Study

Reshaping Europe: Civil Society's Perspective of the Europe of tomorrow

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FOREWORD by Luca Jahier

It is with great pleasure that I welcome the publication of the study 'Reshaping Europe: Civil Society's Perspective on the Europe of Tomorrow', which was commissioned by the EESC to Bertelsmann Stiftung, at the request of the Various Interests Group. Our objective in commissioning this study was to take stock of the work of the Group over the last five years and to review whether we have been able to define and to implement a winning strategy, for both the Group and the EESC. Similarly, to examine what are the future perspectives for our work and how civil society is able to influence the Europe of Tomorrow? For ultimately, this last question is at the heart of our role and our responsibility as members of the European Economic and Social Committee (EESC).

Over the last five years our Group has focussed on three principal themes. Firstly, the necessity for sustainable growth and investment in Europe, which is founded on a wide range of actors including SMEs, the Liberal Professions, social enterprises, farmers, consumers, etc. i.e., stakeholders who are at the very heart of our economies and societies, and who have demonstrated their resilience during the crisis. Secondly, we have focussed on the importance of rebalancing European debates and policies and of investing more in a social, sustainable and inclusive Europe. For example, via social innovation, social investment, the social economy, sustainable development and active citizenship, with a renewed protagonism for local communities. Thirdly, we have stressed that it is crucial for European civil society to take on an active role in the entire legislative process, from formulation, to implementation and evaluation.

This attempt to balance the economic and social dimensions of the EU with territorial cohesion, are not only the convictions of our Group. They are also enshrined in Article 3 TEU, which states, that the EU must be based on "…a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment...(which) shall promote economic, social and territorial cohesion, and solidarity among Member States".

Arguably, in these current times of extreme civil frustration, mistrust in the national and European political order and insecurity at Europe's borders, there is a momentous necessity for the EESC to bring Europe closer to its citizens and to actively engage in and influence the European legislative process. The European Union is constantly evolving and we civil society, have got to be at the centre of this Europe of Tomorrow! We have to engage with it, reshape it, drive it!

Luca JAHIER
President of the Various Interests Group
**Introduction**

The objective of this study is to review some of the work of the Various Interests Group during its mandate (2010-2015) and to examine it in the light of current challenges and the political agenda in the EU. More emphasis is, therefore, given to certain policy areas than to others. This serves as the basis for developing recommendations on how the Various Interests Group and the EESC as a whole could enhance their contribution to European policy-making, particularly with regard to a more participatory and consultative process in which the views of civil society have greater importance.

Given the divergent economic and political situation in which the European Union and its Member States find themselves today, citizens are increasingly losing patience and even confidence that the EU will be able to provide for a prosperous future in a globalised world. The perception that nation states offer better solutions to the imminent challenges of today is constantly growing.

There clearly is an increasing mismatch between announcements by the political elite as to what the European Union can provide, on the one hand, and the expectations of citizens and voters in this regard, on the other.

The loss of economic momentum in the aftermath of the financial crisis in 2008 changed the outlook for the functioning as well as the future potential of the European single market. Until that time, national economies had made income gains from European integration, varying from the greatest gains per resident in Denmark and Germany to the exceptional case of Greece, where the cumulative effect on real Gross Domestic Product (GDP) per capita has not been positive(1).

The 2008 crisis was unique for several reasons: the depth of the crisis, due to simultaneous economic decline in many economies around the globe, the rapidity of it and its global implications and, in particular, the intensity of the political shockwaves that once again threw national borders into sharper relief. As a consequence, perceptions of what this crisis involves do vary from country to country and, in particular, suggestions on how to deal with it vary correspondingly from government to government.

In that context, the current role, functioning and limits of the European institutions also became clearer. It was clearly the European Council that was acting to combat the systemic risks of a melt-down in the banking sector and coordinating measures to restart economies in an intergovernmental manner. It has to be said, too, that it succeeded. Today there is clearly the willingness, the capacity and the know-how to address an economic crisis of this magnitude at the European level.

The European Commission, the Council and the European Parliament have – within the limits of the Community method – been occupied solely with reforming the system of financial and capital market regulation, and setting up a new structure for prudential supervision in the EU in order to establish a more resilient banking and financial market system. This is important in terms of preparing the

(1) https://www.bertelsmann-stiftung.de/fileadmin/files/BSi/Publikationen/GrauePublikationen/20_Jahre_Binnenmarkt-de_NW.pdf
ground so that we avoid similar crises in future, yet is somehow lacks a vision of how to overcome the negative effects of the present crisis.

In this changing economic and political environment in the EU, the thematic orientation of the Various Interests Group, over the period of its current mandate, has been strong in terms of bringing the right issues to the table. ‘Beyond GDP’ is certainly one of those issues. The Various Interests Group has shown that the enjoyment of a good quality of life by the population of a particular country cannot be demonstrated by reference to that country’s GDP alone. This certainly derives from the fact that we live in a knowledge society which is multifaceted. Hence, the conclusions of the conference organised by the Various Interests Group correctly pointed out that it is important to measure the well-being of our citizens and to find out what their concerns are in good time.

Given the remaining political uncertainty as to whether the future of the European Union will be more intergovernmental or whether the Community method will be further developed, there is a need for a new working method designed to address significant reform processes without delay.

On 23 June 2015, the Various Interests Group held an event called: ‘Reshaping Europe: Civil Society’s Perspective of the Europe of Tomorrow’. One of the core insights from that event was the statement that the Committee could provide a structure and an infrastructure with which to implement Article 11 of the TEU. The European institutions and their consultative bodies need to find a new way of cooperating, not only so as to achieve better results in terms of the governance of the EU but also, and perhaps mainly, to integrate civil society organisations more effectively into the work of communicating shared results and achievements. In this environment, the task of ‘building a bridge to civil society organisations’ gains new meaning and comes up against new challenges, too. Article 11 of the Lisbon Treaty assigns a formal role to participatory democracy in this respect, through regular dialogue with representative associations and civil society.

Many hope that there will be a paradigm shift that will occur over night and bring about the change in Europe. What is more likely is that the constant development of processes and trust-building measures in the Community and at the intergovernmental level will eventually bring about an alteration in previous policy-making procedures. Citizens and stakeholder groups therefore need to be involved in a more structured way not only in selecting political priorities but also in implementing policies at the European and national levels. This would also lead to an improvement in the political governance of the EU.

The framework conditions for such a development are good. Analytical capacity and the knowledge of structural problems in the European Union and, especially, its Member States have grown dramatically. The Commission, in particular, has accumulated new and much more in-depth knowledge about the situation within the Member States and adapted its structure accordingly. In a multitude of organizational procedures, Directorates-General have been reshuffled. The Commission has also packaged more institutional knowledge through the European agencies, in a new kind of involvement with national institutions and administrations.
What is needed is an effort to re-think the connections and processes operating between the EU institutions and the Member States. The EESC satisfies the requirements that must be met in order to play a more vital role in building up a structured process which involves consulting directly with national administrations. It will play a crucial role in enlisting both the knowledge and commitment of civil society and building up the right channels to accentuate these factors in a broader view. In this context, ‘Going Local’ acquires a different meaning and needs to be integrated into a more in-depth organisational structure.

The Various Interests Group has carried out extensive work in a number of key policy areas, and in doing so it has helped to improve navigation through the subject matter. The EESC as a whole, though, has to adapt its role and make better use of the possibilities and channels open to it in order to improve the overall governance of the European Union – a form of governance which is still largely modelled at the national and regional levels.

**Review of the Various Interests Group’s work in some key policy areas**

**I. Sustainable growth and investment in Europe**

Without new growth drivers, the European Union is likely to remain on a low-growth path for a long time. The private sector finds it difficult to invest due to the bleak economic outlook, and banks are reluctant to lend because of their high level of exposure to non-performing loans. At the same time, fiscal consolidation in the countries hit hardest by the crisis has left little room for public investment.

This combination of anaemic demand and difficulties on the supply side has served to paralyse the economy, which in turn makes it harder for countries to attain a sustainable debt-to-GDP ratio or to bring down unemployment rates. The long-term effects of such dynamics are even more worrying. A country with low levels of public and private investment not only experiences low levels of current economic activity, but also fails to lay the foundations for future growth. It risks falling behind its competitors in key areas such as infrastructure and education.

The new Juncker Commission has made jobs and growth its pre-eminent goal. To this effect it has proposed an Investment Plan to unlock both public and private investment in the real economy over the next three years. At the same time, the new Single Market Strategy, particularly for Services, that is due to be launched in the second half of 2015 is intended to boost growth and economic activity in the long run.

A crucial question for sustainable development of the green economy is energy(²). Many situations are closely linked to the energy question and certainly the energy model today, still based on fossil (and nuclear) energy, has no assessable aftermaths yet to come. The move must be towards

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‘low carbon’ energy, which means renewable energy. Civil society and citizens are already responsible for interesting initiatives at the local level, working together with business and local authorities on innovative tools for resource efficiency.

1.) The Various Interests Group’s work on sustainable growth and investment in Europe

Over the past five years, promoting growth and investment has been a core objective and area of activity of the Various Interests Group, as well as the EESC as a whole. The Group is rightly pointing to the need for the re-industrialisation of Europe. Europe needs a different, greener approach in its economic policies. Business, industry, national governments and administrations need to incorporate the green economy into their corporate identity portfolio and place it into a broader sustainable development strategy. Policy makers are conscious that future growth and new jobs will be generated by the green economy. Nevertheless the question remains: why are national governments not able to implement dynamic strategies more effectively in their policies?

The Various Interests Group has come up with special initiatives in a number of areas in which it has taken the lead and set the Committee’s overall agenda. The overview of activities in the next section highlights the Group’s work in three specific areas:

a.) The liberal professions;
b.) The role of SMEs in the European economy; and
c.) Measuring growth beyond Gross Domestic Product (GDP).

1a) The Liberal Professions

The liberal professions include more than 6 million highly qualified workers in the EU. In 2012, one out of six self-employed persons was active in a liberal-professional dominated industry. Of these, 28.1% employed at least one employee. Almost every second self-employed person in a liberal-professional dominated industry (44.6%) was female. Yet the liberal professions face the challenge of adapting to an increasingly competitive market.

The liberal professions contribute to economic growth and perform major social-welfare functions. Maintaining a high level of expertise and continuously living up to expectations is the main future challenge for the sector.

The liberal professions are truly based on trust. As the general public puts a great deal of trust in their activities to promote the public interest, the liberal professions can also be referred to as ‘trust’ professions. This is a highly important insight, considering that, since the socio-economic crisis of the European Monetary Union is in many respects a crisis of trust, the liberal professions can be an
important piece of the jigsaw of measures to overcome this turmoil. The issue must remain an important item on the EESC’s agenda.

In 2014 two main activities were coordinated by the Various Interests Group:

The EESC’s ‘SMEs, Professions and Crafts’ category, administered by the Various Interests Group, commissioned a study on the liberal professions to examine the future of the professions in Europe(3). The study, called ‘The State of the Liberal Professions as regards their Functions and Relevance to European Civil Society’, gives an in-depth overview of the economic functions of the liberal professions and usefully compares the different legal and regulative frameworks for the liberal professions across the EU. It shows that the legal term ‘liberal profession’ is not determined statutorily, but has developed historically. Hence, there are significant differences between Member States in the definition of the term ‘liberal profession’, and some do not use the term at all.

Moreover, the EESC adopted an Own-initiative Opinion entitled ‘The role and future of the liberal professions in European civil society 2020’, that provides a background to the concept of the ‘liberal professions’, assesses the economic aspects and outlines the present and future requirements for the successful development of this sector in the European economy. The Various Interests Group has worked out that the one objective that is common to all the Member States is to ensure that the defining characteristic of the liberal professions – the asymmetry of information as between service providers and their clients – is not misused.

The study and own-initiative opinion are very closely tied to the new Single Market Strategy in which services and the liberalisation of professions will most probably be an important pillar. The Committee very successfully ties in academic work and the existing experience of its membership in building a knowledge pool in this field. It is worth developing the expertise further, thus increasing the reputation of the Committee as an ‘ideas-provider’ to policy makers at both the European and national levels. How? The EESC could more actively advise national governments and their administrations on setting the framework conditions for the liberal professions.

1b) The Role of SMEs in the European Economy

Around 25 million small and medium-sized enterprises (SMEs) exist in the EU. They provide two thirds of all employment (around 75 million jobs), generating more than 60% of the EU’s economic output. The EESC and the Various Interests Group have continuously worked towards incorporating the views of SMEs into the broader work of European policy-making. Illustrative examples include the 2015 Information Report on ‘Access to finance for SMEs and Midcaps in the period 2014–2020: Opportunities and challenges’ (4) or the Opinion on the Investment Plan of the new Commission under President Jean-Claude Juncker (5).

(3) http://www.eesc.europa.eu/?i=portal.en.group-3-studies.33351
The Group’s and the Committee’s work on SMEs also touches on many key initiatives in EU policy-making, such as the Juncker Investment Plan, the new Single Market Strategy and the Transatlantic Trade and Investment Partnership (TTIP). The Committee stresses the important role of SMEs in these key initiatives and the impact they have on them, and thus manages to highlight an important – yet often neglected – aspect of the EU’s growth and jobs policies. In the own-initiative opinion on the impact of the TTIP on SMEs, the EESC stresses that, in view of the obstacles they encounter and the limited resources they have, the Committee welcomes the fact that TTIP includes a chapter devoted exclusively to SMEs.

The Juncker Investment Plan is a major new initiative to get Europe growing again and get people back to work. The EESC’s hint that we may be facing an investment gap in the EU underpins the Juncker Initiative. Since 2008, this investment-averse attitude has led to a huge downhill trend for SMEs. Investment has declined by more than EUR 400 billion, from a 2007 peak. This has had an enormous negative effect, especially in the southern part of the EU. In this context, lack of access to finance has been reported as another important constraint for SMEs. Because of the crisis, banks are able to cope with less credit risk than before and most of them have become more wary of offering loans to SMEs. It prevents not only the proper operation of the companies but also threatens their future growth plans and prevents their business expansion.

The credit crunch following the financial crisis in Europe has thus particularly affected SMEs, which are more dependent on outside financing for investment and innovation than large businesses. In this context, a Various Interests Group conference in 2013 discussed issues related to access to credit by economic stakeholders and to consumer savings (6).

The small size of SMEs makes them particularly vulnerable to excessive and overly complex legislation. The Committee rightly points out that a reduction of unnecessary burden is always desirable and therefore welcomes the EC’s REFIT programme, which will identify burdens and ineffective measures for SMEs. However, even though policy-makers at both the EU and national levels have for quite a time been increasingly aware of the hurdles that SMEs, in particular, face, it remains difficult if not impossible to reduce the barriers in practice.

It needs to be stressed here that although SMEs are often and broadly described as the most important cornerstone of the European economy, not much progress has actually been achieved, especially in terms of access to finance and boosting competitiveness by reducing the administrative burden related to them. This is where the EESC could play a more active role by intervening through its networks at national levels, too, and in so doing it could significantly improve results.

(6) Conclusions of the conference ‘The Credit Crunch and Shrinking Savings: how to break the vicious circle to kick-start recovery?’, organised by the Various Interests Group in Brussels, 6 June 2013 http://www.eesc.europa.eu/?i=portal.en.events-and-activities-creditcrunch
1c) Measuring growth beyond GDP

Another topic reviewed under the heading of ‘Sustainable growth and investment’ concerns the measurement of growth ‘beyond GDP’ as an instrument for a new growth strategy in Europe. This issue has been the subject of major debates in recent times on the economics of happiness and alternative concepts of growth that attempt to overcome the dominance of a single indicator in measuring a society’s well-being and capturing how complex social developments interact with each other (1).

In 2014, the Various Interests Group convened a large conference on ‘Let’s Talk Happiness – Beyond GDP’, on indicators for well-being and social progress in the context of a transition to an alternative mode of growth (8). At this event, the President of the Various Interests Group stressed in that context that doing well for society – in other words, investing in sustainable development, social cohesion and quality of life – will drive growth, employment, development and wealth (9).

With their initiatives on ‘happiness beyond GDP’, the Various Interest Groups have attempted to engage in a broad topic that potentially has long-term consequences for how we measure and evaluate our economies. While human well-being can and should receive more systematic attention in public policy, measuring nothing but GDP fails to take into account the things that really matter, namely our environment, education, health, social equality and happiness. The EESC recognises the advances made in recent years in devising indicators supplementary to GDP, at both the world and European levels. The complex path which leads to a new definition of well-being and progress for societies cannot be separated from concurrent European policies to tackle the renewed impact of the economic and financial crisis.

2.) Recommendations on sustainable growth and investment in Europe

The Various Interests Group, in particular, owing due to its heterogeneous membership and composition, could widen the focus from policy-making to administration, to a view of governance in a larger sense. This could be done more specifically through recommendations in EESC Opinions to the inclusion of practical suggestions and measures to be adopted for implementation.

The continuous focus, in a range of opinions, on the impact that measures could have on SMEs and the small outcome is a case in point here. Often, when the EC asks for opinions and recommendations, there is too little time left to develop and deliver sharp and targeted opinions from the diverse spectrum of membership of the Various Interests Group. Beyond traditional measures such as opinions, the Group could also use non-traditional instruments such as conferences, campaigns, and

(8) http://www.eesc.europa.eu/?i=portal.en.events-and-activities-happiness, 10 June 2014
workshops, particularly at the national, regional and local levels, to raise awareness of missed opportunities and widen the scope of the policy debate to include a broader swathe of the public.

In this respect the term ownership is reflected in a whole new way, since this may have an impact on the role of stakeholder groups at a level closer to that of the citizen. It could thereby more directly influence the authorities in the Member States to increase raise efficiency and standards when implementing EU policies. The Committee would thus become an advocate for ‘missed opportunities’.

The Various Interests Group also thinks that civil society, together with the other social and institutional stakeholders, should determine the arenas into which societal progress is heading, identifying specific areas and salient factors (in the economic, social and environmental spheres). This can be done by means of dedicated information, consultation and participation instruments. The Various Interests Group has in the past emphasised its willingness to act as a meeting place where organised civil society and official European bodies can come together to identify and design indicators of progress for the European Union. It should consider taking it a step further, which would include making approaches to the various organisations within the Member States on a local level.
II. Promoting a social, inclusive Europe

European countries are losing momentum when it comes to social policy reforms. We see a growing social divide emerging among the Member States. There are data which reveal the deterioration that has occurred in the social situation across the EU since 2009. Southern EU Member States, in particular, still have difficulties in coping with the effects of the financial and economic crisis.

While the level of problem awareness is high, governments have not acted or have not been able to act. Why? Because traditional national parties have lost support in election after election, and in some countries governments have even been replaced by technocratic caretaker teams, while practical social policy initiatives to tackle these challenges and to counterbalance the growing divide have not been enacted.

Fiscal discipline is, of course, one of the key elements of macroeconomic stability and this is particularly true in a monetary union, such as the euro area, which is made up of sovereign states that retain responsibility for their fiscal policies. This was mentioned as early as 2010, in the own-initiative opinion on ‘The implications of the sovereign debt crisis for EU governance’. However, as was stressed three years later in the Exploratory Opinion entitled ‘For a social dimension of Economic and Monetary Union’, economic revival, monetary stability, sustainable growth and competitiveness cannot be achieved without a corresponding social dimension.

1.) The Various Interests Group’s work to promote a social, inclusive Europe

Thankfully, as noted in the editorial of the May edition of the newsletter of the Various Interests Group, ‘Europe III’, ‘European and national political leaders finally woke up to the reality that a more balanced approach to the on-going crisis is necessary, in order to reverse the current dangerous levels of poverty, social exclusion, unemployment and political extremism which have emerged in numerous European countries since the crisis began.’ The editorial continues that ‘there is now talk of “austerity being neither effective nor socially viable”, of slower levels of growth than expected, of “austerity…having reached its limit”. It would appear that political leaders have finally conceded that the goals of economic revival, monetary stability, sustainable growth and competitiveness cannot be achieved without a corresponding social dimension.’

This statement is in full accordance with the authors’ position. Jean-Claude Juncker’s recent call for a Social AAA comes at exactly the right time!

In this section of the review we focus on three topical threads in particular:

a.) Adding a social dimension to the EU agenda and promoting evidence-based policy tools
b.) Supporting EU Member States in enhancing social inclusion
c.) Promoting new ‘business models’ for welfare tasks
Due to limitations in the scope of this study, we will further restrict our assessment and analysis to one activity for each of these threads carried out by the Various Interests Group, and extract from them some recommendations for potential improvement, drawing on the experience of the Bertelsmann Stiftung.

1a.) Adding a social dimension to the EU agenda and promoting evidence-based policy tools

The EESC’s Exploratory Opinion ‘For a social dimension of European Economic and Monetary Union’, which was requested in 2013 by the former President of the European Council, Mr Van Rompuy, addresses a number of pressing challenges at the intersection of economic and social policy in the EU. In particular, it emphasises that Economic, Monetary and Social Union are all mutually dependent, that they sustain and amplify each other and that they thus need to be well-balanced. A large number of specific proposals is made, ranging from a European Social Action Fund to a European Education Network for Unemployed Workers, most of which concentrate on new mechanisms to be established at the EU level.

The Opinion often emphasises that Member States need to adapt and implement programmes and strategies, but there is no specific mention of the fact that Member States differ vastly in many respects, ranging from their constitutional setup and their national political landscape to their administrative capacity and their socio-economic performance. This is a sign that the Various Interests Group has correctly identified the obstacles which are holding the Member States back from taking this action.

Furthermore, the paper claims that ‘it is essential to set up a strengthened surveillance mechanism on the impact of economic and monetary policies on the social situation and on the labour market in the Member States, and that social and employment policies should be added to the provisions subject to surveillance of national economic policies as part of the European Semester’. This call is highly important, but the proposal stops precisely there, without any advice about how such mechanisms should be set up and who should do it. Regrettably, as there was no unified position within the European Commission or the Council on pushing this agenda, the EESC has not to date revisited this question, but it is not excluded for the future.
1b.) Supporting EU Member States in enhancing social inclusion

On 20 March 2014, the Various Interests’ Group of the European Economic and Social Committee organised a major conference in Athens (10). Following up on a first conference which took place in Thessaloniki on 31 May 2013 (entitled ‘The Impact of the Crisis on Greek Citizens: Moving forward towards recovery’), the main objective at the event in Athens was to examine how Greece can re-establish growth and overcome the socio-economic consequences of the crisis. The debates explored opportunities for sustainable growth, employment and recovery in Greece, but also encouraged steps towards solidarity and a social Europe built on social cohesion. Various eminent Greek representatives spoke and around 170 representatives of organised civil society from across Greece and the EU were in attendance.

It is beyond the scope of this study to isolate and assess this initiative’s impact on reform processes in Greece, for evaluating such an impact is a very hard task in general. It should, however, be noted that the impact in such socio-political processes is often of a collective nature, with each contribution adding only a small incremental value, though it adds up, in effect, to a rather substantial level of support specifically for improving local governance capacity. It seems that the EESC’s Various Interests Group has pushed and thus contributed to this collective impact which is so direly needed in the current economic crisis. It should be emphasised, too, that this initiative was not so much targeted at informing EU bodies about the Greek situation, but rather, in the opposite direction, it brought EU expertise back into an EU Member State. The European Commission, with the Task Force for Greece, had an opportunity to include civil society and the administrative bodies. It turned out not to be particularly fruitful, because they overlooked the cultural bias which is also embodied in the structures of Member States’ political systems.

Indeed, during the conference of the Various Interests Group in Athens, ‘From Austerity to Growth and Recovery: Overcoming the Socio-Economic Consequences of Greece’s Crisis’, several concrete proposals were made on how to overcome the crisis. It is true that the people want a strong and competitive Europe, but they also want a Europe which is social and cohesive. There is a strong need to invest in social capital and social innovation, by directly involving a host of civil society stakeholders in new processes. It seems like a rough roadmap for how the Various Interests Group could deal with this collective impact in the EU Member States. Priority should be given to completing the Single Market and taking advantage of the single most important benefit of European integration, namely the free movements of goods, services and people. As came out in the discussions, this implies a re-industrialisation of Europe. A re-industrialisation of Europe could most probably complement growth and equity, and boost social innovation, reduce poverty and enhance inclusiveness. Fifteen years ago, several EU Member States disregarded the impact of industry. As we face the crisis, industrialisation must be taken firmly into the equation again. The Various Interests Group could play an immense role as a process-generated stakeholder in this venture.

1c.) Promoting new ‘business models’ for welfare tasks

On 3 October 2012, under the aegis of the ‘Social Economy’ Category, the Various Interests Group of the EESC organized a conference on ‘Social Enterprises and the Europe 2020 Strategy: Innovative Solutions for a Sustainable Europe’. Among the various activities to do with the important topic of social investing, the Brussels conference was an important contribution to promoting this relatively new area as a means of supporting a Social Union. Other activities led by the EESC’s Various Interests Group on this and related topics include the management of the EESC Social Economy Category, taking a leading role in the social enterprises project managed by the INT Section(11), and conferences on social innovation in Milan in October 2014 and in Edinburgh in May 2015. Indeed, during the 2010-15 mandate, the members of the Various Interests Group have taken the lead on the topic of the social economy/social enterprises, contributing greatly to driving the agenda at the European level. The high-level conference co-organised by the EESC and the European Commission in Strasbourg in January 2014, is indicative of this leadership (12). Recognition for the significant contribution of the EESC to this policy area was publicly given by the former Vice President of the European Commission Mr Barnier, during the plenary session of the Committee on 16 October 2014 (13).

At a keynote conference organised by the Group in Milan during the Italian Presidency of the Council of the EU, it was pointed out that the social dimension of the EU is under severe pressure (14). The urge for a paradigm shift is pivotal to bringing back a stronger social approach and a welfare society. In addition, it is crucial to recognise social investment as a multiplier of growth and to promote the implementation of the Social Investment Package. The latter was introduced and launched by the European Commission in 2013. The pressure on public welfare systems has already thrown up the challenge of new and innovative forms of organisation for the financing and delivery of welfare and social services in various sectoral, regional and national contexts. Hence, among the principal recommendations of the conference of the Various Interests Group, were included the necessity to embed social innovation in social policy and to include social indicators and social impact measurements in the annual progress reports of Member States. For clearly, social innovations have demonstrated the potential for bringing about systemic change and reshaping society at large, including changing the way the state operates.

At a time when Member States are becoming more and more overstrained merely by the task of providing social welfare, the topics of social investment, the social economy, social enterprises and social innovation and the like are gaining a lot of attention – and rightly so. It is thus to be highly welcomed that the EESC’s Various Interests Group engages significantly with this topic and makes a strong push for promoting these relatively new fields.

(13) https://www.youtube.com/watch?v=xu5kSMsc1k
However, looking at the conclusions of the October 2012 Brussels conference, we note that once again both European institutions and Member States are addressed, but no weight is given to sometimes contrasting situations between the Member States. Strong recommendations are formulated with respect to what is to be done, but not with respect to how.

2. Recommendations on promoting a social, inclusive Europe

The increasing complexity of EU policy requires new tools to guide policymakers and the public alike in the right directions. It is thus questionable whether the production of EESC Opinions is enough to make a real difference. The Various Interests Group should consider helping to develop policy assessment tools that supply new evidence to be fed into the political discourse, both at the EU level and in the Member States, for the following reasons:

- Such tools can be much more flexible than classical dissemination formats like printed reports, brochures and papers. They may also engage with their users much more strongly and empower them to find evidence tailored to their specific challenges.

- Run on a regular basis, such tools can provide new results over long periods of time. So, after an initially higher investment, they serve as a basis for evidence to be observed in ensuing years – possibly at a much lower cost (in terms of work capacity and monetary funding). Moreover, while the methodology behind single research papers often remains somewhat obscure, with a little more initial effort (but one which pays off in the future) it can be made certain that the methodology behind a tool is made very transparent.

There is some evidence that the opinion papers and the conclusions of the Brussels conference not only concentrate on what steps the Member States should take to overcome a range of challenges in the European Union, but also miss out on the ‘how’ part.

The Various Interests Group should acknowledge the wide diversity of opinions and studies and widen the focus from recommendations that restrict to specific measures which also include suggestions for implementation that respect country-specific circumstances.

In a sense, one specific ongoing project of the Bertelsmann Stiftung could provide guidance on how to pursue the abovementioned recommendations in practical terms: the Social Inclusion Monitor (SIM) Europe. This new policy tool comprises two instruments designed to provide new evidence to be fed into the European political debate: the Social Justice Index and the Social Inclusion Reform Barometer. Both instruments annually look at six aspects of social justice: poverty, education, employment, health, inter-generational justice and social cohesion. While the Social Justice Index assesses the state of social justice in the 28 EU Member States, mostly on the basis of statistical data, the Reform Barometer, based on a Europe-wide survey among several hundred experts, tracks recent reform efforts in all Member States that are likely to affect at least one of the six aspects.
Due to the Group’s heterogeneity and diversity of membership and hence its respective networks, it has a good chance of having an impact in the generation of new processes in policy-making. They are organized in a more bottom-up approach. The Various Interests Group is able to involve national, regional and local governments and administrations and a broad range of civil society in a deeper commitment, with EU Member States, to generating new trust-building measures. This could be the start of a new European Social Action programme as recommended in the EESC’s Exploratory Opinion ‘For a Social Dimension of EMU’. It therefore needs new processes, which require new tools for such an endeavour. The measurement of social impact by reviewing the progress of social policies, including social indicators in national reports, and facilitating the exchange of good practices could be a hint towards how to overcome the gap between theory and confronting the organisation with a new process in which it could contribute by playing a crucial role.

With this in view, as a guiding example, the Bertelsmann Stiftung has recently published the Final Report of the ‘National Advisory Board Germany on Social Impact Investing’ entitled ‘Social Impact Investing: Financing Social Change’ (15). Although it focuses on the case of Germany, it does look very deeply into how social impact investing really works and even devotes a full section to social impact investing in developing and emerging countries.

III. Participatory democracy and active citizenship in Europe

In the current debate about the European Union at a time of economic crisis and following the European elections of May 2014, there is a need to take the discussion about the future of Europe further by considering what kind of Europe its citizens want, as well as stimulating new forms of civic participation whilst reinforcing those which already exist. The EESC’s mission, too, is grounded in the principle of participatory democracy, operating in addition to representative democracy, on the basis of a continuous dialogue between civil society and decision-makers. For decades now, valuable process know-how has been accumulated and sustainable networks have been built up.

The role of civil society should be strengthened and the dialogue with the EU institutions improved. Future challenges will be to open up these debates and processes to citizens who have not been involved so far or who reject the EU outright and question its achievements.

1.) The Various Interests Group’s work on participatory democracy and active citizenship in Europe

In this context, the Various Interests Group has come up with initiatives in a number of areas in which it has taken a central role and set the Committee’s overall agenda and method of operating in the field of participatory democracy, pursuing the idea that civil society and citizens need to take ownership of the process and need to be engaged and active throughout – a process that should be based on lessons learned and should also, in particular, take account of the concrete achievements of the European Union.

In this section of the review we focus on three areas in particular:

a.) Article 11 of TEU: Process, tools and ways and means of improving participatory democracy
b.) Representativeness and inclusiveness
c.) Thematic relevance and agenda setting

1a.) Article 11 of TEU: Process, tools and ways and means of improving participatory democracy

The Various Interests Group has been actively involved in the debate about enhancing and implementing European participatory democracy. It contributed significantly to the institutional achievement represented by Article 11 of the Lisbon Treaty, which gives formal recognition to the role of participatory democracy (civil dialogue, consultation, the European Citizens’ Initiative). In addition to numerous EESC opinions on governance and participatory democracy, which have been collectively reproduced in the ‘Compendium on Participatory Democracy’ (16), the Various Interests Group organised two key events in 2011. The first, entitled ‘What are the prospects for participatory democracy in Europe’, led to the adoption of a ‘Roadmap for Participatory Democracy’ (17).

second event was in June 2011, when the Group held a seminar on the European Citizen's Initiative. The European Citizens' Initiative (ECI), which was brought in by the Lisbon Treaty, is the most important instrument for direct democracy at the European level. The conclusions of this event contained a call for the holding of local events in the Member States to mark the entry into force of the European Citizen’s Initiative (ECI) in 2012(18).

By delivering opinions and organizing events and seminars, the Various Interests Group has been conspicuously involved in the debate about enhancing and implementing European participatory democracy and has strengthened the tools needed for this purpose. Now is the time to make the move towards the various players in civil society in the Member States. Raising awareness means it must get involved in local developments and learn to speak the ‘language of the people’. In the past five years the Various Interests Group has taken the right steps and drawn up the proper proposals for solving vital problems. But suggestions must be put forward in a new light and within a new structure, if the Group is to become a generator and a regulator of a new multi-level governance approach with a good chance of succeeding.

1b.) Representativeness and inclusiveness

The European Integration Forum launched in 2009 was a joint initiative of the EESC and the Commission. Currently renamed the ‘European Migration Forum’, it is a platform for dialogue on the integration of immigrants which brings together representatives of civil society organisations active in the area of integration of immigrants (19). The Forum gives the organisations an opportunity to express their views on integration issues, in particular those relating to the EU agenda on integration, so that they can make a major political contribution to its drafting. The European Integration Forum met for the tenth time in November 2013 in the EESC premises. The main theme of this event was ‘Participation of migrants in the democratic process – Towards a more inclusive citizenship’.

Being part of the European political process in a democratic Europe must not only be limited to ‘the usual suspects’. Europe and its citizens are diverse and that diversity must be taken into account. This is true for citizens who have not been involved so far or who have difficulties in being involved (migrants, persons with disabilities), but also for citizens who reject the Union outright or question its achievements. The EESC and, in particular, its Various Interests Group should acknowledge its heterogeneity and see it as a strength and an added value: they can represent all sectors and segments of European society.

Examples of this diversity and strength in heterogeneity are revealed by the wide scope of topical activities in which the members of the Various Interests Group have engaged during the period 2010-15. For example, on 26 June 2014 there was a joint meeting of the ‘Consumers Environment’ and the ‘Farmers’ Category on the topic of ‘Transatlantic negotiations: what is at stake for farmers and consumers’ (20). Similarly, on 13 January 2015, the Various Interests Group organised a hearing of the

‘Consumers & Environment’ Category on the topic of New Energies: What impact will they have on modes of energy and the environment? (21) The question of how it is possible to use and embed the knowledge generated at those conferences will be of the utmost relevance for future action by the Various Interests Group. However, what is evident is that, over the last five years, members representing the two sectors of farmers and consumers have contributed considerably to making the voices of these sectors heard at the European level. For example, EESC members have striven for the implementation of consumer policy as a horizontal policy, enforced in all market sectors (Intellectual Property Rights, Data Protection, the Digital Single Market, Food Security and Safety, Energy, Product Safety and Market Surveillance, etc.)

1c.) Thematic relevance and agenda setting

Members of the Various Interests Group proposed the idea of The European Year of Development 2015. The European Parliament supported this idea and the Commission finally agreed. The EESC was also the first institution to propose a European Year of Volunteering. Moreover, the idea of a special disability group was an initiative of the Disability members of the Various Interests Group and the proposal was put to the EESC bureau by the Various Interests Group (22).

Thus, the EESC has been quite successful in bringing new ideas and initiatives onto the European policy agenda.

There remains the question of whether this is becoming visible to the relevant stakeholders at the national and regional levels and whether these ideas and initiatives should not be followed up at those levels of governance too.

When asked what kind of political system they would like to have in the future, citizens and decision makers have different priorities and focuses: while citizens already favour participatory forms of political governance over purely representative ones, elected politicians cling more strongly to the representative system.

Thus, it is clear that, even though representative processes continue to enjoy widespread approval, they have nevertheless lost their monopoly status. Democracy is supported by three strong pillars: deliberative and direct democracy complement and interact with representative democracy. Democracy is becoming more diverse.

Keeping this in mind and having regard to the activities and initiatives of the Various Interests Group mentioned in the last subsection, we can make the following analysis:

(22) http://www.eesc.europa.eu/?i=portal.en.disability
2. Recommendations for participatory democracy and active citizenship in Europe

There clearly is a huge dilemma. Whether via the Community method or in a more intergovernmental procedure, the European scenario does increasingly seem to limit the room for manoeuvre available to national as well as regional governments. Even if in the long run the outcome is positive, the question of democratic accountability comes increasingly to the fore.

Citizens are less and less willing to accept their representatives making decisions without taking public feedback into consideration. Indeed, the notion that being elected is the one and only basis for the legitimacy of political decisions is losing acceptance.

With regard to this, the following proposals are of specific interest:

- Working with the national economic and social committees and similar Member-State structures to share expertise and support capacity building;
- Stressing the urgent need to put in place innovative ways of increasing civil dialogue, to ensure it is implemented at all levels as citizens and civil society organisations are affected by all priorities in the European Union;
- Identifying ways to improve civil society involvement in the work of the Council, at both the EU and the national levels.

Research and analysis in this field of democracy by the Bertelsmann Stiftung (23) show that citizens are serious about having a more diverse democracy. They want a democracy characterised by more dialogue and direct-democratic processes – and they want this as a complement to, rather than a substitute for, a purely representative democracy. This is the case at national levels and will be even truer for the European political sphere, which is still an imperfect derivative of the national sphere since there are no true European political parties in existence.

Communication is key. It is crucial that more people, and not only those in the ‘Brussels bubble’, are aware of how they can become involved. The Committee and the Various Interests Group could bring the EU closer to its people, boost transparency and give it greater democratic legitimacy. In this context the Various Interests Group could build up its role as a facilitator in highlighting possibilities and good practice.

Mobilising and empowering EU citizens ‘at home’ is not only a matter of explaining the actual role of the Committee and its involvement in the European decision landscape to citizens and civil society organisation at local level but also of connecting the European level to the national and regional levels. The Various Interests Group could further develop its role as a bridge to European civil society, empowering citizens, civil society and local communities to build a more inclusive Europe.

The return on investment, which is the knowledge generated in many conferences, must be reflected

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in processes which lead towards the Member States and open up a new path for intergovernmental issues and communication channels.

‘Whether we are talking about combating depopulation in rural areas, creating employment through social enterprises or focusing on community-led development, the message is the same: we need to build up local capacities, mobilise the grassroots and civil society organisations, propose innovative and integrated approaches and build up alliances and networks. Above all, we must empower local organisations and give them ownership of the process.’

‘The Various Interests Group strongly believes that the dynamics generated by the new Lisbon Treaty, as well as the range of issues and priorities that are now on the European Union's agenda, require a strong and convinced revival of the Community method.’ The Bertelsmann Stiftung has the expertise in this field in the German context of municipal participation of citizens. ‘This can only occur through its profound renewal as well as through a new era of direct engagement of civil society, which focuses on enhancing the European identity and generating interest among citizens, making the immense costs of "non-Europe" more evident to everybody.’

(24) Inaugural speech by the President of the Various Interests Group of the EESC, Riga, 25 March 2015
(26) https://www.bertelsmann-stiftung.de/de/unsere-projekte/kommunale-buergerbeteiligung/projekthemen/buergerforum/
Concluding Recommendations

For a long time, the European political agenda has been (mistakenly) focused exclusively on the European level of governance. It is important to focus more strongly on the question of whether national and even regional governments with their administrations discharge their responsibilities in the context of a functioning European Union and how relations between the different levels can be improved. Ownership in the governance of the European Union has been and still is lagging at the different levels of political responsibility.

The Various Interests Group has carried out a tremendous amount of work in the past five years. The question now is: how can those insights emphasise a new European process of governance, in which not only national governments and regional and local administrations but also civil society stakeholders will contribute to bringing about a higher standard of governance in Europe? An improvement certainly cannot be achieved solely by on-line consultation of stakeholder groups and citizens. A new process needs new structures and new channels of communication, encompassing different players.

In the coming five years, which will be crucial for the further development of the European Union, the EESC could play a crucial role in enhancing this process. It certainly has the knowledge and ability to do so as well as the means to involve its national networks in a demand-oriented process, in which the EESC’s study groups could work hand in hand with local authorities. In this context, the expression ‘Going Local’ in relation to institutional learning takes on a different kind of meaning and has a different impact too.

Making the “institutional learning” more efficient

The EESC needs to focus on delivering opinions early in the policy-making process. Once the Commission asks the EESC for recommendations, too little time is available for hammering out and delivering sharp and targeted opinions across a diverse membership. The challenge of producing timely responses has increased in line with the increasing urgency and shortened time spans that are a feature of EU policy-making. There is a risk of the EESC engaging in over-reactive opinion-making. This situation is dangerous, because it is very likely that the Committee will come out with weak opinions that do not have a lasting impact on the policy-making process. It is necessary to go in early – set the tone of certain debates without influencing the details of all the Commission proposals, raising awareness of issues while staying out of their micro-management and not encroaching on the responsibilities of legislative institutions.

Going Local: Connect the EU institutions with EU Member States

The EESC as a platform of civil society organisations should not only be involved in the early stages of the national review process but should also incorporate the implementation level into its Opinions and recommendations. Building/reinforcing bridges in both directions would increase the ownership of the European Semester, improve implementation and also enhance the democratic legitimacy of the
European level, since the EESC would be helping to make this process more transparent as well as comparable.

Take, for instance, the Troika. It was not able to achieve its goals in Greece in the long run, because it was not embedded in a process of a kind which would involve national as well as regional administrations. The Troika was perceived as a foreign threat (ξένος παράγοντας), an idea that has a long and negative history in modern Greece. It did not succeed in establishing a momentum of cooperation.

The EESC, especially the Various Interests Group, could be an innovator in connecting decision-making at the European level with decision-making in the Member States. The EESC has the structures and the longstanding experience needed to be able to contribute to a process which will be more visible to Europe’s citizens.

There are very good examples which can serve a benchmark. The European network of Public Employment Services was established in September 2014 following a Decision by the Council and the European Parliament to maximise the efficiency of public employment services (PES). The network comprises all 28 EU countries, Norway, Iceland and the European Commission. Its purpose is to compare PES performance through benchmarking, identify evidence-based good practices and foster mutual learning and to promote the modernisation and strengthening of PES service delivery. The network is governed by a Board, on which each Member State and the Commission are represented by two members. The Board meets twice a year to conduct strategic discussions and take decisions on the activities of the Network.

Contribute to the development of evidence-based policy assessment tools

Collecting evidence on the effects of a specific policy in the European Member States is a serious endeavour and not as easy as many people think. As each Member State has its own civic culture and its own conditions of influence, evidence of how policies emerge and finally get implemented is crucial. It is necessary to assess how a specific policy works on the ground and what role each stage in the policy process plays in each Member State. The EESC can use the expertise of EESC members and their wide network of social-professional organisations to enrich the quality of evaluations. The experience of the Bertelsmann Stiftung demonstrates that Europe needs to reinforce capacity-building measures which lead to new processes. These processes need to adapt to the new circumstances facing the EU’s Member States.

Build long-term expertise in a small number of thematic clusters

Building long-term expertise in a number of focus areas that are well-defined is of outstanding importance. This is different from the advocate role, which is more ‘superficial’ and broad. Here the focus is on building close networks sustained by institutional and personal expertise as regards the EU and particularly the national authorities too. The liberal professions are a good example in this regard.
This requires a long-term commitment to an issue, as well as the commitment to invest in building up expertise so that the EESC’s work includes fact-finding and option-making by EU institutions and national organisations.

Bringing in the expertise and acting as an advisory body could well be among the main future tasks of the EESC. Here the vision would be to add single initiatives to a broader ‘cluster of expertise’ in order to prevent ad-hoc activity taking place anywhere and everywhere. The main challenge is to find the network partners with which to liaise. The Committee needs to invest in building a network of dialogue with national organisations.
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