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## **EUROPE'S SOCIAL REALITY: A STOCKTAKING**

### **I. Introduction**

1. On 10 May 2006, in its communication “an agenda for European citizens”, the European Commission proposed a social reality check to prepare the ground for a forward-looking agenda for access and solidarity. In June 2006, the European Council supported that approach.

2. At the beginning of 2007, the Bureau of European Policy Advisers issued a consultation paper on Europe's social reality.

3. On 20 November 2007, as part of its single market review, the European Commission issued a Communication on “Opportunities, solidarity and access: towards a new social vision for 21<sup>st</sup> century Europe”, the main purpose of which has been to enrich the ongoing consultation on Europe's social reality by broadening the discussion from analysis to response.

4. With this paper BUSINESSEUROPE intends to participate in the ongoing consultation on social reality and give its response to the Commission's “social vision for 21<sup>st</sup> Century Europe”. BUSINESSEUROPE is aware of the Commission's willingness to consider the outcomes of this consultation in its mid-term review of the European Union's social policy agenda 2005-2010, which will be undertaken in the second half of 2008.

### **II. General comments**

5. BUSINESSEUROPE regards the Commission's citizens' agenda, which includes the single market review and the social reality stocktaking, as a useful approach to respond in a holistic manner to the rapidly-changing and globalised environment and to deliver more for citizens and enterprises.

6. Social policy should not be seen in isolation, but as a component of a comprehensive reform strategy for more “growth and jobs”, which also comprises measures in the fields of taxes, education and innovation, competition policy, public finances and better regulation. BUSINESSEUROPE believes that the creation of more growth and jobs is the best route to improve Europeans' well-being, while overcoming the identified social challenges.

7. The Bureau of European Policy Advisers has analysed recent social trends and documented the unprecedented levels of change that European societies, economies and individuals are facing today. It has also pointed out the difficulty for social protection systems to cope adequately with these emerging challenges.

8. The European Commission's agenda for opportunities, access and solidarity is an appropriate approach towards a forward-looking social policy. The latter must create real added value in improving employment prospects of individuals living in Europe. Europe needs modern and dynamic labour markets, which are flexible and in the same time as provide new forms of security for workers. Flexicurity, which is about supporting companies' and workers' efforts to adapt to change, is a key instrument to make sure that Europeans have access to new "ladders of opportunity" at different stages in their lives.

9. Improving the quality and attainment levels in education and training systems is central to the Lisbon targets, which remain as valid today as they were in 2000. Implementing effective lifelong learning strategies in Member States is an essential component of ongoing labour market reform, and an essential ingredient in the flexicurity approach. With the main objective of increasing individuals' employability, adaptability and the overall level of skills, such strategies can help provide a platform for a well functioning labour market and a broad skills base. If public authorities take the lead and create the framework conditions necessary for a partnership-based structure of cooperation that closely addresses labour market needs, enterprises can play a role in improving opportunities for lifelong learning and in helping individuals' progression on the labour market.

10. BUSINESSEUROPE takes note of the Commission's wish to identify social investments which have the best social and economic return. This may lead to a re-orientation or a new sharing of social spending. Social spending is above all needed to reinforce our societies' capacity to seize the benefits of globalisation and to be at the forefront of innovation and technological change. In addition, Europe urgently needs to find ways to modernise its social protection systems, first and foremost to ensure their financial sustainability in an ageing society but also to make them more employment-friendly in line with the flexicurity objectives.

11. The competence to design and implement social policies lies with the Member States. Most of the measures under the Commission's agenda on opportunities, access and solidarity will therefore need to be taken at that level. In this respect, BUSINESSEUROPE adheres to the approach taken by the European Commission as it recognises the need to respect subsidiarity and proportionality principles.

12. BUSINESSEUROPE believes that the role of the EU should not lead to the emergence of new processes alongside existing ones but should rather concentrate on available instruments more effectively. Likewise, the priority should be to implement existing legislation fully. Moreover, any legislative reviews in the social field should fully respect the social partners' autonomy.

### **III. Specific comments**

#### Youth

13. BUSINESSEUROPE is aware of the mismatch of skills on European labour markets and of the way in which this long-lasting phenomenon leads to more difficult transitions into the labour market for young people.

14. Improving the situation of youth in the labour market requires actions from Member States to increase the labour-market relevance of educational systems' outputs and to reduce the number of early school leavers. To that end, the business community believes that greater cooperation is needed between educational institutions and the world of work in order to increase youth employability.

15. In addition, Entrepreneurship education is a key instrument to raise young people's awareness of what creating a business entails and to reinforce their willingness to take risks and be actors of change.

#### Fulfilling careers

16. The European Commission needs to highlight more the central role of flexicurity in providing the right framework conditions for fulfilling and diversifying careers. In today's labour market, security is not so much a matter of preserving a job for life. Instead, it is about making sure that workers are empowered to grasp new employment opportunities. Flexicurity is the key instrument to support companies' and workers' efforts to adapt to change and to move from a job preservation mindset to a job creation mindset, which is in turn crucial to achieve lower levels of social exclusion in Europe. According to BUSINESSEUROPE, flexicurity must be at the heart of the Commission's "social vision for 21<sup>st</sup> century Europe" as it is the most effective means to restore a positive balance between competitiveness and social protection.

17. BUSINESSEUROPE sees the European Commission's "lifecycle" approach to work as an appropriate way forward to respond to the demographic challenges facing European labour markets. An intergenerational approach to work implies that younger and older workers should not be treated as isolated groups. Labour markets which function effectively for the whole workforce are the best guarantees for integration and active participation of all generations in the workforce.

#### Longer and healthier lives

18. The ageing of European societies is having increasing implications for the sustainability of social systems and public finances. Such changes give rise to the need for an intergenerational approach, to achieve a fair balance between those in retirement, the current and future working population.

19. In order to guarantee sound public finances for current and future generations, social protection systems must be modernised, based on the principle of rights and duties of working people and citizens. In order to encourage people to work, benefits must not be unconditional and in terms of older workers, incentives for early exit from the labour market should be progressively removed. To ensure retirement provision for current and future generations, keeping a check on public finances, it is also critical that second and third pillar pension provision remains a real possibility.

#### Gender equality

20. BUSINESSEUROPE believes that the main challenge in the field of gender equality is to help women to become or remain active in the labour market. Allowing men and women to combine professional, personal and family responsibilities is a key element

in tackling this challenge. In addition, enabling women to return to the labour market after having given birth is instrumental in the fight against labour-market segregation and the gender pay gap.

21. The European Social Partners have made gender equality a priority area, by adopting a Framework of Actions on Gender Equality in 2005. Follow-up actions at national and company levels are currently being monitored.

#### Active inclusion and non-discrimination

22. BUSINESSEUROPE supports the Commission's approach to active inclusion providing pathways towards employment for those who can work and a life in dignity for those who cannot. A deepening of the Open Method of Coordination, including the elaboration of common principles, as proposed in the Commission's communication on the subject, is the most suitable method for action in this area, as it provides for the setting of common EU objectives, whilst safeguarding the principle of subsidiarity and the autonomy of social partners.

23. The high and growing number of voluntary initiatives in the field of diversity and non-discrimination attests of an increasing recognition of diversity as an added value for European companies, in terms of both innovation and creativity.

24. BUSINESSEUROPE believes that there is no need for more legislation to achieve reduced levels of discrimination in Europe. Non-legislative measures are certainly the tools best suited to ensuring better access to goods and services for all because tailored solutions have to be found to suit the particular needs of persons in specific situations. One-size-fits-all solutions are certainly not an option.

#### Mobility and immigration

25. High levels of mobility are a key driver to improve the functioning of European labour markets. Workers not only need to be more mobile between jobs but also between regions and Member States. Increasing labour mobility is essential for the efficient use of EU labour since it will help tackle labour shortages, leading to a better match between labour demand and supply in the European Union.

26. Immigration can help the EU to address labour needs and tackle the challenge of demographic ageing. Increased availability of labour is needed to alleviate both short-term and longer-term shortages on labour markets in order to ensure competitiveness and sustainable economic growth. According to BUSINESSEUROPE, facilitating legal migration can help boost the size of the labour force and enable companies to fill current job vacancies, in particular for highly qualified workers.

#### Civic participation, culture and dialogue

27. In its communication the European Commission fails to recognise the central place of social dialogue as a decisive mechanism to build up consensual responses to ongoing social changes. This should be better acknowledged in the future, bearing in mind the importance of ensuring the autonomy of the social partners.



#### **IV. Conclusions**

28. BUSINESSEUROPE supports the Commission's efforts to rethink and adapt social policy instruments and objectives in view of rapidly changing social realities.

29. In order to be successful, the Commission's agenda for opportunities, access and solidarity needs to have employment creation at its core.