

## **Resolution**

### **of the Bundesrat**

**Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank: Annual Growth Survey 2015**

**COM(2014) 902 final**

Document: 583/14

and

**Draft Joint Employment Report from the Commission and the Council accompanying the Annual Growth Survey 2015**

**COM(2014) 906 final**

Document: 584/14

At its 930th session on 6 February 2015, the Bundesrat adopted the following position pursuant to Sections 3 and 5 EUZBLG (Act on Cooperation between the Federation and the *Länder* in European Union Affairs):

#### Bundesrat document 583/14

1. The Bundesrat notes that the Commission sets out important priorities for action in its Annual Growth Survey 2015. It particularly welcomes the announcement that there will be a focus on boosting investment. The investment package presented in November 2014 is an important first step towards a responsible fiscal policy. A policy geared exclusively to austerity cannot improve social conditions in the crisis countries over the long term.
2. It welcomes the renewed commitment to structural reforms announced in the Communication. Further measures are needed to counter the very high levels of unemployment in some areas and combat the further growth of poverty and social exclusion. It therefore calls on the Commission to continue to follow closely these fundamentally necessary structural reforms in the Member States, particularly in the context of the European Semester, in the interests of generating growth and employment and developing effective social protection systems. However, labour market reforms should not be allowed to result in a deterioration in working conditions. Increasing flexibility and allowing wage adjustment by restricting the general applicability of collective agreements cannot serve as an example of successful structural reform. In general the Commission does not focus sufficiently on job quality, which is fundamental to the fight against poverty.
3. The Bundesrat regrets that, in contrast with previous years, the Annual Growth Survey 2015 does not explicitly include the reduction of poverty and social exclusion among the EU's economic and

social policy priorities. In view of the social conditions in many Member States, the focus on modernising social protection systems is not enough to achieve the poverty reduction target of the Europe 2020 Strategy. The Bundesrat therefore calls for greater consideration to be given to the Strategy's social targets in the European Semester. It also stresses the need for an independent body to perform a social impact assessment of the country-specific recommendations.

4. The Bundesrat welcomes the Commission's announcement that the European Semester is to be streamlined, reinforced and made more effective. It agrees that the national Parliaments and social partners should be more closely involved in the European Semester. In the light of the mid-term review of the Europe 2020 Strategy, the Bundesrat notes that greater social cohesion is needed within the EU, with due account taken of the principle of subsidiarity. It therefore believes that when it comes to reforming the European Semester, the Commission should also present proposals about how the findings of the Member States' social reporting can be given more weight under the Open Method of Coordination for social protection. Strategic social reporting takes the form of national social reports synchronised with national reform programmes and the European Semester process. It provides the Council with fact-based analyses for monitoring and evaluating the social dimension of the Europe 2020 Strategy, and is assisted by the Commission. The Bundesrat suggests that the reporting period for the strategic social reporting (1 July of the previous year to 30 June of the current year) should perhaps be adjusted to the reporting period for the national reform programmes (1 April of the previous year to 31 March of the current year), particularly since both reports are submitted at the same time (mid-April of the current year). The Social Protection Committee has already suggested that the Commission and the Member States could draw up joint reports on the basis of its work in this field.

Increasing Member States' accountability must not lead to a further increase in reporting requirements. In this connection, the Bundesrat calls on the Commission and the Federal Government to include it in the discussion of the country-specific recommendations, since in many cases they concern the competences of the *Länder* in Germany's Federal system.

#### BR documents 583/14 and 584/14

5. The Bundesrat endorses the Commission's statement in the Annual Growth Survey 2015 that vocational training and dual education systems should be upgraded. High-quality vocational training can make an important contribution to overcoming the employment crisis in Europe, as the Bundesrat has pointed out in the past (see for instance BR document 471/13 (Resolution)).
6. The Commission also notes that education has a key role to play in ensuring the responsiveness of skills to labour market signals. In the Bundesrat's view, general education and vocational training are a decisive factor for the employment prospects of young people. It would nevertheless point out that the State's education responsibilities go well beyond the issue of employability. Only by providing education of wide scope in terms of method and content, that takes account of the whole person, can one equip young people with the skills, personal qualities and values that the labour market and the economy need (see also BR Document 471/13 (Resolution)).
7. The Bundesrat notes that in both the Annual Growth Survey 2015 and the draft Joint Employment Report the new Commission puts still greater emphasis on the role of education as

a route to employability, completely neglecting other aspects of an all-round education. This is also reflected in the current re-structuring of the Commission's Directorates-General, namely in the removal of vocational and further training, as well as 'skills' from the remit of the Directorate-General for Education and Culture. This very much worries the Bundesrat, for the following reasons.

- Cooperation on educational matters at EU level is on a voluntary basis only; this is what fundamentally distinguishes education policy from the more 'communitarised' sphere of employment policy. The Bundesrat emphatically recalls that the strict limits on EU powers in all areas of education and training laid down in Articles 165 and 166 TFEU absolutely must be observed, entirely irrespective of how these matters are divided up for the purposes of administrative organisation.
  - Education is undoubtedly an important factor for employability, but this is not its only purpose. All-round education is aimed at the whole human being, and cannot serve only to create 'human capital'.
  - Furthermore, education is a single life-long process, which the Commission itself refers to in the Annual Growth Survey 2015. In this context, the Bundesrat calls on the Commission to ensure that this process is not artificially fragmented by issues of administrative organisation at EU level. It also calls on the Federal Government to work to this end with the Commission.
  - In addition, in the Bundesrat's opinion, it is essential to ensure that the Council's specialist panels with education remits continue to be given a lead role on all matters of education and training discussed at EU level. This includes the spheres of education and training that are being placed under the remit of the Directorate-General for Employment, Social Affairs and Inclusion.
8. The Bundesrat again rejects the Commission's renewed criticism that Germany has made only limited progress in increasing the availability of all-day schools (see most recently BR Document 249/14 (Resolution)). This statement, also included in the draft Joint Employment Report, does not do justice to the enormous efforts made by the *Länder* to increase the all-day schooling on offer in primary and lower-secondary education, which are demonstrably increasing the availability of such schooling continuously and substantially.
  9. The reform of the European Semester should aim to improve the effectiveness of economic policy coordination at EU level, in part by increasing accountability. The Bundesrat would strongly emphasise that general education and vocational training must not be further drawn into economic policy coordination. Formalised monitoring, supervision, evaluation and, thus, direction at EU level would conflict with the principle that cooperation on education at European level is voluntary.
  10. Regardless of the importance of education and training for sustainable and steady economic growth, the Bundesrat would stress that evaluating investment in education solely in terms of the economy and the labour market is inadequate. The value of education in and of itself cannot be quantified. The quality of investment in training is a complex, multifaceted issue, which cannot be achieved or evaluated with a simplistic approach. The Bundesrat also wishes to point out that one cannot draw conclusions about the quality of an education system merely on the basis of the overall level of investment in that system (see also BR Documents 837/07

(Resolution) and 141/07 (Resolution)). Moreover, the way education is financed is a matter for the Member States alone, and in Germany for the *Länder* (Cfr BR Document 725/12 (Resolution)).

11. The Bundesrat also notes that in the Annual Growth Survey 2015 the new Commission describes research and innovation only as an instrument for reinforcing growth. In the Bundesrat's view, this does not do justice to forms of research, such as basic research, that are primarily motivated by the human thirst for knowledge, and for which economic interest is only a secondary motivation. The Bundesrat does not believe that prioritising research that directly serves the economy is a good idea, since such research cannot in the long term achieve the economic, social and intellectual innovations that are needed.

Direct submission to the Commission

12. The Bundesrat hereby resolves to submit this opinion directly to the Commission.