



The Greens | European Free Alliance
in the European Parliament

José Manuel Barroso
President
European Commission

Herman Van Rompuy
President
European Council

Strasbourg, 11 June 2013

Dear Mr President Barroso, Mr President van Rompuy,

In view of the European Council on the Social Dimension of the EMU on 27-28 June, the Greens/EFA group in the European Parliament calls on you to change from intergovernmental declarations and announcements to actions that truly address the social dimension of the EMU.

The Greens/EFA group has constantly called to develop the social dimension of the EMU and strengthen the fundamentals of the monetary Union which must be built on solid democratic grounds and the community method. Without a strong social dimension the EMU risks leading to a social race to the bottom and will remain unable to tackle record-high unemployment and rising inequalities or ensure the sustainability of economies. The current policies are based on an incomplete scoreboard of indicators in the Macroeconomic Imbalances Procedure. This incomplete data leads to socially and environmentally regressive policies. We need to ask a different question which addresses not only macroeconomic and financial developments but also the social situation of European citizens.

Therefore we call on you, in close cooperation with the European Parliament, to **put social and employment indicators at the heart of economic governance by revising the Macroeconomic Imbalances Procedure.**

The revised scoreboard for the MIP should amongst others contain the following:

- Employment rate at full time equivalent including a sub-indicator on youth unemployment
- Income inequality
- In-work poverty
- Resource productivity
- Capital productivity and unit capital costs
- Energy component of current account
- A lower threshold for the indicator on Unit Labour Cost
- An indicator taking into account the concept of adjusted net saving and the ecological footprint
- Education expenditure

These indicators need to be put on an equal footing with budgetary stability and cost competitiveness in economic governance. The envisaged additional scoreboard for social imbalances cannot be a substitute for a revision for MIP. Otherwise we risk ending up with a weak non-binding social scoreboard that continues to be overruled by a binding MIP procedure which lacks social elements.

Based on this improved scoreboard **policy needs to change**. The Greens/EFA group calls on you to urgently move forward with the preparatory work for an **EU instrument for asymmetric shock absorption** – such as the concepts presented in December 2012 for either a system linked to short-term unemployment and an EU unemployment fund or a macroeconomic approach based on fluctuations in cyclical revenue. We urgently need progress on these concepts. We therefore call on you to present a consultation as soon as possible.

To turn the words of a social dimension of the EMU into reality we need to establish and improve EU minimum standards in the social policy area to prevent downwards competition on wages, labour rights, and social standards. We call on you to present concrete proposals to this effect.

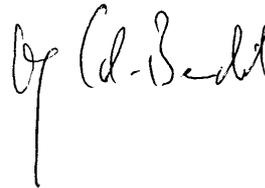
Finally, we call on you to present concrete proposals to ensure a full role for Social Partners at the European level in the reinforced economic governance structures.

If the European institutions do not make sufficient concrete progress in strengthening the social dimension of EMU, we risk further losing support for an effective European response to the crisis. We are counting on your support.

Yours faithfully,



Rebecca Harms



Daniel Cohn-Bendit

Co-Presidents
Greens/EFA Group in the European Parliament