



**Position Paper of PES Social Employment and Social Affairs Ministers  
on the Europe 2020 Strategy**

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Europe's welfare states and social protection systems are under enormous pressure. Already before the crisis, due to increasing global competitions and demographic development, the quality of work in many European countries degraded, the number of people living in poverty increased and large groups within society remained excluded. The severe economic and financial crisis with its impact on employment levels and public finances is likely to worsen the situation. The EU 2020 Strategy will have to address those challenges. It must be designed as a comprehensive exit strategy out of the crisis and help Europe to prosper. If we do not manage to develop a stronger recovery process with greener and smarter growth and job creation, the European economy will suffer, long term unemployment will increase, we will lose an entire generation and national budgets will remain under enormous strain.

To this end, the Europe 2020 Strategy must not be reduced to an economic strategy. The central goal of the strategy should be based on a new concept of prosperity and a new growth model. The objective should not solely be the accumulation of material resources - measured by GDP. A balanced growth of all dimensions of well being should be the aim of European and national policies, leading to more social cohesion, ensuring the preservation of an intact environment and sustainable economic growth. If we want to re-launch growth and job creation and restore the basis for more balanced public finances, a combination of supply-side policies with powerful policies to sustain, foster and redirect demand is needed.

In order to arrive at a progressive strategy for a greener, smarter and more inclusive Europe, four strategic priorities need to be defined:

1. Moving towards a low carbon economy, while guaranteeing a fair transition for workers during this process.
2. Promoting innovation, research and lifelong learning as main engines for job creation.



3. Ensuring a strong social dimension combining employment policies with social protection policies and social inclusion policies, in order to support change, to fight poverty and to reduce inequality.

4. Implementing a reform of the financial market and active economic policies (macroeconomic policies and industrial policy) to support growth, competitiveness and jobs.

The social dimension of the Commission Communication on the Europe 2020 Strategy is insufficient. To confine the challenges ahead solely to poverty ignores many of the social challenges faced on European, national, regional and local levels. We believe that the Europe 2020 Strategy needs to focus on eight priorities in the social dimension. For each of those priorities, concrete targets need to be defined and indicators developed.

### **1. Saving viable jobs and promoting job creation in qualitative and quantitative terms**

As a consequence of the crisis, the labour market in the European Union is under enormous pressure. A key priority for the Europe 2020 Strategy must be the creation of new jobs, safeguarding viable jobs and improving the quality of employment. Investments must be actively mobilised and innovation used as the main engine for growth, for example in new and future oriented sectors such as renewable energies, health or creative industries. Schemes need to be implemented which prevent job cuts, such as “intelligent work-sharing” which combines reduced working time with publicly-subsidized training programmes. The coordination of industrial, innovation, research, employment, social, education and budgetary policies needs to be improved, with a focus on creating more and better jobs, which should become a horizontal objective in all policy fields.

European standards for workers’ rights and the quality of work in Europe should be strengthened. The EU should make use of the possibility to pass legislation ensuring at least a minimum level of social standards. Member States should be encouraged to improve the quality of work. This will not only improve the well being of Europeans, but it will have positive effects on innovation and the competitiveness of the European Union. In the transformation process towards a carbon-free economy, attention must be paid to ensure a fair transition for all employees and employers. To avoid discrimination, to ensure that posted workers do not have to suffer from lower social standards than other workers, to guarantee equal pay for equal work and to avoid social dumping (Luxemburg), the Posted Workers Directive must be revised.



## **2. Implementing flexicurity in line with the common principles adopted at EU level**

In a changing working environment, increased flexibility of employers and employees will be required in order to react to the needs of the market. However, this development will only be beneficial for both employers and employees, if the necessary securities in the transition periods are provided. Employees need to be supported in the process of changing employers and changing working environments. The securities needed in each type of professional transition over the life-cycle need to be specified and provided. Social security systems to protect employees during change need to be strengthened; otherwise they will rightly remain hostile to increased flexibility. Unemployment insurance schemes should be transformed into employment insurance schemes, by ensuring a job, re-training or a socially useful activity to each unemployed person. Leave schemes supported by learning accounts or training vouchers for workers in need of re-training to move to new jobs should be created and promoted. On the European level, an exchange mechanism for internships to foster the professional integration of young people could be created. Special attention must be paid to provide the necessary protections to older workers and encourage active aging, by allowing them to pass on the skills they acquired over a lifetime to new generations.

## **3. Developing new skills, making access to lifelong learning a reality and strengthening the knowledge base of Europe's economy**

Knowledge and skills will remain the most important resource for the European economy. Therefore, the qualifications, skills and competences required for the jobs of the future need to be assessed and regularly updated. A European-wide programme "New skills for New jobs" must be launched to ensure a massive re-skilling for new jobs. Special attention needs to be paid to future sectors such as green technologies, ICT and nanotechnology. Such a programme should be financed by public and private spending to be coupled with a refocusing of the European Social Fund, providing tailor-made solutions for education and training to those who will need a "knowledge lift" to get a new job or keep their existing one.

To increase accessibility to education, new funding instruments for learning should be developed (learning accounts, social contributions, loans and scholarships). The private sector also needs to be encouraged to increase investments in educating and re-skilling their workforce. A European network to support learning organisations, up-skilling in companies and public service strategies for lifelong learning must be developed, including tailor-made methods, validation and compensation of the learning outcomes. The European Social Fund should be increasingly used to allow for retraining and increasing the knowledge base of the European workforce. All European citizens should be entitled to, and supported in participating in learning mobility programmes such as the Erasmus programme before the



end of their education period. Young employees should be able to participate in a “First Job” Erasmus Programme.

The quality of education and training must increase from pre-school education to universities. In order to reduce the number of people without good chances of ever being employed, stronger efforts should be made to ensure that no one leaves the school system without secondary education. The number of people with higher education needs to increase, even if this requires increased public spending in this sector. Especially the access to education and training for lower skilled workers needs to be improved. Access to lifelong learning should be improved, allowing the entire workforce to regularly update their levels of knowledge.

#### **4. Focusing on young people**

A lot of attention must be paid to young people. Especially the transition period from education to the first job is crucial: during this period the foundation for future professional development is built. Therefore, a job guarantee for young people should be introduced and funded partly from EU structural funds. It should include a fiscal incentive for SMEs to offer paid internships and traineeships, especially for insufficiently educated youth. Public tenders should be allowed to include requirements for the employment of young people and other disadvantaged groups. Government funded micro-credit schemes should encourage entrepreneurship and should be coupled with a directive that increases social security of the self-employed, especially in the first two years after opening their business.

At the same time, the exploitation of young employees from the “internship generation” must be avoided. A directive must be adopted setting clear minimum standards for labour contracts and limiting the maximum number of fixed contracts. Additionally, a regulation is needed to set a legislative framework for internships. Internships must demonstrably be different from a regular job, contain an educational constituent and have an element of remuneration that can take a monetary form or the form of ECTS (when the intern is enrolled in formal education). The regulation must define minimum compensation levels that are in line with agreed minimum incomes.

Furthermore, a strong initiative on education is needed, including action to decrease the number of early school leavers and to increase enrolment levels in universities. Barriers to the mobility of university students, such as the non-portability of student grants, should be removed. A right to mobility should be introduced for all students without a delay in studies, by requiring universities to nominate at least one bachelors semester where students can go abroad without drawbacks for progress in their curriculum. However, mobility should not be restricted to the better educated. Exchange mechanisms to encourage the mobility of disadvantaged youth need to be strengthened and sufficiently financed.



## **5. Guaranteeing equal opportunities for all**

Guaranteeing equal opportunities for all people is not only a human right, but also an economic necessity. Taking into account demographic developments, Europe can no longer afford to renounce the workforce and skills of women, migrants, elderly, young people and other disadvantaged groups in society. Special attention must be paid to integrate those groups into the labour market and make use of their innovation potential, for example by providing access to micro-credits. Equal opportunity at all professional levels must be guaranteed. Equality between men and women needs to be supported by the development of family care services, new measures to overcome the gender pay gap, increasing women's employment in all fields and at all levels, improving access to education and financial tools, as well as introducing yearly gender equality monitoring and gender assessments. Developing a European coordinated policy must become a top priority. This should include specific targets at European and national level when it comes to women entrepreneurs and women board members to work towards reducing the gender pay gap and boosting quality jobs for women. Although 60% of university graduates are women, only a small percentage are graduates of IT or financial degrees, limiting the number of women employed in these sectors. Breaking educational and vocational stereotypes can help towards closing the gender pay gap on the one hand and shaping a more balanced approach in different sectors on the other.

## **6. Strengthening social inclusion and social protection**

European societies must be inclusive societies. Everyone should have the right to a dignified life and should be protected from social exclusion. The national social security systems play a key role in providing social protection and social inclusion in this respect, but they are under pressure due to demographic trends including ageing and birth rate. Therefore, the European level must provide support and ensure common minimum standards regarding an adequate, adaptable and sustainable social protection. A top priority is the inclusion of everyone who is able to work into the labour market. For those who temporarily have no job or who are not able to work, public support must be provided. Next to income support, the provision of social housing for all people in need should be supported. Common indicators on social inclusion should be defined and European targets set, for example reducing the number of people without access to basic public services, such as food, shelter and health protection. European legislation should be mainstreamed in order to prevent negative effects on the provision of social housing. European funds, such as regional funds should be used to increase the quantity and quality of social housing.



The provision of high quality, accessible and affordable public services can play an important role in social protection and social inclusion. Over the past number of years, the European level has had a strong impact on the development of public services. To ensure that this impact is a positive one, a European framework directive on services of public interest must be adopted and implemented, introducing minimum standards. Furthermore, when implementing the services directive and other European legislation, attention must be paid to preventing negative effects on public services. Additionally, further steps towards privatisation and liberalisation in the public service sector must be carefully reviewed with attention to social impact.

### **7. Preventing and tackling poverty traps, including child poverty**

Although Europe is one of the richest regions on this planet, the number of poor citizens continues to increase. With increasing Europeanisation and globalisation of the economies, the pressure on national redistribution mechanisms has increased and the number of people left behind is rising. To ensure common standards for the entire EU, the introduction of a Framework Directive on Adequate Minimum Income Schemes should be considered. This new instrument should comprise of an agreement on a common EU definition of adequacy, on common methods to establish adequacy, as well as regular adaptations of income rates to increases in the cost of living.

Especially alarming is the rising number of working poor. It should be ensured that people working full time have an adequate salary, which allows them to live a dignified life, without need to depend on public income support. The introduction of minimum wages in most European countries had a positive effect on the number of working poor. A European regulation on the introduction of minimum wages, either set by the state or negotiated by social partners, should be adopted. Attention should also be paid to the general development of wages in Europe, in order to avoid long term wage deflation and the negative effects this would have on Europe's economies and on employees.

For disadvantaged groups such as Roma or migrants, programs providing new forms of employment must be developed, for example social enterprises.

### **8. Coordinating migration and integration policies**

Migration is a challenge facing the entire continent and it cannot be answered on the national level alone. The Europe 2020 strategy must comprise measures to tackle migration by supporting the integration of third country citizens. European coordinated policy for integration must be developed. A directive on the integration of third country workers, also



including low-skilled migrants, should be adopted. This directive would lay down common definitions, criteria and procedures regarding the conditions of entry and residence of third-country nationals, common criteria for admitting third-country nationals to employed and self-employed activities, harmonise the diverging rules currently applicable in Member States and especially provide procedural and transparent safeguards and a clear set of rights to third-country national workers. The European Migration Policy should take into consideration the specificities of the increased feminised migration flows and of family reunification. Furthermore, the European Migration Policy should enhance the common approach by generating a greater solidarity and responsibility sharing between all Member States and ensuring a human and social approach regarding admission legislation. Moreover, it should go beyond a common approach between Member States only and work towards a better link between development policies and migration policies. Europe needs to work towards a migration policy that is closely linked to a European Integration Policy, which enhances the participation and inclusion of migrants and third-country nationals in the fields of employment, education, health and social policy and which is based on the respect of European Fundamental Rights.

### **9. The external dimension of the strategy (outcome of Sherpa meeting)**

The European Union cannot implement an ambitious agenda for sustainable development, comprising its economic, social and environmental dimensions, in isolation. Its implementation needs to be supported by an international movement of convergence towards sustainable development, able to avoid the risks of a global race to the bottom in terms of social standards, while creating win-win situations and strengthening collaboration to face common global challenges. A new generation of external policies of the European Union must be defined, better combining CFSP, trade and development policies with the external dimension of the internal policies of the Union such as research, environment, energy, innovation, education, employment and social affairs. Special attention should be given to the implementation of the Decent Work Agenda and the Global Employment Pact.

In order for the Europe 2020 Strategy to be a success, strong governance mechanisms need to be introduced:

1. One single strategy should be adopted. The Lisbon Strategy and the sustainable development strategy need to be merged into one new strategy. Furthermore, initiatives from the social agenda need to be included in the strategy and a strong cohesion of the implementation of the stability and growth pact with the objectives of the Europe 2020 Strategy needs to be ensured.



2. The common objectives for employment, social inclusion and social protection should be mutually reinforced and better integrated. The employment guidelines should also include the key objectives for social inclusion and social protection.
3. Common indicators must be developed. For those, some European targets and more specific national targets with respect to different circumstances should be adopted. The climate change and energy package was a good example of commonly agreed European targets, which are translated into differentiated but ambitious targets for each Member State.
4. A more active external dimension is needed to promote the social dimension. Support should be given to emerging and developing countries, to build up or strengthen their social security and social protection systems.
5. A European position should be defined for the G20 Social Ministers Council.

