Yearbook of Justice IV

A Church Contribution to the Discussion for the European Year 2010 For Combating Poverty and Social Exclusion

The Ethical Dimension of the “EU 2020” Strategy

Conference of European Churches – Church and Society Commission
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A PRIORITY FOR SOCIAL INTEGRATION IN EUROPE —
NOT TO SACRIFICE THE COMBATING OF POVERTY TO COMPETITION

A Church Contribution to the Discussion for the European Year 2010 For Combating Poverty and Social Exclusion

The European Parliament and the EU Commission have declared 2010 to be the European Year for Combating Poverty and Social Exclusion, because “the strengthening of social solidarity as well as the removal of poverty and social exclusion” must “become a priority for the European Union”. This is indeed a major task. The increase in poverty and the simultaneous concentration of wealth are enough to pose the question of the structural preconditions for a sustained combating of poverty. One of these conditions is that the social integration of Europe must no longer be subordinated to an economic integration which is determined by competition.

A sustained combating of poverty in the European Union therefore requires decisions in the politics of integration for the strengthening of the social union. This has become more obvious than ever since the expansion of the EU to the East: On the one hand this is an important step towards the realisation of the vision of a “Common House of Europe”, whose core the European Union could build. On the other it has led to the fact that the economic and social divide between the member states of the EU is greater than ever before. This divide has exposed the national social and economic models to the sharp wind of internal European competition between the states. For the member countries of the EU did not combine the expansion to the East with measures of political integration adequate to serve the fight against poverty. However, for the sake of social solidarity the “Common House of Europe” needs decisive and sustainable combating of poverty. It demands an architectural plan for the entire house that takes account of the rights of even its poorest inhabitants.

Churches, church organisations and groups remind us of this in the light of the biblical insight that justice is indispensable for social coherence. On the basis of their daily grappling with poverty, they know at the same time that market economy structures do not by themselves ensure social justice. Just as every market needs rules to enable social justice, so too does the common European market require rules to strengthen national social models and develop a common European social order. Precisely because churches, church organisations and groups decidedly welcome European unification, they also engage themselves for a building plan for social integration.

I. After the Eastward Expansion of the EU: A new European Division of Labour Puts Pressure on National Employment and Social Arrangements

The European Union has changed radically through its eastward expansion: in no previous round of accessions had the community been joined by so many countries whose economic strength and welfare levels lay so far below the previous EU average as is the case with the new central and eastern European members, if we leave Slovenia out of account. The gigantic economic and social divide between the old and new member states results in the fact that the European Union today is no longer a unified economic and social area. At the same time, however, unified rules of competition hold sway, to which the EU and its member countries largely gave priority over the prescriptions of national economic and social orders. There has thus arisen a new European division of labour which puts pressure on national patterns of work and society:

- **Displacement of jobs:** By displacing jobs, companies take advantage of the lower working standards, for instance in terms of wage levels, associated costs and length of holidays, in the new EU member countries: In 2007 the Finnish shipping concern Viking announced its intention to transfer the flag of one of its ferries to Estonia in order step by step to replace the expensive Finnish workers with cheaper Estonians. In 2008 Nokia transferred its factory from Bochum, Germany, to Romania. Over against the sharp protests of the Bochum workers and the trade union IG Metall stood the jubilant reactions of the Romanian public. The immediate impact of such displacements on the national economies has not so far been very incisive. However, firms are attempting through threatening such displacements to push through lower standards in the old EU member countries; in addition they must scarcely reckon with worker solidarity across national boundaries.

- **Export of workers:** Companies from the new EU member countries use their freedom of establishment to send workers under their own homeland conditions to the old EU member countries. Thus in 2008 the Latvian building company Laval sent Latvian workers to Sweden to build schools there – for wages at the usual Latvian level and under Latvian tariff conditions. If companies with factories in the old EU member states wish to remain competitive in the face of such undercutting, they will attempt to lower wages and other working standards. Here too it is still the case that it is not so much the immediate impact on the local economy of the sending of such workers from the new EU member countries that puts national working conditions
under pressure; much more is it the possibility this opens up for firms to make such threats.

- **Labour migration**: With the eastward expansion of the EU a new East-West migration has come about. While seasonal or longer term workers came mainly from Poland, Romania and Bulgaria to the Western parts of the EU, the gaps they left at home were filled by workers from East European countries outside the EU, who sometimes had no work permits. Since as a rule both groups of immigrant workers accepted lower standards than were normal in their host country, this has led to an East-West pressure on national working conditions. This development will accelerate with the expiry in a few years of the short-term limits which some of the old EU member states imposed on free movement of workers from the new EU members.

Thus in general the danger exists that the new division of labour within the EU will lead to a sinking of wage levels and other work standards, for example by loosening of job protection, further increases in short-term employment or continued expansion of the low-wage sector. This is significant for the search for ways of sustainably combating poverty, for a secure and adequately rewarded place of work is still the best protection from it. That is why it is alarming that ever more people in the EU are no longer in a position to escape poverty by working. Although the average unemployment figures in the old EU member states declined up to 2007, poverty levels increased. This increase in poverty thus cannot be explained by unemployment; it has other causes. A factor here is that ever more people are relatively poor in spite of working. Against this background it is also a challenge for the fight against poverty if the new European division of labour intensifies the trend to lowering of wages and other working standards.

**II. No Priority for “Fundamental Freedoms” at the Expense of National Work and Social Arrangements**

The considerable social and economic divide between the old and new EU member states could only lead to the development of a new division of labour at the expense of social orders because the member countries and the organs of the EU had not combined with the eastern expansion new initiatives for political integration, such as for example a strengthening of national social systems and work regulation or the creation of European framework guidelines to secure social standards. Instead the EU organs and the governments of most member countries substituted competition in wages and other significant working conditions for the goal of adapting living standards upwards. This has meant that the member states of the EU have lost more in control over their own social policies than the EU has gained in new possibilities for shaping society and politics.

With that an historically conditioned development with significant social and political consequences was carried further: In the face of the failure of attempts at a social and political integration of Western Europe the Treaties of Rome of 1957 had limited themselves to economic integration through the four so-called “fundamental freedoms” (free movement of goods, services, capital and labour); only the institutions of the EU are responsible for maintaining these. Welfare and work systems, however, remained largely in the responsibility of the member countries. This means that the central social-state responsibilities of the member lands find
their limits in the specification of European Competition Policy through the institutions of the EU.

This disparity is by no means unavoidable, as the history of the EU shows. In spite of the considerable differences in the national economic and social models which had made their comprehensive harmonisation impossible, the community had responded to the challenge of its southwards expansion (1986) with the Posting of Workers Directive (1996). In view of the threatened undercutting of work standards by cheap labour from Spain and Portugal, it was laid down that the minimal conditions in the host country would hold good for workers sent to EU member countries if they were regulated by legal and administrative prescription or by collective labour agreements declared to be generally binding. Thus the Posting of Workers Directive did indeed touch upon national competences for social and political structuring, but precisely thereby strengthened them. When now following the eastern expansion the EU institutions dispense with similar framework conditions of social protection, and justify this in part by reference to the responsibility of nation states for the structuring of welfare and work systems, they actually restrict these precisely by the fact that that their social-political restraint runs together with a deregulatory politics of competition. Yet precisely the example of the Posting of Workers Directive shows that EU secondary legislation, which is developed by the EU institutions on the basis of the treaties of the EU member states and thus is derived from these treaties, already offers possibilities of strengthening national welfare and work systems.

In principle, European primary legislation offers such possibilities to an even greater extent, since the EU member states can drive the social integration of Europe forward by mutual treaties. Corresponding initiatives have been missing, however, since the eastern expansion of the EU. A consequence of that was that the European Court of Justice continued its concentration on the guaranteeing of the four “fundamental freedoms”. It is true that the Court has indeed also strengthened social rights so far as it saw an adequate basis for that in European primary legislation; but since it regards itself as the protector of the European treaties, it sees itself as bound to push through the core of these treaties – and these are after all the “fundamental freedoms” and the competition rules along with the provisions of the economic and monetary union. In this context the court interpreted the “fundamental freedoms” from the start as individual rights, not as political goals. Since in the 1960s it also developed the principles of the autonomy of European law and its priority over national law, it was consequently concerned to maintain the “fundamental freedoms” even against national welfare and work systems.

- In the case mentioned above of the Finnish shipping company Viking, the responsible Finnish trade union threatened to strike against the transfer of the flag, and called the relevant Estonian trade union not to agree with Viking a labour agreement for the new Estonian workers under poorer conditions than the Finnish. The European Court of Justice judged that the right to strike is limited by the right to freedom of establishment and may only then be exercised if work places in Finland are actually threatened.

- In another case mentioned above, the Latvian building company Laval refused to conclude with the relevant Swedish trade union a labour agreement for the Latvian workers sent from Latvia to Sweden which would involve upholding the minimum wage conditions regulated by labour agreements. The union called a strike. The European Court of Justice ruled that the strike constituted an impermissible hindrance of freedom to provide services – impermissible,
because not covered by the Posting of Workers Directive. For this directive does prescribe the observance of host country minimum wages for labour sent there, but only if the minimum wages in the host country are legally regulated or if their fixing by collective labour agreements has been declared generally binding. However, the Swedish system of wage regulation exclusively by collective labour agreements is not covered by the Posting of Workers Directive. Thus the court stood the intention of the Posting of Workers Directive on its head – where it was originally meant to protect minimum standards, the judges’ interpretation made of it a final enumeration of maximum standards. In this way a central element in Swedish work regulation is set in contradiction to European secondary legislation, and this by appeal to primary legislation. In this sense too the region of Lower Saxony was forbidden by the court to make the granting of a public contract conditional upon the observance of minimum wages as regulated by collective labour agreements, for European freedom to provide services may not be restricted by protective provisions which go beyond minimum standards. It is also along this line that the European Court criticised the Luxembourg posted workers directive because it visualised the application of provisions valid in Luxembourg to, e.g., minimum wages for labour sent abroad.

In view of this restriction of national socio-political regulations through the judgments of the European Court of Justice, national protective provisions for work and social order can only then be protected if a further development of primary and secondary legislation is carried through. This requires initiatives both by the EU member states and by the EU institutions. It is therefore problematic in terms of social politics that most governments of the new EU member states incline – because of scepticism towards the state arising from state socialism – to neo-liberal views, and are attempting in the mean time to push these through decisively. In their perspective both the state and the EU have to exercise restraint in the shaping of social order. At the same time they are hoping for national advantages through the emergence of the new European division of labour if the old EU members make their economic and social orders more flexible.

III. Initiatives of Integration Politics for Combating Poverty

As early as 1981 the first poverty programme of the European Community observed: “If the member states would stand together in the struggle against poverty, progress would be less hindered by fears about maintaining competitive ability.” The struggle against poverty will indeed be hindered if the EU gives the maintenance of free competition priority over social-political goals. The belief in the positive social effects of deregulation politics has proved mistaken; that is shown by the EU eastern expansion as well as the most recent global financial and economic crisis. What is good for a society must be worked out socially in a democratic discussion and cannot be expected merely from economic growth, much less from particular economic interests. This means for the EU that European primary and secondary legislation must be so further developed that it advances European social integration. Such a contribution of integration politics to the removal of structural obstacles to sustainable combating of poverty is more urgent than ever.

- The social dimension must be given the same weight in the European treaties and thus in European primary legislation as the realisation of the
“fundamental freedoms”, the competition and the conditions of economic and monetary union. Since a comprehensive harmonisation of national economic and social models is neither desirable nor possible, primary legislation must guarantee that European minimum standards for the combating of poverty and social exclusion can be defined and put into effect – from the enforcing of minimum wage prescriptions to rules for the level of social benefits. In view of the clearly different welfare levels it will thereby be a matter above all of rules for the national definition of minimum standards and the protection of the same before the competition rules. Primary legislation must therefore give priority to the protection of basic rights and fundamental labour standards – including such social rights as freedom of association and collective bargaining – over the maintenance of the “fundamental freedoms”. Thus it should be tested whether primary legislation can be brought to include a social impact assessment of regulations for economic integration. Not least must harmonisations of primary legislation be striven for where they are constitutionally possible; this applies e.g. with regard to minimum levels for company taxes or for ecological standards.

- To the necessary further development of the secondary legislation derived from the European treaties belongs an amendment of the Posting of Workers Directive and the Directive on Services to ensure that the minimum standards established in directives may be exceeded upwards by the EU member states.

- European regional policy needs a new pattern in view of the structural divide between West and East. The aim cannot be to make the new EU member countries transfer-dependent, but instead to encourage the integration of the national economies of these countries in the European economic and monetary union. This integration should not be limited to a complementary incorporation – where the form of the economic development is determined by the national economic requirements of the old EU member countries – with a resultant drifting apart of winning and losing regions.

- The EU needs a new migration policy to strengthen the rights of migrants. Internal migration may not lead to a lowering of social standards. Migrants not coming from a member country of the European Union should have the right to an unrestricted residence permit after five years legal residence. Refugees must have access to asylum procedures.

IV. Civil Societies and Churches are challenged

Such a further development of European primary and secondary legislation to create the basis for a sustainable combating of poverty requires the mobilization of public support and thus of civil society in all the EU member countries. This includes reaching a fundamental agreement in civil society about the mandate, structure and resource equipping of the welfare state. In this regard there are still considerable differences between the old and the new EU member states. The danger exists that competition between the EU countries and the marginal economic position of the new EU members will be reflected in an East-West split in the civil society. Thus organisations of civil society in the old EU countries are pressing for the protection of achieved social standards and their further development, while some agents in the
civil societies in the new EU member states are hoping for better development prospects for their country through a lowering of standards in the old member countries. However, initiatives in civil society will only then be able to encourage political integration reforms for the combating of poverty if the national civil societies develop a comprehensive European perspective which is not subordinated to the rules of the new European division of labour, but instead seeks to overcome them.

Such a European exchange between civil societies is still only at the beginning. Its development demands a European network of agents. The churches belong here. They have available institutional resources as well as both structured and informal multilateral dialogues, which can be built upon. To that end the corresponding structures – as for example the European Ecumenical Commission on Church and Society of the Conference of European Churches – must be strengthened. For an extension of the European ecumenical exchange throughout the social architecture of the shared European house is urgently needed. It is already necessary for the reason that different historical experiences have led to the churches in the old and new EU member states having frequently varying conceptions of the structures and functions of the welfare state: In many churches, church institutions and groups in the old EU member states the insight has won through that the state as a welfare state has to protect and guarantee social justice and with it people’s economic and social rights. In the new EU member states, however, many churches tend to a distancing from the state which is also widespread elsewhere in their society on the basis of negative experiences with state performance in the times of the socialist state, for the socialist state was anything but a trustee of the common good. The churches must take these very different perspectives seriously and bring them into dialogue with each other.

Such a dialogue must clarify the question how the churches in the old and new EU member countries can join together for the biblical understanding of freedom and justice. In this understanding the legal dimension of justice combines with the question of successful social relations between people in a social community. It is thus a matter of the social enabling of social justice and thereby of the structures of the welfare state. Christian ethics can contribute in this to a new evaluation of the action of the state. If social justice is to become the standard, we need a democratic and rights-based welfare state in European perspective and a positive ethical evaluation of the activity of the state for the common good, for humanity and for justice. The churches in Europe ought therefore to be encouraged towards a new assessment and further development of the nature of a European welfare state.

For this, the churches must involve themselves in the discussion and reorientation of the goals of the European Union. These include a debate on the character and limits of the so-called “fundamental freedoms”. The application of the term already falsifies the concept of freedom and suggests that fundamental human freedoms are involved. Yet the so-called “fundamental freedoms” apply solely to the free movement of goods, services, capital and labour. However, the emphasising of such economic freedoms in dealing with property and capabilities benefits only those people who possess precisely these possibilities and in terms of social politics disadvantages those who are threatened by poverty.

Freedom is, however, on the biblical understanding not a collection of “freedoms”, but liberation from forces and powers which oppress people. The freedom to sell one’s labour throughout the EU must not be valued more highly than the freedom from economic need which is laid down in human rights instruments.
Freedom is not primarily freedom from something, but freedom for the unfolding of life. On the biblical understanding it is fulfilled precisely in the furthering of the life of others. Freedom involves the obligation to social justice and to orientation on the needs of the poorest. Liberation from slavery in Egypt must be proved by keeping the social laws of the Torah. The strength of those liberated in Christ shows itself in their service for the weak. Thus it is the task of the churches throughout the EU to join together in support of the political and juridical priority of social equality and ecological protection over economic freedoms.

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The Ethical Dimension of the “EU 2020” Strategy

Response of the Church and Society Commission of the Conference of European Churches (CSC of CEC) to the Public Consultation of the European Commission on the “EU 2020” Strategy (COM (2009) 647)

Brussels, January 2010

1. Fundamental Rights and Values as a Key Priority for the “EU 2020” Strategy

The Treaty of Lisbon, which entered into force on 1st December 2009, provides the EU with a new legal framework based on the values and objectives on which the Union is built, introducing the Charter of Fundamental Rights into European primary law, providing for new solidarity mechanisms and ensuring better protection of European citizens. In the “Political Guidelines for the New Commission”, Commission President José Manuel Barroso points out the importance of this value basis for EU’s policies:

"The crisis that we face is not just a financial or an economic crisis. It is also a crisis for the values of our societies. ... For Europe, this is a moment of truth. Europe has to answer a decisive question. Do we want to lead, shaping globalisation on the basis of our values and our interests – or will we leave the initiative to others and accept an outcome shaped by them?"

The European Churches have been disappointed to see that the value basis of the European Union, as laid out in the Treaty of Lisbon, has hardly been taken up in the Working Document of the European Commission on the future “EU 2020” strategy. The Working Document refers to the Lisbon Treaty several times with regard to new governance structures, but it hardly takes the content of the new Treaty into account. The Church and Society Commission of the Conference of European

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Churches would therefore like to encourage the European Union and its Member states to strengthen the ethical dimension of the future “EU 2020” strategy.

**We suggest adding as a fourth key priority for the future “EU 2020” strategy:**

(4) Implementing fundamental rights and values in a sustainable social market economy.

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2. Rationale for the Implementation of Fundamental Rights and Values as a Key Priority for the “EU 2020” Strategy

In the introduction, the Working Document of the European Commission mentions the vision that a “Europe that is open to the world will continue to be a model for others to follow, projecting its values and fostering stronger labour, environmental, and safety standards around the globe.” Unfortunately this concept is not further developed in the strategy nor is the implementation of EU’s value basis made evident in the proposal for the “EU 2020” strategy.

The Working Document speaks about the need for a “good analysis” as basis for EU’s future economic, social and environmental framework strategy. The European Churches are convinced that the current crisis is much more profound than the Working Document of the European Commission suggests. The crisis calls into question a number of assumptions, which have underpinned the EU’s economic policies over the last decades, such as deregulation, the primacy of economic criteria in all areas of life as well as an overemphasis on profit and growth. The current crisis is to a large extent a crisis of trust towards the financial and political institutions and towards the system, which provoked it.

The European Churches support the analysis of the President of the European Commission, Juan Manuel Barroso, that the ongoing financial and economic crisis has an important ethical dimension. The churches see EU’s societies suffering from a lifestyle which is focusing on individual profit, consumption and greed rather than taking responsibility for the common good, the well-being and the future for all people and the world we are living in. Assuming that this approach is correct, the churches are concerned that the measures suggested by the Working Document of the European Commission do not solve the problem, but may simply deal with its symptoms.³

Providing framework conditions for the market alone is not enough. A socially, ecologically, and globally committed market economy is morally far more demanding than is generally realised. In order to endure, its structures must be embedded in a system of values supported by all relevant stakeholders. Individual self-interest, a crucial structural component of a market economy, may deteriorate into destructive egoism. It is an ethical task to balance self-interest with economic, social and ecological responsibility.

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³ Cf. the Open Letter to the Presidents of the EU Institutions from 6.05.2009. “The Economic Crisis is a Call for Change.”
The success of the social market economy scheme substantially depends on the value basis and the ethical behavior of all stakeholders. In a global and interdependent economy, in which the risks of abuse have sharply increased, it is more imperative than ever to increase awareness of moral obligations and social values and to sharpen consciences.

Therefore we would like to encourage the EU and its Member States to translate EU’s values more strongly into the implementation of economic, social and environmental policies.

3. Examples for the Ethical Dimension of a Sustainable Social Market Economy

Education
The Working Document of the European Commission mentions “reading, mathematics and science” as basic skills, but ignores the necessity of basic social skills like responsibility, solidarity, tolerance and respect for others. The European Council in May 2009 stated in its strategic framework for European cooperation in education and training 2020: “Education should promote intercultural competences, democratic values and respect for fundamental rights and the environment, as well as combat all forms of discrimination, equipping all young people to interact positively with their peers from diverse backgrounds.” These elements are missing in the “EU 2020” strategy.

Education enhances lives. It ends generational cycles of poverty and disease and provides a foundation for sustainable development. A rights-based approach to education would address some of societies’ deeply rooted inequalities.4

Ethics in Science and New Technologies
Research, innovation, and creativity are not value-free spaces. The European Commission has already started embedding ethics in its policies on research, food production, biotechnology, and some other policy areas. An important task for the future is to provide for proper reflection on ethics in all areas of science and technology and to promote shared values and human rights protection in the implementation of all EU policies. We would encourage the EU to establish an impact assessment on the ethical dimension of all its policies based on the experiences with the European Group on Ethics in Science and New Technologies.5

Solidarity
The practice of solidarity is not only an essential element of Christian faith, but also a precondition for a socially cohesive society for all and, as such, an important pillar of European economic and social policies. The “EU 2020” strategy is to be contrasted with the commitment to fundamental social rights and to the principles of solidarity and social cohesion in the Treaty of Lisbon. For the churches, the commitment “to empowering people in inclusive societies” means ensuring that all people in Europe are enabled to live a dignified life, particularly through the sustainable provision of quality social and health services, essential to ensure that people are in

4 Cf. the Joint Answer by CSC, EYCE, WSCF-E and AGDF on the Greenpaper consultation “Promoting the learning mobility of young people” (COM(2009)329).

5 http://ec.europa.eu/european_group_ethics/index_en.htm
a position to take up opportunities. Behind this stands the conviction that social politics are primarily legal politics. Social protection – this is a key element of all European social models, however multifaceted, - is not a question of charity, but a legal claim, a fundamental right, which is justified by human dignity. In economically difficult times it is particularly important to stand for gender solidarity and solidarity with minorities.

In this respect the Working Document’s proposals for inclusive policies fall back behind the objectives of the Lisbon strategy and of other earlier commitments of the EU and its Member States. The proposed initiatives are not sufficient to achieve the aim of inclusive societies. With regard to the European Year 2010 for Combating Poverty and Social Exclusion, we encourage the European Union and its Member States to define in the “EU 2020” Strategy precise quantitative and qualitative goals for the fight against poverty and social exclusion, implementing the “Millennium goals”.

Employment
The European Churches are concerned about the increasing segmentation of the labour market, with more and more precarious employment situations and the growing marginalisation of specific groups such as long term unemployed, less skilled people, people with disabilities, or people with a migration background. Women are particularly affected by precarious employment situations. One-parent-families and extended families need special attention. Persons in charge of others (children, parents, relatives...) find themselves disadvantaged on the labour market because of their restricted flexibility.

The current situation provides a fundamental challenge to the functioning of the social systems. In Christian understanding, work is not just a productive factor but also a central element of human personality and of participation in society. Flexicurity is mentioned in the Working Document as a key strategy for creating new jobs. A basic problem however remains that the flexicurity strategies have at best an indirect influence on the macro-economic development. Where no jobs are available, they cannot be mediated even by increased efforts. If a more flexible labour law facilitates the termination of employment contracts, without an alternative offer of jobs being secured and at the same time the economic crisis forces restrictions on social security systems, the danger exists that flexicurity contributes to the qualitative and quantitative threat to jobs rather than to their protection. The Communication of the European Commission on flexicurity formulates the requirement that “the EU needs to reinforce the European social models, which are committed to social protection, social cohesion and solidarity. Workers need sufficient security to plan their lives and careers with support to make it through all these changes and stay in employment. They need opportunities to master new skills and help to move from one job to another. They need protection against bad working conditions. They need good social protection in case a new job is not easily at hand or when employment is no longer a realistic option”.6 The “EU 2020” strategy should assume this earlier commitment of the European Union.

Sustainability

The economic crisis has to be seen in connection with other major challenges that European societies are facing: climate change, crisis of energy and of water supply, shortage of food, which have a significant impact in many regions of our world. The challenges of demographic change urge the EU and its Member States towards more sustainable policies. A coherent answer to this range of political challenges is required. While we recognise the importance of enhancing the EU efforts in the fields of economy and employment, we stress even more the importance of an overall coherence of EU policies. In order to achieve substantive progress with the “EU 2020” agenda, a renewed effort has to be made on the basis of the same values, on which the Lisbon Treaty has been developed. The spirit of the Lisbon Treaty for sustainable development truly integrating economic, social and environmental dimensions must be implemented.

Subsidiarity and Participation
The Commission’s Working Document describes the need for “increased policy co-ordination, better synergies through effective subsidiarity, and strengthened partnership between the EU and Member States” as a precondition for a sustainable social market economy. Compared to the Christian understanding of subsidiarity this is a reduced interpretation of the principles of subsidiarity and participation restricting policy making to the European Institutions and the Member States and ignoring an active involvement of people in the implementation of European policies. The European churches are convinced that improving democratic participation in EU processes is decisive for the future of Europe as the EU tries to regain its peoples’ trust. We would therefore ask the EU Member States to make the “EU 2020” strategy more transparent and allow a better participation in the process, increasing the participation of Europe’s people in the development and implementation of its policies. Synergy effects do not only exist in partnership between EU Institutions and Member States, but also in the active involvement of other stakeholders like the social partners, the civil society, and the faith communities (cf. Art 17 TEU).

4. Conclusion
The European Churches believe that the implementation of fundamental rights and values should be at the centre of the new “EU 2020” strategy. Taking the new value basis of the Treaty of Lisbon into account, the implementation of EU’s values and principles must be a key priority for EU’s economic, social, and ecological strategy in the forthcoming decade. To quote the President of the Commission once again:

“Europe has managed to develop a social market economy and a model of society that surpasses the destructive dichotomy of unregulated markets or over-powerful states. Our common history and experience show that the answers to today’s challenges do not lie in the market alone, nor in the state alone. They must come from society so that they can respond to people’s needs. We must put human dignity at the heart of our endeavours. A values based approach provides the right foundation for the pragmatic task of delivering solutions for our citizens.”

(José Manuel Barroso)

The economic crisis is a call for change
Open letter to the Presidents of the EU institutions

On 28-30 April 2009 representatives of European churches met in Brussels and Mechelen at a conference on "Shaping European economic and social policies in times of uncertainty". The conference was organised by the Church and Society Commission of the Conference of European Churches. We met with Members of the European Parliament, representatives of the EU Presidency and of the European Commission. As a result of our discussions, we would like to share with you our assessment of the economic and social situation in Europe based on the experiences in our communities. As Christians our primary concern are the people and their well-being. This is part of our commitment to love our neighbours.

We are convinced that the current crisis is much more profound than the analysis of the EU institutions has suggested so far. The crisis calls into question a number of assumptions, which have underpinned the EU’s economic policies over the last decades, such as deregulation, the primacy of economic criteria in all areas of life as well as an overemphasis on profit and growth. The current crisis is to a large extent a crisis of trust towards the financial and political institutions and towards the system, which provoked it.

The crisis has an important ethical dimension: Our societies are suffering from a lifestyle which is focusing on individual profit, consumption and greed rather than taking responsibility for the common good, the well-being and the future for all people and for the world we are living in.

The economic crisis has to be seen in connection with other major challenges that we are facing: climate change, crisis of energy and of water supply, shortage of food, which have a significant impact in many regions of our world. The challenges of demographic change urge us towards more sustainable policies. A coherent answer to this range of political challenges is required.

Assuming that this approach is correct, we are concerned that the measures that have been taken by the EU and its Member States so far may not solve the problem, but may simply deal with its symptoms.
To stimulate consumption would only increase already existing imbalances, plundering natural resources, evoking irreversible changes of the earth’s climate and destroying natural biodiversity. Producing extensive public debts is unsustainable, unethical and unacceptable and will only postpone the crisis, but not contribute to its solution.

The European churches understand this crisis as a call for change. Coming back to “business as usual” will not solve it. To meet the challenges of the crisis it will be necessary to come to significant changes in the economic and social policies of the European Union and its Member States.

Change would mean to translate EU’s values more strongly into economic as well as social and environmental policies. The Lisbon Treaty sets out the EU’s value basis as “respect for human dignity, freedom, democracy, equality, …justice, solidarity and equality between women and men” (Art. 2). It describes full employment and social progress, a high level of protection and the improvement of the quality of the environment as essential elements of a “highly competitive social market economy” (Art. 3). A social and ecological assessment of all measures taken by the European Union and its Member States could therefore ensure a sustainable response to the economic crisis.

Change would mean to substantially revise the Lisbon strategy, which was developed when a lightly regulated market economy appeared to be flourishing. It now becomes evident that the EU’s strategy for “growth and jobs” does not provide appropriate instruments for economic recovery. EU’s economic forecast shows that Member States with an elaborate social protection system are also economically significantly better placed in meeting the challenges of the current crisis. We ask EU’s Member States to take concrete steps in view of creating a mutually supportive interaction between the economic, employment, social and environmental policies. In order to achieve the goal of a European knowledge-based and competitive economy, it is indispensable to invest more in people: in education, professional training, life-long-learning, innovation and research. A high-quality education begins in early childhood and needs support from a well operating social system.

Change would mean to significantly reduce the level of unemployment in the European Union. We are concerned about the increasing segmentation of the labour market, with more and more precarious employment situations and the growing marginalisation of specific groups such as long term unemployed, less skilled people, people with disabilities, or people with a migration background. The current situation provides a fundamental challenge to the functioning of the social systems. In Christian understanding, work is not just a productive factor but also a central element of human personality and of participation in society. In the current crisis learning systems must be accessible and affordable for all members of a society irrespective of the contractual form of employment. Innovative arrangements providing for transitions between jobs without a break in employment in some EU Member States provide promising experience to avoid the loss of work and income.

Change would mean to ensure all people in Europe are enabled to live a dignified life, particularly through the sustainable provision of quality social and health services, essential to ensure people are in a position to take up opportunities. A close cooperation of European institutions, Member States and civil society organisations can provide for a reliable operating environment that enables providers to provide quality integrated services that meet differing needs. EU funding should be used
more effectively to reach the most vulnerable. Poverty and social exclusion are often perceived as urban problems. We wonder whether the rural areas in Europe are sufficiently taken into account.

Change would mean to take the outcomes of EU´s numerous consultation processes with the people in Europe more seriously. Recognising the complexity of the present crisis, to which no single person or institution has a fully satisfying response, we welcome the commitment of the European Institutions to dialogue with the churches. We firmly believe that our close connection with the widest range of people across Europe (from the privileged to the disadvantaged) contributes to developing more just and sustainable policies for the people of Europe. In this light, we share with you the experiences and aspirations of millions of people from all over Europe.

Brussels, 6 May 2009
Poverty Hurts Your Soul

The Contribution of the European Churches to the European Year 2010 for Combating Poverty and Social Exclusion

1. The European Year 2010 for Combating Poverty and Social Exclusion (EY2010)

79 million people in the EU – or 16% of the population – currently live at risk of poverty (Joint Report on Social Protection and Social Inclusion 2009). The percentage of people living at the risk of poverty in Europe outside the EU is even higher. Poverty and social exclusion mean deprivation of basic human needs such as food, clear water, access to social services and healthcare, clothing or shelter because of a lack of resources. It means deprivation of equal opportunities in the education system and (subsequently) on the job market. It significantly reduces the opportunity to participate in social life.

The European Commission has designated 2010 as the European Year for Combating Poverty and Social Exclusion. The European Year 2010 intends to raise public awareness of the way poverty continues to blight the daily lives of so many Europeans. The € 26 million campaign aims to reaffirm the EU’s commitment to making a decisive impact on the eradication of poverty by 2010.

The European Year has four specific objectives:
- Recognition of the right of people in poverty and social exclusion to live in dignity and to play a full part in society;
- An increase in the public ownership of social inclusion policies, emphasising everyone’s responsibility in tackling poverty and marginalisation;
- A more cohesive society, where no one doubts that society as a whole benefits from the eradication of poverty;
- Commitment of all actors, because real progress requires a long-term effort that involves all levels of governance.

The European Year shall focus on 5 themes:
- Child poverty and the intergenerational transmission of poverty;
- An inclusive labour market;
Yearbook of Justice IV – The Ethical Dimension of the “EU 2020” Strategy

- Lack of access to education and training;
- Gender dimension of poverty;
- Access to basic services.

The 2010 European Year will coincide with the conclusion of the EU's ten-year strategy for growth and jobs (Lisbon strategy). The actions undertaken during this European Year will reaffirm the initial political commitment of the EU at the start of the Lisbon strategy, in 2000, to making "a decisive impact on the eradication of poverty" by 2010.

**Key events at European level:**
- Opening and closing conferences organised under the auspices of the respective EU presidencies, i.e. the Spanish in the first semester 2010 and the Belgian in the second semester 2010.
- Two "Focus Weeks", the one in Spring, around the date of the annual meeting of people experiencing poverty and social exclusion (17-30 May 2010) and the other one in October, around the celebration of the International Day against Poverty on 17th October (11-24 October 2010).
- The Member States have been asked to designate National Implementing Bodies, who will be in charge of elaborating and implementing the EY2010 activities at national level.

2. Dimensions of poverty from a Christian perspective:

In Christian understanding, poverty and social exclusion are multi-dimensional phenomena not only based on economic factors, but ones which affect all dimensions of life, and not only the individual, but also the community. Some of the aspects are listed below:

**Human Dignity**
In Christian understanding, poverty and social exclusion are understood as a failure to uphold basic human rights (cf. Amos 2,6f; 4,1). The alleviation of poverty was from the beginning an essential part of the proclamation of the Gospel "to preach good news to the poor …, to proclaim freedom for the prisoners and recovery of sight for the blind, to release the oppressed, …" (Luke 4,18). Over the centuries churches therefore engaged in combating poverty and social exclusion.

**Work and Dignity**
A high level of employment and social security are key elements to fully participate in society and to combat poverty and social exclusion. In Christian understanding, work is not just a productive factor but a central element of human dignity and of participation in social life. Thus it must always be organised and carried out with full respect toward human dignity and must serve the common good. Christian churches are concerned about the growing number of people working in precarious working conditions and about the increasing phenomenon of “working poor”.

**A Privileged Option for the Poor**
The practice of solidarity is an essential element of Christian faith. Christian churches are wedded to a “privileged option for the poor”. They started developing and providing social services according to the needs of society long before the welfare state assumed its responsibility. Today, churches in Europe and their specialised
ministries provide social services in all European countries. They are based at grassroots level, close to the people and very often the places to go for those who are falling through the safety nets of the social protection systems. In so doing, churches and diaconal organisations are bridge-builders for a socially cohesive society for all.

**Child poverty**
Poverty is still inherited; nothing influences the future of children so much as their level of social deprivation. Family policy, social policy and education policy in Europe do not sufficiently ensure that the social and/or ethnic origin of a child does not determine its future. Particular attention needs to be paid to supporting families with children, particularly single-parent families, as well as children with a migrant or ethnic minority background, in order to tackle the higher incidence of poverty found there.

**Poverty of Women**
Poverty has an important gender dimension. Statistics show that employment, work and pay are still not distributed equally in all European countries. The factors that make women poorer than men are complex. Because of their caring responsibilities, many women living on their own cannot undertake paid work to improve their financial position and do not move beyond ‘survival’ mode. Gender stereotyping plays a role in restricting the choices of occupation made by women and men, and many women end up in low-paid employment based on stereotypical female roles. This affects women’s chances of asset growth, particularly if they are living on their own or if their status is dependent on the husband (e.g. in the case of many migrant women).

**Poverty of Migrants**
Migration is posing challenges to societies, political institutions and churches. At the same time, migration offers perspectives for living in diversity, enrichment for personal life as well as for the societies. The biblical tradition obliges and invites everyone to "welcome the stranger". The churches in Europe are particularly concerned about the need to properly address basic rights for migrants to prevent social exclusion. The legal status of migrants is still the subject of hugely diverse national legislation. This leads to enormous problems, among which trafficking and new forms of slavery are only the most dramatic.

**Personal Relations**
For many poor people in Europe personal relations are often the strongest and most important assets they have, with dependence on families and social networks (among them parishes) standing out as crucial in combating the isolation they experience. These assets are really positive features in their lives, and an important element in their coping strategies with poverty and social exclusion.

**Participation**
Christian social teaching does recognise differences between people, including differences in regard to their abilities, with some able to achieve more than others. But it does not accept a society in which individuals no longer benefit from equal participation and where people, despite all efforts, suffer from material poverty. From the viewpoint of Christian tradition, every person should have the opportunity to contribute to society as a whole. Whenever the constraints are too great, it is the duty of society as a whole to enable them to live a life in dignity.
Values
Social cohesion in society relies on firm moral foundations that keep the society together. A social and sustainable economic system has to find the right balance between freedom and responsibility. Europe has to meet the challenge to shape its economic and social systems according to its fundamental values, respecting ethical principles and promoting high social and environmental standards not only inside Europe but worldwide.

Spirituality
Poverty has an important spiritual dimension of care for each other. Spiritual poverty means to experience unfulfilled needs, emotional injuries and hurts at the hands of others, or to hurt others with our own immaturities and misdoings. It describes an imbalance between self interest and the interest of others. The Gospel expresses a special concern for these people: "Blessed are the poor in spirit, for theirs is the kingdom of heaven”.

3. Combating Poverty and Social Exclusion in Times of an Economic Crisis and in a Global Perspective

In April 2009 representatives of European churches met in Brussels and Mechelen at a conference on “Shaping European economic and social policies in times of uncertainty”. The conference was organised by the Church and Society Commission of the Conference of European Churches. One result of the Conference was an open letter to the presidents of the EU institutions, which stated: "We are convinced that the current crisis is much more profound than the analysis of the EU institutions has suggested so far. The crisis calls into question a number of assumptions, which have underpinned the EU’s economic policies over the last decades, such as deregulation, the primacy of economic criteria in all areas of life as well as an overemphasis on profit and growth. The current crisis is to a large extent a crisis of trust towards the financial and political institutions and towards the system which provoked it. The crisis has an important ethical dimension: Our societies are suffering from a lifestyle which is focusing on individual profit, consumption and greed rather than taking responsibility for the common good, the well-being and the future for all people and for the world we are living in”.

Poverty and social exclusion have to be seen in the global context. In cooperation with the World Council of Churches (WCC) churches in Europe through the Conference of European Churches (CEC) and its Church and Society Commission (CSC) are involved in a global project on "Poverty, Wealth and Ecology”. In 2010 this project is focusing on the situation in Europe. The joint work under this particular heading will focus on the links between poverty, wealth creation and ecology and in particular on questions like: to what extent are methods and structures of wealth creation responsible for poverty? To what extent is creation of wealth leading to violence and ecological destruction etc.? Poverty and wealth in Europe have to be seen also in relation to the situation in other continents.
4. A Call for a change

A just and inclusive society must enable as many people as possible to recognise their individual talents, to develop them and to use them productively for themselves and for others. A just society thus invests as much as possible in extending people’s ability to organise their own lives and to enhance its dimensions of social concern and economic activity for all. Such a society is able to support its people in using their individual talents and abilities, to be as self-sufficient as possible in earning their own living, while being supportive of others.

The Open Letter to the EU Presidents expresses the challenges for the forthcoming years as follows:

"Change would mean to translate EU’s values more strongly into economic as well as social and environmental policies. The Lisbon Treaty sets out the EU’s value basis as ‘respect for human dignity, freedom, democracy, equality, …justice, solidarity and equality between women and men’ (Art. 2). It describes full employment and social progress, a high level of protection and the improvement of the quality of the environment as essential elements of a ‘highly competitive social market economy’ (Art. 3). A social and ecological assessment of all measures taken by the European Union and its Member States could therefore ensure a sustainable response to the economic crisis.

"Change would mean to substantially revise the Lisbon strategy, which was developed when a lightly regulated market economy appeared to be flourishing. It now becomes evident that the EU’s strategy for ‘growth and jobs’ does not provide appropriate instruments for economic recovery. EU’s economic forecast shows that Member States with an elaborate social protection system are also economically significantly better placed in meeting the challenges of the current crisis. We ask EU’s Member States to take concrete steps in view of creating a mutually supportive interaction between the economic, employment, social and environmental policies. In order to achieve the goal of a European knowledge-based and competitive economy, it is indispensable to invest more in people: in education, professional training, life-long-learning, innovation and research. A high-quality education begins in early childhood and needs support from a well operating social system.

"Change would mean to significantly reduce the level of unemployment in the European Union. We are concerned about the increasing segmentation of the labour market, with more and more precarious employment situations and the growing marginalisation of specific groups such as long term unemployed, less skilled people, people with disabilities, or people with a migration background. The current situation provides a fundamental challenge to the functioning of the social systems. In Christian understanding, work is not just a productive factor but also a central element of human personality and of participation in society. In the current crisis learning systems must be accessible and affordable for all members of a society irrespective of the contractual form of employment. Innovative arrangements providing for transitions between jobs without a break in employment in some EU Member States provide promising experience to avoid the loss of work and income.

"Change would mean to ensure all people in Europe are enabled to live a dignified life, particularly through the sustainable provision of quality social and health services, essential to ensure people are in a position to take up opportunities. A close cooperation of European institutions, Member States and civil society organisations
can provide for a reliable operating environment that enables providers to provide quality integrated services that meet differing needs. EU funding should be used more effectively to reach the most vulnerable. Poverty and social exclusion are often perceived as urban problems. We wonder whether the rural areas in Europe are sufficiently taken into account”.

5. Strategic objectives

- The contribution of the European Churches to the European Year 2010 for combating poverty and social exclusion shall encourage the European institutions, EU Member States and other stakeholders to come to a more holistic understanding of the reasons which lead to poverty and social exclusion, as well as of the manifold impact of poverty and social exclusion not only on the people affected but on the whole society.

- The contribution of the Churches shall promote the Christian voice in the discussions on the follow-up of the Lisbon Strategy and in the EU's attempt to come to a more innovative, more social and more sustainable economic strategy.

- The contribution of the Churches shall contribute to awareness-raising and education on social and economic questions among CEC’s member churches and associated organisations.

- The contribution of the Churches shall contribute to the dialogue with other groups in civil society, e.g. trade unions and employer’s organisations.

6. Activities

The activities on the revision of the Lisbon Strategy and in the area of employment shall be organised by the CALL Network, a Christian employment and economy network on CHURCH ACTION ON LABOUR AND LIVE. The activities to promote a holistic understanding of poverty and social exclusion shall be organised in a joint project with Caritas Europa, Comece and Eurodiaconia.

**Key activities:**

- Development of a joint contribution of the European Churches for the new "EU 2020" strategy, including:
  - Dialogue Seminar on social inclusion and the Lisbon strategy (together with COMECE) in June 2010.

- Co-edition of the “Jahrbuch Gerechtigkeit VI”, focussing on the situation in Central and Eastern Europe 20 years after the fall of the Iron Curtain, including:
• Joint project with Eurodiaconia, Comece and Caritas Europa on the Christian understanding of poverty.
  o Joint position paper with a Christian perspective on poverty and social exclusion.
  o Conference in September 2010 in the European Parliament to promote this Christian perspective.

• Joint project of CEC/CCME Member churches: Migration 2010 - European churches responding to migration 2010.
  o Multiple Events.

• Joint project on "Poverty, Wealth, Ecology" in Europe together with WCC. In 2010 the project will be finalised and its findings presented in a joint publication. Expected events:
  o Conference on Poverty, Wealth and Ecology in November 2010, which will be preceded by a preparatory seminar on the same topic in June 2010.

• Conclusion of the project and presentation of the outcomes of the dialogue between churches from Europe and Latin America under the title: Threats and challenges of Globalisation - experience of Europe in discussion with Latin America.

• Participation in the "Focus Weeks” with decentralised local, regional and national activities in CEC’s 125 Member Churches (e.g. Finnish Campaign, KDA project, Ökumenischer Kirchentag in Munich).

• A Meeting of the Church & Society Secretaries of CEC’s Member Churches in Autumn 2010 focusing on poverty and social exclusion.

• Participation in EU stakeholders' expert group, which shall provide expert advice to the Commission throughout the course of the preparation, implementation and evaluation of the activities undertaken in relation to the European Year 2010.
The European Parliament and the EU Commission have declared 2010 to be the European Year for Combating Poverty and Social Exclusion. The increase in poverty and the simultaneous concentration of wealth are enough to pose the question of the structural preconditions for a sustained combating of poverty. One of these conditions is that the social integration of Europe must no longer be subordinated to an economic integration which is determined by competition. Churches, church organisations and groups remind us of this in the light of the biblical insight that justice is indispensable for social coherence. On the basis of their daily grappling with poverty, they know at the same time that market economy structures do not by themselves ensure social justice. Just as every market needs rules to enable social justice, so too does the common European market require rules to strengthen national social models and develop a common European social order. Precisely because churches, church organisations and groups decidedly welcome European unification, they also engage themselves for a building plan for social integration.

The Church and Society Commission (CSC) is one of the commissions of the Conference of European Churches (CEC). The CSC links CEC’s some 125 member churches from all over Europe and its associated organisations with the European Union’s institutions, the Council of Europe, the OSCE, NATO and the UN (on European matters). Its task is to help the churches study church and society questions from a theological social-ethical perspective, especially those with a European dimension, and to represent common positions of the member churches in their relations with political institutions working in Europe.