



Contribution by the PES Group of the CoR on the "New Social Europe"

The call for a social Europe is the hallmark of the European Socialist and Social-Democrat family. This is where we have credibility and are expected to act. This is where voters' expectations of Europe are particularly strong. If Europe is to be popular, social progress must be reinvested¹.

This is vital because our supporters believe that today's Europe is not a social Europe, that it defends neither the labour market, nor labour market values, nor the way in which people wish to live in harmony in Europe. Therefore, "a new social Europe" must not be a mere face lift, adapting the status quo in social affairs in an attempt to satisfy the aspirations of those with the greatest needs and difficulties. On the contrary, we believe that the will to build a genuine social Europe is imperative.

However, we acknowledge that social Europe is not an easy matter. Two pitfalls lie before us: we can declare, fired with European idealism, that Europe can achieve everything in this area, or we can say jadedly that it can achieve nothing.

We must also put forward realistic proposals. It is a matter of credibility that we may not have taken sufficiently to heart in previous European elections.

We are arguing for a complete social Europe rather than a revolutionary one. It is particularly important that we acknowledge the existence of a new Treaty. This Treaty is certainly the best that could be hoped for as regards social policy in the current context. It is unlikely to be amended in the near future (that is to say, during the next term-of-office of the European Parliament), and opens up interesting prospects for a more social Europe, particularly through the implementation of the across-the-board social clause and the legal basis for legislating on public services at European level.

Therefore, we refuse to accept a legalistic view of social Europe, limited to the powers explicitly devolved to the European Union in the field of social policy by the Treaty of Lisbon. Although the Treaty contains a basis of minimum competences devolved to the European Union, we believe that machinery for the coordination and exploration of new European issues are possible beyond these limits and that this coordination could be undertaken on the basis of a broad consultation of European, national and regional elected representatives, together with social partners and civil society. However, at the current time, all aspects of social policy which are not explicitly mentioned in the Treaty are addressed – when they are addressed – almost exclusively through the intergovernmental method.

This approach has contributed to the fact that social issues have taken a back seat. Jobs have become more precarious and the ranks of the working poor have steadily grown. At the same time, the burden of ensuring social cohesion and inclusion of more disadvantaged groups has increased for local and regional authorities. They are faced on a daily basis with problems of social exclusion, migration, ageing and organisation of collective services which completely escape the attention of national systems. It is not "over the top" to believe that if our societies are still holding together today, it is because

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John Monks, quoted in Agence Europe on 25 February 2008.

these authorities are able to identify solutions and devise new working methods and original methods of funding and mobilize social partners.

Question 1: How can the European Union help work towards genuine social inclusion?

We are aware that in terms of competence, social inclusion policies are primarily a matter for the national authorities². At this level however, it is largely, the municipalities and subregional tiers of government which are in the front line as regards managing inclusion policies. This perception must be better integrated into the European dynamisation of these policies, with the European year for combating poverty and social exclusion³ coming up in 2010 and the framing of the new Lisbon Strategy in the same year.

- ⇒ Insofar as the Lisbon Strategy, in its current form, is not effective in terms of social inclusion, we recommend that the current Strategy be regeared towards a strategy for growth, jobs, social inclusion and sustainable development. We particularly recommend that the integrated guideline for growth and employment No 1 be amended as follows: Guideline 1. To secure economic stability for sustainable growth, **social inclusion and increased overall employment**.
- ⇒ On this basis, we feel that common principles on active inclusion should be adopted, acknowledging that adequate income and access to quality services and housing are preconditions for successful social integration and insertion into the labour market. Quantitative targets for the campaign against exclusion should be set so as to make social inclusion clearer for European citizens.

A genuine European agenda for social inclusion must also take into account the phenomenon of working poor and unstable employment. A social inclusion policy cannot focus exclusively on access to the labour market; it must also work towards quality employment. We call in particular for European coordination in the campaign to defend conditions of employment, wages and salaries. The rise in insecure forms of employment (short-term or temporary contracts, self-employment, work placements) jeopardises freedom of and at work, as well as the sharing of risks, costs and benefits among individuals, companies and authorities.

- ⇒ Member States need to agree on common methods for curtailing the use of fixed-term contracts. Part-time workers should be guaranteed the same rights as full-time workers, especially with regard to pay, access to social security and training rights.
- ⇒ We also support the ECOSY's proposal for a European-level discussion on trainees' pay, which would be established on the basis of the minimum wage in the respective Member State and could be implemented by means of commitments set down in a European charter on the rights of trainees, to be signed by companies in order to harmonise standards of employment for trainees⁴.
- ⇒ The commitment to adopt the directive on working time and the directive on working conditions for temporary workers must be incorporated into the European Socialists' programme.

² A CoR opinion on active inclusion is currently being prepared by Henk Kool (PES/NL).

³ A CoR opinion on the Commission proposal for this European year is currently being prepared by Linetta Serri (PES/IT).

⁴ Le Monde, 4 December 2007 – Remuneration of trainees (Quelle rétribution pour les stagiaires?)

- ⇒ Many Member States have introduced the concept of a minimum wage and their fund of experience must be made available. We therefore call on Member States to provide for arrangements such as a minimum wage or other legal and binding provisions or collective agreements in line with national traditions enabling workers in full-time employment to earn a decent living.

Question 2 – How can the local and regional tiers help boost employability? & Question 3 – How can local and regional authorities benefit from a coordinated European approach regarding flexibility?

What the concepts of flexicurity and employability have in common is that they do not "speak" to people. Flexicurity, supposed to combine flexibility and security, is often viewed as a licence to fire people more easily and to adopt highly insecure working conditions, while "employability" is a term more suited to machines than employees. What about those who are not "employable"? Consequently, we believe that these terms should not be used as slogans in the PES campaign for the European elections.

Similarly, we believe that the ideas underpinning these two concepts, which were developed by social-democrat governments, deserve to be discussed in greater depth at European level. On the basis of the common principles of flexicurity elaborated by the European social partners in October 2007, European coordination must now be taken in three directions:

- ⇒ Step up work on lifelong learning: Combining flexibility and security cannot be achieved without additional investment. For success to be possible, governments must invest a great deal of money into active employment policy and in particular into lifelong learning, as well as creating incentives to encourage companies to support this work. To this end, we believe that the introduction of a right to lifelong learning for all workers in Europe is imperative. This right must be based on proper recognition of professional skills. In practical terms, we propose the introduction of an electronic vocational training identity card for every employee in Europe, which, on the basis of a harmonised European catalogue of training courses, would indicate which courses the card holder has followed and accreditation for the various stages in the card holder's career.
- ⇒ Step up anticipation of and support for restructuring processes: We should not delude ourselves that we can prevent relocations. Nevertheless, we have not exhausted all European options for better preparing local economic stakeholders, and especially local and regional authorities, to anticipate, negotiate and support restructuring processes. We support the review of Directive 94/45/EC on the establishment of a European Works Council aimed at strengthening the obligation for consultation upstream of restructuring. We call for a review of the European Globalisation Adjustment Fund. Although this fund serves a purely palliative purpose, its establishment is one of the all too rare illustrations of the EU's aspiration to anticipate or act as a buffer against globalisation. In order to make this fund more operational, we reiterate our call for a reduction in the thresholds for disbursing these funds to include SMEs, the possibility for these funds to be used in conjunction with other EU financial instruments applicable to mass redundancies, an increase in its budget (e.g. from EUR 500 million currently to EUR 1 billion) and for its own budget (bearing in mind that at present the fund is financed via

appropriations not implemented under other budget items)⁵. We also call for EU tools for analysing restructuring to be optimised.

Question 4 – What can the EU do to support European regions and cities facing the challenges of demographic change?

We regret that at EU level, there has been more emphasis on increased life expectancy and its financial impact than on the regional impact of demographic decline and its consequences in terms of economic restructuring and access to public services⁶.

- ➔ The Structural Funds must make a greater contribution to supporting demographic change, in particular as regards infrastructure.
- ➔ Moreover, the PES "Put Children First" campaign has highlighted the importance of renewing European impetus in this area. To this end, we recommend that the quantitative objectives set in 2002 in Barcelona⁷ be complemented by qualitative criteria (facility to population ratio, staff to child ratio etc.). We also advocate increasing co-financing opportunities for childcare facilities. It is especially important for Member States to increase the capacity of childcare services for the benefit of jobseekers so that they can focus on finding a job or retrain for a new career.

We also recommend that the EU publish an annual report on child-related issues that focuses on the rights of the child, fighting child poverty and improving infrastructure.

- ➔ We believe that a stronger European campaign to support demographic change goes hand in hand with stronger focus on respect for the dignity of older people. In this context, we suggest that thought be given to expanding the Daphne programme (the European programme working to prevent and combat violence against women and children) to include abuse and neglect of older people.

Question 5 – What should the EU do to promote high quality public services for everyone?

As socialists and social democrats, we remain convinced that market forces cannot alone guarantee a satisfactory standard and quality of public services. This is why the public authorities at all levels are deeply involved in delivering, regulating, and managing or – to varying degrees – financing or supporting these services.

However, as confirmed by the new Protocol on services of general interest annexed to the Treaty of Lisbon, the EU cannot interfere in the provision of these services. We believe that it is necessary to adopt an EU legislative framework for public services in order to consolidate the distinctions between the remits of the national, regional and local public authorities and/or social partners, and in order to ensure the legal consistency of roles and definitions within these remits since, over the years, the liberalisation of the various public service networks has been based on different rules.

⁵ CoR opinion drawn up by Irene Oldfather (PES/UK), 11 October 2006 (CdR 137/2006).

⁶ See CoR opinion drawn up by Gerd Harms (PES/DE), 6 June 2007 (CdR 341/2006).

⁷ The 2002 Barcelona objectives set targets for EU countries to provide, by 2010, pre-school facilities for 90% of 3-6 year olds and infant childcare facilities for 33% of under-threes.

This demand is now easier to fulfil than in the past, due to the new political context for public services created by the Treaty of Lisbon. Indeed, the latter provides a legal basis (the future Article 14 of the Treaty on the Functioning of the European Union) for co-decision legislation in the field of services of general economic interest (SGEI).

- More specifically, we believe that the legal framework which we are calling for could take the form of a draft regulation on SGEI that, without aspiring to be an absolute solution, could pave the way for what could genuinely result in a consistent and innovative legislative "package" on services of general interest in Europe, focusing mainly on users rights; SGEI quality and assessment; the award of public service contracts; SGEI funding; relations between the SGEI regulating authorities; and the status of social services of general interest⁸.
- We also suggest that the future Commission should include a European Commissioner for public services in order to halt the ongoing fragmentation of responsibilities across the Commission and in order to facilitate the establishment of a proper European agenda for public services.
- We also reiterate our call for a review of the Commission's approach to State aid for public services⁹. We reject the goal of reducing the amount and volume of State aid since it is inappropriate to emphasise the overall cost of State aid without distinguishing between the different types of aid and their respective advantages in terms of general interest. We also call for a review of the "Monti-Kroes package" on the exemption from the obligation to notify State aid to take account of the specificity of the provision of public services.
- The social economy makes up a large share of the labour market (10% of all European companies and 10% of total employment) and is a priority of the socialist and social-democrat family, since many activities and companies in this sector provide services of general interest. We believe that the recognition of European legal status for associations, mutual societies and foundations is imperative if they are to be guaranteed equal treatment with other models of companies whose legal status is already recognised or will be recognised in the near future (European cooperative society, European company and the draft European private company).

Question 6 – What should socialist and social-democrat priorities be for cohesion policy after 2013?

Territorial cohesion, established as an EU objective by the Treaty of Lisbon, has become a cross-cutting priority for the European Union.

Its recognition as an EU objective also signifies the perpetuation of cohesion policy and rejects vague impulses to renationalise this policy.

Territorial cohesion is not equivalent to regional policy, since we must make territorial cohesion a cross-cutting requirement for Community policies. It would be absurd and counter-productive if cohesion policy was partially needed to correct distortions which were the result of sectoral policies which neglected cross-cutting requirements.

⁸ See CoR opinion drawn up by Jean-Louis Destans (PES/FR), 6 December 2006 (CdR 181/2006).

⁹ See CoR opinion drawn up by Gabor Bihary (PES/HU), 16 November 2005 (CdR225/2005).

As an EU objective, territorial cohesion will, moreover, have immediate legal force, comparable to the across-the-board social clause, once the Treaty of Lisbon has been ratified by the Member States. One consequence of this would be that a territorial impact analysis will be mandatory for any legislative proposal with possible territorial impact issued by the European Commission.

As regards cohesion policy itself, we firmly reject any proposal which would amount to undermining cohesion policy in order to strengthen a so-called competitiveness policy comprising mainly a juxtaposition of sectoral policies for research, SMEs, education, etc. We firmly challenge any approach whereby cohesion would depend on greater competitiveness. On the contrary, it is convergence that is a prerequisite for the long-term competitiveness of regions. Cohesion policy and the Lisbon Strategy can complement each other if we accept that the concept of territorial cohesion amounts to more than identifying disadvantaged regions requiring special treatment, and that it is part of a long-term objective for Europe, i.e. balanced, sustainable and mutually supportive development. Cohesion policy cannot be reduced to a simple redistributory policy. The key point is that every EU region must have a development strategy.

What we propose in practice is:

- to make job creation and the quality of the jobs created a criterion for co-financing under the Structural Funds;
- to strengthen EU measures for the development of microcredit for micro-businesses, as well as for unemployed or inactive people wishing to become self-employed but ineligible for traditional banking services;
- to take into account, during the future programming period, the United Nations Human Development Index (covering health, education standards and living standards) as the basis for calculating the resources to be allocated to cohesion policy;
- to improve coordination between rural development measures (EAFRD) and cohesion policy;
- to better integrate housing and cohesion policy. The renovation of social housing for the purpose of reducing energy costs, meeting social cohesion objectives and safeguarding the environment in the context of sustainable urban development and overall quality of life should be covered. The development of housing-related spatial segregation and social specialisation in regions must be countered in the interests of EU territorial cohesion.