

## **“NEW SOURCES OF COHESION” – EVENT BRIEF REPORT**

Tuesday, 29 April 2014: entitled “New Sources of Cohesion”, the event organized by the *Hellenic Foundation for European and Foreign Policy* (ELIAMEP) and the *Center for European Strategy - DemosEUROPA*, was carried out with great success, given the increased participation and constructive discussion that accompanied speakers’ presentations.

**In the first part of the event**, keynote speaker Mr. László Andor, EU Commissioner for Employment, Social Affairs and Inclusion, offered a comprehensive description of social cohesion policy in the EU and identified three historical stages in its evolution: firstly, the period that ensued immediately after WWII, which was characterized by a general post-war consensus of nation-states, accompanied with a deep belief and commitment to the welfare state and the utility of Keynesian policies. The second period extended from the 1970’s onwards; the welfare state started to be perceived as a burden and a rather obsolete concept, in the context of a new economic environment that promoted liberalization instead of regulation and state intervention, the latter being limited to improving work opportunities within a more flexible market and ensuring a kind of education that is market-oriented. The third period began roughly in 2006, when employment and growth conditions in the various Member States proved more divergent than estimates of the past, and the differences between the North and the South became accentuated.

Moving on with his presentation, Mr. Andor referred to the benefits of cohesion policy and the ways in which it can affect us, by offering general examples (e.g. job-creating investment or modernization in lower-income regions) and more specific ones (for instance, between 2007-2012, the ESF supported more than 68 million people by creating approximately 5.7 million jobs and supporting more than 400.000 business startups). He then mentioned the new Programme for Employment and Social Innovation (EaSI), which has been funded with € 10 million and will provide support to individual social innovation projects, and invited everyone to participate in the pan-European dialogue that is bound to take place, in order to ensure a better integrated labor market, in light of the Europe 2020 strategy. The Commissioner did not omit to highlight the current problems of the EMU, which is inter-linked with sustainable recovery. After the European Elections, a more elaborate banking union will be discussed, in light of elaborating the banking coordination and boosting the social dimension of the EMU, primarily through preventive approaches instead of a mere

tackling of problems. Stronger intervention instruments will be needed within the EMU, considering that even the European Social Fund (ESF), the Fund for European Aid to the Most Deprived (FEAD), the European Growth Federation (EGF) or the Young Entrepreneurs Initiative (YEI) are insufficient. Mr. Lazlo concluded by referring to the significance of automatic stabilizers which, however, were partially lost during the crisis; he stated his conviction that the EU will come out of the crisis stronger and more cohesive, while acknowledging the role of Member States in cohesion policy and pointing out the partial pooling of social systems as a possible option.

In the role of moderator to the first part of the event, Dr. Loukas Tsoukalis handed over to the audience, who raised numerous questions. *Inter alias*, the Commissioner suggested that the banking union is still pending, while the political agenda is a long one, with many issues having been raised by parties and candidates. As far as the second budget is concerned, Mr. Andor acknowledged that this year's EU budget is smaller than the previous one and, thus, a second fiscal capacity would be justified. Moreover, rather than being entrapped in bureaucratic processes, the speaker countered that the EU is faced with a gap between vision and actual capacity. In response to the last question, the Commissioner essentially argued that, although the public debt in the EU is not as high as in the US, Europe lacks the fiscal unity that would allow it to implement similar policies, e.g. to bolster employment or to reduce taxes for working classes.

**In the second part of the event**, the results of the research survey on new sources of cohesion in the EU were presented. Mr. Blusz, Vice President of the Board of demosEUROPA, opened the presentation by offering an overview of the methodology that was used in the consortium project, which examined the situation in seven (7) countries that represent different social models. As expected, it turned out that political unwillingness is the most significant problem facing cohesion policy. On the other hand, it is not always obvious how resources are being reallocated between Member States, although all countries benefit to some extent, regardless of their financial situation, within a complex system that provides for a limited yet substantial EU budget. Mr. Blusz then answered a number of questions from the audience, highlighting the facts that Europeans are most interested in having access to employment and the health system; moreover, the study revealed peoples' belief that the EU should have more competencies in three areas it has not been designed for,

namely social security system, anti-globalization policies and well-functioning financial system.

Ms. Sofia Primatarova from Bulgaria, Programme Director at the Centre for Liberal Strategies, went on with her presentation by referring to traditional problems concerning cohesion since early 2000's; social dumping problems ahead of the crisis have now been attributed to inequalities within the Eurozone. In an effort to explain why Bulgarians were more willing to sustain austerity, she stressed the existence of a grand European vision -unlike today- in a country that wanted to be like Greece until recently. However, it is obvious that there are winners and losers in the process of integration, a fact that we should accept by developing social cohesion policies as appropriate in each case.

On his part, Mr. Spok, executive director of Europeum, referred to some of the key findings of the survey, which reveal similarities between individual countries and especially between his country and Greece; for instance, both Czechs and Greeks prefer *to be* rather than *to have*, to enjoy their lives rather than focus on expanding their fortunes. Nevertheless, the survey found that Northern countries seem more individualistic and Southern more collectively-thinking, whereas no evidence was found regarding a similar division between the West and East. In any case, the impact of EU funds and cohesion policy proves important, given that most respondents said that they personally benefitted from them, even if the quality of life in the various Member States remains divergent.

Finally, in the role of moderator, Mr. Mitsos closed the event by identifying five (5) levels of redistribution as a result of the crisis: I-Within countries; II-Between countries; III-Between European institutions; IV-Among EU and extra-EU countries; V-Transfer of sovereignty from countries to the EU. He likened the EU to a family where some prosper and others do not, which in turn requires a change of the growth model. Another set of questions and answers ensued at the end of the second part of the event. In conclusion, Mr. Mitsos underlined that the theory of European partnership has to be replaced by equal sacrifices and prosperity for Member States, whereas he predicted that the EU will take a more federal course after the EP elections.