

# **EMPLOYMENT AND THE NEW SOCIAL AGENDA: OPPORTUNITIES, ACCESS AND SOLIDARITY**

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## TABLE OF CONTENTS

1	BACKGROUND .....	3
2	POLICY CONTEXT.....	6
	2.1 The new Social Agenda.....	6
	2.2 Prosperity: achieving full employment.....	7
	2.3 Solidarity: a more cohesive society with equal opportunities for all.....	7
3	THE NEW SOCIAL REALITY OF EUROPE.....	9
4	EMPLOYMENT AND THE NEW SOCIAL AGENDA.....	12

## 1. BACKGROUND

In March 2000 the "Lisbon Strategy" was launched during the meeting of the European Council, with the aim of making the European Union the most competitive economy in the world and achieving full employment by 2010. This strategy was developed on the basis of three main pillars:

- An **economic pillar** which intends to create a competitive, dynamic, knowledge-based economy. Crucial here is the need to adapt Europe to future changes, such as the information society, and to boost research and development.
- A **social pillar** to modernise the European social model by investing in human resources and social inclusion. To succeed in this aim Member States should invest more in education and training, and conduct an active policy for employment.
- An **environmental pillar**, sustainable development Strategy, which was added at the Göteborg European Council meeting in June 2001

A list of targets was identified in order to achieve these objectives by the 2010. Since that the policies related to the Lisbon Strategy fall almost exclusively within the sphere of competence of the Member States, an **open method of coordination (OMC)** was introduced in order to help in developing national action plans.

The mid-term review held in 2005, for which a report was prepared under the guidance of the former Dutch Prime Minister Wim Kok, pointed out that the results achieved had fallen short of expectations while as OMC indicators had been too vague to help much in achieving Strategy's aim. For these reasons, it seemed necessary to the Commission to relaunch the Lisbon Agenda with a more specific focus: economic growth and job creation.

On the proposal of the Commission, the Council approved a new partnership to achieve the creation of more and better jobs and stronger growth. As far as implementation is concerned, the coordination process was simplified. Moreover, the integrated guidelines for Growth and Jobs were presented jointly with the guidelines for macroeconomic and microeconomic policies, over a three-year period to provide a basis both for the Community Lisbon Programme and for the National Reform

Programmes. This simplification was thought in order to make a monitoring of the implementation of the Lisbon Strategy possible using one single progress report.

The relaunch of the Lisbon Strategy was heavily criticised by trade unions, environmental groups and socialist as well as green MEPs for stressing too much its focus on economic growth and competitiveness and therefore giving less importance to the social and environmental dimension of Lisbon.

The Commission answered to these critics with the Communication on “The new Social Agenda”, underlining that while strengthening commitment to economic growth and jobs, it also had kept as a priority the social and sustainable development of the EU. The European employment and social policy, in fact, remains the main instrument to ensure the creation of an inclusive and cohesive society. The Commission, therefore, decided to adopt this social policy agenda for 2005-2010 affirming its full commitment to the social dimension of the relaunched Lisbon reform process. In this context, it is important to mention the **Report of the High level group on the future of social policy in an enlarged European Union**<sup>1</sup>, which was established by the Commission in order to identify challenges and opportunities for Employment and social policy.

The High Level Group identified three major challenges:

- Enlargement
- Population ageing
- Globalisation

and defined five major policy orientations:

- Focusing the European employment strategy on 3 objectives: to extend working life; to implement lifelong learning; to address economic restructuring;
- Reforming the social protection systems;
- Fostering social inclusion;
- Allowing European couples to have the number of children they desire;
- Developing a European immigration policy

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<sup>1</sup> Report of the High level group on the future of social policy in an enlarged European Union , May 2004

The Group proposed combining European tools in order to achieve these strategic goals. Moreover, it provided the Commission with five main policy recommendations for the new social agenda:

- **To improve the contribution of social policy to growth, competitiveness and social cohesion** by developing lifelong learning, modernising work organisation and reforming social protection
- **To extend working life** by increasing the employment rate not only among senior workers and women but also among the young, and by improving working life by offering men and women more flexibility, combining working periods, training periods and periods dedicated to children and to the elderly.
- **To foster social inclusion and invest in children and young people**, taking into consideration that many young people are today at risk of poverty in Europe and that they will play a key role in the future of our societies.
- **To create a new demographic dynamism** developing a more selective and better integrated immigration and making it more possible for young couples to have the number of children they desire.
- **To promote good governance in social affairs throughout Europe.** Taking into account the differences between Member States, European social policy should define common objectives rather than harmonise the social systems,

Through these five different messages, the idea of **a new intergenerational pact** emerges focused on youth and on confidence and based on a positive perception of the future with a new intergenerational balance.

The European Union, through the new social agenda, made its contribution to the emergence of this new intergenerational approach also involving Member States, social partners and civil society.

## 2. POLICY CONTEXT

### 2.1 The new Social Agenda

Social policy is a central part of the Lisbon Agenda that endorses its priorities of competitiveness, growth and employment. The EU puts great emphasis on the need for solidarity between its citizens while acknowledging the importance of competition between companies which generates economic development. The objectives of the Lisbon strategy are closely related in such a way that strong economic growth generates more jobs which contribute to sustainable development and fighting poverty. It, therefore, create a more inclusive society.

The Communication<sup>2</sup> on the New Social Agenda, covering the second phase of the social agenda 2005-2010, is a clear declaration of the Commission's commitment to modernising the European social model and to promoting social cohesion. While the previous agenda could have been seen as a catalogue of actions, the new agenda contains a number of concrete measures that the Commission wishes to take.

One of the main goals of this five-year strategy plan is to **strengthen citizens' confidence** to prepare them for the changes needed to face future challenges such as increased global competition, demographic ageing, and sustainable development. This communication pointed out three **'key conditions for success'**: an intergenerational approach with a strong emphasis on youth, a partnership for change with social partners and civil society, and a clear focus on the social dimension of globalisation. Furthermore, it identified **two priority areas: Prosperity**- "achieving full employment" and **Solidarity** -"a more cohesive society with equal opportunities for all", together with several **concrete measures** to be undertaken between 2005-2010:

- a Green paper on the demographic changes in the EU in 2005;
- a European Year of Workers' Mobility in 2006;
- a European Year of Equal Opportunities in 2007;
- a European Initiative for Youth ;
- further promotion of corporate social responsibility;
- a European framework for transnational collective bargaining;

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<sup>2</sup> COM(2005) 33, Brussels 9.2.2005

- a community initiative on minimum income schemes;
- a European Gender Institute
- a European Year of Combating Exclusion and Poverty in 2010;

## **2.2 Prosperity: achieving full employment**

The European Employment Strategy is one of the main tools for the implementation of the Social Agenda and is based on four key priorities:

- increasing the adaptability of workers and enterprises
- attracting more people to enter and remain in the labour market
- investing more in human capital
- ensuring genuine implementation of reforms through better governance

The need for reforming European employment policies is directly linked to the achievement of Lisbon Growth and Jobs objectives. Europe needs not only more productive active workers and more jobs but especially quality jobs. This means high standards of health and safety, flexible working conditions, adequate social cover, good dialogue between workers' and employers' representatives, and in-service and continuing training. Moreover, the European Social Fund (ESF) supports implementation of the European Employment Strategy within the framework of the Social Agenda.

## **2.3 Solidarity: a more cohesive society with equal opportunities for all**

The main objectives to be achieved are:

- modernizing social protection
- initiating the Open Method of Coordination (OMC) for health and long-term care
- combating poverty and promoting social inclusion
- promoting diversity and non-discrimination
- social services of general interest

In this context, for instance, we have to mention among the latest measures undertaken by the EU, the establishment of the European Year of Equal Opportunities in 2007, following a communication in 2005, “Non-discrimination and equal opportunities for all<sup>3</sup>”. Since the Treaty of Rome and later articles such as those dedicated to equal pay for men and women, as well as work of equal value, the European Union has demonstrated its commitments to combating every kind of gender discrimination. One of the fundamental rights in any modern democracy is equality between men and women. Women have the same rights as men with regards to access to the labour market, education and training, and career advancement. The EU, thanks to tools such as the communication in May 2005 which foreseen a framework strategy for Non-discrimination and equal opportunities for all, is combating discrimination based on gender, ethnic or racial origin, religion or belief, age, disability and sexual orientation, thus promoting social inclusion to create a more cohesive society.

Another of the main challenges that EU Member States are facing is so called demographic ageing. The number of elderly people is set to increase quickly in the near future, threatening the financial basis of both social security systems and pension schemes. The importance of effective social protection affects not only the creation of a stable society where every citizen, for instance, can benefit from health care in case of illness and income after retirement, but, at the same time, also makes it financially more attractive to work.

The EU, together with Member States’ governments and social partners, is discussing how to modernise the European social model and to ensure financially viable and sustainable pension schemes. For this reason, the Commission has promoted the coordination of Member States’ national pension policies under the OMC.

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<sup>3</sup> COM(2005) 224 , Brussels, 1.6.2005

### 3. THE NEW SOCIAL REALITY OF EUROPE

In its Communication 'An Agenda for European citizens'<sup>4</sup> the Commission proposed a 'social reality check' to prepare the ground for a new agenda for access and solidarity. In June 2006, the European Council supported this initiative, stressing in particular the importance of 'access and opportunity', in other words guaranteeing equal opportunities for citizens and ensuring that everybody has access to resources.

Taking into account the previous communication and analysis, the Commission presented an interim report to the European Council on the 8th and 9th March 2007, based on a consultation paper prepared by the Bureau of European Policy Advisers (BEPA).

The BEPA Consultation Paper "Europe's Social Reality"<sup>5</sup> had as its starting point the fact that been realized starting from this consideration: a significant number of European citizens see globalisation, liberalisation and economic openness as threats rather than opportunities. The paper aims to stimulate discussion and open debate on a broad range of issues and to build a new consensus on the social challenges. A further goal of this paper is to strengthen the partnership between the European Union and its Member States in the delivery of Lisbon Growth and Jobs Strategy.

This paper first examines the main driving forces behind social transformations in European societies in the past generation. According to the paper, most of these changes have been internally driven with globalisation only accentuating some of them. Social changes are supposed to have been driven by:

- Numerous internal factors as well as globalistaion;
- Rapid transformation to a knowledge and service economy;
- Development of the, Welfare State, which brings new opportunities and new dependencies;
- Demographics, gender equality, and the changing family;
- Mass affluence and the individualization of values.

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<sup>4</sup> COM (2006) 211, Brussels, 10.5.2006.

<sup>5</sup> "Europe's Social Reality" Roger Liddle and Frederic Lerais

The BEPA Consultation paper does not draw specific policy conclusions. It acknowledges the diversity of Europe but recognises that Member States have to face challenges that are sufficiently common to require a Europe-wide debate.

According to BEPA's conclusion, European societies face great social challenges. The knowledge economy (50% of jobs demand high cognitive and/or personal skills, and two thirds of new jobs are skilled) poses a threat for those with few skills and low educational aspirations. Moreover, many Europeans are still afflicted by unemployment and there are still unresolved cases of widespread poverty ( in new Member States, two thirds of the population live in regions where GDP per head is less than half the EU average: for example, average income of the bottom quarter of the population in Bulgaria and Romania is as little as 100 Euro a month). Furthermore, generational disadvantage and social mobility may become more problematic. The social consequences of self perceptions of failure in our unequal societies could bring new stresses and problems in terms of crime, anti social behaviour and mental illness to add to the new diseases of affluence. The European Social Model needs to be adapted to this new social reality and to the following critical challenges:

- Education and skills in the knowledge economy: in some Member States educational performance is in decline.
- Generational inequality due to demographic change.
- Europe needs more migrants; but there are considerable problems of social integration in many Member States;
- Risks of social polarization: increasing poverty and inequality, declining social mobility and a high level of child poverty.

However, there are many grounds for optimism since life satisfaction and happiness is higher in Europe than in any other part of the world. Life expectancy has increased together with the possibility of leading healthier, as well as longer, lives. Educational opportunities are expanding. Women are more independent and in control of their own lives. Diversity has the potential to be a great source of creative strength. Successfully managed migration can help meet Europe's economic and social needs. Europeans can look forward to a world full of opportunities and the task of policy makers in our Member States and at EU level is to ensure the widest possible access to them.

As a result of this consultation paper, points 18 to 20 of the Spring Council Conclusions of March 2007, deal with "Boosting employment, modernising and reinforcing the European Social Model":

- **Social dimension of the Lisbon Agenda:** there is "the continuing support for European integration by the Union's citizens" and , moreover, " the common social objectives of member states should be better taken into account within the Lisbon Agenda".
- **Economic and social cohesion:** underlined "the need to strengthen economic and social cohesion throughout the Union". This issue is part of the social dialogue, which involves employers and trade unions. Furthermore, "more attention should be given to active inclusion, ie ensuring adequate minimum resources for all, balanced with making work pay".
- **Fight against child poverty:** commitment to fight against "poverty and social exclusion, especially child poverty".
- **Good work:** stressing "the importance of 'good work' and its underlying principles", is stressed namely "workers' rights and participation, equal opportunities, safety and health protection at work and a family-friendly organisation of work".
- **Alliance for Families:** in order to discuss challenges of demographic change "a platform for the exchange of views and knowledge on family-friendly policies as well as of good practices between member states" has been set up.
- **Equal opportunities:** these adheres to the theme of the Commission's 2007 Year of Equal Opportunities. "Member states will continue further to develop policies that promote equal opportunities between men and women, as well as the role of young people, including their transition from school to working life, older people and low-skilled people."
- **Flexicurity:** Commission Communication on flexicurity and a joint position of the European Social Partners on challenges in European labour markets, including flexicurity, both published few months time following the Spring Council.

#### 4. EMPLOYMENT AND THE SOCIAL AGENDA

On 22 November 2006, the European Commission published a Green Paper entitled "Modernising labour law to meet the challenges of the 21st century"<sup>6</sup>, dedicated to labour regulation, with the aim of launching a public debate. This Green Paper, an initial draft of a more elaborate document on the now crucial challenge of modernizing labour law, intended to be an analytical tool designed to support employment and human resource policy at European level. Its aim was to delineate the role of labour legislation in a way that would enable the labour market to generate a sufficient level of employment with decent working conditions. Among other topics the Green Paper stressed the importance of adopting a Flexicurity Agenda. "Flexicurity", or flexibility for employers with security for workers, still remains the main challenge for the labour market. The need for **more flexibility** "while providing workers with **appropriate levels of security**", has been underlined by the Kok report on employment policy. According to the report, flexibility is in the interests of both employers and workers, who can combine work with child care, education or free-time preferences. At the same time, the report warns against the polarization of the labour market", with "insiders" benefiting from high levels of employment protection, and "outsiders" recruited under systems with lower protection. **New forms of security** should not focus on keeping workers in the same job for life, but on "people's ability to remain and progress in the labour market" (decent pay, access to lifelong learning, working conditions, protection against unfair dismissal, support in case of job loss and the right to transfer social rights when changing jobs).

Member States and social partners have to:

- review and adjust the level of **flexibility in standard contracts** (terms and conditions of contracts, work organisation and working time, wage-setting mechanisms and mobility of workers);
- introduce **other forms of contracts** to suit the needs of employers and workers;
- improve attractiveness of **part-time work**;

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<sup>6</sup> COM (2006) 708, Brussels, 22.11.2006

- remove obstacles for **temporary work agencies**, esp. discrepancies between member states;
- promote use of ICT and more flexible working times as tools to modernise **work organisation**;
- adapt **social protection systems** to support workers' mobility

As part of this process, the European Commission published on 27 June a Communication on flexicurity entitled 'Towards common principles of flexicurity: More and better jobs through flexibility and security.' The Commission defines flexicurity as a comprehensive approach to labour market policy which combines sufficient flexibility in work contracts, modern social security protection and lifelong learning. The Communication is based on extensive consultation with relevant stakeholders and set out the following principles:

- Reinforcing the implementation of the Lisbon Strategy and strengthening the European social model
- Finding a balance between rights and responsibilities
- Adapting flexicurity to the diversity of the Member States
- Reducing the gap between workers with non standard precarious contract and workers with permanent full time jobs
- Developing internal and external flexicurity
- Equal opportunities for all , especially in gender equality
- Strengthening the dialogue and climate of trust between social partners, public authorities and other stakeholders
- Ensuring a fair distribution of the costs and benefits of flexicurity

The Communication takes into account the different socio-economic, cultural and institutional backgrounds of Member States by proposing four pathways for flexicurity implementation:

- **Pathway one** aims to tackle contractual segmentation.
- **Pathway two** aims to develop flexicurity within enterprises by offering transition security.

- **Pathway three** aims to address skills and opportunity gaps among the workforce.
- **pathway four** aims to improve opportunities for benefit recipients and informally employed workers.

More recently, the conclusion of the 13-14 March **Spring council 2008** pointed out the importance of “investing in people and modernising labour markets”. The European Council has approved the Commission’s proposal for a renewed Social Agenda which should take into consideration Europe’s new social reality and labour realities. Regarding the labour market, the Council recommendations took into account the European social partners’ recommendations of October 2007 and the Commission Communication on flexicurity. In order to reform the labour market in the most efficient way, considering that there is no single flexicurity model, each member state must implement the reforms as outlined in their 2008 National Reform Programmes. Flexibility and security are mutually reinforcing throughout life cycle. Within this context, intergenerational solidarity should be considered as part of flexicurity as well. Continued attention needs to be given to youth employment, in particular to the transition from education to employment, employment of disabled persons, quality child care in order to reconcile work with private and family life for both women and men, and reduction gender pay gaps.

