EPP CONGRESS HELSINKI 2018

epp european people's party

A Europe for All: Prosperous and Fair

Policy Paper 2

adopted at the EPP Congress, Helsinki (Finland), 7-8 November 2018

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Creating a Dynamic Economy

The economy should serve the people, not the other way around. Europe needs an ambitious, competitive and growth-orientated economy that can create jobs and provide a high standard of living for our citizens. The EPP believes that a dynamic economy must be based not just on numbers and statistics, but on the skills, talents and innovation of all its people. There is much in Europe that we can be proud of, and therefore we need to highlight some positive recent trends. The Euro area and the EU economies both grew by 2.4% in 2017. In June 2018, the unemployment rate was 6.3%, the lowest rate recorded in the EU28 since 2008. The EPP would like to continue on this path. A dynamic and innovative economy is one that can better respond to the key challenges of the 21st century: one that can harness the benefits of the digital age in order to create jobs for all sectors of society and which offers social protection to our citizens. We want to strengthen Europe's position as a key global actor.

It is not acceptable to the EPP that millions of young Europeans remain unemployed. The youth of today are the innovators and wealth creators of tomorrow. All our futures depend on them. The EPP will not allow a "lost generation" of young people to become a lasting legacy of the recent crises. In this regard, we will continue to take a leading role in ensuring that young people better integrate into the labour market, and into society as a whole. A more inclusive society is one that believes in generational equality; it is one marked by a fair economy in which all generations have an equal opportunity to fulfil their potential.

We are facing alarming demographic changes: an ageing population and low birth rates. We need to respond with family-friendly policies, like tax benefits for families with children. Solidarity between generations is an important part of that. Our economy is increasingly dependent on jobs that require higher levels of skills. Investing in the quality of education and lifelong learning for all is key in reaching this goal.

Some of our countries face the lack of a sufficiently skilled workforce, while unemployment is high in others. In order to overcome this, we encourage more efficient cross-border movement of workers within the EU. Since 2005 the EU has believed that managed migration can contribute to providing European economies with the talent they need. To this end, the EU introduced the Single Permit and the Blue Card Directive to facilitate permanent residence and assist in attracting highly skilled workers. While our priority is to fulfil the economy's needs for qualified workers from within the Union, we also need a targeted approach to migration taking into account the competences of Member States.

Social Inclusion and better opportunities for every European Citizen

We want a better future for all our citizens. This is our main goal. And yet, although Europe has returned to growth and is creating jobs, the economic crises of the past decade have left many people, families and communities struggling. As advocates of the Social Market Economy, the EPP believes that only through a competitive and resilient economy, equality of opportunity and a more inclusive society can a lasting recovery be assured. We must therefore make sure we put in place inclusive policies which benefit every citizen and every part of society.

Having a job is not only the most important source of income for most citizens; it is also a driver of empowerment and their greatest protection against poverty and social exclusion. Believing in the Social Market Economy means believing in people. And it means supporting people when they face hardship and treating them with respect while they return to employment. The EPP, therefore, supports the prioritisation of active policies which enable people to re-enter the labour

force as quickly as possible. In this context, an effective social dialogue is crucial to balancing a highly competitive economy with fairness. Only the Social Market Economy – not short-term public spending policies – can deliver a socially inclusive and sustainable Europe.

The world of work is continuously evolving due to globalisation and digitalisation. Social protection systems, based on functioning labour markets, are therefore facing new challenges. In line with the principles of the European Pillar of Social Rights, the EPP wants to ensure that all working people, regardless of their employment status, are sufficiently covered by efficient social security schemes and supported when facing economic uncertainty. This will improve the welfare of the affected persons and their families while benefitting European economies and societies overall. Therefore, our proposal for access to social protection aims to support people who, due to their employment status, are not sufficiently covered by social security schemes at present. This includes those who do not work in a standard full-time position, those with an open-ended contract.

Promoting Free and Fair, Rules-Based Trade

Europe is a continent whose prosperity is largely built on trade. Trade is a key driver of jobs in the EU, with more than 30 million jobs, or one in seven, already dependant on trade with the outside world. As a single unit, the EU is the largest economy in the world, with a powerful voice to shape globalisation based on our traditional values of democratic governance, respect for human rights, the equality of women and men and the rule of law. The EPP recognises that many European citizens have voiced the legitimate concern that trade agreements — although boosting growth in the long term — may have some adverse consequences in the short term. They worry that in a rapidly evolving economy some people could be marginalised. To address these concerns, future trade agreements will guarantee a level playing field and include safeguards such as regular review processes and bilateral committees addressing specific issues such as sustainability, geographical protections, public services and procurement.

The EPP's support for free and fair, rules-based trade is consistent with seeking to preserve European standards — including product safety, quality and sustainability — and promote European products. To achieve this, the EPP will not compromise on lower standards and inferior levels of protection. Rather, we will push to ensure that EU-level standards become the established norms of 21st century trade. Achieving this requires passing trade agreements which are democratically accountable. The EPP supports the European Commission's efforts to provide as much information as possible without undermining the EU's negotiating position in trade discussions; we affirm the roles of the European Parliament and of the Council of Ministers in providing further accountability and transparency in this process.

It is important to emphasise that the EPP stands firm against unfair trade practices through robust anti-dumping and anti-subsidy measures. Trade defence instruments and a framework for the screening of state-controlled foreign direct investments must be used to uphold the EU's commitment to open markets and to fair and rule-based trade. This also includes tax dumping by third countries. We want to ensure that procedures are followed and that EU interests are taken into account.

As Brexit has shown, the European Union as a whole is far more successful when dealing with trade agreements. Individual Member States lack the capacity to defend themselves against a global giant such as China. If we remain united and adhere to our principles, we can succeed globally.

The Digital Economy and Research & Development

The digital economy is reshaping our society, industry and economy. It is changing the way we communicate, do business, manufacture goods, deliver services and travel. The loss of jobs through increased digitalisation should be balanced by the job-creation power of new business

models, such as the sharing economy. And yet adaption periods can cause some citizens to feel insecure about their future prospects. In this context, the EPP supports the European Commission's Digital Single Market (DSM) strategy and continues to advocate an ambitious approach to its implementation by Member States. The aim should be a truly homogenous legal framework in all Member States. The EU's Structural Funds should be used to boost high-speed internet coverage throughout the EU. In addition, the EPP supports policies that fight the existing digital gap among Member States. The EPP also reiterates its belief in working vigorously to ensure that all citizens have the skills needed to thrive in the digital economy. Access to education and training, including reskilling and lifelong learning, is the best safeguard for citizens, including older workers, as they face the transformative nature of job digitalisation. At the same time, we are aware that digitalisation cannot replace the need for social contact, trust and local values, nor should it lead to discrimination against citizens who (because of age, infirmity or other reasons) are unable to use digital tools.

To further develop Europe's position in the global economy, a key priority must be to enhance our investment in Research & Development. This will allow European companies, small- and medium-sized enterprises (SMEs), sole traders and ultimately all European citizens to benefit from new technologies and more efficient methods of production. The US currently spends twice as much per capita on R&D as the EU. The EPP calls on Member States to invest much more in R&D themselves and to enact tax forms which favour greater investment and R&D spending. We also remain committed to promoting investment — based on a criterion of excellence — in next-generation technologies and to utilising mechanisms such as Horizon 2020, European Structural and Investment Funds and the European Fund for Strategic Investment (EFSI) in order to accelerate research and stimulate further innovation.

To achieve this, the EU needs a well-funded, efficient and flexible budget capable of tackling challenges and seizing future opportunities. Each euro spent must improve people's lives and bring prosperity and security.

Towards that direction, we should increase public and private funding for research and development programs, by providing tax incentives on research and innovation expenditure. Moreover, the EPP should constantly link research and education with the productive process. The implementation of an e-Government strategy is needed in order to accelerate and simplify the procedure on public administration.

Strengthening the Single Market and the Euro

We believe in our Economic and Monetary Union (EMU). It has delivered great benefits to many European citizens in the past, and we are convinced our Union will remain a source of prosperity and stability in the future. The EPP supports completing the EMU, based on the core principles of convergence, fairness, resilience, flexibility and solidarity. Especially the principles of liability and control as well as solidarity and responsibility must not be separated. Decisions taken on a national level require liability on the national level. This must be observed especially for national debts. We reject the issuing of euro-bonds. It is only through a sound Banking Union that we can fully protect national budgets from being forced to bail out financial institutions. We need a European deposit guarantee. This is only possible when the risks in the European banking system have been significantly reduced. Part of this is the reduction of non-performing loans and of the regulatory privilege of government bonds. The euro area requires more political efforts to ensure a well-functioning Single Market. In principle, we want to move forward from the mentality of building Single Markets sector by sector. We envision a future in which we consider all sectors, in all Member States, as part of the European Single Market.

Preventing Tax Evasion

The Social Market Economic model is based on the principle that everyone contributes his or her fair share to providing the services we all benefit from. All companies, regardless of their

size or origin, must in general be treated in the same fashion. There can be no loopholes giving certain companies or individuals financial or other benefits that are not available to all. We must crack down on tax evasion out of respect for fairness and to avoid burdening only a few in providing for the many. The EPP recognises that taxation is a national competence; but the EU must also contribute to the fight against tax evasion. The EPP calls on Member States to ensure that their national tax systems treat all companies and individuals fairly, based on the principle of equality, and to ensure that taxes are paid where profits are made while avoiding double taxation. We also call on both Members States and the European Commission to take a leading role in international efforts to fight against tax evasion, including through organisations such as the Organisation for Economic Co-operation and Development (OECD). To tackle with tax-evasion issues is necessary to enhance the cooperation and harmonize tax frameworks at European level and the automatic exchange of information to cope swiftly and more efficient with cross-border tax evasion, to create a stricter and more effective framework for dealing with tax havens that encourage abusive tax practices and to align at a global level taxation rules for digital economy.

Addressing Rising Prices and Rebuilding an Aspirational Middle Class

In some Member States, the costs of buying or renting a home are rising faster than incomes. In other Member States, the tax burden for middle-class families has increased significantly due to the economic crises of the past decade. Many young people today are afraid of living in worse conditions of life than their parents. To combat these issues, the EPP affirms its belief that all citizens should be allowed the opportunity to achieve a higher standard of living through hard work and private enterprise. The EPP supports the vision of restoring an aspirational middle class as a key component of society and of supporting the reduction of taxes on employment in order to stimulate growth and investment.