Commission shies away from making clear call for increased public investment

(23 May 2017) This year's Country Specific Recommendations[1] represent another missed opportunity to give the European economy a boost with a significant increase in public investment. This is a major disappointment for public services trade union, EPSU.

EPSU general secretary Jan Willem Goudriaan said: "We were hoping that the European Commission would really make a break with austerity and send out a clear message of the need for increased public investment across Europe. Instead, we see little change from last year, with only Germany and the Netherlands getting unambiguous calls to boost public investment. This falls short of what is needed across the EU to promote growth and the transition to a more sustainable economy."[2]

In launching this year's Country Specific Recommendations, Employment Commissioner Marianne **Thyssen** claimed that: "*This year addressing inequality is firmly at the heart of our assessment. We have turned the page of the crisis: the next chapter is social.*" However, in EPSU's view the Recommendations do not indicate a significant shift and public budgets are still being drawn up in the shadow of austerity with the Commission calling on 11 countries to undertake a "substantial fiscal effort for 2018".[3]

EPSU has been arguing in particular for public investment in health and social services. Apart from Ireland, this is not reflected in the recommendations where references to health and social services are more likely to be linked to cost effectiveness (Finland, Latvia, Portugal and Slovakia) or with general calls for more care services, including childcare, without specifying the role of the public sector or public finances (Austria, Slovakia and Spain).

It is, however, positive to see that some recommendations on healthcare refer to access and affordability (Cyprus, Latvia and Lithuania), the reduction of informal/out-of-pocket payments (Bulgaria, Latvia and Romania) and in the case of Bulgaria the need to "address shortages of healthcare professionals".

For EPSU some of the other important elements to highlight include concern about calls for privatisation in Croatia and Cyprus. On a more positive note we welcome the stress on improved tax collection and compliance (Bulgaria, Latvia, Lithuania and Romania) and the moves towards more progressive system in Italy and Latvia.

In line with the ETUC, EPSU welcomes recommendations to tackle precarious work (Portugal and Spain) but is disappointed about the negative approach to minimum wages in Estonia, France and Portugal when the overall message should be for a pay rise for workers across Europe to boost demand and help secure a more sustainable recovery.

For the Country Specific Recommendations and related European Commission documents

For the ETUC reaction

[1] Country-specific recommendations (CSRs) have been issued by the European Commission each year since 2011 and are a key part of the European Semester, the process of annual economic policy coordination that begins with the Annual Growth Survey in November and ends with the European Council agreeing on the final version of the CSRs in July.

[2] Public investment is mentioned in relation to six other countries. For Ireland and Belgium it is more a case of changing priorities, with Ireland called on to "Enhance social infrastructure, including social housing and quality childcare", and Belgium to priorities infrastructure investment. Four other countries get a recommendation on investment but for Lithuania and Romania the focus is more on efficiency of the public investment process while for Spain and Sweden the recommendations cover investment in innovation and housing, respectively, and are unclear about the level and scale of public sector involvement. In the case of Belgium, Ireland and Romania they are simultaneously required to make a "substantial fiscal effort for 2018".

[3] The countries are Belgium, France, Hungary, Ireland, Italy, Poland, Portugal, Romania, Slovakia, Slovenia and the UK.

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