

Status quo or a new age for social investment in Europe?

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Background

The EU institutions launched a **process of reviewing the EU economic governance process framework** based on lessons learned during the pandemic and the energy crisis. The first step in the review process has been a [European Commission Communication on orientations for a reform of the EU economic governance framework](#), published on 9 November 2022. To better understand the economic governance framework, as well as the proposed new rules, LLLP prepared an InfoNote which is accessible [here](#). The following Reaction will be based on the contents presented in the InfoNote.

What does a review of fiscal rules mean for education?

LLLP has been calling for a 'golden rule' in the economic governance framework to be applied so that public investment in education and training would be excluded from debt sustainability calculation¹². The initial Commission suggestions do not feature such a rule, though the claims have been that the revised rules would allow Member States to invest freely to address comprehensive challenges. Though it is true that the flexibility is increased, **the absence of a clear exclusion of certain forms of public investment would mean that the approach would be wildly divergent across Member States and the increased focus on the energy and climate crisis might cause education and training to fall down on the agenda over the years.** Such a situation does not bode well for the EU findings regarding the structural inequity issues in learning across all of Europe³ but also for the fact that the boost in public funding post-COVID-19 has not yet compensated for the decades of underinvestment in the sector.

The new suggestions risk conflating all needed systemic reforms to those tackling specific crises. The proposed manner for monitoring as well as the proposal to use the European Semester to focus on crises at hand matches LLLP's 2022 Country Specific Recommendations of the European Semester analysis⁴. The CSRs had a short-sighted approach to emergencies such as the energy one, shifting attention away from where public funding is crucial for building learners' long-term resilience to ever-changing societies.

¹ LLLP (2022). Position Paper 2022: Investment in Education and Training: A Public Good for All, [here](#).

² LLLP (2022). Charter on Investment in Education and Training, [here](#).

³ European Commission (2022). Progress towards the achievement of the European Education Area, [here](#).

⁴ Lifelong Learning Platform (2022). What of education in the European Semester's 2022 Country Specific Recommendations?, Reaction to the European Semester 2022, [here](#).



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The European Semester and the Macroeconomic Imbalance Procedure frequently prioritised economic goals at the expense of the social ones⁵, and the risk with the newly flexibilised approach to the debt sustainability is that this will continue. The reform suggestions do not provide a strengthened position for the social pillar, even if many current crises are shaped around those most vulnerable being insufficiently supported so as to not fall under the poverty line, have the right competences to actively participate in society and make sure that they have equal opportunities to successfully contribute to society; all of which can only serve the process of quicker recovery from crises.

The Annual Sustainable Growth Survey 2023: kickstarting the European Semester cycle

The fears regarding the Semester's flexibilisation while reinforcing some of its previous limitations when it comes to funding in education and training have been swiftly confirmed by the publication of the Annual Sustainable Growth Survey (ASGS) 2023, which kick-starts the Semester's new cycle. The ASGS intends to establish the priorities to focus on over the year, so that the monitoring and recommendations provided through the Semester are attuned to this. Indications made in the ASGS can safely be expected to leave a great mark in any upcoming Country Specific Recommendations.

The ASGS is rightfully giving attention to the energy crisis. The problem with how this is done, however, is twofold. Firstly, similarly to the pandemic response, the way the energy crisis is impacting the EU stems partly from **insufficient foresight and long-term planning in previous iterations of the Semester process with regards to the energy transition and the promotion of sustainability learning.** A focus on the energy sector, in a siloed manner, without planning sufficiently on adapting the education and training sectors to mitigate the crisis, for instance, reveals another short-term perspective. Secondly, **the energy crisis is addressed at many points in the ASGS from the perspective of ensuring the competitiveness of the EU and of supporting the labour market needs.** Skills are referred to in connection to 'reaping the benefits of digitalisation', 'boosting the productivity of workers and the future competitiveness of Europe', 'boosting innovation across economies', and to 'closing labour market needs and meeting labour market's skills demands'. **Lifelong learning is mentioned on a single occasion, and again only to ensure that learners always have the skills needed for employment.** The challenges to be experienced and the way forward is reduced to the impact on and the future of the labour market.

It is undeniable that labour market shortages and skills mismatches exist, and that participation in the labour market is of essence for Europeans and for combating poverty. **However, when all is reduced to labour market participation, and even that participation is reduced to people's capacity to meet the**

⁵ LLLP (2022). Position Paper 2022: Investment in Education and Training: A Public Good for All, [here](#).



needs of businesses rather than to their capacity to find fulfilment and personal development in work and society, there is a risk to skew the monitoring performed by the European Semester in a way that does not adequately identify learners' needs and the way forward for the education and training sector. This can lead to recommended reforms that will only serve the development of sector-specific competences rather than the development of a lifelong learning culture that encourages learners to develop a wide range of competences for flourishing in societies and better adapting to incoming crises. **Such indications from the ASGS restrict the possibility for Semester to expand indicators and monitor well-being in learning, the different formats of learning used beyond job specific learning, and the development of key competences for lifelong learning, such as the learning to learn competence.** As argued in LLLP's [2022 Position Paper](#), the wider benefits of learning are insufficiently included in cost-benefit analyses performed by the EU institutions and Member States. Sectors such as education and training, or healthcare, which have proven to be so essential for Europe, yet so underfunded, in recent years, should escape rigid and narrow cost-benefit or return on investment rules. Given the long-term and multifaceted benefits provided by such sectors, more leeway should be allocated to them. For the moment, the absence of wider benefits from such calculations have led to an impact on the funding reforms for the education and training sector. In the long-run, this could see, initially, costs mostly directed towards solely adapting learning to labour market demands, while then even reducing funding for this type of learning and ushering more the privatisation of learning.

The consultation with stakeholders for the Semester was expected, however, it is worth noting that more efforts are required to ensure that it is meaningful. **Stakeholders should be sought actively during the researching and monitoring process, to provide updated evidence from the ground, while the Semester requires a renewed awareness-raising mechanism to ensure that stakeholders are supported in understanding when and how to intervene in the economic governance cycle.** LLLP considers that a **more robust follow-up is required to assess if Member States adequately engaged stakeholders beyond the usual social partners and to perform course-correction actions if this is not the case.**

Takeaways for future steps

The joint analysis of the European Commission initial proposals for the economic governance review and of the ASGS 2023 served as a reflection on how the macroeconomic rules' flexibilisation can continue to risk the same prioritisation of economic concerns over social and environmental ones if the way priorities are set across the Semester and if the indicators for monitoring Member States are not addressed. Based on the ASGS' framing, it is highly unlikely that education and training reforms will be recommended through the Semester if they have no benefit for labour market needs. LLLP suggests the following measures to be included in a review of the economic governance:



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- Exclude public funding for education and training from the debt sustainability calculation rules
- Strengthen the participation of education and training stakeholders in the European Semester process, including by boosting the awareness raising of the process, evaluating Member States' processes for including stakeholders and taking action on any inadequate consultation process
- Combine monitoring performed on education and training, and on skills development, using a lifelong learning perspective on measuring the Europeans preparedness to thrive in societies and live in harmony with nature
- Establish rules that provide equal standing to social, environmental and economic concerns
- Broaden the indicators measuring the lifelong learning systems' success, going beyond a labour market focus, and towards well-being and developing key competences for lifelong learning.

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The [Lifelong Learning Platform](#) (LLL) is an umbrella organisation that gathers 42 European networks active in the field of education and training, coming from all EU Member States and beyond. Currently these organisations represent more than 50 000 educational institutions covering all sectors of formal, non-formal and informal learning. Established in 2005, LLLP promotes a vision of lifelong learning based on equity, social cohesion, active citizenship and personal development. It works as a space for knowledge exchange between its member networks and uses their expertise to discuss and feed in EU policy-making, making sure that European citizens have their voice heard. In that sense LLLP contributes to a better understanding and dialogue between the grassroots level and European institutions.

