;
- the inadequate financial resources available do not permit organised civil society to be involved in the Europe 2020 strategy in a meaningful and effective way;
- an inadequate involvement of the social partners in the consultation process in the framework of the European Semester in some countries.

⁽⁷⁾ European Parliament (2014) Study — A 'traffic light approach' to the implementation of the 2011 and 2012 Country Specific Recommendations (CSRs). Economic Governance Support Unit.

3.6 Despite the procedures agreed at the European Council, the numerous cooperation programmes currently running in the EU and the awareness that the challenges and targets set out in the Europe 2020 strategy cannot be addressed effectively through the action of individual national systems on their own, implementation of the Europe 2020 strategy has suffered from a lack of genuine cooperation and solidarity between Member States.

3.7 The flagship initiatives could have made a decisive contribution to coordinating European and national policies to help achieve the targets set in the Europe 2020 strategy, in order to boost economic growth and employment through more efficient use of levers for development and through the opportunities offered by the Structural Funds⁽⁸⁾, European territorial co-operation⁽⁹⁾ and programmes under direct management. The flagship initiatives should be more manageable and understandable, with greater interactions and without any overlaps.

THE EESC'S CONCLUSIONS AND RECOMMENDATIONS FOR GUARANTEEING A GENUINE PROCESS OF REFORM FOR THE EUROPE 2020 STRATEGY

4. Towards a new conceptual framework for the Europe 2020 strategy

4.1 The EU faces a double challenge: on the one hand, it must as soon as possible find a way out of the crisis that has caused such disruption to its economic and social system; on the other, it needs to strengthen the model of smart, sustainable and inclusive growth proposed by the Europe 2020 strategy in order to tackle the structural causes of the European system's lack of competitiveness.

4.1.1 Against this backdrop, the EESC deems it necessary to promote a development model in which the EU Member States, while continuing to pursue structural reforms geared to consolidating and ensuring the reliability of national finances, can — at the same time — support the implementation of policies that can: promote European competitiveness and its main stakeholders (workers, private businesses and social enterprises); promote the quantitative and qualitative growth of European investment (tangible, intangible and social); create more and better jobs; support social and territorial cohesion and address the problems related to high unemployment and rising levels of poverty and social exclusion⁽¹⁰⁾.

4.1.2 It would therefore be useful if economic and monetary union were made a factor for stability and for more robust and resilient growth, enhancing the Union's overall attractiveness as a location for production and investment, exploiting the full potential of all aspects of the single market, investing and making Europe's economy fit for the future, promoting a favourable climate for entrepreneurship and job creation, supporting environmental sustainability and building a stronger welfare system to cope with the changes and social problems.

4.2 The EESC considers that the proposal for a radical reform of how the EU 2020 strategy is implemented requires a thorough rethink of key concepts and aspects of the strategy that was introduced four years ago, as regards: the very development concept underpinning the strategy itself, the way in which targets are identified, as well as the policy for achieving, monitoring and evaluating them, the establishment of an efficient and effective multi-level governance of the strategy and improving participation by the European public and by civil society organisations.

4.3 To ensure that the development promoted by a reform of the EU 2020 strategy is truly sustainable, its holistic approach must be strengthened by combining the economic targets with the social and environmental ones. An approach should be adopted geared towards harnessing all possible forms of capital in space and time, thus meeting the needs of the present without compromising those of future generations.

⁽⁸⁾ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013, OJ L 347, 20.12.2013, p. 320-469.

⁽⁹⁾ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013, OJ L 347, 20.12.2013, p. 259-280.

⁽¹⁰⁾ Please see further the research project at <http://www.foreurope.eu/>

4.3.1 The concept of sustainable development should be linked with the relevant Europe 2020 targets, in line with those set out in Article 3(1)(2) and (3) of the Treaty on European Union⁽¹¹⁾, promoting economic, social and territorial cohesion through greater cooperation and solidarity between Member States and through sustainable development based on balanced economic growth and a social market economy that is highly competitive and more focused on people's well-being, aimed at increasing competitiveness and full employment.

4.3.2 The Europe 2020 strategy must also reflect the role of the EU in the global context. The revision of the Europe 2020 strategy must tie in closely with the United Nations Post-2015 Sustainable Development Agenda⁽¹²⁾ and provide for the proper implementation of the global Sustainable Development Goals in and by the EU.

4.3.3 In order to launch the long-term transition to a resilient and competitive, resource-efficient and inclusive EU economy, the EU will have to extend its planning horizon beyond 2020. Therefore, the revision of the Europe 2020 strategy should be urgently complemented with the initiation of a participatory process leading to an integrated political strategy for a sustainable Europe in a globalised world, with a time-horizon of at least 2030.

4.4 In line with the application of a holistic approach to the concept of sustainable development in the Europe 2020 strategy, greater support should be given to the targets' qualitative aspects. Growth means naturally increasing in size and thus implies a quantitative dimension, while development means increasing in quality and potential. The qualitative aspect of development can be harnessed by tapping into and building on a socio-economic system's specific characteristics and potential.

4.4.1 The Europe 2020 strategy's targets should no longer be subordinate to economic and budgetary targets but rather be on an equal footing, as part of a new framework of economic, environmental and social governance, especially in the context of the European Semester and, consequently, of the AGS, the national reform programmes and the country-specific recommendations.

4.4.2 The EESC reiterates that it is essential to identify a complementary measurement system to GDP in order to measure the impact of policies adopted in relation to society, families and individuals⁽¹³⁾. In this context it will be necessary to implement the social scoreboard and to guarantee its real application within the European Semester⁽¹⁴⁾.

4.4.3 It is therefore crucial to develop a monitoring system based on indicators that take account of households' disposable income, the quality of life, environmental sustainability, social cohesion and the health and overall well-being of present and future generations. With regard to the implementation and management of the new monitoring system, the EESC believes that a new structure should be set up, involving the relevant institutions.

4.5 The Europe 2020 strategy will only succeed if it has a form of multi-level governance designed to meet the many challenges that lie ahead, and if the general guidelines that have been agreed at European level result in tangible national and regional action.

4.5.1 The economic governance of the EU in general and of EMU in particular should therefore be strengthened, making it an integral part of the Europe 2020 strategy. This will make it possible to ensure the implementation of structural reforms, through an effective process of sharing and taking ownership by the Member States. There will consequently be a need to establish genuine cooperation in the steering, sharing, and monitoring tasks exercised by the European Council, the Competitiveness Council, the Commission and the European Parliament.

4.5.2 Member States must take due account of the country-specific recommendations adopted by the European Council, when drawing up the annual national strategies laid down in the national reform programmes and in decisions on budget, structural reforms, employment policies and social policies.

⁽¹¹⁾ OJ C 83, 30.3.2010.

⁽¹²⁾ <http://sustainabledevelopment.un.org/index.php?menu=1561>

⁽¹³⁾ OJ C 181, 21.6.2012, p. 14–20.

⁽¹⁴⁾ Strengthening the Social Dimension of the Economic and Monetary Union COM(2013) 690 provisoire.

4.6 Organised civil society should be given a greater role in the various stages of the process of planning and implementing European policies. Achieving the Europe 2020 strategy targets should be supported by strengthening the role and involvement of civil society when drawing up the Annual Growth Survey, the national reform programmes and the country specific recommendations. This reinforcement should be achieved by adopting a more effective and fast-moving timetable for the European Semester, to enable organised civil society to put forward its assessments early enough to ensure it can contribute effectively to the decision-making process. This should take place at the three levels of governance covered by the strategy: European, national and regional.

5. Cross-cutting and sectoral policies to back up the Europe 2020 strategy

5.1 In order to make the Europe 2020 strategy a lever for competitiveness and cohesion to support sustainable and inclusive economic growth in Europe over the next five years, the EESC believes that there is a need to implement an integrated strategy comprising **cross-cutting** (or horizontal) **policies** and **sectoral** (or vertical) **policies**.

5.1.1 **Cross-cutting** (or horizontal) **policies** should have the task of establishing suitable conditions for promoting the key players in boosting European competitiveness: **workers, businesses and social economy enterprises**.

5.1.2 **Sectoral** or vertical **policies** should represent pillars guaranteeing the effective relaunch of the Europe 2020 strategy: **industrial policy renewal, energy policy unification, strengthening research and innovation and promoting factors for boosting the competitiveness of the European economic system, linked to the welfare system and to the fight against poverty and social exclusion** ⁽¹⁵⁾.

5.2 The key players in **cross-cutting policies** under the new Europe 2020 strategy should be **workers, private businesses** ⁽¹⁶⁾ and **social economy enterprises** ⁽¹⁷⁾.

5.2.1 Where social partners are concerned, the creation of quality jobs should be made a central priority for the EU 2020 strategy, as a tool for tackling the increasing fragmentation of the labour market and unemployment.

5.2.1.1 It is essential that education, retraining and lifelong learning systems match labour market requirements and developments.

5.2.1.2 Entrepreneurship education and the development of new approaches and learning systems should be promoted in order to equip people with the right skills to make the most of human capital.

5.2.1.3 It is important to promote and support the role of public employment services in guiding, integrating and re-integrating people into the labour market.

5.2.1.4 Greater commitment should be given to policies to support employment, especially for young people, for those who have left the labour market having reached a certain age, for women, and for people with differing abilities. It is also important to pay closer attention to the labour-related issues of people not included in official statistics because they are excluded from the labour market (such as homeless people or those without a permanent address, Roma, etc.).

5.2.1.5 It would be useful to set a new target under the Europe 2020 strategy: to halve youth unemployment by 2020.

5.2.2 As regards **businesses**, specifically SMEs, a modern business culture should be promoted which, based on the priorities set by the 'Small Business Act' ⁽¹⁸⁾ and 'Entrepreneurship 2020' ⁽¹⁹⁾, can help businesses transform the opportunity presented by access to European funding and technological innovation as development levers to support competitiveness and employment.

⁽¹⁵⁾ For a closer look at the measures proposed, see EESC (2014) op. cit.

⁽¹⁶⁾ We use the all-encompassing term of business both for the individual businessman (whether self-employed, working in the liberal professions, paying an employee's social contributions, etc.) and for companies (micro, small, medium-sized and large).

⁽¹⁷⁾ The social economy encompasses SMEs, large companies, cooperatives, mutual aid societies, associations, foundations, social NGOs, etc.

⁽¹⁸⁾ A *Small Business Act for Europe*, (COM(2008) 394 final/2).

⁽¹⁹⁾ OJ C 271, 19.9.2013, p. 75-80.

5.2.2.1 The conditions should therefore be guaranteed enabling economic operators to compete in a market where distortions caused by red tape and unfair and unregulated methods and practices are eliminated.

5.2.2.2 Consideration should also be given to the possibility of promoting specialised assistance for SMEs ⁽²⁰⁾ in specific areas such as start-ups, internationalisation, tapping into the capital market, research, development and innovation.

5.2.3 Social economy enterprises are key elements of the European social model, in that they are, especially at local and regional level, drivers of social innovation and vehicles for creating jobs, sustainable growth and cohesion. They introduce new and flexible methods of delivering services and innovation in products, processes and organisations.

5.3 A successful relaunch of the Europe 2020 strategy will depend on how effectively it manages to promote the following **sectoral policies**.

5.3.1 **Boosting European industrial policy** will guarantee that the competitiveness of European industry improves. The EU needs to regain its competitive edge where systems are concerned and to do so, it must have its own industrial policy. The manufacturing sector needs to regain a 20 % share of GDP (in 2012, this stood at 15,3 %).

5.3.1.1 What is needed is an industrial policy capable of promoting:

- the strategic integration of the value chain in the different sectors: manufacturing, agri-food and services;
- a commitment to high-tech and medium-high tech industries and knowledge-intensive services;
- the development of a European market that is able to ensure fair competition for mid-level qualifications and to promote the mobility of workers and those in the liberal professions with medium and high degrees of specialisation and of services;
- functional links between the public sector and operators of knowledge-intensive services so as to improve and enhance public sector productivity;
- the harnessing of development opportunities arising from the green economy and support for the EU's ecological shift towards a production and consumption model that reflects the principle of sustainable growth (through links with the Post-2015 Development Agenda and Sustainable Development Goals) ⁽²¹⁾;
- the strategically important 'blue economy' sector, through innovation to convert the development opportunities associated with the main 'value chains' (blue industry; blue logistics; blue tourism; blue food; blue energy; blue resources) into economic, environmental and social benefits for European businesses and citizens.

5.3.2 It is essential to **promote a common EU energy policy**. Given energy's far-reaching implications for the economy, a serious industrial policy cannot take shape without common principles such as:

- adjusting and reducing differences in energy prices;
- improving conditions for the internal energy market;
- reducing energy dependency on non-EU States;
- promoting renewable energies.

⁽²⁰⁾ The EESC refers to the Report on Action Lines: *Bolstering the business of liberal professions* of the European Commission's Working Group on Liberal professions, published on 12 March 2014.

⁽²¹⁾ <http://www.wfuna.org/post-2015>

5.3.3 Developing **research and innovation (R&I) policies, harnessing information and communication technologies (ICT) and digitising the economy** are areas that offer significant potential for boosting Europe's competitiveness. New forms of efficient and effective cooperation between the public and the private sectors could be developed here.

5.3.3.1 The Committee therefore advocates:

- promoting streamlined and dynamic public agencies able to boost opportunities for medium- and long-term financing so as to ensure the vital link between science and industry;
- taking action to promote the use of ICT, as a means of revitalising economic operators (SMEs grow faster when they make use of ICT);
- stepping up financial support for research, development and innovation activity and in all Member States supporting closer cooperation between universities, research institutions and businesses;
- promoting the digitisation of the economy, which provides an opportunity to combine private interest with public benefit, because it allows entrepreneurs to fully exploit the opportunities offered by the market, while at the same time making new digital products and services available to the public.

5.3.4 The EESC believes that it is essential to promote **factors for boosting competitiveness linked to the welfare system**. The implementation of effective welfare policies could be a particularly important factor for boosting the EU's competitiveness, ensuring an environment in which risk factors that are unsustainable at individual level (for members of the public), can be countered through specific welfare policies. Greater efforts need to be made on protecting health and safety in the workplace. The EESC believes it is crucial to provide greater support for the integration of people with disabilities⁽²²⁾ and the gender dimension⁽²³⁾ and prevent discrimination and exclusion on the grounds of race, ethnic origin, age or sexual orientation.

5.3.4.1 In the light of projected population ageing⁽²⁴⁾ in Europe, it is crucial to maintain and, if possible, build on the commitments given on the issue of demographic change. If the positive aspects that demographic change brings with it are to benefit both older people and society as a whole, a fundamental precondition — that of people having the opportunity to age in good health and security⁽²⁵⁾ — must be met.

5.3.4.2 The EESC believes that economic policy measures should be subject to a prior impact assessment in order to counter measures that could raise levels of poverty or social exclusion.

5.3.4.3 Furthermore, an integrated strategy for active inclusion should be promoted to ensure:

- adequate income support;
- an inclusive labour market;
- access to high-quality work and services and the promotion of social innovation;
- deployment of the social economy in the strategically important areas of personal assistance and care services.

5.4 The EESC believes that to support the Europe 2020 strategy, we should promote an ambitious plan for tangible and intangible investments in infrastructure and for social investment aimed exclusively at restoring the EU's competitiveness⁽²⁶⁾. The Council must approve the additional appropriations needed to finance the plan, and the Commission must monitor its efficiency and effectiveness at the same time as it monitors each country's structural reforms.

⁽²²⁾ European Disability Strategy 2010-2020: A Renewed Commitment to a Barrier-Free Europe COM(2010) 636 final.

⁽²³⁾ Strategy for equality between women and men 2010-2015 COM(2010) 491 final.

⁽²⁴⁾ 2012 European Commission report on ageing.

⁽²⁵⁾ OJ C 51, 17.2.2011, p. 55-58.

⁽²⁶⁾ As proposed by Mr Jean-Claude Juncker, Candidate for President of the European Commission, in *Political Guidelines for the next European Commission*, 15 July 2014, Strasbourg.

In this regard the EESC would repeat the proposals it made in a recent opinion ⁽²⁷⁾, firstly on the importance of public investment by the Member States, and secondly urging the attenuation, or temporary suspension during the crisis, of austerity policies.

In this spirit, the EESC recommends applying the rules of the Stability and Growth Pact with all the flexibility that the economic and social situation demands.

5.4.1 'Tangible' infrastructure investments should focus on two main strands. The first would be to ensure maintenance, restoration and modernisation of architectural heritage, both of historical buildings and housing, and of transport networks (rail, road and sea). Equally important is the maintenance and safeguarding of Europe's hydro-geological and coastal heritage. The second strand would cover 'intangible' investments linked to the development of information and communication technology networks. Funding for this type of investment could be provided through the involvement of the European Investment Bank, the issuing of specific European bonds and the reorganisation of the multiannual financial programme 2014-2020, which is due to take place in 2016.

5.4.2 Social investment must be capable of countering poverty and the risk of social exclusion and of boosting job recovery in Europe. What is needed is an investment plan representing around 2 % of GDP that is excluded from deficit calculations and is monitored to ensure that conditions are in place for efficiency and effectiveness. A plan of this nature could be geared towards: healthcare services, assistance and care services closely linked to Member States' demographic trends, strengthening the education system, vocational training and retraining, social housing, etc. As well as being excluded from deficit calculations, funding could be secured by a financial transaction tax.

Brussels, 15 October 2014.

The President
of the European Economic and Social Committee
Henri MALOSSE

⁽²⁷⁾ Opinion of the EESC on *Completing EMU — The proposals of the European Economic and Social Committee for the next European legislature*, rapporteurs: Mr van Iersel and Mr Cedrone, not yet published in OJ.