The European Social Model(s) and the EU contribution

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Structure of presentation

1 – Social Policy in Europe – What role for Europe?
- Scope – Treaties & Agreements – Renewed Social Agenda

2 – Challenges and Opportunities
- Globalisation – Ageing – Climate change

3 – European Social Model or Models?
- Common values - National idiosyncrasies
- Economic efficiency and social equity

4 - Instruments and achievements of Social Europe
- EU POLICY instruments
- EU LEGAL instruments
- EU FINANCIAL instruments

5 - Renewed Social Agenda & the Crisis
- The July 2008 package & follow up
- European Economic Recovery Plan, Driving Recovery, Employment Summit
1 – EU social policy role?

1.1 – Social policy in wide Early & Modern sense
Encompassing Industrial relations, Labour law, Health & Safety, Social Protection, Social inclusion, Gender Equality and Anti-discrimination

1.2 – Treaties – Agreements – Incremental Aquis
Competencies – mostly with Member States
Common concerns – Public budgets & Employment (Lisbon)
Social OMC – some experimentation

1.3 – Renewed Social Agenda
NO social agenda NOT an option
Social stocktaking: “Opportunities, Access and Solidarity”
Fitting it better with other EC competencies and policies
Social components in many other policies
The Renewed Social Agenda

- **Opportunities**, so that no one is held back by artificial barriers in an increasingly diverse Europe;
- **Access**, for all to quality services such as education and healthcare and opportunities at all ages;
- **Solidarity**, between individuals, generations and regions, so as to make the principles of opportunities and access meaningful.

... and 18 others in Employment and Social Affairs as well as Education, Youth, Health, Information Society and Economic Affairs.
2 - Challenges & opportunities

2.1 – Globalisation
    (financial/economic crisis)
    Growth vs. inequalities -
    Productivity vs. employment

2.3 – Ageing
    Longevity vs. dependency
    Social agendas of demographic renewal & Integration

2.4 – Climate Change
    Shifting to sustainable growth
2.1 - Globalisation (1)

Growth rates – Emerging Economies

Speed of change

Chart 1: Real GDP growth for EU, US and Japan

Source: Eurostat, quarterly national accounts. Data seasonally adjusted.
## 2.1 – Globalisation (2)

### Restructuring

<table>
<thead>
<tr>
<th>Year</th>
<th>Cases</th>
<th>Job loss</th>
<th>Job creation</th>
<th>Total</th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>513</td>
<td>(Missing, see below)</td>
<td>585941</td>
<td>1142.2</td>
<td>(Missing, see below)</td>
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<tr>
<td>2003</td>
<td>724</td>
<td>24</td>
<td>526462</td>
<td>6651</td>
<td>714.3</td>
<td>277.1</td>
</tr>
<tr>
<td>2004</td>
<td>757</td>
<td>173</td>
<td>582566</td>
<td>96450</td>
<td>769.6</td>
<td>557.5</td>
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<tr>
<td>2005</td>
<td>1008</td>
<td>724</td>
<td>685537</td>
<td>389659</td>
<td>680.1</td>
<td>538.2</td>
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<tr>
<td>2006</td>
<td>1056</td>
<td>928</td>
<td>698807</td>
<td>574058</td>
<td>661.7</td>
<td>618.6</td>
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<tr>
<td>2007</td>
<td>629</td>
<td>826</td>
<td>469254</td>
<td>527683</td>
<td>746.0</td>
<td>638.8</td>
</tr>
</tbody>
</table>

Source: European Restructuring Monitor
2.3 – Ageing (1)
Assumed life expectancy by 2060

\[ e^0 (EU27,F) = 89.0 \]

\[ e^0 (EU27,M) = 84.5 \]
The swing from baby-boom to baby-bust in 4 EU-States and Poland

Number of births 1950-2001

Graph

Source: EUROSTAT, New Chronos


1 Eurostat does not provide fertility data for EU-15 that goes further back than 1960.
In this graph Eurostat data have therefore been combined with data from the UN.
Graph 6

Annual rate of growth of population aged 65+ and 15-64, EU25, period 2000-2040

Source: Eurostat
# Projected Evolution of Dependency Rates

<table>
<thead>
<tr>
<th>Ratio</th>
<th>2004</th>
<th>2025</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio 60+/20-59</td>
<td>39%</td>
<td>58%</td>
<td>80%</td>
</tr>
<tr>
<td>Ratio 65+/20-64</td>
<td>27%</td>
<td>39%</td>
<td>58%</td>
</tr>
<tr>
<td>Ratio 70+/20-69</td>
<td>18%</td>
<td>25%</td>
<td>40%</td>
</tr>
</tbody>
</table>

2.4 – Climate change
Adapting to while working to halt
Green jobs in manufacture & services
3 – European Social Model(s)

3.1 – Common values
- Common values, standards, principles, social and individual rights
- Anti-discrimination, equality, social protection…
- Charter for fundamental rights in the Lisbon treaty

3.2 – National idiosyncrasies
- Diversity in social practices, systems, traditions
- Diversity in development levels
- Convergence or divergence at European, national or regional levels
- Subsidiarity/proportionality principles and level playing field

3.3 – Economic efficiency and social equity
- Economic prosperity and competitiveness: more growth and jobs
- Social well-being and solidarity: more social inclusion and cohesion
- Leaky bucket or mutually reinforcing processes?
- Preserve the values and modernise the instruments
4 – Instruments of Social EU

4.1 – Policy instruments (the OMC)
- Lisbon Agenda
- Social Agenda
- Social dialogue, Civil dialogue, International cooperation

4.2 – Legal instruments
- Coordination of social security and mobility of workers
- Labour law and safety and security at work
- Gender equality and anti-discrimination

4.3 – Financial instruments
- European Social Fund (ESF)
- European Globalisation Fund (EGF)
- PROGRESS
Instruments of Employment and Social Policy

- Legislation
  - Working conditions - Health and Safety
  - Gender Equality – Anti-discrimination

- Open Method of Coordination
  - Employment
  - Social Inclusion / Protection

- European Social Dialogue

- European Social Fund
3.1 - Policy instruments (1)

Lisbon Agenda and the European Employment Strategy - More and better jobs

Past achievements

- Guidelines, national reform programmes, targets and recommendations to improve coordination, monitoring and implementation: OMC as a catalyst for reforms
- Contribution from a higher skilled/adaptable workforce to growth and jobs (e.g. active ageing strategy and its two targets)
- Concrete examples: EURES to facilitate job mobility and the Mutual Learning Programme to identify/exchange good practices

Future prospects

- Implementation of Flexicurity principles and pathways to better adapt to change/restructuring
- Launching of the “New skills for new jobs” initiative to better anticipate change/restructuring
- Maintain a mutually reinforcing interaction between economic and social policies and reforms (mitigating social costs is good economic policy)
## Progress towards the targets

Progress and remaining gaps to achieve 2010 ER targets

<table>
<thead>
<tr>
<th></th>
<th>ER in 2007</th>
<th>ER gaps to target (percentage points)</th>
<th>Employment increase needed</th>
<th>Progress 2000-2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Level (millions)</td>
<td>Annual growth rate</td>
</tr>
<tr>
<td>Overall</td>
<td>65.4</td>
<td>4.6</td>
<td>15.7</td>
<td>2.4</td>
</tr>
<tr>
<td>Female</td>
<td>58.3</td>
<td>1.7</td>
<td>3.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Older workers (55-64)</td>
<td>44.7</td>
<td>5.3</td>
<td>4.8</td>
<td>5.8</td>
</tr>
</tbody>
</table>
3.1 - Policy instruments (2)

Social Agenda and the Social Protection / Social Inclusion process

Past achievements
- Coordination of social protection and social inclusion strategies
- Mainstreaming: integration of social considerations into all EU policies
- Fora, reports, observatories on demography
- Concrete example: European health insurance card

Future prospects
- Balance between sustainability/adequacy - public/private pensions
- Tackling health inequalities
- Implementation of active inclusion principles for disadvantaged groups
- 2010 European year for combating poverty and social exclusion
At-risk of poverty rates

Source: EU-SILC (2006); income year 2005; except for UK (income year 2006) and for IE (moving income reference period 2005-06); BG and RO: National Household Budget Survey 2006
Funded Pensions: Current situation and expected evolution

![Graph showing the relationship between coverage level and contribution to income for different countries. The graph includes points for current situation and expected development, labeled with the names of various countries such as BE, CZ, FI, FR, PT, IE, SI, PL, LV, DE, DK, NL, SE, IT, UK, AT, EE, and LT.]
Shift from Statutory PAYG to FUNDED (privately managed) pensions

Change in contributions of various schemes to theoretical replacement rates 2006-2046

Source: Indicator Subgroup (ISG) of the European Commission’s Social Protection Committee
Nominal & real pension fund returns January-October 2008 (OECD)
4.1 - Policy instruments (3)

Social dialogue
Past achievements
- Under the EU Treaty, social partners (workers and employers) must be consulted before EU legislation is proposed on social matters; Tripartite Social Summits
- Agreements between social partners on telework, exposure to crystalline silica dust, violence and harassment; Codes of conduct, guidelines and handbooks

Future prospects
- Promote social dialogue to better manage company restructuring and climate change

Civil dialogue
Pan-European NGO’s

Enlargement and international cooperation
Past achievements
- Integration of the 12 MS (adoption of the social acquis) and negotiations with (potential) candidates alongside funding, technical assistance, capacity building measures
- Cooperation with international organisations and third countries

Future prospects
- Creation of a level-playing field with fair globalisation, sustainable development and decent work
- Cooperation to address global issues, share experiences and promote EU values and standards
Union density

Chart 1.5: Union density in the EU, the USA and Japan

source: ICTWSS Database
4.2 - Legal instruments (1)

Coordination of social security systems (2 Reg.)

Past achievements
- Regulations to coordinate national social security policies and avoid discrimination between EU citizens thanks to basic principles
- Portability of statutory pensions

Future prospects
- Regulation to implement the electronic exchange of data
- Evaluation of current legislation and communication campaigns

Free movement of workers (1 Reg. + 1 Dir.)

Past achievements
- Legislation to allow cross-border job mobility while receiving social benefits (i.e. job mobility action plan)
- Mutual recognition of qualifications and certification
- European Job days and EURES (1.5 million job postings available + 750 advisors)

Future prospects
- Promote mutual learning and awareness raising
- Integration of NMS into the wider EU labour market
4.2 - Legal instruments (2)

**Labour law (22 Dir.)**

**Past achievements**
- Adoption of minimum labour standards for fairer and more secure/flexible working conditions (e.g. limiting working hours) while avoiding market segmentation, deterioration of labour rights and unfair competition
- EU Agency in Dublin

**Future prospects**
- Fight against undeclared work; more inclusive and adaptable labour markets
- Directives on temporary worker; working time; European work councils

**Security and safety (31 Dir.)**

**Past achievements**
- Adoption of health and safety standards to protect life and health of workers (reduce work-related accidents), place companies on an equal footing and raise growth and productivity (as workers spend more time at work and less time at home recovering)
- EU Agency in Bilbao

**Future prospects**
- EU 2007-2012 strategy on health and safety (e.g. to reduce accidents at work by 25% by 2012) to foster transposition, implementation and enforcement as well as develop an intrinsic prevention culture (e.g. in SMEs)
4.2 - Legal instruments (3)

**Gender equality (14 Dir.)**

Past achievements

- Principles of equal treatment and gender equality in the EU Treaty
- Roadmap, Pact, equality bodies in MS and EU Agency in Vilnius

Future prospects

- Implementation/enforcement of legislation to establish a level playing field; Awareness raising; Tackling gaps (e.g. 15% gender pay gap)
- Directives on reconciliation (maternity leave and self-employed): work/life balance

**Anti-discrimination (2 Dir.)**

Past achievements

- Directives on discrimination at work (and beyond for gender and race)

Future prospects

- Implementation/enforcement of legislation to establish a level playing field; Awareness raising; Tackling stereotypes
- Directive on discrimination (age, religion, handicap, sexual orientation)
4.3 - Financial instruments (1)

European Social Fund
(€ 10 billion a year)

Past achievements
- EU’s main financial instrument to invest in people to enhance their education/skills and improve their job prospects in line with the Lisbon Agenda and the EES
- 9 million people supported annually with 4 million people being trained and 2 million unemployed/inactive finding a job

Future prospects
- Contribute to Lisbon Agenda and Social Agenda to boost employment to increase living standards
- Getting more people into better jobs to increase competitiveness and reduce health and social costs
- Handling and emerging from CRISIS: relief - recovery
European Social Fund

Allocation of European Regional Development Fund/Cohesion Fund by theme - EU27 - 2007-13

- Culture
- Energy
- Environmental protection and risk prevention
- Improving access to employment and sustainability
- Improving human capital
- Improving the social inclusion of less-favoured people
- Increasing the adaptability of workers and firms, enterprises and entrepreneurs
- Information society
- Investment in social infrastructure
- Mobilisation for reforms in the field of employment and inclusion
- Reduction of additional costs hindering the outermost regions development
- Research and technological development (R&TD), innovation and entrepreneurship
- Strengthening institutional capacity at national, regional and local level
- Technical assistance
- Tourism
- Transport
- Urban and rural regeneration
4.3 - Financial instruments (2)

European Globalisation Fund
(up to € 500 million a year)

Past achievements

- To support active employment measures for those made redundant due to changes in world economic patterns
- Examples: personalised support service such as job-search assistance, career guidance, outplacement assistance, tailor-made training and retraining and the promotion of entrepreneurship or training
- More than 7 thousand people helped

Future prospects

- Monitoring via annual reports on its activities and results
- Mid-term evaluation in 2011 and a final evaluation in 2004 in cooperation with the MS
- Handling and emerging from CRISIS: relief - recovery
European Globalisation Fund

EGF Interventions in 2007

- Training allowances/Job search allowances - € 13,477,888
- Labour market (re-)training - € 2,715,632
- Employment incentives - € 1,146,050
- Technical Assistance - € 639,500
- Start-up incentives - € 326,475
- Job-search assistance - € 306,573
PROGRESS
(€ 100 million a year)

Past achievements
- Analysis, advice and monitoring
- Mutual Learning, awareness and dissemination
- Support to main actors: MS, NGO, SP, regional/local authorities

Future prospects
- Monitoring through annual activity reports to determine to what extent it is on the right track
- Mid-way evaluation (covering 2008-10) to look at to what extent PROGRESS is achieving its objectives, its use of resources and its « added-value »
- 100 mio for 500 mio micro-credit scheme with EIB
5.1 - Renewed Social Agenda: The July 2008 package

**EMPL: 12 initiatives**
- 2 DIR (European Work Council – Equal treatment)
- 4 COM (RSA - Non-discrimination - Social OMC - EGF)
- 6 SWD (Transnational company – Restructuring – Telework – Non-discrimination – SSIG – Decent work)

**EAC: 3 initiatives**
- 1 REC (mobility)
- 1 COM (schools)
- 1 Green Paper (migrants)

**SANCO: 2 initiatives**
- 1 DIR (cross-border healthcare)
- 1 COM (cross-border-healthcare)

**INFSO: 1 initiative**
- 1 SWD (well-being in information society)

**ECFIN: 1 initiative**
- 1 COM (efficiency and effectiveness of social spending)
## 5.1 - Renewed Social Agenda: The Follow-up

**EMPL: 10 initiatives**
- 2 DIR (Reconciliation; self-employed women)
- 1 REC (active inclusion)
- 3 COM (ageing population; new skills; health inequalities)
- 1 (follow-up strategy on gender equality)
- 1 European year on inclusion
- 2 SWD (Roadmap on Equality; Report on Barcelona targets)

**EAC: 4**
- 3 COM (Youth OMC; E&T 2010 update; multilingualism)
- 1 Green Paper (mobility)

**SANCO: 2**
- 1 COM + REC (health services)
- 1 Green Paper (EU health workforce)

**INFSO: 3**
- 2 COM (telemedicine; tools for chronic disease)
- 1 REC (cross-border interoperability)

**ECFIN: 2**
- 1 COM (long-term sustainability of public-finance)
- 1 SWD (impact of ageing)

**AGRI: 1**
- 1 (food aid programme)

**MARKT: 1**
- 1 (promote financial inclusion)
5.2 – Crisis response measures

European Economic Recovery Package
Macro-economic – saving financial system to protect real economy to avoid unemployment, protect families & the vulnerable

Driving European Recovery
Larosiere measures
Public finances

7 May Employment Summit
Stemming unemployment – generating new jobs

3rd June Com: A shared commitment for employment
Preserving employment
Freeing up 19 billion ESF funds
500 mio Micro-credit
Thank you for your attention
Further information

- All information about the European Union: [http://europa.eu.int](http://europa.eu.int)

- Social Protection Committee

- Economic Policy Committee