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EESC DEBATES WITH ORGANISED  
CIVIL SOCIETY IN THE MEMBER STATES  
ON THE

# European Pillar of Social Rights



*European Economic and Social Committee*

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ORGANISED CIVIL SOCIETY  
IN THE MEMBER STATES  
ON  
THE EUROPEAN PILLAR  
OF SOCIAL RIGHTS**

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# **MEMBER STATE: AUSTRIA**

Meeting held on **28 September 2016 in Vienna**

*EESC delegation:* Christa Schweng (Group I), Oliver Röpke (Group II), Rudolf Kolbe (Group III)

## **ANSWERS**

**on the proposals for questions for the EESC debate with organised civil society**

**1. What do you consider to be the most urgent economic and social challenges in Europe and in your country? What is needed to address these challenges?**

### **Challenges:**

- Unemployment (particularly for those without a secondary school diploma or with only primary school level qualifications, and for migrants entering the labour market).
- Weak growth.
- Increasing poverty.
- Migration and integration.
- Many companies only increase their profits through mergers and restructuring.
- Cross-border social dumping and wide-ranging attacks on social rights.

### **In response: investment:**

- in training,
- in infrastructure,
- Financed through
  - The EFSI (European Fund for Strategic Investments- ‘the Juncker-Fund’),
  - A mix of public ‘initial investments’, which then lever private capital (such as with the EFSI).

### **Consider:**

- The Stability and Growth Pact (SGP) hampers public investment (for example in education, the labour market, childcare, care and the health sector) - the ‘Golden rule of investment’.
- Excessive bureaucracy hampers investment.

### **In response: Innovation and growth:**

- The EU must become a leader of innovation.
- The EU must improve people’s living conditions.

### **In response: changes to the tax system:**

- A harmonised tax system could be very beneficial, but it is unrealistic.
- Tax evasion and tax avoidance must be tackled.

- According to the OECD, Austria has a high tax ratio in comparison to the rest of Europe (taxes and ancillary wage costs).
- In terms of property taxes, Austria is almost in last place among the OECD countries.

**2. Do you consider a pillar of social rights to be necessary? If yes, how should it be designed so as to be able to address the most significant social and economic challenges in Europe and in your country?**

**Arguments by supporters of a pillar with minimum standards or benchmarks:**

- In order for the pillar to be implemented effectively, a social progress protocol is needed at the same level as the four freedoms.
- Binding minimum social standards are necessary, as is a convergence in this process. Other countries should be acquainted with Austria's example.
- The pillar should produce an orientation framework. Regulation with measures.
- Social pillars (and social services) should not include any excessive bureaucratic detailed specifications.
- Owing to the non-regression clause, reductions in the level of protection in individual sectors are not possible. It prohibits exchanges between different, but connected sectors.
- Europe is already social and has a high tax ratio and high regulatory density.
  - 7% of the world's population lives in the EU, producing 20% of global GDP and 40-50% of public social expenditure (The Economist 2014).
- In comparison, Austria has a relatively equal distribution of income.
- A lack of social rights was not the catalyst for the economic crisis.
- In the debate about Brexit, the freedom of movement, the social services related to it and the effect of immigration on labour markets played a significant role.

**'Economy produces prosperity':**

- A healthy economy is the foundation of, and essential to, a pillar of social rights.
- The instruments to achieve prosperity are diverse. There are instruments which do not sound social, but which have a social impact, for example the redistribution of the workforce through freedom of movement.
- The social market economy is the European model.

**3. How could a new EU labour market strategy be made to satisfy the flexibility and security needs of companies, employees and job-seekers? How could this strategy take into account such important issues as the new reality of ever more heavily digitalised economies and labour markets, the challenge of an ageing population and the need for labour market transitions?**

**Flexibility:**

- The adaptation of labour laws and working hours to new realities. Companies and employees desire flexibility. Protection is essential – Flexicurity!
- Earned income must be enough to live on – part-time work is often a problem for women.

## **The Posting of Workers Directive contains risks for wages and social dumping:**

- To avoid wage dumping: equal pay for equal work in the same place as a remedy.
- Different social security contributions, high ancillary wage costs in Austria and low wages in the neighbouring countries are significant reasons why assembly work is almost only carried out by foreign companies with a posted workforce.
- There is insufficient enforcement of the existing legislation against wage and social dumping.
- The enforceability and collection of fines abroad for breaches of the PWD (or its implementation) is poor.
- How can one be sure if the workforce actually receive the payment that they are entitled to?

## **Uniform standards:**

- The use of a standard for everyone is not possible in many cases in the Union.
- A uniform minimum wage for the whole EU area would be impossible. Binding nationally-determined minimum wage limits would be desirable.
- The Economic and Monetary Union (EMU) even led to increased inequality in the euro area through uniform standards.

## **Digitalisation and automation:**

- Digitalisation means that not only low-skilled jobs, but also skilled ‘climber jobs’, for example in the financial sector, become automated.
- Alternatives must be created for those who lose their jobs.
- Digitalisation is a long-term process, the transition does not take place overnight.
- The restructuring fund as the solution? (The Italian example).

## **Migration:**

- Europe should provide help in Africa itself and confine itself to qualified migrants.
- The pillar does not mention migration at all – that is critical.

**4. How can the sustainability of social protection systems be ensured and how can there be guarantees that the available resources are primarily channelled into effective, relevant and necessary social investments and services? What role should the different actors play?**

## **Modification/financing of the system:**

- The social systems must grow with the developments.
- Fear that goes back to digitalised gainful employment, which is actually the main source of finance for the social systems.
- The demand for social and health services will rise, payment of costs outstanding.
- A change to the tax system is unavoidable, the Union could provide comparisons and expertise to that end.

### **Investment in the social system:**

- We need an increase in public investment in infrastructure, including social infrastructure.
- The EFSI (European Fund for Strategic Investment- Juncker Fund) should be better geared towards social investment.

### **The social sector: costs/productive investments**

- The health and social sector produces a number of jobs, particularly for women and those returning to work.
- A political economy cannot be based solely on jobs in the social sector, the bottom line is that it costs the state money.
- Social expenditure increasingly goes towards provision for old age (around 26% of GDP goes towards pensions, and that figure is rising). Life expectancy is growing, and the baby boomer generation will soon be retiring, reforms are needed.

### **Problems in the care sector:**

- In mobile care with an external workplace, the European legislative framework on worker protection has led to problems.
- In Austria, self-employed personal carers work for between EUR 50-60 for a work period of 24 hours.

### **Miscellaneous:**

- There are lots of bureaucracy and many checks in the implementation of European programmes, perhaps too much.

## **5. How could the European Pillar of Social Rights support economic and social convergence in Europe?**

- The consultation process on the pillar gives the social level more space.
- Through a binding pillar and a social progress protocol, social considerations will reach the same level as the four freedoms.
- The pillar should produce binding minimum social standards and thus convergence.
- The four freedoms provide for prosperity, we should not regulate everything again.
- Common standards produce neither a uniform level in Europe nor full-time jobs.
- The pillar should be incorporated into the European semester and provide for benchmarks.

## **6. What needs to be done in order to promote and sustain social cohesion in Europe?**

- The social partnership must be supported.
- The 'other interests' of civil society (covered in Group III of the EESC) must be included in the discussion alongside the social partners.
- Opportunities from economic change must be discussed.
- Learning from one another is important and has always worked well, for example sharing best practice on the labour market and in the pension sector.
- The Commission should provide feedback to all those who take part in the consultation, particularly on which proposals will and will not be taken into account.

## **MEMBER STATE: BELGIUM**

Meeting held on **20 October 2016 in Brussels**

*EESC delegation:* Philippe De Buck (Group I), Raymond Coumont (Group II), Alain Coheur (Group III)

### **Discussions with organised civil society**

#### **The position of the Belgian members of the EESC on the initiative for a European Pillar of Social Rights**

In a rapidly changing world, Europe is currently facing a significant number of socio-economic challenges: high levels of unemployment, particularly among young people, labour market segmentation and, generally speaking, growing social inequalities. Therefore the values which existed when Europe was built desperately need to be reasserted and turned into action: everyone has the right to live a dignified existence. These inequalities are good neither for citizens, companies or the economy, nor for social cohesion.

The links between the economic and the social are indivisible; symbiosis between the two is the only way to keep building the European social model, and the European Union represents the right level to address the challenges posed by the current growing inequalities.

The initiative for a European Pillar of Social Rights being proposed by the Commission is, from a general point of view, a window of opportunity to restore trust and to address – in part – the challenges that Europe is facing today. But it will not be able to tackle these challenges alone. The priority should be to create jobs and support entrepreneurship. This focus should be a part of the proposal for a European Pillar of Social Rights. The Commission should also ensure that its proposals are consistent. The (macro-)economic policies (of Europe and of the Member States) have an impact on the current social context and on the differences between Member States. The European Commission should take this assessment very seriously. To reduce social inequalities, it should find a balance between an economic pillar and a social pillar which takes into account the challenges to be addressed. This approach is complementary rather than contradictory.

It is clear that genuine socio-economic convergence is now a necessity. What is more, the proposals intended to strengthen social convergence cannot be limited to the euro area. They must encompass all of Europe.

Regarding the process that was introduced for the proposal for a European pillar of social rights, social dialogue is of the utmost importance, and the social partners should participate in the translation of this pillar into specific initiatives. All the stakeholders need to take ownership; therefore the requisite time and means should be given to the social partners to enable them to overcome differences and build proposals supported by all of society.

At this stage, the social partners and civil society are considering the nature of the process for the application of this pillar and about the implementation and means potentially needed to give form to the initiative (economic stimulus with investment funds, taxation, creating jobs which generate social contributions, and so on).

In practical terms, the proposal for a European pillar of social rights is accompanied by assessments and principles designed to guide future initiatives. It is therefore necessary to take a holistic approach to rights. They should not be treated separately but should be included in a comprehensive policy. Moreover, the goal should not be a uniform system, identical for all Member States. The pillar should not transfer the protection systems built over time by Member States to EU level.

To reach the goals set by this pillar and tackle the current challenges, several significant steps could be taken in the following fields:

- Equal opportunities and efforts to combat discrimination in a fair, dynamic, mobile and open labour market for all;
- Practical proposals which foster access to the labour market in general and for young people in particular. At the same time, meaningful initiatives in teaching, training and, lifelong learning should be taken forward;
- Worker mobility should be encouraged, including through better recognition of qualifications;
- Services of general interest which respond to the needs of users and the recognition of the social economy by companies (a driver of social innovation);
- Social protection based on solidarity, accessible for all through good-quality services;
- Innovative, wealth-creating companies which are not subject to unfair competition: initiatives are needed to combat social and fiscal dumping.

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# **MEMBER STATE: BULGARIA**

Meeting held on **3 October 2016 in Sofia**

*EESC delegation:* Bojidar Danev (Group I), Plamen Dimitrov (Group II), Lalko Dulevski (Group III)

## **RESULTS OF THE DEBATE — ISSUES DISCUSSED**

### **1) Which economic and social challenges in Europe and in your country do you think need to be addressed most urgently? What needs to be done to overcome them?**

- The new challenges facing Europe are the development of digital technologies, the shared economy, and innovations in technologies and production leading to changes in industrial processes. Those changes are not adequately discussed in the Commission document.
- For Bulgaria in particular, internal European migration and the demographic decline in the population present further challenges.
- Workforce quality is also a problem, mainly because lifelong learning levels are low, education quality has fallen and children are dropping out of school too early. This in itself leads to enormous pressure on social protection systems, as there is a close connection between lack of education, finding it impossible to secure employment and social exclusion.
- Those taking part in the Bulgarian debate made the following recommendations to overcome these problems:
  - Need for in-depth analyses of and forecasts for economic development, without which it is impossible to make predictions about the training needed,
  - Clear formulation of every child's right to good quality education through institutions and parents fulfilling their responsibilities,
  - Increase in the number of people taking part in forms of lifelong learning and an integrated approach to social benefits by working on qualification and motivation enhancement not only when people are receiving unemployment benefits, but also when they are receiving social benefits,
  - Placing new technologies at the heart of health and safety at work, as there is a need to create new standards with regard to the rights of those employed in the digital economy.

### **2) Do you think that a Pillar of Social Rights is necessary and if you do, how should it be constructed with a view to meeting the main social and economic challenges in Europe and in your country?**

- A Pillar of Social Rights is needed in order to enable economic development to be linked with social development. The Pillar cannot be applied only to euro area countries, given that the market is a single market and there can be no dual-speed Europe as far as social rights are concerned.
- The Pillar must reflect the development of society and be subject to changes; it must introduce mechanisms for upward convergence of social rights and find the right mobility of protection.

- To assess movement between the Member States and the differences in their economic development and their standards of living, which conditions internal migration and social dumping processes, the application of the Pillar should be based on measurability and criteria. Bulgaria is increasingly lagging behind on levels of salaries and pensions.

In this connection, trade unions appeal for a gradual move towards a "living wage", with the link between productivity and salary being interpreted over the long term and taking into account the ratios in the division of GDP between labour and capital.

**3) How could a renewed European labour market strategy meet the needs of enterprises, workers and job seekers with regard to flexibility and security? How could it take into account some important issues such as the new realities of the increasingly digitalised economies and labour markets, the ageing population challenge and the need to ease labour market transitions?**

- The real needs of the labour market must be spelled out so that education and teaching can adapt properly to the needs of staff.
- In particular, the most digitalised economies and the shared economy present a new business model which circumvents state regulation. We need to discuss how social rights can be regulated. These economic changes may also make society less fair, as the difference in competences and the digital divide lead to a division of the labour market and widen inequality. Furthermore, the most digitalised economies promote self-employment and more diverse forms of labour. Nevertheless, the right balance between flexibility and security needs to be established by introducing a right to presumption of an employment relationship (employer's identity, sanctions for falsifying an employment relationship) and a right to protection from precarious employment by placing restrictions on practices creating uncertainty at the workplace.
- The Pillar must guarantee not only individual but also collective rights for employees, as this will guarantee greater justice in society.
- The right to education must become a pan-European right that can also be applied to mobile and posted workers, to those in hybrid student/worker roles, and those working in more than one organisation. Transitions from study to work must be accelerated.

**4) How can sustainability of the social protection systems be guaranteed? How can it be ensured that the resources available are used, as a priority, for effective, expedient and necessary social investments and services? What is the role of the different participants?**

- Social protection concerns everyone, consumes the biggest part of the budget and is needed by everyone. Social rights presuppose developed employment. The presence of an informal economy leads to an inability to achieve social rights and sustainable social protection. For countries such as Bulgaria, combating corruption is absolutely crucial for ensuring budget resources. At European level, attention should also be paid to the eradication of tax havens.

- Social services should be adapted to the needs of the population – for example, the adoption of long-term care as a social insurance risk as a consequence of population ageing.

**5) How could the European Pillar of Social Rights provide positive support for economic and social cohesion across Europe?**

- By being adopted across the whole of the European Union, not only in the euro area.
- By paying special attention to the most disadvantaged groups of people, such as those with disabilities – a total of 54 million people in Europe. People with disabilities are often well educated, but in Bulgaria 96% of them are long-term unemployed. Their access to the labour market needs to be improved, and the fact that they are employed must not be an obstacle to them being eligible for social benefits.
- Special attention should be paid to access to good quality and affordable medical services, and a charter for children's preventive health services must be drawn up.
- The Commission document needs to give special attention to the social economy and develop more serious regulations for it.

**6) What is required to foster and sustain cohesive societies in Europe?**

- The sustainable development objectives in the Pillar of Social Rights need to be integrated, and the way in which the Pillar will interact with other modern society challenges, such as climate change, needs to be defined.
- The lack of structural reforms and some defects in the other policies must not be compensated for through social policy.

**MAIN RECOMMENDATIONS AND CONCLUSIONS**

**(Please try to reach an agreement on the 2-3 key messages/recommendations/conclusions from the event. If necessary, specify the differing positions.)**

1. When it comes to the Social Pillar, Europe must not be divided into members and non-members of the euro area. We should not forget that one of the fundamental freedoms of the European Union is "the free movement of persons" and that the mechanisms of upward convergence should be applied in all areas, including labour remuneration, income, standards of living, social security systems and collective rights.
2. The European Pillar of Social Rights (EPSR) must be incorporated into the European Semester to ensure that it can be monitored consistently and that EU economic and social development can be coordinated. For this purpose, a special report should be drafted to accompany the publication of the Annual Growth Survey, and the country-specific recommendations should also include a section on social rights, which must be linked to the recommendations in the economic area.

3. The EPSR draft must reflect the tendencies already shown towards digitalisation and robotisation of production and services, the updating of traditional professions by new professions, the emergence of new business models and forms of employment – 3D technology, shared economy, work through online platforms, distance work and self-employment development, and new recruitment and labour conditions, along with the regulations governing those conditions.
  
  4. The EU Social Pillar and social doctrine must be improved and built upon periodically, taking into account:
    - \* Demographic changes;
    - \* External and internal European migration;
    - \* Tendencies in convergence and the degree of cohesion achieved within the EU;
    - \* Technological advances and the needs of social innovations.
  
  5. The EPSR should have a distinct text concerning the right of every child to good quality education, which is to be ensured by means of concrete obligations and responsibilities for the respective institutions and parents. Together with the right to education for all European citizens (regardless of age, gender, civil status, form of employment, etc.), it must be guaranteed that mechanisms are implemented which are appropriate to accelerating transition, with adequate social protection between different employment statuses.
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# **MEMBER STATE: REPUBLIC OF CROATIA**

Meeting held on **10 October 2016** in Zagreb

*EESC delegation:* Davor Majetić (Group I), Anica Milićević Pezelj (Group II), Marina Škrabalo (Group III)

## **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

### **1) What do you consider to be the most urgent economic and social challenges in Europe and in your country? What is needed to address these challenges?**

Croatia has been experiencing high unemployment and economic inactivity rates as well as population shrinkage as a result of fall in birth rates and emigration (itself the product of: 1) low wages; 2) working conditions; and 3) unemployment). It is difficult for young people to enter the jobs market and around a fifth of them in towns and a quarter in rural areas are NEETs. The education system does not meet the requirements of the labour market. The risk of poverty is increasing (affecting a fifth of the population) and has recently spread to those in work. There are significant regional disparities. The low employment rate is putting the sustainability of the social welfare system at risk. People with disabilities are still largely excluded from the labour market and the pay gap between women and men continues unabated.

The representatives of the trade unions and civil society take the view that austerity policies imposed at the EU- level are the wrong response to the crisis (something an IMF study has also confirmed), with the social gap being deepened between by the tremendous costs of the bail-out of the banking system (at the expense of workers, whose rights have been curtailed) and the cuts in public funds for investment in education and health care and in social services. The European social model has been undermined, which has sapped the confidence of Europe's citizens in the European project and called into question the rationale for remaining in the EU (Brexit). The poor employment growth is increasing rather than lessening the differences between Member States, in particular in the euro area.

The Croatian economy has grown in recent months, but the right support and measures are needed to achieve a lasting recovery. It is vital to work out development objectives and, at the same time, for stakeholders to shoulder their responsibilities. Achieving these goals also requires better alignment of policy measures. Increasing the international competitiveness of the Croatian economy necessitates reforming public administration, facilitating access to finance for entrepreneurs, sizeably increasing (public and private) investment, especially in new technologies and in the education system, as well as better anticipating the needs of the labour market. In terms of expenditure on research, science and innovation, Croatia is at the tail end in the EU and this needs to be increased substantially. The capacity to better capitalise on EU- membership also needs to be boosted, in particular a better take-up of EU funds.

The priority must go to upping the activity rate and framing measures for a smart reindustrialisation. There is great hidden potential in the social services: more investment in personal assistance and care services (for children, the elderly and dependent persons) could not only get more women into the labour market, but also create new jobs in this sector (the care economy) and also bolster the

construction sector (building and buildings renovation), transport, and so on. There is hidden potential, too, in the green economy, energy, the circular economy and in other areas in which Croatia is currently bottom of the EU league.

To hit the targets we need a real social dialogue and responsible conduct from the social partners, who have to work with the authorities to make sure that the provisions of the Constitution, according to which Croatia is a welfare state, are put into practice.

If we are to address the challenges facing the EU, it is important to tie economic and social aspects more closely together to achieve an upward convergence. Improved coordination is needed (on legislation, policy instruments, etc.) between the European and the national level, as well as a strengthening of social dialogue. The European Pillar of Social Rights can play an important role in this process.

**2) Do you consider a pillar of social rights to be necessary? If yes, how should it be designed so as to be able to address the most significant social and economic challenges in Europe and in your country?**

The participants in the debate agreed that the European Pillar of Social Rights is useful as a strategy paper sketching out a new vision, aims, standards and procedures for relaying the foundations for a social Europe in the 21st century and an EU that is an area of social security, quality of life and sustainable development. The important thing now is to lend it an operational dimension beyond its purely declaratory function.

Participants in the debate on behalf of trade unions, civil society and academia thought the objectives of the European Pillar of Social Rights would only be achieved when they applied everywhere in the EU. Failing this, there would be unacceptable competition between Member States, leading to a deepening of disparities. In parallel to economic convergence, the European Pillar of Social Rights must deliver social upward convergence that guarantees cohesion and social justice in the EU. New tools must be invented to create a society with less inequality and poverty and more social justice, which could also benefit economic growth and development.

Participants from the Croatian Employers' Association (HUP), however, were of the view that the European Pillar of Social Rights should not be mandatory for all Member States, since the same obligations could not be imposed on the more developed countries with high growth rates and on those that had just weathered the crisis.

The European Pillar of Social Rights must enshrine social investment as a crucial driver for implementing the social goals enshrined in the EU treaties and the body of European law. The European Semester needs to be recast, especially the indicators for evaluating the implementation of the social objectives of the European pillar. There is also the question of how social investment is treated: in other words, how far they can be partially excluded from calculations of fiscal deficit, particularly for countries that do not invest enough – based on the common social indicators and the EU average – in education, health and social protection.

**3) How could a new EU labour market strategy satisfy companies', employees' and job-seekers' need for flexibility and security? How could this strategy take into account such important issues as the new reality of ever more heavily digitalised economies and labour markets, the challenge of an ageing population and the need for labour market transitions?**

Industrial relations are crucial to the very fabric of society and as such are of particular interest for the social partners. The active and responsible position taken in this area can take the credit for, among other things, the promotion of international, European and national labour standards. Through bipartite social dialogue and collective bargaining the social partners provide for more flexibility than legal rules, ensure certainty and also contribute to macroeconomic stability and the smooth running of the labour market. The authorities must ensure respect for the independence of the social partners, create a favourable environment for the development of bipartite social dialogue and involve the social partners in policy-making in the tripartite social dialogue, especially on industrial relations and employment. These goals should be taken on board in a revised EU-employment strategy.

Given the expected changes in the world of work (computerisation, digitisation, robotisation, artificial intelligence, etc.) and the consequent disappearance of certain professions and the creation of new jobs, the social partners and the authorities must work together to ensure a fair transition. This question of a fair transition must be explicitly and clearly approached by means of the European employment guidelines and the necessary resources made available.

Trade union and civil society representatives stressed that particular attention should be paid in the European Pillar of Social Rights to combating the abuse of non-standard forms of employment. This is one of the main causes behind the rise of in-work poverty, which is jeopardising not just the sustainability of social security systems, but economic growth as well. The EU employment strategy and the national employment action plans must take account of this problem and contain guidelines to deal with it, including awareness-raising measures and a monitoring procedure. In addition, collective agreements must be recognised as the tools best suited for shaping industrial relations, enabling in particular flexibility and adaptability to the changing working conditions. Employer representatives, however, thought this problem less of an issue in Croatia and a solution should be a matter primarily of further changes to labour legislation.

The European Pillar of Social Rights must be framed in response to concrete problems and risk groups, and Member States should be encouraged, when implementing, to concentrate on the specific risk of exclusion and marginalisation in the labour market. The focus must be on higher quality jobs rather than minimum standards.

With regard to the fight against social dumping, the rights of posted workers must be better regulated, workers in the informal economy protected and greater flexibility promoted in educational processes and knowledge needed in the future. There is also a shortage of measures to integrate immigrants into society and the labour market (recognition of qualifications, work permits, employment policies, access to capital for setting up their own businesses, etc.).

It is particularly important to have an increase in resources (by the EU and the Member States), more accurate targeting of active employment measures and the Youth Guarantee scheme, as well as a reinforcement of public employment services. The social partners, who have a responsible part to play, must be actively involved and their capacity strengthened.

**4) How can the sustainability of social protection systems be ensured and how can there be guarantees that the available resources are primarily channelled into effective, relevant and necessary social investments and services? What role should the different actors play?**

So-called passive redistribution model (central to protection against poverty) remains relevant and must be complemented with a new model of social investment: a different way, as it was, to share out the goodies. In this, expenditure for social protection and social services should be seen as a lever for development and not as a cost factor.

Increasing investments and creating more good quality jobs are of central importance and ensure the sustainability of the welfare systems: more jobs will provide for pensions (pay-as-you-go system) and the quality of the jobs provides a lasting contribution to the budget, which can then be redistributed in the shape of social transfers.

Particular attention should be paid to the lack of consistency in social measures and poor links between different spheres (health, pensions and other social benefits), as well as the insufficient coordination between the various policies and state and non-state entities in the provision of social services.

Special attention must also be given to inefficient deinstitutionalisation, with clear standards laid down for this in the European Pillar of Social Rights.

**5) How could the European Pillar of Social Rights support economic and social convergence in Europe?**

Through the development of a social market economy that provides a fair distribution of income and sufficient social services. Poverty needs to be combated (and its generation prevented!) and the middle classes strengthened, which will stimulate demand and economic growth. Economic growth alone, in other words, does not reduce social inequalities if the newly created wealth is not distributed in a fair and socially acceptable way.

That is why the affirmation of social rights as the basis for a wide range of public policies and areas for strategic investments is essential to achieve a balanced and sustainable development in the EU. We stress again that investment in the care economy makes it possible to get people into the labour market and create new jobs not just in the sector itself, but also in other related areas.

**6) What do we need to do in order to promote and sustain social cohesion in Europe?**

An integrated approach is needed to develop the whole range of public policies (including on tax, social affairs, transport, etc.) based on rights and focused on common objectives of economic and social well-being. It is important to make sure in this that there is coordination at several levels and that thresholds are put in place for what is unacceptable in certain public policies, in particular regarding fiscal measures involved in the standards being sought on the protection and promotion of social rights and their social compatibility as a whole, and not merely in a minimum range.

Economic development must benefit everybody and not just a few.

## **KEY RECOMMENDATIONS/CONCLUSIONS**

The Commission document is short on substance and it is difficult comment on it. Tangible goals and measures need to be laid down and economic development must be clearly matched with a social dimension.

In the view of the trade union and civil society representatives, the European Pillar of Social Rights should be binding on all EU Member States from the outset. Employer representatives, on the other hand, want it compulsory only for the euro area.

The pillar must be conceived in the round (rights/measures/instruments/financing). As well as strengthening the acquis of social rights, new rights should be contemplated to better cushion new social risks. A better knowledge of rights can make workers better informed and improve their consultation and representation. Obligations, too, need to be laid down. It is particularly important to make sure there is support for those affected by processes of transition.

The Pillar of Social Rights must apply to all sections of the population. Specific social support instruments should be worked out for the most gravely disadvantaged groups, with particular attention to children: they must be brought out of poverty and given better chances to develop.

Pillar of Social Rights: development of horizontal principles and instruments to monitor compliance (for example: the ban on discrimination must be enforced in all aspects of society and not just in the world of work).

Pillar of Social Rights: particular encouragement of the coupling of economic and social development, measurement of economic progress through complementary indicators to assess advances in the social domain, in order to attain balanced and comprehensive progress for the community as a whole.

Pillar of Social Rights: promotion of new social investments in the care sector and social entrepreneurship. Social security systems must offer income support in order to provide a better quality of life for all.

Pillar of Social Rights: reinforcement of bipartite and tripartite social dialogue at European and national level.

Pillar of Social Rights: a fairer economy, full employment, quality jobs and decent work for all, and ensuring the sustainability of social security schemes. Ensuring access to the labour market (for young and older workers, people with disabilities, migrants, the low-skilled, the long-term unemployed, etc.) and quality education.

Pillar of Social Rights: establishment of mechanisms for anticipating and managing change in the world of work and for a fair transition – cooperation between public authorities and the social partners is essential.

Pillar of Social Rights: common mechanisms to monitor the implementation of legislation, collaboration between labour inspectorates and other stakeholders and development of information systems for the single market dealing with fair mobility, combating corruption and tax evasion, etc. The possibility and feasibility of introducing a European social security number should be explored.

Pillar of Social Rights: particular attention paid to fighting abuse of non-standard types of employment (this is a proposal from the trade unions and civil society: the employers are against).

Pillar of Social Rights: the creation of uniform concepts, definitions, statistics and tax policies must be supported.

Pillar of Social Rights: establishing comparable parameters for a socially acceptable distribution. While it is impossible for all Member States to require high contributions immediately, it is possible, for example, to establish a minimum income as a given percentage of the average. Mechanisms need to be developed for a social upwards convergence. In particular, mechanisms should be worked out to prevent profits being taken out of those businesses that do not pay their employees a fair wage for the work carried out. In addition, an equitable distribution and an increase in wages and salaries across the EU should be achieved as a matter of principle in order to ensure further growth.

Pillar of Social Rights: greater cooperation and interaction between the EU and the Member States and between the regulatory framework and EU policies and instruments, while respecting the principle of subsidiarity.

Pillar of Social Rights: For each domain, the expected impact and financing mechanisms at European and national level should be set out, as well as proposals submitted for enhancing the effectiveness of the Structural Funds (in particular the European Social Fund), social benefits and budgetary resources for public investment in education, including labour markets and social services.

The recommendations of the European Anti-Poverty Network (EAPN) should be taken on board when the document is drafted.

The goals and expected effects of the social pillar should be aligned with the Europe 2020 strategy and the European Semester and their monitoring indicators, and social investments, especially in education, should be excluded from the calculation of public debt. All European instruments and policies must be joined up in order to promote a social Europe and must not be subordinate to economic interests.

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## **MEMBER STATE: CYPRUS**

Meeting held on **10 October 2016 in Nicosia**

*EESC delegation:* Michalis Antoniou (Group I), Nicos Epistithiou (Group II), Tasos Yiapanis (Group III).

### **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

#### **Introduction**

A public debate on the European pillar of social rights was held in Nicosia on 10 October 2016. The event was organised by the European Economic and Social Committee (EESC) and the European Commission.

It was attended by representatives of trade unions, employers' and farmers' organisations, as well as by a wide range of civil society organisations. The participants were welcomed by the representative of the Cypriot government, Zeta Emilianidou, Minister for Labour, Welfare and Social Insurance. For the European Commission, statements were made by Barbara Kauffmann, Director, DG Employment, Social Affairs and Inclusion, and Christos Paschalides, European Semester Officer at the European Commission representation in Cyprus.

The organisations taking part were sent six questions concerning the social situation and the EU social acquis, the future of work and welfare systems, and social and economic convergence in the euro zone.

The programme included a series of introductory statements and an exchange of views on the subjects listed above.

In the event, the discussion took the form of successive general positions set out by the civil society and European Commission representatives, and statements by the five EESC members.

- 1) What do you consider to be the most urgent economic and social challenges in Europe and in your country? What is needed to address them?**
- 2) Do you think a pillar of social rights is needed and if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**
- 3) How could a renewed labour market strategy meet the needs of businesses, workers and job-seekers for flexibility and security? How could important issues, such as the new reality of increasingly digitised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions, be taken into account?**

- 4) **How should we ensure that social protection systems are sustainable and that the resources available are prioritised into effective, relevant and necessary social investments and services? What is the role of the different stakeholders?**
- 5) **How could the European pillar of social rights positively support economic and social convergence across Europe?**
- 6) **What do we need to promote and sustain cohesive societies in Europe?**

The challenges facing Cyprus may be summarised as:

- I. Tackling unemployment, especially among young people, although there has been some improvement in this sector in recent years.
- II. Tackling poverty, inequality, social exclusion and discrimination.
- III. The sustainability and effectiveness of social protection systems.
- IV. Technological developments and the digitalisation of society and the economy, examining these trends in the workplace, in the educational system and lifelong learning, and in public administration.
- V. Business competitiveness, attracting investment and upgrading technology.

The measures proposed by the various parties comprised:

- increasing workers' employability by promoting all forms of learning,
- strengthening and implementing collective agreements,
- encouraging innovation and entrepreneurship,
- investing in education and training,
- improving the quality of social security benefits,
- reforming social protection systems to put them on an adequate and sustainable footing.

The trade union organisations strongly argued that the austerity policies implemented in a number of EU countries, which have pushed down pay and pension levels and fuelled unemployment and poverty, need to be reviewed. These policies are undermining people's social rights rather than helping to improve them.

It was also emphasised that the strict financial discipline - including zero deficit - imposed on the EU Member States is in opposition to development, to attracting investment and to cutting unemployment. More specifically, the distribution of national income was manifestly unfair. What social policies were there to speak of, and where would the money come from to promote steps in this direction, if current policies continued to be implemented?

In contrast, the representatives of employers' organisations disagreed with the above viewpoints, stressing that the crisis was still ongoing and that introducing new rights and imposing new obligations would burden businesses with additional costs. Consequently, they strongly disagreed with any such approach.

## **KEY RECOMMENDATIONS/CONCLUSIONS**

The following conclusions may be drawn from the speeches, statements and debate:

- (1) Public consultation on framing a final plan for the European Pillar of Social Rights is an important tool for achieving social and economic progress and dealing with the challenges faced by all the EU Member States in the aftermath of the economic crisis and in the light of unfavourable demographic trends.
  - (2) The European Union is experiencing the social and economic effects of the worst crisis of recent decades, including rising unemployment, poverty, inequality and the violation of the labour and social standards contained in the EU's founding principles. European Commission President Juncker has pointed this out in the most scathing terms. The EU is not social enough either in its outlook or in its identity: Europe is limping along, and the crisis is not yet played out.
  - (3) In the consultations in the Member States on the European Pillar of Social Rights, the European Commission has so far displayed a willingness to strengthen the social dimension of the EU. European citizens are seeking justice and equal access to rights and benefits, as are migrants. They attach particular importance to being able to enhance their working life and lifelong vocational training and to work towards fairer distribution of national income, and they point to the need to modernise social security systems.
  - (4) There should be consensus-based policies, a social dialogue between the social partners and civil society representatives on social and other issues with a view to overcoming the crisis, pressing ahead with the necessary changes and reforms and implementing measures to improve people's social, labour and other rights.
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# **MEMBER STATE: CZECH REPUBLIC**

Meeting held on **30 September 2016 in Prague**

*EESC delegation:* Vladimíra Drbalová (Group I), Lucie Studničná (Group II), Pavel Trantina (Group III)

## **DISCUSSION OUTCOME - ISSUES HEARD**

### **1) What do you consider the most pressing economic and social issues in Europe and in your country? What is needed to resolve them?**

The most pressing economic and social issues in Europe include long-term unemployment, the ageing population, globalisation, migration, varying performance levels within the EU, divergence, lack of skilled labour and the mismatching of skills with the labour market, differences between the centre and periphery, profit outflows and the brain drain to wealthier countries, inadequate capital taxation, capital flight to tax havens, social inequality and poverty. The main priorities should also include the areas of education, health and long-term care, social security, child care, housing, migration and integration of migrants into the labour market, support for excluded regions and smart social investment.

With regard to the Czech Republic, the main issues include insufficient convergence of wages, the gender pay gap, the issue of women's employment and the related return of parents (particularly mothers) to the labour market, capital outflows, long-term unemployment, unemployment among young people and people over 50 years of age, the issue of unskilled labour, low labour mobility, lack of skilled labour and the mismatch between skills and needs, unsatisfactory housing policy, inefficient use of resources for promoting employment, pension security issues, the income poverty threshold and deficiencies in the social dialogue.

In connection with the proposed solutions, the views of employers, trade unions and other civil society organisations have diverged to some extent:

- According to the unions, fundamental issues such as the crisis, globalisation, the interconnection of economies, money laundering, profit outflows and tax evasion require a European solution. For unions, the priority is mainly convergence and the introduction of measures that will lead to full and high-quality employment, particularly through public investment. There is a need for greater social protection, improved working conditions, capital taxation, improvements in the fight against tax evasion and better law enforcement.
- For the employers, on the other hand, the priorities after weathering the economic crisis include boosting the economy and adopting measures to promote growth and competitiveness, including reducing labour costs.
- Non-profit organisations stressed the need to ensure access of non-governmental and non-profit organisations to the provision of social services, the enforcement of rules on employment contracts and the situation of migrants in the labour market. They also stressed the need to ensure equal non-discriminatory conditions for young people accessing the labour market.

- Among the specific solutions proposed, the need for quality education emphasising the balance between labour market needs and skills can be mentioned, along with improvements in vocational and technical education, which should be designed in partnership with employers and businesses. In this context, the view was also expressed that measures proposed in the form of guarantees (guarantees for young people, guarantees for the acquisition of basic skills, guarantees for the long-term unemployed) should not lead to unrealistic passive expectations on the part of individuals. Implementation of measures should be monitored directly within the framework of the European semester in the form of targeted country-specific recommendations (CSR). Tax and benefit systems must be arranged so that work pays.
  - The concept of smart social investment contributing to social welfare was again emphasised. These investments will bring returns in the future and can be made in the areas of health and social policy, but also in education and other areas. It is the smart social investments that have a long term impact on the reduction of unemployment, crime and poverty, and can prevent the rising social inequality that fuels extremism and radicalism.
  - In the Czech Republic it is necessary to deal specifically with the return of women (parents) to the labour market after maternity or parental leave. Emphasis should be placed specifically on building up childcare facility infrastructure and making use of the agreed forms of flexible working. These steps should make a positive impact on the birth rate and would lead to better security in old age.
- 2) Do you consider the pillar of social rights necessary? And if so, how should it be designed to address major social and economic problems in Europe and in your country?**

The pillar is considered meaningful and even - for trade union representatives - necessary, and its creation enjoys general support. All discussion participants also agreed that the pillar should be drawn horizontally and enter into all policies and that social and economic dimensions must go together hand in hand. It was agreed that the pillar should apply to the whole EU, as application of the pillar only to euro-area countries would further deepen divergence within the EU.

It is the opinion of employers that the discussion should not be limited to social rights but social policy overall. The pillar proposal includes 20 regions. Specific ways should be explored for individual Member States, allowing them to prioritise and focus on those areas that will have a clear added value for economic growth, job creation and the greater competitiveness of the EU in a global environment.

There is a fundamental difference of opinion in the foundations of the pillar: union representatives favour tough, legally-enforceable regulation. This position is crucial for trade union representatives. The initiative lacks sense unless it can provide a legal framework and enforcement. Employer representatives consider the current framework of EU social policy to be well-adjusted and fully sufficient. The existing *acquis* should be better implemented and enforced. Revision of the social *acquis* should be carried out in accordance with the European Commission initiative aimed at improving the quality and effectiveness of regulatory measures. According to employers, it is

necessary to consider how the social dimension could be better used to promote growth, competitiveness and job creation in all EU countries. However, this analysis should not necessarily lead to a reconsideration of the existing *acquis*, and the main emphasis should be put on implementation.

**3) How could the renewed EU labour market strategy respond to the needs of companies, employees and job seekers in terms of flexibility and security? How could it take important issues such as the importance of facilitating transitions in the labour market into account?**

In answer to the first question, the views of employers and trade unions diverged, with employers emphasising flexibility and benchmarking, while unions emphasised the certainty of enforceable regulation. Specifically, the unions point to the fact that the standard should be an employment contract of indefinite duration with clearly defined conditions. The problem includes, among other things, employment contracts with zero working hours, which exist in some countries of Western Europe. The non-standard work arrangements can then be at most temporary, but not a permanent solution. Employers, however, believe that flexible work contracts can be a solution in countries with high unemployment and can facilitate entry into the labour market, while different types of contracts do not necessarily mean precariousness. The main objective should be to maintain employment, not a specific post. In connection with facilitating transition into the labour market, solutions are being sought at EU level, such as better portability of qualifications (including diplomas and apprenticeship certificates), portability of capital funds within pension schemes or regulation of teleworking and other new forms of work.

**4) How can it be ensured that social protection systems are sustainable and that available funds are primarily spent on effective, appropriate and necessary social investments and services? What is the role of the different entities?**

The priority in this area should be to mobilise resources. In this context, a need was expressed for fair taxation of capital, a solution to the speculative transfer of funds abroad, introduction of progressive taxation and improvements in the fight against tax evasion and the grey economy.

The funds for promoting employment should be used more effectively and in a more targeted manner. In this context, a discussion was held on the variations in quality and deficiencies in functioning of labour offices in the Czech Republic. In the future, it is necessary to adopt measures to ensure that their passive and active roles are balanced. It is important in particular to improve active assistance to jobseekers and to focus on career guidance and the possibility of involvement of private agencies in the area (funded on the basis of placement and retention of candidates in the labour market). One solution might be to create greater pressure on labour offices, for example in connection with the drawdown of resources from funds. A more proactive approach by job seekers should also be encouraged, however.

Last but not least, emphasis was placed on the benefits of smart social investment (see above) and the need to ensure enforcement of the law.

**5) How could the European pillar of social rights reliably support economic and social convergence in Europe?**

Introduction of the pillar represents a possible way to regain people's trust in the EU. The pillar should strive for greater cohesion and thereby also convergence within the EU. Due to variations in the productivity of individual countries, however, this will not work without redistribution processes. Cohesion funds appear to be insufficient in this respect.

**6) What do we need to do for the promotion and preservation of social cohesion in Europe?**

To maintain social cohesion in Europe, it is necessary on one hand to eliminate divergence and on the other hand to strengthen the principle of justice and accountability, which citizens across all Member States should feel. However, this will not happen where - as in the case of the Czech Republic, for example - productivity reaches 60 % of the EU average, but pay only 30 %.

**MAIN RECOMMENDATIONS AND CONCLUSIONS**

**Recommendations:**

1. The pillar proposal is meaningful and must cover the entire EU, since application of the pillar to the euro-area countries alone would lead to the further deepening of divergence within the EU, which could ultimately lead to the disintegration of the EU.
2. Specific recommendations that may be mentioned include the need to combat capital flight and tax havens, and to promote the concept of smart social investment. Smart social investment could be made in the areas of health and social policy, but also in education and other areas that have a long-term impact on the reduction of unemployment, crime and poverty, thus preventing a rise in social inequality.
3. In connection with the need to facilitate transition into the labour market, the Member States, with reference to the principle of subsidiarity, might find regulation at EU level acceptable in at least three of the following areas: portability of qualifications, transferability of capital funds in pension schemes and regulation of teleworking and other new forms of work.

**Conclusion:**

Disagreement prevails regarding the forms of regulation. Representatives of trade unions are in favour of tough, legally-enforceable regulation that can lead to genuine convergence and the essential objective of which should be to balance social aspects with economic ones. In contrast, employers' representatives consider the current legislative framework to be fully adequate and reject further regulation in this area, with reference, among other things, to the better regulation initiative. According to employers, ways should be considered of making better use of the social dimension to promote growth, competitiveness and job creation in all EU countries. This analysis should not necessarily lead to a reconsideration of the existing *acquis*, and the main emphasis should be put on implementation.

## **MEMBER STATE: DENMARK**

Meeting held on **6 October 2016 in Copenhagen**

*EESC delegation:* Dorthe Andersen (Group I), Bernt Fallenkamp (Group II), Mette Kindberg (Group III)

### **Summary of the discussion at the Danish consultation with civil society**

The discussion was based on the Commissions analysis of the challenges facing European labour markets and welfare systems, including high youth unemployment, an ageing workforce, the rapid pace of digitisation of work and improving work-life balance.

Participants generally agreed that Europe had to react and adjust to these developments. They took note of the Commission's proposal to introduce a common reference framework on how countries could adapt to the challenges.

Attention was drawn, however, to the importance of ensuring that the initiative complied with the principle of subsidiarity, i.e. sharing responsibility between the EU and national levels so as not to conflict with Danish labour market regulations and national competences.

The proposed pillar on social rights failed to do this. Instead, it was encroaching into areas where the EU had no legal remit. Participants were therefore concerned that the proposed pillar could result in legal initiatives that would limit or directly interfere with the Danish labour market and collective bargaining model.

Issues raised in the course of the debate included the following:

- Equal opportunities and access to the labour market, skills development and life-long learning, and support for finding a job.
- Decent working conditions and properly functioning, open labour markets that struck the right balance between rights and obligations, and flexibility and security in work.
- Sustainable social protection, also including access to childcare and other care services throughout the various phases of the lifecycle.
- The Danish tradition of seeing care for children and the elderly as a societal, solidarity-based task.
- Gender equality in the labour market.
- A well-functioning single market with free movement of labour.

Participants felt that it was important to develop more efficient instruments to support Member States in modernising their labour markets and social welfare models. This would encourage businesses to take on new staff and invest in Europe, and improve employees' opportunities for finding jobs and upgrading their skills. It would thus enable more Europeans to benefit from economic and social progress - and boost Europe's competitiveness.

There was widespread agreement that a return to the concept of flexicurity would help to future-proof Europe's social model. To succeed in creating decent working conditions and fair competition across the whole of the EU, it was essential for Member States to effectively implement and enforce EU agreements and directives.

# **MEMBER STATE: ESTONIA**

Meeting held on **30 September 2016 in Tallinn**

*EESC delegation:* Eve Päärendson (Group I), Mare Viies (Group II), Meelis Joost (Group III)

## **1) Position of the Estonian Government**

A review of the EU's social rights is necessary and relevant. New social challenges mean that the time has come to assess whether the current policy tools are sufficient. Estonia is of the view that - taking into account rapid technological change and digitalisation, ageing as well as shrinking populations to reach EPSR objectives - the EU law should be clarified and if necessary updated in the following areas: balance between work and family life, employment contracts, equal treatment, and health and safety at work. In a way that it will not hamper development of innovative solutions in the EU. More attention should be paid to promoting the mobility of labour, developing smart solutions (including social innovation and investments) and smart specialisation.

Social protection systems clearly must be made more flexible so as to enable them to react quickly to social changes; however, new instruments at EU level only make sense when the potential of the current instruments has been exhausted.

For Estonia, the biggest challenges in relation to the European Pillar of Social Rights (hereinafter "the Pillar") include, in particular, population ageing and the shrinking proportion of the population of working age; technological change and digitalisation; increasingly varied work patterns and forms of employment; and growing inequalities. The key to tackling these challenges is to harness people's potential and to deal with the increasing mobility of workers. Smart digital solutions, smart specialisation and sufficient social investment and social innovation are also needed.

Convergence of the suggestions for the Pillar with trends in national social systems:

- development of universal social insurance systems that must be designed in such a way as to really prevent poverty and promote participation in the workforce;
- provision of optimal and financially viable social insurance systems, including a financially viable pension system;
- long-term carers should be able to benefit from preventive and respite measures, enabling them to work and improve their household income;
- strengthening synergies between social, labour and healthcare services as well as between the provision of social services and social benefits;
- raising awareness of accessibility issues;
- better protection of the right to equal treatment; awareness-raising about and promotion of public tolerance;
- reducing gender segregation in relation to choice of education path and in the labour market;
- eliminating gender stereotypes and their negative impact on men's and women's everyday lives and decisions, and on economic and social development.

## 2) Academic perspective

Estonia's population is ageing rapidly and therefore the proportion of people of working age is decreasing. There are more people leaving the labour market every year than there are young people entering it. Given limited human resources, an ageing population and a shrinking workforce, the key question for social and economic development is how to meet the needs of the economy and the labour market while also safeguarding the financial viability of the social protection system.

Estonia also has the problem that its redistribution via taxes, subsidies and services is below the EU average. The social partners do not play a major role in drawing up social policy. While the level of state benefits is low, the number of beneficiaries (of occupational invalidity pensions, old-age pensions and state family allowances) is high.

In respect of proposals for the Pillar of Social Rights, Estonia considers the gender-related and ethnic inequalities on the labour market to be problematic. The fact that almost half of newly registered unemployed people are not receiving unemployment benefits could pose an even bigger problem. More broadly, the limited access to healthcare should also be mentioned.

## 3) Position of employers

The European Union already performs strikingly well globally in terms of social standards and social spending; the same cannot be said of the competitiveness of the European economy. Thus every effort should be made to avoid any kind of excessive regulation or rapid upward convergence and harmonisation in the social sphere. Furthermore, the Member States are at very different stages of development so that measures that have not been thought through might not bring the desired benefits but instead hobble the economy, cause companies to leave the EU, and increase unemployment. Therefore it is imperative to assess the impact of the European Pillar of Social Rights on the economy and employment and to establish the extent to which it helps improve the global competitiveness of the EU, and especially of the economic and monetary union (EMU).

The European Pillar of Social Rights should also be extended to countries that are not in the euro area; otherwise a two-speed EU would be encouraged with an even wider gap between Member States. Specific observations on the European Pillar of Social Rights:

- The goals of the Pillar are not clearly formulated: there is no impact assessment and no clear plan as to how the goals are to be attained.
- The European Union is distinguished internationally by high social standards and social spending; the same cannot be said of the competitiveness of the European economy.
- The EU does not need additional regulation in the social sphere, as its social *acquis* (which includes the 28 Member States and the countries of the European Economic Area) already consists of some 70 directives that cover most of the areas contained in the Pillar of Social Rights (workers' right to equal treatment in employment questions, the right to information about working conditions, safety at work and the working environment, the requirement to consult workers, etc.). Therefore it is not clear what value the Pillar of Social Rights is meant to add. Does the Pillar represent a further development of the EU's social legislation, or is it simply intended to extend the scope of rights in the area of social policy?
- Moreover, many elements of the Pillar of Social Rights raise the question of subsidiarity, as these areas have traditionally fallen under the competence of the Member States.

- Prescribing social policy goals is evidently intended to encourage upward convergence at European level; unfortunately, setting ambitious minimum standards can be harmful rather than beneficial, potentially causing companies to leave the EU or businesses to close, which could lead to a sharper rise in unemployment.
- It is still unclear how the European Pillar of Social Rights is to be implemented – via the European Semester and country-specific recommendations?
- There is no impact assessment: how will the Pillar affect the EU's economy and competitiveness? What contribution will it make to strengthening European economic and monetary union?
- The Pillar is intended to create a framework for monitoring and comparing the individual Member States' employment and social indicators. This kind of comparative framework is difficult to achieve because there are major differences between the Member States. Not all countries even have a minimum wage; wage differential indicators are also calculated differently. Efforts currently seem much too focused on bringing about comparable conditions, which in practice restricts the options open to businesspeople and workers in poorer countries (posting of workers).
- The free movement of workers – which is one of the EU's fundamental freedoms and is essential for the functioning of the internal market and the common labour market – is completely absent from the European Pillar of Social Rights. Shortage of skilled labour is a major problem in many EU Member States that could be significantly remedied through free movement.

Estonia's view is that the Pillar of Social Rights contains some extremely important points, the most important being:

1. skills, education and lifelong learning;
  2. sustainable funding of social protection and pension systems.
1. Education: education should be more closely attuned to the needs of the labour market; more emphasis on practical training; promotion of lifelong learning:

There is already a significant shortage of skilled workers in Estonia. Efforts must therefore be made to ensure that young people in education learn the skills that businesses really need. Lifelong learning is particularly important in the context of demographic change and rapid technological progress. People must be able to stay in the labour market as long as possible, but they need up-to-date IT skills to do so. Meanwhile, it should be made easier to use migrant workers in sectors that are suffering from a partial or complete shortage of sufficiently qualified workers in Estonia.

2. An ageing population, shrinking workforce and emigration mean that sustainably financing social protection and pension systems is one of Estonia's biggest challenges:
  - In 2060, only 1.1 million people will be living in Estonia (the figure is currently 1.3 million), which means that the working age population will also shrink. For the last 20 years, the average ratio of workers to pensioners has been 2:1. In 2060, there will be only 1.5 workers for every pensioner.
  - If this trend continues, the state pension in Estonia in 2060 will be less than EUR 300 per month.

- Could raising the retirement age to 70 be a solution allowing the current pension system to be maintained?
- Should pension contributions in Estonia be invested?
- There has been a lot of discussion recently on financing healthcare and on the difficult financial situation of Estonia's health insurance fund. The warning strike by healthcare employees is a sign that the Estonian health system has been underfunded for over ten years and that funding of the system must be reviewed.
- Welfare payments should not be calculated on the basis of the traditional "two-parent, two-child" family, but should be based on actual circumstances (i.e. the high number of lone parents).
- Nursery places and care services for the elderly must be provided to allow women to be active in the labour market and in society.
- People living in absolute poverty must also be taken into account because excessively stark differences in income eventually have a negative impact on economic development.

#### **4) The view of employees**

The Pillar of Social Rights is an urgently needed initiative which must be geared towards prioritising social justice, ensuring stronger social convergence and further promoting not only minimum standards but also employment. The Pillar would have to be applied to all Member States, not just the members of the euro area. The Pillar must take account of basic social rights, collective bargaining and collective agreements, and further develop these areas. It is clear that unbalanced labour markets undermine the EU. The Pillar of Social Rights addresses this situation and promises to remedy it. The vulnerable and excluded sections of society have been hit hardest by the current economic crisis. It is important to implement the Pillar without delay in order to help these people.

It is to be welcomed that the European Parliament, the European Commission, the ETUC and the ILO have taken a detailed look at the development of aspects of social policy, including in the revised European Social Charter, for example. However, a common feature of the various documents is that they make no reference to a common organisational structure, governing body or specific funding. It is to be hoped that the Pillar of Social Rights will be more specific in this regard, i.e. that it will set out the information needed for its implementation. In order to carry out the various social initiatives successfully, the national social partners must work together. On the basis of two-year minimum wage agreements between Estonia's trade unions and employers, the minimum wage has increased by an average of 10% annually in recent years. That said, Estonia's labour contract law needs to be improved; at issue here is restoring the loyalty of Estonian employees to their current employers.

The biggest problems facing Estonia relevant to the Pillar of Social Rights are as follows:

- the demographic situation;
- economic growth trends;
- reasons for the growth or weakness of industries;
- disconnect between education and labour market requirements;
- creation and consolidation of a system for lifelong learning;
- changes in the labour market – digitalisation and globalisation;
- excessive flexibility of employment relationships;

- decent salaries and wages capable of providing motivation;
- gender equality issues.

Future steps must be based on the following principles:

- Society must help preserve the traditional family model.
- The same education paths should be open to everyone (from primary to tertiary level), and society should promote interest in education.
- All levels of education require appropriate legal instruments and sufficient funding so that education can meet the requirements of a changing labour market.
- Introduction of a system of lifelong learning, including traineeships and apprenticeships, which covers further education and retraining and matches labour market needs.
- Promoting healthy lifestyles, with government creating an environment favourable to healthy living.
- Migration must prioritise skilled workers.
- Wages and salaries must be fair and provide motivation.
- Workers' rights and adequate pension provision must be properly guaranteed (where appropriate including flexible arrangements for leaving the labour market).

The EU must create a uniform regulatory environment. This must include common requirements, ensure adherence to these rules in cooperation with the Member States and, where necessary, provide for the possibility of penalties. The general public must be better informed about the Pillar of Social Rights and be involved more closely in the relevant consultation process; social dialogue is an effective way of doing this. Industrial relations in Europe must be developed to make better use of limited resources. Such relations also provide the basis for a more effective social security system.

##### **5) The perspective of non-profit and other civil society organisations**

The representatives of the various organisations believe that the Pillar is an important and necessary means of strengthening social cohesion and tackling exclusion, poverty and rising unemployment. Three more general conditions associated with the proposed Pillar should be underlined, without which policy changes of any kind are impossible:

- Neither the EU's common policies nor the policy ideas of Member States have so far included any approaches or solutions capable of producing a greater impact. However, changes are needed in the sense that governments must find the courage to deliver considerably more social innovation and take far more concerted action.
- Interest groups must be much more involved and play a much bigger role in choices and decisions so that they can initiate a dialogue, participate and contribute to solutions which are of practical benefit.
- The non-governmental sector must also play a role in the design and provision of services. It is clear that its potential in connection with the provision of public services has yet to be fully taken into consideration. In Estonia, as elsewhere in Europe, non-governmental organisations have demonstrated a professional approach and a willingness to help mitigate social problems and identify relevant solutions.

In addition to a description of its scope, the Pillar should also set out principles and provide precise explanations of how to proceed and how the relevant measures are to be funded. The following detailed proposals are put forward for the different parts of the Pillar:

- A priority must be to bring about a sharp drop in youth unemployment and unemployment in general. At the same time, there should be a focus on helping people with disabilities into employment. This also means offering long-term, high-quality jobs, which requires investment not only in knowledge but also in equipment and infrastructure.
- Access to education must be improved; among other things, it should become more difficult or impossible to drop out of school (not only primary but also secondary school). Particular attention should be paid to providing technical training for young people and adults with disabilities, diversifying further education and retraining options, and ensuring better access to such opportunities: nobody can compete on the labour market without qualifications, whatever other measures might be taken.
- Promoting various initiatives such as the Youth Guarantee: this is not at all well known in Estonia and there is no overview of whether and how it is to be applied in practice.
- Demographic trends and geographical balance in terms of countries' socio-economic development: the problem in Estonia is rural-urban migration and the absence of the strategies needed to counter this. The changing age composition of the population throws up problems (decline in the working population coupled with rising healthcare and welfare costs), and these worrying trends must be studied so that the relevant policy areas can be adapted and the long-term viability of pensions systems guaranteed, for example.
- Europe's smaller nations are concerned about their long-term survival, and it is therefore important to promote higher birth rates. The Estonian fertility rate is 1.58 children per woman, but it should be at least 2.1. This calls for changes to family policy. In Estonia a very substantial parental leave benefit is paid over a short period (1.5 years), but as soon as a child starts nursery school the amount of this benefit drops sharply. Appropriate support should be paid over a longer period and could, accordingly, involve a smaller amount.
- A special category that deserves mentioning is people who are poor despite being in employment. The wage gap is a problem in Estonia. It stems in equal measure from an absence of flexible forms of employment (the state does not provide employers with enough support to promote part-time working, for example) and the lack of benefits (including child and disability benefits).
- In the 21st century, any state should ensure that services are better integrated, for example in the area of welfare, healthcare, in the labour market and in education. The objective should be to deliver effective social services evenly throughout the country. To this end, an inventory of the various active service providers should be drawn up and balanced provision of services across regions should be ensured. There is unequal access to services in Estonia. Providers of good services often do not receive enough support and assistance, which over the long term can lower the quality of services and lead to providers withdrawing from the market.
- Civil society is playing a bigger and more important role. Civil society organisations should be viewed as partners offering services at different levels. It is important to think in terms of society as a whole. This means that, in addition to the services provided by national, regional and local authorities, consideration should also be given to the potential both of non-profit organisations and of social enterprises (which could quite possibly be private enterprises).

More steps should also be taken to ensure the funding of civil society organisations and guarantee stability.

- As digitalisation progresses, fresh approaches are needed to lifelong learning, further training and flexible forms of employment (more part-time working both for older people and for people with disabilities and young people). In addition, steps should be taken to make society's attitude more positive.
- All of this is linked to the decentralisation of services. The question of which services are provided should be explicitly based on need and not on current provision, and this applies above all to services of central government and local authorities. At the same time, it is important that "low-threshold services" are maintained, meaning that anyone in need of help should receive it.
- The increasing incidence of mental health problems affects the lives and careers of those concerned and must be treated professionally – this should be given special priority among the themes covered by the Pillar.
- The Pillar should ensure that people with disabilities are able to receive basic support and are guaranteed a basic income, providing them with a decent livelihood. The conditions for receiving various benefits should be designed in such a way that they do not make it difficult for people to take up employment.
- The barrier-free environment must be further developed with a view to ensuring social cohesion. This is not just in the individual interest of a small group of people, but is of benefit to everybody.

Finally, the Pillar should also include measures to improve the accessibility of buildings, transport, ICT and information. Including this aspect would benefit a broad range of social groups, such as people with limited mobility, pedestrians with prams/pushchairs, older people or people with temporary mobility problems.

#### **6) Key recommendations put forward by Estonian civil society**

- A consultation on the Pillar of Social Rights should be organised and more comprehensive steps taken to publicise it. Civil society must be widely involved in this process.
- Social dialogue and the social partners have a crucial role to play in implementing the European Pillar of Social Rights.
- More details are needed about what kind of role the Pillar will play in the EU's regulatory environment, which provisions are to apply in this connection and how the Pillar is to be implemented in practice.
- It is therefore recommended that an impact assessment of the European Pillar of Social Rights be carried out in order to examine its impact on the economy and employment and to clarify to what extent it contributes to the global competitiveness of the EU and of the economic and monetary union (EMU) in particular.
- The Pillar would have to be extended to include all Member States, not only the members of the euro area.
- The European Pillar of Social Rights must also apply to the free movement of workers.

## **MEMBER STATE: FINLAND**

Meeting held on **30 September 2016 in Helsinki**

*EESC delegation:* Jukka Ahtela (Group I), Pekka Ristelä (Group II), Pasi Moisio (Group III)

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

- 1) What do you consider as the most urgent economic and social challenges in Europe and in your country? What is needed to address those?
- 2) How could an EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as increasingly digitalised economies and labour markets, an ageing population, and the need to facilitate changes in the labour market?
- 3) How can the sustainability of social protection systems be ensured and the resources available prioritised into effective, relevant and necessary social investments and services? What role for the different actors?
- 4) What is the role of the EU, the Member States, the social partners and other civil society players in relation to the above-mentioned issues? What are your expectations of the EU social rights pillar in this respect?

### **KEY RECOMMENDATIONS/CONCLUSIONS**

Summary/recommendations

- Significant challenges for the EU include: strengthening economic growth and employment, addressing the issue of competitiveness; unemployment, especially combating youth and long-term unemployment; preventing exclusion and inequality.
- The social pillar initiative is necessary and should be supported.
- The social pillar should cover the whole of the EU, not just the euro area.
- The social partners, businesses and farmers consider that the division of competences between the EU and national authorities in labour market and social matters should be maintained as it is.
- EU-level action should support national labour market and social policies.
- Finland's social partners do not support the idea of an EU-level unemployment insurance system.
- Social dialogue is important, and participation opportunities should also be ensured for other civil society players.
- A balance is needed between flexibility and security.
- Minimum EU labour standards are recognised and affirmed.
- The roles of economic and social policy and the interplay between them must be clarified.

Further points raised in the discussions (various perspectives):

- Employees proposed financial safeguards against economic and unemployment shocks, and recommended harmonisation of the corporation tax base and setting of minimum rates.
- Social sector organisations recommended setting an EU-level minimum income and targets.

### **Other comments:**

*Employers, businesses and farmers:*

- The initiative should be supported; promoting benchmarking and best practice is useful.
- Social change and action to address it, rapid population ageing in Europe, the effects of globalisation, structural changes to the job market and work, and the challenges and opportunities created by technological development are all cross-cutting issues.
- There is no reason to change the division of competences between the Member States and the EU. The subsidiarity principle should be upheld.
- The social pillar should cover the whole of the EU, not just the euro area.
- The competitiveness of the EU and the Member States and their economic growth underpin the social dimension.
- Boosting employment, lowering the employment threshold, and flexibility and local wage bargaining should be seen as the basis for a reformed labour market strategy.
- There is no need for new standards for labour and social policy.
- Skills and entrepreneurship are critical for employment and growth, as well as fitness for work issues for entrepreneurs.

*Employees:*

- The initiative is necessary; EU systems should be reformed to support labour market and social policy measures at national level.
- Prime responsibility for employment and social policy lies with national authorities; the social partners and social dialogue play a key role.
- Combating unemployment, accelerating job-rich growth, developing skills, and research and development efforts are critical and timely challenges.
- It is important to combat inequality and insecurity (including in relation to digitalisation).
- The aim should be to achieve a balance between flexibility and security on the labour market: people should be helped to return to work, and adequate unemployment insurance is an important aspect of this.
- EU economic policy should support growth, and this will require inflation. An EU-level adjustment fund is needed to mitigate economic shocks.
- EU minimum requirements are needed for work in order both to ensure both funding for public services and to maintain the legitimacy of the system, including in business taxation.

*Social sector organisations and youth organisations:*

- A new balance must be established between social policy and economic policy; social policy must strengthen economic structures.
- The social pillar should cover the whole of the EU: limiting it to the euro area would mean less account being taken of the perspectives of the Nordic countries, for instance.
- Minimum income targets should be set at EU level (framework directive); an EU programme to reduce poverty and inequality is also needed.

- Poverty and exclusion are a particular challenge, and they also slow economic growth.
  - The perspective of young people should also be taken account under the social pillar. Attention must be paid to youth poverty and employment insecurity. A cross-generational approach is needed when developing pension systems; pro-active measures should be emphasised in youth employment.
  - The role of civil society organisations should not include taking up the slack for the welfare state.
  - The social pillar should also take account of integration issues and the gender perspective.
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## **MEMBER STATE: FRANCE**

Meeting held on **14 October 2016 in Paris**

*EESC delegation:* Marie-Françoise Gondard-Argenti (Group I), Jean-Marc Roirant (Group II), Franca Salis-Madinier (Group III)

### **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

#### **1) What do you consider as the most urgent economic and social challenges in Europe and in your country? What is needed to address those?**

Challenges: youth employment, unemployment, career transitions and digitalisation, training and skills, the future of industry (including the circular economy), the elderly, wage disparities, and welfare inequalities.

*A response and clear, comprehensible and visible solutions are needed in relation to the social challenges in Europe. The EU can bring added value. In the majority of cases the more competitive countries in Europe are those with the highest social spending; conversely, poor performance with respect to welfare has negative effects on growth.*

Views were expressed on the priorities in relation to European social rights

- **Introducing transferable rights for individuals.**
- **Promoting a European unemployment insurance system** which is activated when a country suffers a harsh economic crisis, functioning as an automatic stabiliser and in compliance with the subsidiarity principle.
- **Introducing a European right to study leave** for the purpose of lifelong learning. This would be an individual right enjoyed by anyone regardless of their employment status (self-employed, subcontractor, job-seeker, employee, new types of employment status). Update the concept of economic dependence to take account of new employment forms.
- **Draw up European fiscal and social rules** on digital platforms.
- Establish a system of upward convergence, in relation to both salaries and social protection.
- Make employee mobility fairer and more socially acceptable.
- Re-activate European social dialogue on priority issues.

#### **2) Do you think a Pillar of Social Rights is needed and, if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

- In so far as social Europe is the third pillar of the European project, and requires unanimity among those concerned, a pillar of social rights should be established. Some parties would like the pillar of social rights to be binding.
- Europe must provide coherent responses, equating to specific action and achievements. A statement of principles must be accompanied by real action and not just promises.
- The pillar must be negotiated with the European Council, the European Parliament and the European social partners. It must contain clear objectives and deadlines for achieving them. It must be assessed on the basis of indicators.

**3) How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

The challenges arising are:

- massive change to jobs;
- having reliable European data on employment;
- basic skills that need to be acquired, consolidated and recognised for people with the lowest qualifications or no qualifications;
- acquisition of digital skills;
- training and accreditation of skills to allow and facilitate career transition;
- public and private investment to bring training and skills up to speed with new jobs;

**4) How to ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

- There should be an effective and helpful system with joint indicators that are relevant and reliable to allow evaluation of social policies so that action can be better targeted.
- Work must be done on ensuring that rights are accessible and enforceable.
- Social protection should be thought of in terms of fiscal and social convergence.
- European standards must be set with the aim of introducing digital and collaborative economy platforms on a fiscal and social basis.

**5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

- Convergence towards better social objectives is the basis of a more inclusive social Europe that is more integrated at the level of markets and more stable, as well as guaranteeing that EMU works better. This will trigger a virtuous circle which must include harmonisation of training and accreditation to avoid social or economic dumping.
- The pillar is a stabilising factor with regard to the objective of upward convergence.

**6) What do we need to promote and sustain cohesive societies in Europe?**

- More European stabilisers to reduce poverty.
- More social convergence, in terms of both rights and their effectiveness.
- Combating disparities that have built up since the 2008 crisis and promoting upward convergence of social rights is a guarantee and precondition for winning back the support and trust of European citizens in Europe's future.
- Restoring hope to young Europeans who since the 2008 crisis have been hit hard, especially in certain countries, by austerity measures, with the emphasis on youth employment and improving schemes like Erasmus+. Rebuilding a fair, based on all the Member States respecting the founding principles, and rejecting a Europe à la carte, which would contribute to Europe's disintegration.

## **MEMBER STATE: GERMANY**

Meeting held on **12 September 2016 in Berlin**

*EESC delegation:* Peter Clever (Group I), Gabriele Bischoff (Group II), Christian Moos (Group III)

Session on the subject "**What is the future for social Europe?**"

The dialogue session was important for awareness of the EESC in Germany. It was the opening session for future meetings which the three coordinating members wished to host together with the European Movement.

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

***(Source: the report of the European Commission)***

The European Commission wished to strengthen social cohesion in Europe and establish a "pillar of social rights". President of the Commission, Jean-Claude Juncker, announced this in his state of the Union speech 2015. Up until the end of 2016, the Commission is consulting the public about what social rights should be laid down in Europe in order to mirror the changing world of work and promote convergence in the euro area. The possibilities for European employment and social policy were explored on Monday, 12 September 2016 in Berlin in a session with the Representation of the European Commission in Germany, the European Economic and Social Committee and the European Movement in Germany, and including top-level representatives from German trade unions and employers.

Former Swedish Finance Minister, Allan Larsson, Special Representative of President Juncker for the European pillar of social rights, stressed the fundamental strengths of the "European social model". Admittedly, there are large differences between countries, but on the whole it is the strongest social state model in the world.

However, development has been disappointing since the financial and debt crisis began. The objectives to reduce poverty by 2020 may therefore not be achieved. Larsson said that "inequality in society has also been increasing". This is also a global problem, however, which institutions such as the World Bank, OECD and ILO have clearly identified.

#### **Key issues: unemployment and a lack of further education**

What works and what does not in the current EU legislative framework? Larsson called this the "uncomfortable question which we had to ask ourselves". There are potential weaknesses in the implementation of social rights and potential holes in the social nets which are supposed to catch EU citizens in difficulties. According to Larsson, a detailed review was part of the process and would be carried out in dialogue with civil society. In Larsson's personal opinion, the social systems need to focus more heavily on flexibility in the world of work. The knowledge and educational levels of employees were crucial. "10% of jobs in the EU would disappear over the next 12 months

and be replaced by new jobs. People would become unemployed. Those with the right skills would find work again, however, while others would remain unemployed for a long time". People would generally be left alone and not be supported in this necessary new direction. "That is the black hole in our social policy", he said, criticising the status quo.

This led to the second decisive question on the establishment of a social pillar: what should the world of work and social security look like in the future? Social policy should not be considered a burden to productivity. "On the contrary, Member States which performed best economically, had made social policy part of their growth models", Larsson said.

The third important answer needed to answer an additional central question: what must and should take place at a national level instead of through regulations from Brussels? And what could social partners in the Member States and at EU level do?

### **The heads of the DGB and DBB believed Europe needed to become more social**

It was clear to the trade unions: Europe's social dimension was in "extremely poor condition", according to Reiner Hoffmann, Chair of the German Federation of Trade Unions (DGB). On the one hand it was due to the economic situation. Since the Barroso Commission, there had been no more de facto progress with regard to European policy. "Some EU Member States were currently in free fall where workers' rights, unemployment, tariff commitment and social cohesion were concerned", according to Hoffman. The Union's continued existence would be threatened if it could not guarantee and provide good living conditions to its citizens. Mr Hoffman therefore "greatly" desired a new social pillar for the EU. European rights, for example those of employees and on health protection, had ultimately been a great success to date, however. "Even Germany had directly profited from this, for example through the anti-discrimination legislation", Hoffman stated. The introduction of these standards, in Hoffman's opinion, had always been based on the desire to provide a level playing field for companies in Europe with regard to social standards. "That was also a cost factor".

Klaus Dauderstädt, Federal Chair of the DBB civil service society and tariff union, the trade union association of the civil service, followed with an assessment of the condition of social systems in the Union. "Many people have the feeling that globalisation is brutal – and that perception unfortunately also included European integration if people felt left behind and mistrusted the developments". European integration would fail, however, if there was a lack of social justice. He picked up on Mr Larsson's main point: integration in new jobs had to be more successful. It was admittedly problematic to implement a workplace requirement, as this would involve interfering in the individual rights of the employer. "The solution is to prepare people more effectively for the changing world of work, for example through further education".

Nonetheless, attention had to be paid to upholding subsidiarity. "There are different traditions and solution models in Europe on social issues. The establishment of a social pillar in the EU should not get in the way of that. Europe could make some headway in spite of subsidiarity", he said. Total harmonisation was not possible, but minimum standards, for example, could be further expanded, he emphasised, echoing the DGB. "It is necessary to prevent a race to the bottom", he said. It is important, for example, for employees' rights to be upheld overall, works councils, rules on safety standards and fixed maximum working hours are needed.

## **The European Movement placed women and young people in the spotlight**

Linn Selle, Board Member of the European Movement in Germany, welcomed the fact that the Commission's considerations on a new social policy had been fundamental and very extensive. Equality and youth policy, in particular, need to be brought to the forefront. It is imperative that proposals are discussed widely and in great depth, and that they are placed high on the political agenda. Equality policy is a particularly important field, as women had benefited greatly from the European legislative framework, for example through employment protection and maternity leave. That is why she is particularly pro-European. Young people and young adults are the second biggest group to be hit particularly hard by the crisis and are in need of additional support.

According to Gerhard Timm, General Manager of the Federal Association of Non-statutory Welfare (BAGFW), the social pillar needed to fill a gap, which would be of central importance to the continued existence of the EU. There is no trade-off between growth and the welfare state, only a win-win situation. Social policy is, however, not simply about job market policy. Groups which have been particularly hard hit by the crisis, such as women, refugees and the disabled also need to be supported. In addition, a massive problem with poverty in old age was becoming apparent in Europe. A right to affordable health and social services and a life protection system is an important European goal, for example.

## **Employer's associations: Germany should contribute to convergence in Europe**

According to Peter Clever, Member of the management board of the Confederation of German Employers' Associations (BDA), employers share some of the trade union and social organisations' assessments, but with a significantly different focus. "The EU's trademark compared to other big economic areas, particularly China and the US, is that we think about economic success and social equality simultaneously from day one", he said. Europe has a better fundamental understanding of people.

With regard to trade unions and social organisations, only economic strength would open up scope for social considerations. "I do not know of any state that is socially successful without being economically successful", he said. There was also no model in which employment and prosperity could increase without the corresponding growth. The main instrument for a socially-peaceful society is education policy. Germany needs to be prepared as a strong EU Member State to support other Member States "wisely" with social balance. Instead of airports without passengers or buildings streets in the middle of nowhere, investments needed to be made in software and qualifications. If Germany makes a targeted additional contribution to more convergence, everyone would benefit from it. "We must open our sewn up pockets", Clever said. Germany is not the biggest paymaster, but rather the biggest profiteer from open markets in Europe. "Support in the form of reform partnerships, which are also linked to individual efforts, would strengthen Europe and, in the end, also be good for Germany itself".

## **German recipes are not readily transferable**

In the discussion with the public, the question was raised as to why the youth guarantee, i.e. the EU initiative to be able to offer all young people under 25 a job or training within 4 months, had failed thus far and how it could be implemented further. The reasons were obvious, as the high

unemployment in parts of Europe had not changed, Mr Hoffmann, DGB Chair, stated. Recently, there has been a "totally failed crisis policy" in Europe, which was based primarily on austerity. "As a result it was not possible to get to grips with a guarantee", he added. In addition, many countries are not even in a position to spend the money allocated to them. Even the dual educational system, which is tremendously important in Germany and has brought young people into the world of work, is not easy to transfer to other countries. "The problem is that it presupposed a learning process. First of all, employers need to grasp the concept that it relies on partnership", said Clever from the BDA, "that the enormous sums which German employers invested in initial training were often met with disbelief abroad". EUR 28 billion per year from employers alone was a sum which one could hardly say aloud, abroad as the listener would become "short of breath". The basic idea, that working together with trade unions on this subject is very useful, is already catching on.

Mr Clever contradicted Mr Hoffmann's assertion that austerity policies alone were responsible for economic misery. "That does not reflect the real situation. Many countries have received enormous amounts of aid. And they need to recognise that they have been supported for many years by the debts of people at a certain social level, and that this is not financially viable". Countries had simply lived beyond their means. At the same time, empathy is needed for the countries in crisis, the screw of austerity had perhaps been turned a little too far here and there.

On the question as to how young people could be made to be enthusiastic about Europe in the long term, Clever called for an expansion of the Erasmus exchange programme for students. "One could consider whether the programme could not be extended to professionals and trainees, inspired by the Erasmus idea for students". That was a large and important preparatory "exercise to achieve a positive European feeling in the Member States".

### **Restrictions on the Eurozone would be welcomed**

How can the social pillar actually be implemented under a legislative framework? Sabine Overkämping from the Association of female lawyers asserted that a social pillar was "very ambitious". Existing EU legislation on wages or the right to strike could not be regulated. "The social pillar would perhaps generate hopes which could not be fulfilled", she warned. Linn Selle from the European Movement also said that the direction was still not discernible: "where are we going, what is the aim, how will it be implemented legally?". DGB Chair, Mr Hoffmann, asserted that it was difficult to lay social rights down in EU law without a fundamental amendment to the Treaties. The question of what rights would be laid down at EU and national levels needs to be answered primarily. The trade unions certainly have a great interest in the discussion, as "we are worried about entering a downward spiral in terms of social standards in certain sectors". Ms Dauderstädt from the DBB added that "the social pillar was currently only a wish list to which everyone was adding whatever they wanted".

A further subject: why should the social pillar only apply to Eurozone countries, and is voluntary participation envisaged for the other EU Member States? Mr Clever said that President Juncker's approach of establishing a nucleus in the monetary union on the basis of voluntary participation is right. Mr Hoffmann stressed that within the currency union there is an urgent need for a deepening process "if we want to tackle the flaws in the monetary union". If we want to do everything together, for example with the sceptical Eastern European countries, "then we will make no progress in the coming years".

## **The Commission's consultation runs until the end of 2016**

The discussion led by the Commission representation in Germany and the EESC belongs to a series of sessions taking place as part of the consultation process on the social pillar. The consultation organised by the Commission in March was a first step towards a consolidated social rights policy in Europe. Up until the end of the year, it is inviting organisations with an interest and individual citizens to express their opinions on the social situation, the EU's legislative framework on social policy and the potential structure of the pillar of social rights. The contributions should be included in the White Paper on the future of the economic and monetary union in early 2017. The social pillar should initially include all Eurozone Member States, but will also be open to the other EU Member States.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

**(Please try to agree on 2-3 key messages/recommendations/conclusions from your event, if needed, indicate differences in opinion)**

- Most speakers (DGB, DBB, BAGTW, EBD) welcomed the initiative for the social pillar in general; they highlighted a need for EU-action, especially concerning the effects of the crisis. Some groups were particularly hit by the crisis and needed special support. They highlighted the risk that European integration could fail, because of a lack of social justice. Social policy covers not only labour market policies, but labour law, health and safety (DGB), social security, welfare (BAGTW) and gender equality (particularly emphasized by EBD). However, the initiative should not simply aim at harmonisation (DGB), it should create more upward convergence. Subsidiarity had to be respected (DBB). Special emphasis was put on initiatives for young people, especially concerning youth unemployment, but also concerning programmes like ERASMUS.
- BDA highlighted that economic and social policies were two sides of the same coin. There was no model in which employment and prosperity could increase without a minimum of corresponding growth. Germany which profited a lot from open markets should be ready to make a targeted additional contribution to convergence whilst assisting “wisely” other Member States in their social balance. According to BDA, education policy was the key instrument for a social balance. The German employers underlined the benefits of a partnership approach between social partners in the field of apprenticeship.
- Almost all criticised that the scope and content of the initiative were quite unclear (DGB, BDA, DBB, DJB, EBD) and warned against raising expectations that would not be met at the end.
- Most speakers were in favour of deepening the EMU, with special emphasis by DGB and BDA.

## **MEMBER STATE: GREECE**

Meeting held on **4 October 2016 in Athens**

*EESC delegation:* Irimi Pari (Gr. I), Georgios Petropoulos (Gr. II), Ioannis Vardakastanis (Gr. III)

### **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

**1) What do you think are the most urgent economic and social challenges in Europe and in your country? What will it take to overcome them?**

It was widely acknowledged that the greatest challenge currently facing Greece was the increased unemployment that has plagued the country for the last seven years. Particular emphasis should be given to long-term unemployment, which makes up three quarters of the total unemployment rate, and youth unemployment rates of 50%. Two of the main negative effects of increased unemployment are, firstly, the worsening of poverty and, secondly, the brain drain phenomenon which concerns not only young people who migrate in the absence of jobs, but also experienced older executives who seek better job offers abroad (according to the Bank of Greece, 427 000 Greeks aged 15-46 have so far left the country since 2008). Therefore a key issue for Greece is to ensure conditions for creating new jobs. This will be achieved to the extent required only with an investment shock and by making it easier for operating companies to become internationally competitive. Both these objectives require reforms to create an attractive environment for entrepreneurship and investment.

In addition, the demographic problem facing Greece (one of the countries in Europe with the oldest populations and with a fairly low fertility index) is exacerbating the situation. Given that the situation is similar in the rest of Europe, with 122 million people facing the risk of poverty, 45 million not able to meet their basic food needs and 22 million unemployed, we can see the real rift that has occurred in the social fabric. Therefore, protection of social rights, especially of people who are most affected, is urgently needed to address their problems as soon as possible.

**2) Do you think a pillar of social rights is needed and, if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

It was unanimously agreed that a European pillar of social rights is needed to meet the challenges Greece is currently facing. If such a pillar is to be successfully implemented, however, it needs first of all to be examined in parallel and in conjunction with the Economic and Development Policies in the euro area and in Europe (and certainly in Greece) and, secondly, to have a binding character which will flank the EMU and apply to all EU Member States. Creating a pillar should be accompanied by a development strategy which will be commensurate with the current need for investment and to protect labour rights and the environment. A prerequisite for establishing the pillar is the ongoing social dialogue and the multi-layered debate to be adapted according to the political, economic and social conditions prevailing in the EU and in the Member States. At this

point, we deem it necessary to clarify that the term "social dialogue" is used in the manner applied by the Economic and Social Council (OKE), i.e. it refers to the institutional social partners and representative organisations of civil society. Especially as regards Greece, it would be particularly interesting to produce a standard for institutionalising social dialogue at national level, which would result in binding policies at national level and also pave the way for the institutionalisation of rationalised funding for the required administrative capacity of the institutional social partners and the representative organisations of civil society so as to meet new dialogue needs. In conclusion, the challenges could be addressed by creating mechanisms to mitigate social dumping, through automatic absorption of the social impact of the crisis, through promotion of active inclusion and by ensuring a guaranteed minimum wage.

**3) How could a renewed labour market strategy meet the needs of businesses, workers and job applicants for flexibility and security? How could important issues, such as the new reality of increasingly digitised economies and labour markets, the challenge of an ageing population, and the need to facilitate movement in the job market, be taken into account?**

The implementation of some of the reforms which have been recklessly imposed by the Troika largely deregulated the labour market in Greece. Amongst other things, the validity of collective agreements has been undermined and insecure employment has increased. This strategy resulted in salary reductions, increased unemployment and a change in the working model without leading to a parallel increase in the competitiveness of Greek businesses. It is obvious that the reorientation of the labour market, and at the same time strengthening social dialogue institutions, is an immediate priority. Additional problems should also be taken into account, such as an increased rate of undeclared work, the high rate of people who are in employment but living on the edge of the poverty line and, as mentioned above, the fact that the country has one of the highest ageing population rates. To be successful, this strategy should not deal statically with the new challenges of our times, such as digitalisation and skills development, but should rather offer training programmes consistent with European standards and protect workers' rights. In addition, an investment-friendly environment must be developed by reducing convoluted bureaucracy and introducing a stable tax framework which would facilitate the operation of SMEs and thereby, in conjunction with increased competitiveness, create jobs and give a new impetus to the economy. It is also important to properly promote and implement social entrepreneurship and the circular economy, which would enhance new models of production and employment. Finally, special attention should be given to funding programmes but also to the reintegration into the labour market of people who have either lost their jobs, most of whom are long-term unemployed, or who are attending a training programme or specific skills development courses. The extent of the problem is such that special thought will be needed to organise it. The standard methods applied under normal conditions are not sufficient.

**4) How should we ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What is the role of the different stakeholders?**

Today 80% of expenditure in Greece is used to cover national pensions, a situation which is exacerbated by high unemployment and undeclared work. Therefore it is only minimal proportion of resources that end up being granted to social protection systems. Social groups, such as the unemployed, foreigners, single-parent or vulnerable families, people with disabilities and chronic diseases, etc., are driven towards the poverty line or below it (in Greece 36% of the population is faced with the risk of poverty and social exclusion). To ensure sustainability of the social protection systems, it is important to abolish the fragmentary regulation of State patronage and ring-fence social expenditure from the Greek deficit, to protect the key aspects of the social system, such as welfare, health care, education, and so on. Steps should also be taken to ensure that the resources available for the social system will not be part of expenditure subject to cuts, as described in the last agreement with the institutions, and it is worth noting that no provision is made for any survey on vulnerable groups in the assessment of the third Memorandum. It is equally important to have an ongoing social dialogue that will involve all stakeholders in solving the above problems.

**5) How could the European pillar of social rights positively support economic and social convergence across Europe?**

The European pillar of social rights constitutes in its present form an attempt to establish a social pillar of the EMU, hence its non-mandatory character in the Member States outside the euro area. If it is to support social and economic convergence across Europe, it must in principle be universal (in all Member States) and binding (through the enactment of a legal text), it must function by means of ex ante conditionality, and it must lay down a common framework of rules, but one which takes into account the distinctive characteristics of each country. To look at the question in a realistic light, however, account should be taken of the socio-political and economic context in which the pillar is required to operate. The initiative for the pillar of social rights – with regard to both content and timeframe– is developing at a much slower pace than the economic and social crisis that is unfolding in the EU and in Greece. The pillar does not seek to create new rights but rather to put into practice ones that already exist. Its scope cannot be limited to people who are moving within the labour market (either as workers or as unemployed potential workers), but must extend to those who are, for objective reasons, outside it (e.g. the elderly, people with disabilities), by promoting specific policies for safeguarding their rights (e.g. guaranteed minimum income, European unemployment insurance scheme). It is also necessary to include refugees and migrants in the reference groups of the pillar. The failure so far to refer to the refugee crisis which is building up over time and which the Member States are failing to address adequately constitutes a structural deficit that is sabotaging the whole endeavour. Finally, to avoid reducing the pillar to merely empty words, it needs to build on and ‘cooperate’ with existing policy agendas, such as the 2030 Agenda for sustainable development. The fact that it is not mentioned in the text of the pillar shows the need to broaden its perspective, but also for it to be incorporated as a reference point in the EU set of tools, whether financial or otherwise.

## 6) What do we need to promote and sustain cohesive societies in Europe?

To promote and support inclusive societies in Europe, we need a different narrative based on three equivalent pillars – social, economic and environmental. Taking the initiative for a European pillar of social rights comes in sharp contrast to the present budgetary austerity policies – a contrast that is reflected in the case of Greece. These policies do not comply with the express will of the pillar's instigators. This initiative alone constitutes an occasion for reflection, a necessary though not sufficient condition for achieving the objective laid down in the case in point. It is necessary to reassess priorities and adopt a different, complementary approach to assessing the policies developed and evaluating their implementation, on the basis of the model of human rights impact assessment. To achieve inclusive societies, the pillar of social rights can be seen as part of a comprehensive multi-level approach. This requires the adoption of legislation or a European directive which will ensure equal treatment of all groups in society, not only in the workplace, and the implementation of a social investment model which, focused on actions to combat exclusion through early intervention, is part of a series of preventive policies with a long-term perspective. It is also considered necessary, as mentioned in previous answers, to take care of all the different vulnerable groups (long-term unemployed, refugees, migrants, people with disabilities, etc.). Ultimately, the answer to this question, which is also the answer to the problem of declining confidence in the social face of the EU and of the observed corrosion of its legal and democratic foundations, is to build a political vision in which social convergence will balance with economic convergence and the willingness to develop specific policies to achieve it.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

In conclusion, a pillar of social rights urgently needs to be created. It must be addressed in parallel and in conjunction with economic and development policies and should be a real tool for development, combating poverty and exclusion. More specifically, and with an eye on the specific conditions prevailing in Greece, today social groups, especially the vulnerable, who have been ravaged by years of economic crisis and restrictive economic policies, urgently need to be protected. A prerequisite for guaranteeing the pillar's growth-oriented character, to help Greek society find a way out of the crisis, is the fight to eradicate unemployment directly by creating an investment-friendly environment which will create the corresponding jobs, in compliance with labour rights and environmental protection. Social protection systems also need to contribute to economic growth (social investment model), the development of public policies and multi-level development of social protection policies (territorial cohesion model). Finally, we need to overcome the legal issue that arises as to the validation of the pillar by establishing a text whose binding nature will not be called into question, but will enable Europe to change course and to complement and build on its social acquis which in recent years has collapsed.

## **MEMBER STATE: HUNGARY**

Meeting held on **19 September 2016 in Budapest**

*EESC delegation:* Dr István Komoróczki (Group I), Erika Koller (of Group II), Ákos Topolánszky (Group III)

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

**(Please adapt as needed, e.g. to show which questions were used.)**

**1) What do you consider as the most urgent economic and social challenges in Europe and in your country? What is needed to address those?**

Hungary is one of the poorer, i.e. peripheral, countries in the European Union. The greatest challenge for us is therefore to catch up with the more successful and more affluent countries in the EU. We would like there to be better coordination and closer cooperation between Member States. The EU should be more than an economic entity which is or aims to be globally competitive. The Hungarian economy is highly dependent on the performance of the German economy, and although our economy has experienced an upturn, many people still do not feel the effects of this growth. Inequality has continued to increase between the rich and the poor, and the issue of poverty is becoming increasingly serious. The high rate of emigration is a problem, as a significant proportion of young and highly qualified workers are leaving the country. Another issue is the public work programme, which does not constitute an effective solution in its current form. Furthermore, the extremely low wages paid for this work are unacceptable. The issue of the working poor is also of significant concern. The working poor include many people with university or college degrees who cannot or who barely make ends meet from their monthly salaries. Contributions imposed on wages are still high and hinder competition within the EU. The Roma are still in a hopeless situation due to discrimination and segregation. Despite the debates surrounding this issue, the poverty rate does not appear to have decreased, and the proportion of children living in poverty requires a particularly urgent response from society, since it is children that have suffered the most from the crisis.

One of the reasons for emigration is a general sense of despair, i.e. a lack of future prospects, which is mainly due to low wages and salaries. Trade unions would support the introduction of a European minimum wage calculated on the basis of uniform parameters and applicable to the given Member State. At the same time, the geographical and structural labour shortage is also a significant problem. Companies cannot find satisfactory applicants and there are no qualified workers in many areas. Another problem is the time it takes to train skilled manual workers and modify training programmes. There are few skilled manual workers in Hungary, and many areas have experienced the phenomenon of doctors and nurses emigrating. In order to address this labour shortage, the quality of education and vocational training should be improved from as early as primary school, and all adults should have the opportunity to retrain and have access to continued education.

According to both employers' organisations and trade unions, the lack of substantial social dialogue is a source of concern and sectoral dialogue committees do not work.

The issue of digitisation will create a new situation on the labour market, and we must prepare for this without delay. It is, however, unclear what will happen to employees who lose their jobs. We must prepare right away for new challenges on the labour market relating to the spread of automation and robots. It is also important to increase the amount of money that can be spent on research and development.

**2) Do you think a Pillar of Social Rights is needed and, if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

Opinions differ. Employers say that now is not the time for this. Employees' organisations definitely welcome the initiative, while the majority of non-governmental organisations that were consulted would also support the introduction of the European Pillar of Social Rights. However, according to other organisations, the idea is not realistic, because there are no funds provided either by the government or employers to finance it. At the same time, the participants found it odd that the initiative applied only to eurozone countries and that other countries may only join it. Participants also mentioned that although this involves the development of political instruments which are not binding upon non-eurozone countries, these countries should also take part in the legislative process relating to the elements of the Pillar since they are affected by all of its elements. Regarding implementation, the opinion of the vast majority was that creating this Pillar is only worthwhile if the initiative does not just remain a recommendation, but is also integrated into the *acquis* and implemented by binding legal instruments. The current Treaty contradicts this, however, because social issues are the competence of Member States. As a result of the Treaty's provisions, it is precisely in those countries that need it most that this would not be compulsory.

According to general opinion, if the Pillar is established, it should be connected to the evaluation process relating to its implementation. To this end, established indicators should be identified, and methods and monitoring procedures for measuring them should be adopted and consistently applied.

**3) How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

The labour market should be more flexible and the emphasis should be on creating jobs. All forms of work should be made more flexible, from ensuring that there are significantly more opportunities for part-time employment to freelancing, which is increasingly gaining ground, as these could, in part, provide a solution to youth unemployment. It is important to increase the effectiveness of occupational health and safety inspections, because unfortunately the number of workplace accidents keeps going up. According to trade unions, a single European labour market is needed. Due to the challenges posed by our ageing society, the labour market must also be made more flexible. Consideration should be given to making retirement optional at the age of 65 if work by the elderly is still required and possible.

**4) How to ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

Social protection systems maintained by the state are being dismantled in many cases, although the role taken by certain religious and social organisations in this area is commendable. Unfortunately, for budget-related reasons, increasing amounts of money are being withdrawn from healthcare and social protection, and no unemployment benefit is being provided or the amount provided keeps decreasing. Pensions are low, yet the pension system is not sustainable in the long term because the number of people paying into the system is decreasing. Income differences are continuously increasing in a way that fundamentally jeopardises solidarity in society. The risk of people losing their home has greatly increased, while social housing programmes are practically non-existent. The proportion of those exposed to social risks, including children exposed to poverty, is not decreasing. There is both a high rate of unemployment and a shortage of workers. An increasing number of predominantly middle-class people recognise the importance of self-support, saving for their retirement years and making private investments. Sustainability can be ensured only through the organised reallocation of assets. Families could be encouraged to have more children through social, housing and tax benefits provided by the State, greater flexibility at the workplace, part-time employment, the provision of flexible working hours and the maintenance of high-standard childcare facilities and schools. A stable legal framework must be established in the Member States in order to promote the above.

Social protection must be linked to human rights and to the level of human dignity also expressed in certain indicators. For this reason, guaranteed minimum living conditions, which everyone is entitled to under the Constitution, must be recognised. An organised framework for legal remedy and justice, social dialogue and the rule of law must be provided. Trade unions and non-governmental organisations believe that a guaranteed basic income agreed on by society is an essential tool for providing a higher level of social protection. According to this opinion, in the first phase it is necessary to specify and enforce a social minimum, subject to an income certificate, and to operate a related supplementary system and, in the second phase the possibility of providing an unconditional basic income might also arise. It would be necessary to identify means of social protection adjusted to target groups in society that are particularly at risk in terms of social convergence (children, families with children, pensioners, the disabled, the unemployed, families in which the parents do not have a steady job, those discriminated against, etc.). Reducing structural inequalities should become a central objective. Avoiding extreme deprivation and access to homes of a minimum standard should be made fundamental rights. It is only possible to reach agreements that ensure both economic competitiveness and provide grounds for social cohesion in an actual scheme for non-governmental advocacy and social dialogue. Equal opportunities must become a basic concept in social care. The effects of existing and future instruments should be evaluated on the basis of fresh data and reliable indicators.

**5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

In our opinion, less affluent countries in the EU should be given assistance to allow them to catch up with the core countries as much as possible. Differences in standard of living between EU Member States, within countries and affecting regions must not be exacerbated, and poverty,

exclusion and discrimination must be stopped. This type of convergence could be promoted by maintaining target-oriented EU cohesion and structural funding in the medium and long term.

## **6) What do we need to promote and sustain cohesive societies in Europe?**

We should get to know each other better and should show more tolerance for one another. Greater solidarity is needed at all levels. All EU citizens should have guaranteed access to basic services. The EU should devise a definite political framework aimed at social cohesion in order to reduce poverty and within this framework it should deal with extreme poverty as a priority. Members should be able to access and, if possible, reproduce proven good practice.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

- **A more uniform EU is required. The initiative should not only apply to countries in the eurozone.**
- **It is important to speed up the process by which peripheral countries in the EU are brought up to EU standards.**
- **The challenges of the labour market must be dealt with and preparations must be made for the effects of digitisation on the labour market, mainly by providing the right level of education and training to everyone.**
- **Social dialogue must be restored in Member States where social dialogue does not work or hardly works.**
- **Social affairs should not only be dealt with as recommendations, but minimum requirements should also be integrated into the acquis and continuous monitoring of these requirements should also be ensured.**
- **Everyone should have equal opportunities, including Roma and those living in exclusion and poverty. Consistent action must be taken against all forms of segregation.**

#### **Other proposals:**

- below a certain level, pupils should not be allowed to leave the education system, because otherwise their basic right to education will be infringed and the opportunities available to them will decrease;
- scholarship programmes should be introduced in tertiary education, primarily for children from low-income families, in view of the fact that the cost of higher education has significantly increased;
- a means-tested tuition fee system should be set up;
- a proper social housing programme should be supported;
- access to basic services (utilities) should be ensured under the Constitution;
- the basic right to avoid extreme deprivation (30 % of the income median) should be introduced;
- corporate tax should be modified to promote social cohesion (by favouring social, healthcare and educational objectives);
- social benefits should not be associated with criminal activities.
- The European Union must act to combat unemployment, a European student loan system should be developed and the portability of pensions should be ensured.

## **MEMBER STATE: IRELAND**

Meeting held on **23 September 2016 in Dublin**

*EESC delegation:* David Croughan (Group I), Jack O'Connor (Group II), Seamus Boland (Group III)

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

#### **1) What do you consider as the most urgent economic and social challenges in Europe and in your country? What is needed to address those?**

*In Europe:* credibility of the EU questioned; momentum towards disintegration; Brexit is a significant fracture of EU model; migration and asylum problems not tackled; crisis problems tackled in a manner detrimental to social cohesion.

*Solutions:* the bloc has underperformed so the focus must be on investment for economic growth and job creation, competitiveness and essential enabling structures towards deepening the EMU, leading to harmony, expanded social markets, free movement of factors of production and elimination of poverty and inequality. **Trade Unions and NGOs** also put forward the view that the pillar gives the opportunity to put social issues back on the agenda and it should not be a paper exercise. **NGOs** called for Europe 2020 to be reinvigorated and the pillar gives the opportunity to be serious about giving social issues an equal and integrated dimension in the European Semester process. **Business representatives** said that proper implementation of existing social acquis would have far more impact than introducing further regulation again.

*In Ireland:* social immobility causes exclusion and inequality; problem of high unemployment and jobless households; the evolution of job tenure, which raises concerns for some regarding job security; competitiveness; very significant impact of Brexit; pensions and ageing; poverty; health; housing.

*Solutions:* vibrant, fair, equitable and sustainable competitive flexible economy is *fundamental* to the relief of poverty and unemployment. Essential investment in education/training/life-long learning is *fundamental* to flexibility and employability. Adequate housing and access to quality affordable childcare is a major element in equality of opportunity and the avoidance of poverty. Fiscal rules relating to investment should be reviewed to ensure sustainable and widespread recovery.

**Business representatives** emphasised the importance for Member States only just emerging from recession, which needed the discretion to invest in areas that benefit the recovery for all. Imposing a blanket approach, ignoring various social issues, which could hamper that recovery and take public finances from where they could be more appropriately utilised would be a mistake. They also mentioned that all regions of the economy have not yet felt the recovery and Brexit could have significant and detrimental national and regional consequences, impacting adversely on employment opportunities; the disincentives from moving from unemployment into employment needed to be redressed.

**Trade Unions and NGOs** stressed that social policy must make a real impact – not just a paper exercise. They stressed the intertwined nature of economic and social issues – neglect of one eventually impacted on the other. Minimum income schemes were about the same principles not the same income levels. They recognised that power was in the European Semester process and therefore it was right that the social domain had equal consideration alongside the economic domain.

**2) Do you think a Pillar of Social Rights is needed and if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

There were varying opinions on the exact nature of the concept of “A Social Pillar”. Several thought it was little more than a set of aspirations, or a wish list. Others were of the view that if the pillar was weak, then it would not make a difference and the predominance of economic issues would remain. The social dimension was neglected in the recent economic crisis, and this approach has had severe consequences especially on the most vulnerable of the population. It is clear that this has resulted in the alienation of millions of people, jeopardizing the European project; that social rights must be part of the resolution process and that social and economic issues should be given equal weight.

**Business representatives** disagree with the idea that the pillar is the best way to address key social and demographic challenges. EU legislation on social policy already exists in the more than 70 directives already adopted by the EU or in international law ratified by Member States, which protect workers and provide rights in key areas such as terms and conditions of employment disability, health and safety, social dialogue, gender equality and equal treatment - and it would be more effective to focus on the proper implementation and enforcement of these current laws. If the Commission feels that existing regulation is lacking in certain areas, it would be better placed addressing these specific shortcomings within the existing form of regulation. Poverty and unemployment should rather be tackled through sound economic governance and by improving competitiveness. It was important that the Pillar principles did not overstep or infringe the principles of subsidiarity and proportionality. It is imperative that the competence of Member States to organize and finance social welfare systems, in particular, is not undermined.

**Trade unions and NGOs** support the idea of a pillar of social rights, e.g. as a way to provide a platform and a policy push for the Irish government to implement social policy. If there were a proper functioning "pillar", this would bring authority to act at national level. The pillar should be given equal status to fiscal rules. A pillar of social rights would help create a "social floor" of principles to be applied in all countries (e.g. minimum income schemes), which is essential to prevent a race to the bottom. Ireland is behind on many of the social issues. A pillar of social rights could help align social and economic dimensions, e.g. ensuring social/public investments in housing, education, childcare, health care, etc. A meaningful pillar would also need legal force as well as clear and measurable objectives. The crisis response concentrated on economic issues to the detriment of social issues and **NGOs** pointed out that even at the height of the Celtic tiger, poverty and housing were not addressed for the very bottom. Prosperity did not result in greater equality, thus the need for social policies.

- 3) **How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

**Business representatives** highlighted that flexible working arrangements suit modern life and the labour market, especially in certain sectors that need flexible arrangements to meet consumer and employee demand, regulatory requirements and technological developments. It suits some employees and employers to have contracts to match the flow of work (for example in testing/diagnostics). Digitization also provides many opportunities for flexible forms of work arrangements. EU Directives already exist in this area. These forms of work should not be exploited in an abusive way and there are already rules to avoid this happening and robust mechanisms where abuses do occur. Any proposal for changes in legislation should be evidence-based. Education, training and life-long learning are an essential feature of the world of work.

**Trade Unions** countered that the robust mechanisms were not as good as they sounded and could take up to seven years to get redress. Some of the directives were undermined by derogations (as with the application of the Working Time directive as applied to junior doctors). They mentioned some flexible forms of work, such as job sharing, have been successful when they have been properly negotiated and protection ensured. However, this is not always the case. In some sectors, these forms of contract have led to casualization and unstable work conditions ("if and when" contracts) and "bogus self-employment" where employers divest themselves of the obligation to pay social welfare charges or deduct taxation. This suits only the very highly paid. The public service is also starting to use these contracts more often (academic lecturers). This leads to unorganised labour, although in some sectors (e.g. in the media field), workers are starting to network across Europe. Trade Unions objected to the use of the term "new forms of work" as many of the characteristics it describes today, such as "zero hours" contracts, were actually a return to forms of work from the 19<sup>th</sup> century. However, digitization and automation rendered different conditions and challenges in the world of work today. While recognizing the fundamental necessity of education, training and life-long learning, **Trade Unions and NGOs** drew attention to the virtual exclusion of those at the bottom of society through lack of housing or poverty or households with drug addiction, to establish themselves in the world of work. It is unlikely that people who had problems of exclusion or disadvantage would turn to the European Union for answers, but would look to their own governments.

*(Questions 4, 5 and 6 were tackled together)*

- 4) **How to ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**
- 5) **How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**
- 6) **What do we need to promote and sustain cohesive societies in Europe?**

All participants want social progress, but that is inter-dependent on economic progress. It is recognised that there are differing perspectives, with the right seeing more of a role for the private

sector and concern that governments waste tax revenues if there are no fiscal rules. The left sees a big role for the government. It is incorrect to see the social dimension, as at the expense of the economic dimension – it is not a zero sum game. The right could be persuaded by the notion of money well spent. Social investment in areas such as health and education needed more taxation.

A **Trade Union** view was put forward that reasonable people of left and right should be able to find accommodation, otherwise the ground is given over to extremism. There is a need for a roadmap for a sustainable economic model; how is the competitiveness and growth challenge to be met? There is a need for flexibility, but also there must be a guard against abuse. How do employers address the needs of the labour market and the generation of productivity whilst promoting a culture of mutual interdependence, participation and improving the quality of the working environment?

**Business Representatives** argued that employers were not so narrowly focused, and wanted to offer rewarding lives to their employees. They also understood the essential need to stay competitive so that companies would expand and increase employment. The essential question today is: what are the best tools to achieve a social mix of efficiency and competitiveness and protection of employees' rights? They argued that an ill-defined social pillar was unlikely to achieve much progress whereas concentration on strong implementation of the substantial safeguards laid down in the social acquis would be stronger and would more rapidly have the desired impact. The directives and the structural set-up are in place and we should implement what we have got. There was recognition that gaps needed to be addressed such as in housing and childcare.

The **NGOs** argued that there was a need for good governance of all sectors, a buoyant economy for investment, decent social services and infrastructure and a just tax system. Government should make more use of social partners and responsible civil society representatives. Poverty was a reality and income adequacy was not addressed. At the low end of society, people were excluded from education and life-long learning. Social policy and delivery mechanisms at EU level are no substitute for governance.

The **Trade Unions** also argued that politicians had little or no awareness of the Social Pillar policy initiative and it suited them not to advance it. There is no wish to rehash the old social partnership, but there is a need to have a forum to discuss real issues in a social dialogue, which could be through the Pillar of Social Rights. There is a need for a social forum and it would be depressing if we did not try.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

A number of areas where broad agreement was reached...:

- Essential interdependence of economic and social dimensions.
- Primacy of public and private investment. Unduly prescriptive fiscal rules regarding public investment are inappropriate for the urgent needs of some Member States still emerging from deep recession. The emergency legislation introduced through the inter-governmental process should now be revised, certainly prior to any incorporation into the Community acquis.

- The vast range of existing EU legislation on social policy should be encapsulated in one composite summary document.
- General agreement for mechanisms for enforcement and monitoring. What is already there should be further reinvigorated in the European Semester, and every recommendation should be implemented and monitored.
- The key role of structured social dialogue between the social partners and government should become part of the annual Semester process. A mechanism to include insiders and outsiders (such as relevant NGOs) would engage more sections of civic society.

and not reached:

- Disagreement was recorded on the need for a social pillar. NGOs and Trade Unions think that a pillar is needed and could be further extended to set down, in a tangible way, rights and entitlements. Business representatives believe that a pillar would not provide any added value, as a substantial body of legislation already exists. The best way to advance the social dimension was through better communication, implementation and enforcement of existing legislation.

### **Additional comments**

Recent Social Partnership in Ireland (1987-2008), which had involved a series of national agreements (usually of about three years' duration) around pay and economic and social conditions, was discontinued with the onset of the financial crisis at the end of 2008. The social partners and civil society had therefore not met together in a structured dialogue for almost eight years until the EESC meeting on the proposed Pillar of Social Rights. Professor Alan Barrett, Director of the Economic and Social Research Institute, was invited to attend the meeting to give a learned and non-partisan view.

This meeting, not being at the invitation of government, was informal, and a largely unrehearsed exploration of positions in a non-antagonistic atmosphere. While it was a useful exercise, it suffered from the fact that there was no imperative to reach agreement, as would be the case in relation to the negotiation of a national pay round, for example.

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## **MEMBER STATE: ITALY**

Meeting held on **7 October 2016 in Roma**

*EESC delegation:* Antonello Pezzini (Group I), Cinzia del Rio (Group II), Pietro Vittorio Barbieri (Group III)

### **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

It was decided to discuss mainly the following subjects:

1. The squeeze on welfare provision between new needs and sustainability
2. Work: between rights secured and denied in the European context
3. Poverty and inequality: an emergency situation for Europe
4. The drama of refugees from war or deprivation: the prospects in Europe

Many of the questions posed here were tackled under one or more of these subjects.

#### **1) What do you consider as the most urgent economic and social challenges in Europe and in your country? What is needed to address those?**

The most urgent challenges lie in welfare provision, jobs, new and old forms of poverty and the question of refugees and economic migrants.

##### *Welfare*

- Constructing a European welfare system in which the conditions are the same in all Member States
- Creating good quality jobs that help to make the general welfare system sustainable
- Guaranteeing access to welfare services for all
- Developing models based on mutuals and the social economy following the example of countries such as France and Belgium
- Guaranteeing the portability of welfare provision in the case of mobility, including worker mobility
- Guaranteeing the protection of the most vulnerable groups (people with disabilities, the elderly, children and NEETs, workers in disadvantaged sectors of the social economy)
- Basing welfare on fairness income redistribution towards the most disadvantaged
- Making sure resources are sufficient to ensure dignified levels
- Making sure the state plays a fundamental role in regulating and guaranteeing rights

## *Work*

- Rights must cover all kinds of worker (employed, self-employed, part-time, in social employment, etc.)
- The right to a stable and high-quality employment contact drafted by the most representative trade union and employers organisations
- Greater involvement of the social partners in the European Semester in framing employment policies at European level
- The right to reinsertion in the case of individual redundancies
- Minimum wage and remuneration: guaranteeing the independence of the social partners in setting remuneration through collective bargaining and extending contractual coverage
- Ongoing training as a right for all workers without distinction
- Combating illegal and undeclared work
- Right to security of employment, especially in periods of transition between one job and the next (the role of the state, efficient employment services)
- Transferability of rights between jobs and between Member States
- Work-life balance (part-time, distance working, etc.)
- Local development via welfare and the social economy
- Raising employment in the third sector

## *Poverty*

Defined as:

- a. New forms of poverty generated by lack of job security
  - b. The working poor – i.e., those whose earnings are below the poverty threshold, such as those working in mini-jobs
  - c. Old forms of poverty: people excluded from the labour market for a long time, such as the disabled and ex-prisoners
- Specific forms of intervention need to be identified at European, national and local levels using forms of guaranteed minimum income and support for active insertion in these measures:
    - a) The family must be included in all these types of support
    - b) Local networks must be established and social cohesion created
    - c) Sufficiently long-term and coherent national plans must be adopted
    - d) It must be recognised that disability can become a cause of poverty, given the costs it imposes on families

## *Refugees and migrants*

The issue of migrants and refugees must be highlighted in the pillar, starting with:

- The need for a European asylum system and reform of the Dublin Convention
- Revision of the list of safe countries to better reflect the map of crises worldwide notified by the UN and identification of properly adapted criteria
- Establishing an effective system for welcoming, distribution and integration

## Issues for Italy

- Guaranteeing education and access to the labour market for asylum applicants (even before the asylum application has been dealt with by the authorities involved)
- Accelerating processing of asylum applications
- Establishing a European system of legal entry for economic migrants, recognising the need for them – in seasonal work, for a start

### 2) **Do you think a Pillar of Social Rights is needed and if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

The initiative for the pillar is welcome, but it is important that:

- rights are effectively enforceable (this point has been highlighted in the previous paragraph)
- one aim of the pillar must be to come up with binding legislation and not just recommendations

### 3) **How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

See the points about work in Answer 1

### 4) **How to ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

See the points about welfare in Answer 1

### 5) **How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

By eliminating or reducing dumping between different regions in the single market, guaranteeing Europe's citizens a minimum level of rights wherever they live and chose to move in the European Union.

### 6) **What do we need to promote and sustain cohesive societies in Europe?**

Guaranteeing social and economic rights that can be exercised anywhere in Europe and focused on the social inclusion of everyone who is – or is at risk of being – socially marginalised. This can be done through prevention instruments, skilling work, raising basic education levels, lifelong learning and mentoring for insertion and between jobs, as well as protection of unemployment and inactivity with instruments such as a guaranteed minimum income, support for active insertion and social assistance welfare, with a role for public authorities in regulating, guaranteeing rights, redistribution and combating inequalities, and with a subsidiary role for the social economy and mutual.

## **KEY RECOMMENDATIONS/CONCLUSIONS**

**(Please try to agree on 2-3 key messages/recommendations/conclusions from your event, if needed, indicate differences in opinion)**

- The Community acquis of social principles and rights enshrined in the TFEU and the Charter of Fundamental Rights must not be put in doubt. Instead, we need to identify new shared rights that are enforceable anywhere in the Member States.
  - The practical application of the social rights acquis has to be standardised and a binding benchmark created on minimum rights not subject to the discretion of individual Member States – within the euro area and, hopefully, beyond.
  - European social policies on welfare, employment, poverty and migration have to be converged.
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## **MEMBER STATE: LATVIA**

Meeting held on **19 September 2016 in Riga**

*EESC delegation:* Vitālijs Gavrilovs (Group I), Ariadna Ābeltiņa (Group. II), Gunta Anča (Gr. III)

### **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

#### **1) What are the most urgent economic and social problems that must be solved in Europe and Latvia? What solutions do you see?**

Latvia's most urgent economic difficulties are taxes on labour and access to financing for development projects (the financing problem has to be solved at European level).

Promoting business activities in the regions is an essential prerequisite for closing the regional gap at both national and European level, as this is the most effective way to counteract rural depopulation.

Specific measures in Latvia to solve current economic and social problems:

- New jobs must be created as a result of direct state support for modernising and further developing industrial production.
- The government must develop and consistently implement a long-term and robust tax policy.
- Latvia must make common cause with countries that have similar problems so that they can jointly defend and promote their interests in the EU.
- Latvia must find its niche within the EU export market.

Social inequality due to financial and territorial inequality is a major social problem in Latvia. Various population groups are particularly affected by this problem, which makes their social integration considerably harder.

The state is not currently in a position to guarantee stable income levels. However, it is trying to do so, which has the overall result of distorting the income system: various forms of support are given too much emphasis instead of being replaced and their funds made available for employers and special social services that could give even the long-term unemployed access to the labour market.

Social services in Latvia are insufficiently developed and are not universally available, meaning that it is difficult to integrate people who need specific aid into society and work.

In order to improve the situation, the following needs to be done:

- The system of benefits and remuneration must be reviewed in order to better align these two elements with each other;
- Funds that have been freed up must be used to integrate the long-term unemployed – who should receive appropriate levels of support – into the labour market;

- Social services must be provided consistently across Latvia and they must also be innovative and tailored to people's individual needs;
- Civil society organisations that represent the social partners and various target groups, and that are most familiar with the necessary services and how they should be designed, must be involved.

Poverty, the ageing population and an inefficient health system that strains the social budget are equally serious social problems in Latvia. An education system where reforms have been embarked upon but not completed, a widespread "shadow economy" and the large number of citizens living in poverty are additional problems.

It is also necessary to ratify the clause of the European Social Charter on the right to fair remuneration, as well as to ease the tax burden and to raise minimum wages and the personal allowance for workers.

The most urgent problems that the EU must solve are: insufficient competitiveness, migration, workers' disappointment and mistrust due to the fall in living standards and purchasing power, the increase in precarious forms of employment, lower wages, brain drain and the depopulation of countries of origin due to the free movement of workers, and high rates of unemployment.

Recommendations:

- Inconsistent measures to solve individual countries' problems should be avoided;
- A stringent EU immigration policy must be developed in order to counteract the increasing threat of crime and terrorism;
- Economic growth must be more closely monitored.

**2) Do you consider a pillar of social rights to be necessary? If yes, how should it be designed so as to be able to address the most significant social and economic challenges in Europe and Latvia?**

A pillar of social rights does seem necessary but various requirements must be fulfilled if it is to be implemented and able to function well:

- The pillar of social rights must be implemented in as targeted a way as possible and on the basis of specific action plans that set out not only short-term steps but also monitoring mechanisms. The pillar must include indicators/evaluation procedures so as to be able to evaluate criteria such as remuneration, employment etc.
- At its core, it must contain a rights-based approach. Social legislation is the only possible way forward for all of Europe.
- Civil society must be involved at all stages of implementation. The pillar of social rights cannot be successfully implemented – and this implementation cannot be monitored – without the involvement of civil society.
- Before starting to implement the pillar of social rights, it must be designed so as to represent all social groups equally and fairly, and each group's specific needs must also be taken into consideration. There are currently various groups – such as people with disabilities – who receive insufficient consideration in the document as it stands.

Overall, the European Pillar of Social Rights is a positive initiative and should be supported. It should be ambitious, improving legislation with effective recommendations and measures and creating dignified professional and living conditions for all workers.

The current version of the social pillar omits cross-border issues and services; it also does not cover issues of childcare and care for the elderly in other countries where carers emigrate to in order to find work. Regrettably, it is almost always families who currently care for the elderly in Latvia.

**3) How could a new EU labour market strategy satisfy companies', employees' and job-seekers' need for flexibility and security? How can this process incorporate such important questions as the increasing digitalisation of the economy and the labour market, an ageing population, and the need to ease the transition from a professional activity to another activity?**

It is important to bear in mind that the EU labour market has fundamentally changed. Future prosperity can only be safeguarded by modernising the economy. The labour market strategy can no longer be focused on a young, healthy and strong workforce, as the size of this workforce has sharply decreased in recent years. The latest technological progress offers opportunities even for those workers who have been unable to be fully involved in the labour market for a long time.

Thus a balanced approach must be found in order to make it easier for workers to enter the labour market. Remote working means that workers who do not live in cities can be included, sometimes even across national borders. Thus people can pursue careers that are in different demand in various countries.

The sharing economy offers labour market participants new employment and income opportunities, beyond traditional employment arrangements. It also offers flexible working time arrangements. More consideration should be given to flexible working hours, which can mean both a shorter working day as well as different ways of distributing working hours across a 24-hour period. Working hours should be individually tailored to employees' needs.

A new model for employment relationships must be developed so as to safeguard workers' rights and social protection, including for people who are involved in the sharing economy without a "traditional" employment contract. Similarly, employment law provisions must be reviewed and modernised in compliance with the needs of workers and freelancers in a digital context while also taking account of the innovative nature and particular characteristics of the business model of the sharing economy. Good jobs must be preserved:

- Regulations must be interpreted in a way that is beneficial to workers: in cases of conflict, the responsible body or tribunal has a duty to rule in favour of the workers.
- Social dialogue and collective bargaining should be given greater importance.
- There should be more collective agreements and framework collective agreements and they should be more broadly applicable.
- The right to paid educational leave and to vocational education and training throughout people's working lives must be firmly established. Workers should be enabled to adapt, to enter a new phase of their professional lives and to acquire new skills and qualifications that are not directly related to their jobs.

**4) How can the sustainability of social protection systems be ensured and how can there be guarantees that the available resources are primarily channelled into effective, relevant and necessary social investments and services? What role should the different actors play?**

We should be clear that involving civil society, and in particular enabling the various target groups to defend their interests, are vital throughout the decision-making process.

The following must be taken into consideration when creating a sustainable social protection system:

- Latvia's pension system is relatively new but has the potential for good development;
- unfortunately, the system is only sustainable because social spending – both in terms of pensions and also the various social benefits – is relatively low and is not even enough to ensure a basic standard of living;
- low pensions and benefits must be imputed to the low level of social contributions, which in turn are a logical result of the shadow economy, where a certain portion of income is made under the table.

Safeguarding all of these measures would make it possible to develop a sustainable social security system in Latvia.

Meanwhile, new and high-quality jobs must be created across the EU in order to safeguard the sustainability of the social protection system by means of sufficient funding. Thus it is also important to develop competitive entrepreneurship and to ensure access to funding so as to create new and high-quality jobs right across Europe. It is also necessary to develop a sustainable industrial policy in order to ensure growth and thus job creation.

The European Pillar of Social Rights must encompass recommendations to safeguard the following fundamental rights:

- a) the right to high-quality social benefits and to access to social services, as well as the right to health care;
- b) the right to a sufficient pension – at EU level, consideration should be given to an upwards convergence of standards, with a view to reforming individual countries' pension systems;
- c) the need for an EU directive on systems for a suitable minimum income, so as to lay down common principles, methods and definitions and thus guarantee rights across the EU;
- d) the development of common EU standards regarding the right to high-quality and professional long-term care.

**5) How could the European Pillar of Social Rights support economic and social convergence in Europe?**

Social convergence in Europe is fostered by changes in the labour market, sustainable social protection and respect for the fundamental principles of civil society enshrined in the European Pillar of Social Rights.

With the help of the pillar of social rights, and thanks to the development of measurable and comparable indicators, it will be possible to positively influence economic and social convergence at EU level and to demonstrate the exodus of workers and the imbalance between countries of origin and host countries.

Social rights are a fundamental requirement for justice and the European Pillar of Social Rights can function as a catalyst to improve the situation. Raising wages and salaries is the only fair way out of this crisis. Poverty wages are not just a social problem; they also have a devastating impact on the economy by strangling demand and increasing inequality. Appropriate social security cover, stable employment contracts, working hours and incomes, protection against unjustified dismissal from an employment relationship, and the right to join a trade union and to conclude collective agreements are also essential.

## **6) What do we need to do in order to promote and sustain social cohesion in Europe?**

A society that is characterised by cohesion means:

- a society where nobody feels excluded or marginalised;
- a society where every person knows where they are from and where they belong;
- a society where every person is involved in collective activities, and where every person's gifts and skills are used.

Implementing and respecting uniform rights ensures that such a society can be achieved.

It is only by means of balanced development in all areas (including agriculture, a domain where there are large differences in direct payments to farmers in individual Member States) and by means of a convergence among individual countries and regions that the public's confidence in the EU's future will be heightened.

Fair pay, so that workers can guarantee their families' prosperity and well-being, as well as high-quality education at a high level so that citizens can be involved in the long-term strengthening, preservation and development of their country and the EU. Strengthening of social protection and social justice.

## **KEY RECOMMENDATIONS/CONCLUSIONS**

**(Please agree on two or three key messages/recommendations/conclusions from your event; indicate differences in opinion, if any)**

1. A European Pillar of Social Rights would be useful, provided that a number of conditions are met to ensure that all population groups are involved and that the activities under this pillar will also reach beyond the borders of the EU countries. When looking for effective solutions, it is essential to take the views of civil society organisations, including the social partners, into account. In particular, people with disabilities must be covered by the pillar of social rights

and their rights must be upheld. The European Union is home to 80 million people with disabilities; therefore, protecting their rights is extremely important in terms of equality and non-discrimination among all citizens.

2. In order to safeguard economic competitiveness and uniform growth in all regions of the EU – a prerequisite if new jobs are to be created – economic policy governance and the European Semester have to be reformed. A strong social dimension is needed to put social rights, freedoms and recommendations on the same footing as economic rights and freedoms.
  3. Baltic: the tax systems of Baltic countries should be coordinated so as to create a level playing field on the labour market (the problem in Latvia is the personal allowance, which is set at EUR 1 000 in Finland and at EUR 75 in Latvia). Production in the Baltic countries needs to be promoted in order to increase competitiveness within the EU.
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## **MEMBER STATE: LITHUANIA**

Meeting held on **19 September 2016 in Vilnius**

*EESC delegation:* Alfredas Jonuška (Group I), Tatjana Babrauskienė (Group II), Indrė Vareikytė (Group III)

### **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

#### **1) What do you consider to be the most urgent economic and social challenges in Europe and in Lithuania? What is needed to address these challenges?**

We need to create many more new, secure and attractive jobs.

#### **Challenges for the EU**

- The international crisis affecting the professional labour market: youth unemployment is rising, and it is becoming increasingly more common that young people have not completed school or vocational education and do not have a job; meanwhile, there is an ever more urgent shortage of skilled workers;
- the failure of the EU as a common, single economic zone;
- the lack of an economic development strategy;
- the dominance of interest groups, both internationally and within individual countries;
- increasing social inequality;
- the inefficient use of EU structural funds (difficult access, administrative barriers and minimisation of competition);
- inadequate management of the free movement of workers;
- the low level of political control at national level and the lack of appropriate mechanisms.

#### **Demographic challenges in Lithuania**

1. Considerable population decline and depopulation of some regions (*as well as economic stagnation*);
2. Rapid ageing of the population (*according to Eurostat data, Lithuania's population is ageing at the fastest rate in the EU*).

#### **Challenges for the labour market in Lithuania**

1. Immigration is decreasing (external replenishment of the labour market) and emigration is increasing;

2. The replenishment of the labour market that *results from natural population growth* has gone into reverse. The reduction of the national supply of workers;
3. Unemployment is falling;
4. Lithuanian employers' hopes for an adequate supply of workers are waning.

The expectation is that increasing labour costs will mean that the supply of workers will not increase.

Increasing incomes mean that Lithuania is falling behind the EU average:

\* The income of a single person without children amounts to 50% of the average.

\*\* The income of a married couple with two children amounts to 100% of the average for the first income and to 67% of the average for the second income.

From 2005 to 2012, income increased by EUR 605 for the 27 EU Member States and by EUR 402 for Lithuania.

Source: Eurostat.

**2) Do you consider a pillar of social rights to be necessary? If yes, how should it be designed so as to be able to address the most significant social and economic challenges in Europe and Lithuania?**

It is not just necessary; IT IS ABSOLUTELY ESSENTIAL.

It must not simply be a statement of good intentions; it must be/do the following:

- a new political agreement;
- more differentiation and oversight of the measures as well as improving how they take effect;
- the European Pillar of Social Rights should encompass legislative measures, policy-making mechanisms and financial instruments.

**What should the pillar of social rights look like?**

- 1) clear agreements on social development objectives, with clear indicators and deadlines;
- 2) results-based allocation of resources to achieve the objectives;
- 3) monitoring – which should be as accurate as possible – of the indicators that are relevant to achieving the objectives;
- 4) development of an appropriate system of mechanisms of action.

**3) How can flexibility and security be safeguarded on the labour market?**

The increasing flexibility of employment is entirely compatible with the harmonious development of society if the number of job vacancies rises and fair remuneration is guaranteed (recall the Marshall Plan for Europe). A flexible labour market is permissible provided that public services and a state-supported social protection system function well, and provided that the protection of workers in different contractual situations – workers on temporary or permanent contracts, independent workers, workers for temp agencies, seasonal workers, etc. – is legally regulated and safeguarded.

**4) How can the sustainability of social protection systems be ensured and how can there be guarantees that the available resources are primarily channelled into effective, relevant and necessary social investments and services? What role should the different actors play?**

- Targeted efforts should be made to enhance the redistribution of profits in favour of employment.
- Efforts should be made to reach an agreement on the proportion of the budget that Member States are to dedicate to social protection in their respective countries (i.e. financing of active labour market policies).
- New life must be breathed into the principle that no young person should enter the labour market without vocational training, and targeted efforts should be made to put this principle into practice.
- Special financial instruments should be created to allow the salaries of people working in educational and social facilities in countries with lower standards of living to be raised.
- Preferential tax arrangements and other financial measures should be used to provide incentives for people of retirement age to continue to participate in the labour market (particularly in the private sector).
- Older people (over 50s) should be actively involved in the labour market (lifelong learning).
- A guaranteed minimum income should be introduced at EU level. The amount should be realistic and it should guarantee people a level of subsistence.
- The social partners and social dialogue should play an important role. The social partners' and civil society's ability and potential to promote engagement should be strengthened.

**5) How could the European Pillar of Social Rights support economic and social convergence in Europe?**

The European Pillar of Social Rights could become a component of the Europe 2020 strategy. When drawing up the country-specific recommendations under the European Semester, more attention should be paid to the labour market and social protection indicators, as well as to monitoring respect for social rights in each country.

The sustainable development goals agreed upon in Paris should also be taken into account.

**6) What needs to be done in order to promote and sustain social cohesion in Europe?**

- International initiatives in this regard (e.g. "Rethink Capitalism") should be supported.
- The green economy and the silver economy should be more intensively developed.
- Future challenges need to be analysed and addressed by developing the sharing economy, the social economy, the collaborative economy, the silver economy, and the green economy, and by tackling the transition to Industry 4.0.
- Solidarity and cooperation should be strengthened at all levels (starting with general educational institutions and curricula).
- More investments should be made in education, culture and the arts; it is not a matter of promoting what is new, but encouraging what is long-lasting.

## **KEY RECOMMENDATIONS/CONCLUSIONS**

1. The European Pillar of Social Rights could become a component of the Europe 2020 strategy. When drawing up the country-specific recommendations under the European Semester, more attention should be paid to the labour market and social protection indicators, as well as to monitoring respect for social rights in each country.
  2. The increasing flexibility of employment is entirely compatible with the harmonious development of society if the number of job vacancies rises and fair remuneration is guaranteed.
  3. Efforts should be made to reach an agreement on the proportion of the budget that Member States are to dedicate to social protection in their respective countries.
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# **MEMBER STATE: GRAND DUCHY OF LUXEMBOURG**

Meeting held on **10 October 2016 in Luxembourg**

*EESC delegation:* Henri Wagener (Group I), Raymond Hencks (Group II), Norbert Geisen (Group III)

## **OUTCOME OF THE DEBATE – ISSUES EXAMINED**

All the speakers preferred to have an open discussion rather than go through the questions sent to them beforehand.

### **Report on the conference on the European Pillar of Social Rights**

#### **1) Position taken by employers**

The Union of Luxembourgian Companies preferred not to take a definitive position, given that they intend to produce a position in writing before the deadline in December 2016.

Nevertheless, the Union's representative considered that the objectives pursued in the short and long term by the Commission, through this consultation on the European Pillar of Social Rights, remained unclear.

In his opinion, historically, the EU was, first and foremost, an economic union for the creation of a common space of freedoms (freedom to provide services, freedom of movement for workers, etc.) and a socially stronger European Union could not be envisaged without political and budgetary integration.

The principle of subsidiarity prevails in social matters. Without prejudice to the issue of the EU's subsidiary competence in social matters, it would be counter-productive to introduce higher social standards at European level which could not be implemented by the economically-weaker countries.

In short, it is important to maintain the competitiveness of those companies which create the wealth needed to support the states' social models and to introduce a structural framework which promotes the attractiveness of European companies, such as, for example, training and education, and flexicurity which combines within one concept employers' and employees' social law security and flexibility requirements.

#### **2) Position taken by trade unions**

The three national trade unions representatives also announced that they would submit a position in writing to the European Commission, but that, at present, they had huge reservations with regard to the European Commission's Communication on the European Pillar of Social Rights which did not satisfy the European trade unions' demands, specifically the requirement of a social progress protocol to be appended to the treaties with the aim of guaranteeing the respect of fundamental social rights.

Furthermore, the Commission document would not have any legal force and would not include any rights enforceable before the courts.

In reality, the Pillar of Social Rights is not composed of rights, but vague principles and guidelines, which appear to be in complete opposition to the stated objective of this initiative.

In addition, it seemed to be completely inconceivable that the instrument, such as it is currently structured, only relate to the euro area. In fact, the legal bases referred to, namely the EU Charter of Fundamental Rights and the Treaties, are legal texts which concern all Member States. How could it be justified, therefore, that a document which only includes several provisions from primary law not be applied to all Member States?

Lastly, it appeared from the first reading that the legal bases referred to in the document were far from being sufficient. The existing provisions from secondary law were not even mentioned, and many international sources of major importance had been completely omitted such as, for example, the European Convention on Human Rights, the European Social Charter, the European Charter of the Social Rights of Workers, the International Labour Organization (ILO) conventions, and even the International Covenant on Economic, Social and Cultural Rights.

As such, many individual and collective workers' rights included in these conventions and charters were not to be found in the Commission document.

In summary, the social dimension had to become a separate European pillar, based on the existing principles in the treaty, conventions and social charters, and could not remain subordinate to economic policy, if we are to achieve the "triple social A rating" promised during the current European Commission President's inaugural speech, but which has never been clearly defined and which appears to have been buried in the back of some forgotten drawer somewhere.

### **3) Position taken by the social sector**

The representative from Caritas regretted that the Commission document did not deal with poverty. He deplored that the treaty's horizontal clauses, specifically Articles 3 and 9 of the Treaty, were not even mentioned as a legal reference for the European pillar of social rights.

Rather than create a pillar for rights, he also called for a completely separate European Social Pillar.

The problems and differences in the application of social rights in Member States and between Member States in terms of equal opportunities, employment conditions, salaries, pensions, unemployment, long-term care, housing, etc. were not even mentioned in the Commission document.

### **4) Position taken by the agricultural sector**

The representative from the agricultural sector stated that, in agriculture, the family business model prevails. Agricultural, viticultural and horticultural production is largely dependent on weather conditions which means specific working conditions.

It was, therefore, important to take into account the specific nature of the agricultural, viticultural and horticultural sectors, which rarely involve regular hours and which require good cover in terms of social protection and sufficient flexibility in terms of employment rights in order to meet the challenges nature imposes on them. This also applies to employees in agricultural holdings and the self-employed.

Despite the support measures in the CAP, including all the obligations therein, agricultural income remains clearly below the average country income and the income of the majority of people making a living from agriculture is barely at the minimum level of social income.

With regard to the Commission document on the European pillar of social rights and in particular:

- **access to training:** this means promoting (alongside knowledge and skills relating to production techniques) knowledge relating to ITC and digitalisation, offering sufficient training courses and providing measures which enable farmers to free up some time so that they can follow these training courses.
- **equal opportunities:** great progress has been made in this area. However, we must not lose sight of equal opportunities, particularly between men and women.
- **professional transition:** this is an important aspect, both with regard to accessing help in looking for new employment and with regard to the portability of the social rights which, fortunately, have been acquired.
- **active support for employment:** an agricultural and economic policy, which values agricultural resources more and which focuses on the production of foodstuffs as well as on the non-food use of agricultural products, specifically also on biomass, will create jobs.
- **healthcare:** it is important that farmers can have access to, in the case of incapacity for work (including pregnancy and maternity), both sufficient replacement services to ensure the farm work continues, and also support measures to cover the costs incurred during the period of incapacity to work and for replacement workforce.
- **the pension scheme:** a farmer can only transfer a farm to a successor, under good conditions, if he has a decent pension. The issue of succession and taking over farms remains an essential part of ensuring the future of the agricultural sector.
- **community infrastructure and services:** it is important to ensure that basic community services continue to be provided, whether in terms of communication, transport and business services, or general community services such as doctors, nurseries and childcare services (including for very young children) and even services for elderly people.

These services are vital to maintaining a quality of life and maintaining living rural regions. They are also vital in promoting the economic, cultural and social development of rural regions and also for achieving a better work-life balance.

## 5) General comment

The Commission Communication on the European pillar of social rights does not, in its current form, generate enthusiasm in the organised civil society organisations represented at the conference in Luxembourg and does not appear to be able to quell the crisis of confidence and disillusion towards European construction, in the face of the current inequalities which have never been so significant in the European Union.

# **MEMBER STATE: MALTA**

Meeting held on **2 September 2016 in St. Julian's**

*EESC delegation:* Stefano Mallia (Group I), Charles Vella (Group II), Ben Rizzo (Group III))

## **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

### **1) What are the most pressing priorities for EU and national-level action in Malta on employment and social issues? What are the main trends now affecting the future of work and welfare systems?**

(Answers gathered from both workshops combined)

- Growing divide between high- and low-income earners
- Limited opportunities for skilling 35-40 age group (beyond lifelong learning)
- Pension situation
- Skills mismatch and labour shortage in Malta
- Gender mainstreaming – men/women career progression is different so different men's and women's needs should be addressed differently
- Low participation rate of women in Malta
- Lack of transparency in temporary contracts
- Gender pay gap leading to further problems in the gender pension gap
- Increasing activity of older persons
- Increasing numbers of workers from Eastern Europe working for low wages => "out-competing" Maltese workers
- Low birth-rate
- Youths need to live a healthier lifestyle
- Long-term solution needed for NEETs
- Need to address a personal life as distinct from a working life
- Circle of poverty needs to be broken
- Poverty among vulnerable groups
- Lack of primary healthcare for mental health issues
- Increase in poverty rate
- Regional de-population (Gozo)
- The impact of the financial crisis on the political spectrum shifting towards populist parties. The rise of populist parties could lead to another crisis.

- 2) **Do you think a Pillar of Social Rights could address these priorities and trends? Are there gaps to be filled in? Which existing/emerging national policies and practices would you recommend for a renewed EU labour market strategy which would address the needs of enterprises, workers and job-seekers for flexibility and security?**

Recommended practices:

- Education system needs to be geared to the needs of the economy
- Social rights should recognise that they include economic elements – e.g. childcare is a social measure with a positive economic impact
- There should be universal Health and Safety education, not just in the work context
- Skills should be linked to responsibility

Gaps:

- Lack of affordable housing for younger generation; locals being outpriced by higher income foreign demand
- Women are over-represented in the grey economy and part-time jobs
- Lack of social benefits coverage for working pensioners
- The effect of corruption on limiting access to the labour market
- LGBTI – inadequate education and health services for LGBTI students; lack of "safe areas" in the educational context

- 3) **Comments on the 20 principles of the Pillar – are these the right ones, are any missing? Are any especially important?**

A particularly important element identified was the facilitation of cross-border pensions. However, active ageing and age-friendly cities were considered missing.

- 4) **How could the Pillar play a special role to foster upward social and economic convergence in the euro zone, as compared to EU28?**

- There should be more emphasis on progressive taxation instead of regressive taxation
- Taxation and trade
- The preventive role of social protection
- Better distribution of wealth
- There should be convergence in the application of the regulations

Questions raised in this context: Have the EU2020 goals been satisfied? Why are we already talking about 2030? Does the distinction between euro-zone and non-euro-zone MS mean that we are heading towards a two-speed Europe?

5. **How can the Pillar be made operational? Proposals for policy or legislative follow-up at EU level? What are your views on minimum standards or benchmarks? How could we ensure the sustainability of social protection systems and that available resources are prioritised into effective, relevant and necessary social investments and services?**

- Empowering youth to create new jobs / fostering entrepreneurship / encouraging start-ups
- EU-level Roadmap that can be benchmarked or adopted at national level according to the situation of the Member State

- The Pillar must remain a reference platform
- Each Member State should set targets to achieve common goals
- When linking longevity to increasing the pension age, people with dementia should be excluded from the analysis ([Antwerp report](#))
- Sustainability aspect: the role of the welfare state in building communities, leading to their sustainability (eg through voluntary work)
- The [Istanbul Convention](#) on domestic violence should be ratified by the EU as a bloc
- Business should be roped in to help improve social rights because in the long-run they benefit from social stability

### **KEY RECOMMENDATIONS/CONCLUSIONS**

While striving to seek an adequate balance between the needs of a well-functioning labour market the Social Pillar should also provide adequate protection to all European workers and citizens. Its success will be measured by its ability to maintain a competitive economy that can continue to create jobs while providing workers with adequate social protection. This should not, however, lead to unsustainable public finances.

In view of the varying situations and dynamics in EMU Member States, the Social Pillar initiative must provide a framework that allows the best-suited approach.

The discussion on the Social Pillar is an opportunity and invitation for special interest groups to come up with proposals to improve life in the EU. There are specific points that affect these groups, who spend time and energy to contribute towards making life within Member States more comfortable and equitable. The main drive of these groups is to facilitate laws and regulations in making the EU a better place to live with equal opportunities for everyone especially those that have some form of handicap.

The Pillar of Social Rights is a unique instrument that can guarantee across-the-board social protection to all European Citizens. However, while it should not be taken as a for-granted instrument, it must start addressing immediately the gaps and ambiguities that exist within itself for a more prosperous and social Europe.

#### **Additional comments**

- Social Pillar rights should be harmonised
- The point raised in the Pillar are vague. There should be more specific definition. E.g. what is meant by "good-quality" employment?
- The Pillar should not be developed in a vacuum

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## **MEMBER STATE: POLAND**

Meeting held on **17 October 2016 in Warsaw**

*EESC delegation:* Janusz Pietkiewicz (Group I), Andrzej Adamczyk (Group II), Krzysztof Balon (Group III)

### **REPORT - ANSWERS GIVEN DURING THE DEBATE TO QUESTIONS RAISED**

- 1) **What do you consider as the most urgent economic and social challenges in Europe and in your country?**
  - Growing income inequalities
  - The increasing number of people affected by poverty, despite economic growth
  - Maintaining the EU's economic competitiveness vis-à-vis other regions of the world
  - The ageing population, the risk of social security systems no longer being sufficient in 20-30 years' time
  - The need to adapt the current legislative framework to new employment relationships (non-standard contracts, working via internet platforms, etc.)
  - Insecure employment
  
- 2) **Do you think a Pillar of Social Rights is needed and, if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

Opinions were divided:

- Employers felt that the existing *acquis* in the area of social rights was sufficient. This raises the question of the pillar's added value. It should be explored whether the pillar meets the objectives set and fits in with changing circumstances, and whether any missing elements, a benchmarking system, etc. should possibly be added to the pillar. It is important that any new arrangements do not have a negative impact on the EU's competitiveness.
- According to trade unions and third sector organisations, the pillar is needed because it can help restore a balance between the needs of economic policy in the strict sense and social needs in the Member States.

It should cover all Member States, including those outside the euro area (the creation of additional divisions is unjustified in the current political climate in the EU); it should be based on an holistic approach to the economy as a whole, to the various social and economic processes taking place in it, providing specifically for the possibility of a swift response to any changes in employment relationships; it should have enough legal force and enough methods of cooperation at its disposal (e.g. benchmarking) to ensure convergence of laws between Member States.

## Missing elements to be added to the pillar:

- support for entrepreneurship, measures to encourage young people to set up businesses, making it easier to run them; as regards the role of entrepreneurs in the economy and in welfare systems, some principles and terminology need to be changed to ensure that people's dignity is respected and, for example, to avoid discrimination of people unable to return to the labour market
- the role of the social economy
- reference to the Europe 2020 strategy, the European semester, the social investment package
- recognition of qualifications obtained in other Member States or outside the EU
- the social rights of refugees and immigrants
- social transfers, reducing inequalities (including between urban and rural populations)

Adopting the pillar should not involve any treaty changes. However, a protocol on social progress would be desirable.

### **3) How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

Social rights should not be subordinate to economic interests. Properly implemented social rights (e.g. the EU Charter of Fundamental Rights) should help deliver economic outcomes (resulting from high productivity based on stable employment, for example). At the same time, despite not representing a significant proportion of the world's population (currently 7%, probably around 4% in 20 years' time), the EU must remain competitive vis-à-vis other regions of the world. Creating such competitiveness should be based on, among other things, a high level of high-quality education, innovativeness and productivity.

Flexibility is essential in light of technological progress, digitalisation and the resulting non-standard forms of employment. But the conditions of this flexibility must be negotiated and clearly agreed.

### **4) How can the sustainability of social protection systems be ensured and the resources available prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

According to trade unions and third-sector organisations:

- A European minimum wage should be introduced - expressed in parametric not nominal terms (e.g. as a percentage value of the average wage).
- Employers should be required to organise sector-specific negotiations of collective agreements.
- Cross-border collective agreements should be introduced in businesses operating in several Member States.
- It is essential to put an end to social dumping by introducing and adhering to the principle of equal pay for equal work in the same place (mainly in the context of the posting of workers).

**5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

By placing social rights within a broader framework, associated with the range of international obligations based on Council of Europe treaties, International Labour Organization conventions, etc. the pillar - which constitutes a set of laws at European level - should become a guarantee of those laws, independent of governing political forces at national level. The way in which the pillar is applied in practice will be crucial.

**6) What do we need to promote and sustain cohesive societies in Europe?**

Excessive stratification of incomes and living standards, and excessive differences between them, should be avoided. Support is needed for disadvantaged people as well as those unable to return to the labour market, not least by developing social services of general interest.

Account should be taken of differences in regional development and special support should be provided to agricultural workers and the rural population more generally, which from a structural perspective has inferior access to education, healthcare, etc.

**CONCLUDING REMARKS**

- It is essential to decide which legal instrument(s) should be applied to the pillar (a broad range exists: from treaty revision, through treaty protocols and a series of directives to a system of benchmarking and recommendations) and what room for manoeuvre Member States will have.
- The final version of the adopted Pillar of Social Rights (regardless of the form adopted) should be consistently applied across all Member States, both to countries inside and outside the euro area.
- Inevitable changes in the labour market resulting from technological development, among other things, should be reflected in the pillar.

**Issues discussed concerning the situation in Poland**

- Voices for and against changing the directive on posting of workers
- Changes to the rights of temporary workers (e.g. the need to renew the employment contracts of pregnant women and the payment of their wages, which could be a reason why employers do not want to employ young women)
- Review of Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems

# **MEMBER STATE: PORTUGAL**

Meeting held on **11 October 2016 in Lisbon**

*EESC delegation:* Gonçalo Lobo Xavier (Group I), Carlos Trindade (Group II), Jorge Pegado Liz (Group III)

## **RESULTS OF THE DEBATE – QUESTIONS DISCUSSED**

The three EESC Members would like to highlight that the depth of the speeches, their multifaceted nature, their various implications and the different points at which they were developed are difficult to align with the brief responses to the questions posed.

### **1) What do you consider to be the most urgent economic and social challenges in Europe and in your country? What is needed to address these?**

There were very diverse opinions on this point, which were naturally linked to the origin of the associations and bodies represented. We can, however, highlight the following issues:

- The economic and social challenges in Europe and Portugal are enormous, taking into account the constant changes in the public's behaviour, technological progress and changes resulting from new economic trends, namely the digitalisation of the economy and of people's lives (the Internet of Things), the circular economy and the changes of the so-called "Industry 4.0".
- All of these transformations will have an impact on Europe and, more specifically, on the labour market, and education and training systems, given that Europe naturally needs to be able to direct education policy towards preparing future human resources for the needs of the economy and society.
- The job losses resulting from the aforementioned changes will be a huge challenge for Europe, since it will be difficult to create enough new jobs to compensate for any that may be destroyed.
- The participating bodies drew attention to the fact that there would have been no need to include many of the subjects now listed in the Social Pillar agenda if Europe had adopted the requirements of the so-called "Europe 2020 agenda" in a timely and responsible manner. Europe has failed to do so and is even allowing the agenda to be slowly consigned to oblivion, so it has lost the legitimacy to visibly return to the sustainable economic growth that would have had a significant impact on the social welfare of the European public.
- Policies to promote and create active employment were considered essential, and the promotion of public and private investment was regarded as an urgent need for the European project.
- The participants also drew attention to the fact that the current system does not protect the family, which is the basis of a modern society, and that any initiative relating to improving society should include measures for reconciling family and work.

- Lastly, it was mentioned several times that economic growth would be fundamental to achieving the countries' social welfare and sustainability targets, but that this could not be attained at all costs and without regard for protecting the most disadvantaged.

**2) Do you think a Pillar of Social Rights is needed and, if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

As regards the need for a Pillar of Social Rights, it was acknowledged that the social *acquis* does exist but needs to be implemented. However, the Commission's proposal was deemed to be unclear and unambitious, and to fail in its scope, despite being conceptually interesting. Therefore, in response to this specific question we can report that:

- Several bodies maintained that the most appropriate and sustainable way to promote and improve the social dimension is by increasing Europe's overall competitiveness through job creation.
- It was mentioned that the pillar could only be useful if it contributes to improving Europe's underlying conditions for job creation and bringing people into the labour market.
- It should promote the creation of fair, dynamic, mobile and inclusive labour markets, ensuring continuous employability, and social rights that are updated to meet the current and future challenges and context across the widest possible variety of career paths.
- Europe's economic and social development requires the marrying of economic and social policies at both European and national level.
- The pillar should be designed, from the outset, as part of a comprehensive economic and social strategy of the EU/EMU to make our economies more competitive, and foster growth, job creation and social cohesion across Europe.
- The view was also expressed that each Member State should steer the reforms most appropriate to its situation, in line with the pillar itself and its general orientation, but respecting the principle of subsidiarity all the while.

**3) How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

- "Flexicurity" in the labour market has brought insecure jobs rather than secure ones, and a precarious labour market is not conducive to sustained economic growth.
- Digitalisation (which it is estimated will eventually destroy 200 million jobs and create only 70 million) and labour market transitions are directly linked to the vital issue of education and vocational training (of young people, the unemployed and the long-term unemployed), the systems for which will need to be radically changed to address the public's concerns and the needs of the labour market.

- Vocational training requires those undergoing the training to already have basic education; in other words, without a basic education, vocational training does not have the desired effect.
- In Portugal, the difficulties of young people, the unemployed and the long-term unemployed in finding work reflects the fact that the country's workforce has an average level of education below the EU average and, consequently, does not meet the needs of the economy.
- The issues of demographics (ageing population) and labour market transitions are directly connected to another more vital question: how is the EU going to grow and what growth model is it going to choose in the future (given that the current model is not a viable solution for the future, having brought very little growth, a high unemployment rate, a lofty human poverty index and a soaring risk of poverty, the creation of inequality and exclusion, and actual regression of social and regional cohesion)? A sustainable response to these severe problems must be structural – economic growth – and any other solutions are merely palliative.
- Pay rises are necessary across the board because the public (workers, consumers) having an income (wages) is a precondition for boosting the growth of the economy (internal market), which is essential for the EU at the moment.
- With sustained economic growth, the aforementioned problems or challenges (labour market strategies, digitalisation, ageing population, labour market transitions) will be more easily resolved.
- However, wages are a matter for each Member State (subsidiarity), which set them on the basis of their own economy and the structure of their own employment relations (collective bargaining).
- Regarding the labour market (and inherent social rights), which falls within the competence of each Member State, a contradiction between principle and practice has been noted in the case of Portugal. Just recently, the Commission has criticised the increase of the national minimum wage and sought to "push" our collective bargaining system towards company-level collective agreements; that would be contrary to our tradition, which is based on sectoral contracts.

**4) How can the sustainability of social protection systems be ensured and the resources available prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

- There is a direct link between the sustainability of welfare systems and the current risk of poverty among the European population (25% of the population is at risk of poverty), which increases spending and reduces revenue.
- Sustainability is also determined by demographics and, since the EU birth rate is relatively low, this is one of the largest challenges for the coming decades, requiring long-term policies in multiple areas (family support, mother and child services, taxation, etc.).
- The sustainability of welfare systems is being jeopardised by "flexicurity" practices (which lead to insecurity) in the labour market and by the high poverty rate.

- Welfare policy should prioritise combating poverty (as we have highlighted, 25% of Europeans are at risk of poverty), but that is directly related to the economic growth of the EU and its Member States, i.e. to the main challenge currently facing the EU: how is it going to grow?
- Social partners and civil society need to be involved in debating public policy and, in some cases, implementing it.

## **5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

A large proportion of the participants from the various sectors represented expressed the opinion that, as it stands, the document under discussion is of little use or barely contributes to economic and social convergence within Europe.

In fact, they said that it lacks practically everything needed to have that effect, in particular because:

- It does not make any improvements in relation to the rights already enshrined in the Treaties and other EU legislation.
- There is no understanding of what the legal nature of the document is or whether it is binding; its ambiguity of purpose is neither beneficial nor acceptable.
- If taken seriously, it would constitute an excessive intrusion on Member State competences, violating the principle of subsidiarity.
- It has no action plan for dealing with the employment consequences of the digital agenda.
- It does not address the crucial issue of social security funding.
- It has no holistic perspective of sectoral policies in relation to the most deprived citizens, workers and consumers.
- It does not tackle the growing situation of poverty and over-indebtedness of families as an integral part of the concept of vulnerability by providing it with the indispensable legal framework.
- It makes no mention of essential public services (water, electricity, gas, transport, postal services), which have been the subject of recent and excessive privatisation and liberalisation to the detriment of the public, in general, and the most disadvantaged, in particular (increased costs, loss of universality, disadvantaging outlying regions, etc.).
- It blatantly glosses over the Europe 2020 strategy, as though it were already dead and buried, without counter-proposing anything to replace it.

## **6) What do we need to promote and sustain cohesive societies in Europe?**

To effectively promote more cohesive societies in Europe, rather than doing what is set out above, it was essential that the document concerned:

- Start by clearly defining its objectives and legal force.
- Not state that it only applied to the euro area, since that encourages a two-speed Europe heading in two different directions.

- Unambiguously bring an end to the neoliberal economic policies of the Barroso era, with which it does not break.
- Encourage countries with surpluses to invest in other EU countries to promote sustainable and cohesive growth in Europe.
- Bring down the curtain on austerity policies once and for all.
- Prioritise combating corruption and eliminating tax havens.
- Propose a clear paradigm shift towards investing in social rights, and combating poverty and inequality, instead of accentuating or ignoring them.

### **MAIN FINDINGS / RECOMMENDATIONS**

- In light of the current EU legal framework, there are doubts about the design and legal nature of the European Pillar of Social Rights.
  - With around 25% of the European population at risk of poverty and tens of millions currently unemployed in the EU, it is essential to revisit and effectively implement the existing measures for defining and protecting social rights, since there are doubts about whether the current outline for the European Pillar of Social Rights is the best way forward.
  - As it stands, the document under discussion is of little use and barely contributes anything to economic and social convergence within Europe. It can and should undergo considerable further development and clarification of its objectives and means of achieving them.
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## **MEMBER STATE: ROMANIA**

Meeting held on **23 September 2016 in Bucharest**

*EESC delegation:* Ana Bontea (Gr. I), Petru Sorin Dandea (Gr. II) and Cristian Pîrvulescu (Gr. III)

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

1) **What do you consider as the most urgent economic and social challenges in Europe and in your country? What is needed to address those?**

#### **Economic and social challenges for Romania:**

- **Significant disparities in development between urban and rural areas:** resulting from weak and fragmented administrative capacity at local level; the socio-economic development of rural areas is limited by underdeveloped transport infrastructure, deficient and expensive public transport, low added value from the agricultural sector, a lack of economic diversification in rural areas, a high proportion of the rural labour force working mostly in subsistence or semi-subsistence farming, associated with hidden unemployment or unpaid work carried out within the family, low productivity and poverty;
- **Insufficient or poor quality infrastructure** constitutes a barrier to trade and economic development;
- Romania has **the second lowest level of public investment** among peer countries and is alone among its peers in that public investment has decreased every year since 2008;
- **Access to financing** for small and medium-sized enterprises is very limited;
- **Employment rate:** according to Romania's National Statistics Institute, in the first quarter of 2016, the employment rate of the population aged 20-64 years was 64.5%, 5.5 percentage points short of the national target of 70% set in the Europe 2020 strategy; the unemployment rate was 6.6% (585,000 unemployed people), with the highest level of 21.8% among young people (15-24 years);
- **Demographic decline** (low birth rate, migration of young and skilled people, etc.);
- **Minimum wage** is the second-lowest in the EU, **levels of poverty and social exclusion** among the highest in the EU, small pensions;
- **Dependency on benefits:** set at a low amount (do not provide a standard of living above the poverty threshold), high proportion of benefits to the detriment of social services that increase the independence and ability of the beneficiary to (re)integrate into society and the labour market (where possible);
- **A low level of funding and inefficient use of public resources** continue to affect the healthcare system;

- **Unequal access to essential services** (housing, healthcare, education, food, etc.), especially among certain vulnerable groups (in rural areas, poor areas, people with disabilities, Roma, etc.);
- **High costs for access to education** (transport, clothing, school supplies, food), **deficient infrastructure** (distances between home and school, roads impassable in certain weather conditions, etc.), **deficiencies in the quality of education** (lack of specialised teachers, low correlation with labour market requirements, etc.).

**In order to address Romania's economic and social challenges a comprehensive economic and social strategy is needed at national level, as well as EU support and partnership, through **measures, initiatives, instruments, programmes, funding, best practice exchanges, etc.**, to support the reforms needed for economic development, increasing sustainable and decent employment, improving the standard of living, increasing wages, increasing the quality of essential services and social security schemes, reducing disparities, ensuring cohesion for all EU Member States, prioritising those not in the euro area, in order to complete EMU and rebuild the confidence of the public and Member States in the European project, in accordance with Article 3 of the Treaty on European Union, which states that the EU *shall work for the sustainable development of Europe, based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment.***

2) **Do you think a pillar of social rights is needed and if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

**The pillar should be shaped as a pillar of economic and social rights**, without separating/opposing those two components (which are in fact interdependent) **and should be conceived as an integral part of a comprehensive economic and social strategy**, at both national and European levels.

**At European level**, the pillar should **be based on** the Commission's country-specific recommendations under the European semester, and on a comparative assessment of the national reforms, labour market, education and vocational training systems, and social protection services/schemes across all the Member States as well as social and civic dialogue, and thus the real reasons for the disparities between Member States.

**The European pillar should be designed** by means of a joint effort by the Council, Commission, Member States, social partners and civil society, **as an integrated social and economic action plan, with targets, measures, resources, deadlines, tools, powers, and quantifiable indicators**, making it a genuine and effective instrument for supporting the national reforms needed to spur on economic development, the creation of sustainable and decent jobs, enhanced living standards, increased wages, and better quality essential services and social security systems, so as to increase cohesion across all Member States, deepen European integration and restore the confidence of the public and the Member States in the EU.

- 3) **How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

One key factor in the design and implementation of a pillar of social rights is economic development (ensuring a favourable business environment, encouraging the start-up and development of SMEs, and job creation). As economic and social performance is interdependent, **the right balance needs to be struck between the needs of enterprises, workers and job-seekers as regards flexibility and security**, and due consideration given to all of the related challenges and important issues. The best solutions, tools and best practice need to be identified, which will ensure flexibility and security, in a fair way, for both businesses and workers, with a view to improving the business environment, cutting red tape and reducing unnecessary spending, while also improving working conditions and increasing wages, so as to increase the quality, efficiency and effectiveness of social security schemes, harness the changes brought about by digitalisation and foster a better balance between work and family life. Permanent dialogue with the social partners is crucial to finding the best solutions here.

- 4) **How to ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

The sustainability of social protection systems should be ensured by **increasing employment**, including among disadvantaged sections of society, reducing unemployment and **reforming social protection systems**, so as to **transform social benefits, where possible**, which are generally of a low amount and create dependency, **into investments that are conducive to development** and increase autonomy, and the ability of the beneficiary to re(enter) the labour market, foster a rapid return to the workplace, put in place the infrastructure needed for parents to return to work (crèches, etc.), develop entrepreneurship, and thereby increase government revenue (taxes, VAT), as well as revenue from contributions to social protection schemes.

- 5) **How could the European pillar of social rights positively support economic and social convergence across Europe?**

By undertaking a comparative assessment of the national reforms, labour market, education and vocational training systems, and social protection services/schemes across all the Member States as well as social and civic dialogue, **the best solutions and tools could be identified** for ensuring the efficiency and effectiveness of social protection systems, public services and social benefits, as well as **harnessing best practice in this field**. The European pillar should be closely linked to the European semester, in order to avoid duplication and ensure complementarity.

## 6) What do we need to promote and sustain cohesive societies in Europe?

One of the main goals of the European project was to create cohesion within and between the Member States, to provide equal opportunities to all EU citizens across Europe, including in the areas of employment and education, to promote entrepreneurship, etc., and to do so in the wider context of ensuring the four freedoms of movement: of people, services, goods and capital. **Sustainable economic growth across all EU Member States and the attraction of investment** is the key to stability, employment, increased wages, higher living standards, better living and working conditions, increased wellbeing, and greater confidence and cohesion, making it possible to implement a genuine pillar of social and economic rights.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

1. The pillar should be shaped as a pillar of economic and social rights, without separating/opposing those two components (which are in fact interdependent) and should be conceived as an integral part of a comprehensive economic and social strategy, at both national and European levels.
  2. The European pillar should be designed by means of a joint effort by the Council, Commission, Member States, social partners and civil society, as an integrated social and economic action plan, with targets, measures, resources, deadlines, tools, powers, and quantifiable indicators, making it a genuine and effective instrument for supporting the national reforms needed to spur on economic development, the creation of sustainable and decent jobs, enhanced living standards, increased wages, and better quality essential services and social security systems, so as to increase cohesion across all Member States, deepen European integration and restore the confidence of the public and the Member States in the EU.
  3. Sustainable economic growth, increased employment, higher wages, higher living standards, and better working conditions and social protection systems across all Member States is the key to stability, wellbeing, confidence and cohesion. EU support and partnership through measures, initiatives, instruments, programmes, funding, best practice exchanges, etc., is needed and welcomed. Permanent dialogue with the social partners and civil society is very important, at national and European levels.
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## **MEMBER STATE: SLOVAKIA**

Meeting held on **19 September 2016 in Bratislava**

*EESC delegation:* Martina Širhalová (Group I), Emil Machyna (Group II), Juraj Sipko (Group III)

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

#### **1) What do you consider to be the most urgent economic and social challenges in Europe and in your country? What is needed to address these?**

Unemployment, especially youth unemployment, is considered to be the most urgent economic and social challenge in Europe. Around 21 million people are out of work. This is the most significant challenge because if young people do not get into the habit of working and will not have work, they will have no prospect of a decent life in the EU. It is both an economic and a social challenge. Other urgent challenges include: migration; the difficult economic situation; new requirements for flexibility but need for stability at the same time; an ageing population; pressures on public finances; lifelong learning; digitalisation of society; and the gender pay gap.

The main challenges for employers are: supporting employment; flexibility with regard to job transfers; focusing more on competitiveness; creating more job opportunities; and reducing unemployment levels among young people.

Slovakia's main issues and challenges are as follows: the quality of the education system; the need for vocational education to match the requirements of the workplace, so that young people are not studying just to end up at the job centre but are preparing themselves to fill necessary posts according to the needs of employers and the economy; youth unemployment rates, which still exceed the EU average; young people emigrating due to low wages; the lack of "white jobs" (jobs in health and social services – Slovakia is one of several EU countries in which the number of these types of job has fallen, and across the EU there is a shortage of one million jobs); women's participation in the labour market and the related problem of a lack of childcare facilities; the rate of population ageing; the issue of pensions, including the need to introduce a fourth pillar (70% of people of working age have made no or insufficient provision for old age); the issue of the Roma minority; Slovakia's lack of a sufficient vision with regard to social issues, and the absence of dialogue.

In terms of solutions, the trade union representatives suggested the need to adopt long-term decisions. The pillar cannot be a "cure-all" for the current social situation. Only a comprehensive policy approach, including macroeconomic and fiscal policies, can achieve the pillar's desired objectives. The convergence of wages and the strengthening of social dialogue within the EU are seen as crucial. In Slovakia, wages need to be increased first and foremost in health and education. The employers' representatives recommend, firstly, a greater focus on competitiveness, which opens up space for businesses to create more job opportunities. This is a way to really guarantee the social dimension in EU policy and address the issue of high unemployment, including youth unemployment. The employers' representatives also set out the importance of a good business

environment, matching job opportunities with the skills needed to carry out the jobs, allowing for different ways of concluding job contracts without unduly strict legal job-protection measures and reducing non-wage labour costs where these adversely affect growth and job creation.

**2) Do you think a Pillar of Social Rights is needed? If so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

No reservations were put forward regarding the creation of the European Pillar of Social Rights in and of itself. The trade unions fully support these efforts. With regard to the form that the pillar will take, a consensus needs to be reached that will be acceptable to everyone – to the European Commission and to individual Member States.

Trade union representatives feel that the pillar should be created in such a way as to restore the balance between social and economic interests, although social rights must always take precedence over economic interests. It should also be open to all EU countries, not only members of the euro area. The pillar must apply to all EU workers. In particular, the pillar should be designed in a way that focuses on: a fairer economy capable of creating high-quality jobs; matching growth of salaries and wages with economic fairness, i.e. not just ensuring that the rich get richer at the expense of workers, who create value by increasing their productivity; social dialogue; collective bargaining; the improvement of working and living conditions; salary convergence between western and eastern Europe; and the eradication of poverty. Better promotion of existing rights is equally important, with the possibility of creating new rights, but the most fundamental requirement is compliance.

Employers' representatives feel that if the European Pillar of Social Rights is to bring any benefits, then it must be constructed in a way that promotes increased competitiveness, the creation of new jobs, and the role of social partners in structural reforms. They feel that there is still a clear tendency to subordinate social rights to economic objectives, and it is therefore important to maintain an appropriate balance between these two elements. Despite this, they do not believe that new legislation is needed in this area (including with regard to the Better Regulation Agenda). Implementing the Better Regulation Agenda involves revising the existing European *acquis*, and with it the social *acquis*, including from the point of view of effectiveness and in line with the new reality. In other words, the focus should be on implementing and complying properly with the rules and norms, as well as on the use of best practices and benchmarking in order to stimulate reform.

**3) How could a renewed EU labour market strategy address the needs of enterprises, workers and jobseekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

The representatives of employers and trade unions disagreed on their response to this question.

According to employers' representatives it is best to address the need of companies, workers and jobseekers for flexibility and security by restoring or reverting to the principle of flexicurity with the aim of ensuring both flexibility and security for employers and employees. This return to the principle of flexicurity is supported by the employers, provided that it relates more to employment rather than specific working contracts or jobs.

Representatives of trade unions, on the other hand, expressed concerns about increased flexibility. They feel that the system that exists in Slovakia is astonishingly flexible, but only for the rich.

With regard to the question of mobility and digitalisation, trade union representatives believe that in some countries labour mobility is a reality that people do not perceive as negative. One consequence of digitalisation is that people fear for their jobs, which is certainly not going to improve their position in the job market. It is very important that mobility be fair. Job creation has long lagged behind population ageing and finding people to perform these roles will no doubt be hard, especially given their low wages and challenging nature.

**4) How to ensure the sustainability of social protection systems and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

Representatives of trade unions pointed out the importance of progressive taxation and additional insurance, which among other things would act as a source of income for health and social services. Social protection and quality public services should be the central focus for policy makers. However, these policy makers often focus on different issues that are not always concerned with giving direction to and maintaining the system. More money needs to be planned for this area, in particular by ensuring that the economy works well and GDP grows. For this task to be achieved, the involvement of all social partners is needed. The state should design the legislation so that employers and employees can create the kinds of opportunities that help ensure these tasks are achieved successfully.

Employers' representatives, on the other hand, emphasised the need for increased economic growth and competitiveness. They added that public administration must play an important role, particularly in efforts to improve the business environment by increasing administrative efficiency and improving the quality and accessibility of public services.

**5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

Trade union representatives are confident that if attention is paid to properly establishing and adopting a pillar that contains functions and guarantees, rather than simply making declarations about something, the pillar can fulfil the purposes for which it was intended.

For the employers' representatives, the European Pillar of Social Rights could positively promote economic and social convergence if it were aimed at more effective support for competitiveness, economic growth, employment and productivity. One approach that is not adopted as often as it should be is quality management systems, especially individual self-assessment using the EFQM and CAF models, leading to subsequent improvement in the quality of products and services. The best way of increasing productivity is by improving quality. This should all be in the interest of supporting economic and social convergence in Europe.

## 6) What do we need to promote and sustain cohesive societies in Europe?

In order to maintain a more cohesive society in Europe, we need to eliminate divergences between Member States. This is the only way to ensure the future sustainability of a well-developed social system.

Employers must continue to foster economic growth and provide employment.

The trade union representatives concluded by noting that with regard to the proposed pillar, each reform should result in progress – not higher taxes and fewer social guarantees, but more satisfied people and greater tolerance and social stability. They added that it is important to strive together in order to gradually make people's living standards more equal – not only employees, but also pensioners – and last but not least to look for resources to invest in young people. The clear objective is not only a prosperous and competitive Europe, but also a social Europe – guaranteeing a good quality of life for families, especially those of workers.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

1. The idea of the European Pillar of Social Rights makes sense and needs to be discussed. No reservations were put forward regarding the creation of the European Pillar of Social Rights in and of itself. It will be important to reach a consensus about the form the pillar will take, which has yet to be fixed in the proposal. In this regard the employers' representatives expressed their clear opposition to the adoption of new legislation in this area and recommended a revision of the existing European social *acquis*, including from the point of view of effectiveness and consistency with the new reality. For the trade union representatives it is important that the pillar should apply to all EU workers.
2. In order to ensure the future sustainability of a well-developed social system and maintain a more cohesive society in Europe, the European Pillar of Social Rights should prioritise the elimination of divergences between Member States. In this regard, everyone also agreed on the importance of social dialogue.
3. The representatives of the employers and the trade unions could not agree with regard to applying the principles of flexibility or certainty: the employers recommended a return to the principle of flexicurity, provided that it involves employment, rather than specific working contracts and jobs. The trade union representatives, on the other hand, were concerned about increased flexibility and requested that the pillar should have the aim of achieving greater certainty in social issues and ensuring job stability and working conditions for all workers in the EU.

# **MEMBER STATE: SLOVENIA**

Meeting held on **27 September 2016 in Ljubljana**

*EESC delegation:* Jože Smole (Group I), Andrej Zorko (Group II), Primož Šporar (Group III)

## **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

### **1) What do you consider to be the most urgent economic and social challenges in Europe and in your country?**

#### ***a) Socioeconomic challenges:***

- high level of unemployment, particularly among young people;
- long-term structural unemployment;
- new patterns and forms of work, atypical forms of work;
- social inequality and resulting polarisation of society;
- social exclusion;
- demographic challenges (e.g. population ageing);
- lack of quality jobs;
- growing poverty;
- fiscal consolidation (undermining social rights);
- Brexit and its consequences for the EU;
- rapid change (technological, business etc.).

#### ***b) Security challenges***

- migration;
- radicalisation (strengthening of extreme ideologies, such as nationalism, fascism);
- terrorism.

#### ***c) Challenges brought about by technological development:***

- digitalisation processes;
- digitalisation of work processes;
- 4<sup>th</sup> industrial revolution;
- development of artificial intelligence, which is slowly displacing the jobs of knowledge workers;
- at least one third of jobs will disappear due to digitalisation.

#### ***d) Challenges at EU level***

- lack of social convergence in the EU;
- gap between the declared goals and socioeconomic realities;
- lack of trust in the EU;
- "more Europe" at EU level is insufficiently visible at Member State level
- globalisation, particularly new trade agreements (TTIP, CETA);
- lack of social cohesion in the EU;
- people increasingly believe that the EU is a project for the rich elites.

**2) Do you think a Pillar of Social Rights is needed and if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

a) There is a genuine need for a European Pillar of Social Rights, where its key objective should be to ensure social cohesion in Europe. EU Member States (or at least euro area Member States) can significantly contribute to achieving this objective by preparing and signing a special social rights protocol, in which they would commit themselves to fulfilling the objectives set out in the European Pillar of Social Rights.

b) The shaping of the European Pillar of Social Rights should be based on:

- the bottom-up approach;
- ambitiousness, i.e. it should represent a step forward;
- improving competitiveness, which among other things implies the adaptation of the labour market to economic needs and challenges;
- ensuring an insight into the suitability of arrangements, as well as implementation and comparability among Member States;
- the inclusion of responses to the above-listed challenges, as otherwise the existence of the EU might be jeopardised.

**3) How could a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of the increasingly digitalised economies and labour markets, the challenge of an ageing population, and the need to facilitate labour market transitions?**

a) Two options are available concerning flexibility and security:

1. rights should be included in employment contracts as such;
2. if flexibility continues to increase, rights should be regulated in other ways.

The case of Slovenia: social policy objectives should be obligatory in the same way as austerity measures, measures for reducing the budgetary deficit, e.g. the fiscal rule (if there is a "golden fiscal rule", there should also be a "golden social rule").

b) New realities:

- possible introduction of universal basic income, which some other participants believe is not realistic in the near future;
- greater inclusion of both the younger and older generations in political decision-making;
- ensuring and strengthening inter-generational solidarity;
- ensuring the transferability of social rights between Member States in cases where people work in more than one Member State;
- tackling global demographic imbalances will require the relaunch of a global population policy, to be defined in combination with migration policy, as these two policies are closely interlinked;
- availability of more jobs for all generations;
- improvement of people's attitude towards digital technologies;
- we cannot address the challenges of the 21<sup>st</sup> century with old models, we need to develop new ones, tailored to the 21<sup>st</sup> century;

- in particular, we must answer the question of what our objectives are; once we define these objectives, the biggest challenge will be to define the path towards their achievement.

**4) How to ensure that social protection systems are sustainable and that the resources available are prioritised into effective, relevant and necessary social investments and services? What role for the different actors?**

- all social subsystems are interlinked, which is why the sustainability of social security systems also depends indirectly on investments in education, science, research etc. (in accordance with the Europe 2020 strategy);
- this interdependency also means that social policy instruments should be built into other policies (e.g.: housing, tax, family, healthcare, pension, disability policies);
- at the same time a balance should be struck and maintained between the interests of employers (financial framework) and the interests of workers (social framework);
- the financial framework is a foundation on which the social rights pillar should be based, and which could ensure the quality and sustainability of social rights;
- the financial sustainability of social rights will also need to be supported from other sources (e.g. an "energy consumption contribution"), rather than only from social security contributions paid by employees and employers;
- in response to demographic change, social investments and services should be in place for older and younger generations, while maintaining financial balance and preserving the principles of social justice and solidarity;
- as a result, a new social agreement should be negotiated, which would devote more attention to all generations, their needs and expectations, and ensure the genuine inclusion of everyone in society;
- The role of individual stakeholders in this process would be to constructively contribute to shaping this new agreement, especially by finding a compromise between economic interests and the provision of a decent social security system.

**5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

- balanced representation of all stakeholders must be ensured;
- economic growth must translate better into higher quality of life;
- all generations must be included;
- quality apprenticeships and traineeships must be made available for young people.

**6) What do we need to promote and sustain cohesive societies in Europe?**

- ensure a balance among social subsystems: e.g. in Slovenia there is universal education and healthcare, but no universal social security;
- consider establishing "social crisis mechanisms": e.g. an Italian proposal envisages the introduction of a European unemployment scheme for mitigating unemployment in case of a crisis;
- involve the younger generation more fully in the reflection on the future of Europe and the future social model, as young people are the most affected by measures and policies in this area;

- ensure and strengthen mutual trust and dialogue among social partners, which will be a valuable starting point for addressing the challenges in this area;
- apart from EU and national technocrats, the processes of structural reforms must also include entrepreneurs, organised civil society etc.;
- decentralise partnerships on all levels, the public sector must be active;
- the key is not so much recognition of rights, but rather their enforcement and implementation.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

- 1) In the 21<sup>st</sup> century the European Union faces many challenges, such as globalisation, economic crises, social inequality, demographic trends, migration, digitalisation of work processes, 4<sup>th</sup> industrial revolution etc., which must be addressed in a decisive and coordinated manner, if the EU wishes to safeguard its social model and adapt it to the new realities. The shaping of the European Pillar of Social Rights must engage all segments of society and all generations, with an emphasis on the younger and older generations, which are those that are the most vulnerable and the most affected by measures and policies.
- 2) All social subsystems are interlinked, which is why the sustainability of social security systems does not depend solely on investments in social projects and services, but also on investments in education, science, research, healthcare etc. Social policy must be therefore discussed and shaped in association with other policies. At the same time it is important to be aware that the success of social systems also depends on economic performance. The economic needs for flexible labour should therefore also be taken into account. Social corrections to counter any resulting negative consequences should be the responsibility of the government, if possible also through the European Pillar of Social Rights.
- 3) Given the urgency of finding solutions to the problems, it is important to have tools for additional motivation of organised civil society, to genuinely activate it and include it in the debate. Non-governmental organisations in local environments can significantly contribute to this. The bottom-up approach should be generally preferred over decision-making on national/European level.
- 4) The modus operandi should not be based only on recommendations, but also on obligatory standards, since otherwise there is a risk that objectives will not be fulfilled. It should be accompanied by clear operational plans, from which the citizens can understand what comes next and what will affect their lives.

### **Additional comments**

- Social security is a pillar of a peaceful and stable Europe, which is why the EPRS is of key importance for the future of the European Union.
- The basis for defining and updating social rights should be bipartite (and tripartite) social dialogue, which is the surest way to bring satisfactory solutions and ensure balanced socio-economic development.

## **MEMBER STATE: SPAIN**

Meeting held on **30 September 2016 in Madrid**

*EESC delegation:* Patricia Cirez (Group I), Jose Maria Zufiaur (Group II), Miguel Ángel Cabra de Luna (Group III)

### **CONCLUSIONS OF THE WORKSHOP 'HOW TO RELAUNCH THE SOCIAL DIMENSION OF THE EUROPEAN UNION – THE CONTRIBUTION OF ORGANISED CIVIL SOCIETY TO THE DEBATE'**

**The purpose of the workshop was to contribute to the Opinion which the European Economic and Social Committee is working on, as part of the European Commission's public consultation on a European Pillar of Social Rights.**

#### **I. General comments**

At the opening of the workshop, Spanish members of the EESC, representing Groups I, II and III, made the following comments

- 1.1 Other than responding to the social effects of the crisis, the social dimension is essential in reducing any negative effects arising from the reduction of social participation in national social models. It is also essential to progressing towards social convergence between Member States, as expressed in the EU's founding treaty. Inequality continues to grow both within and between Member States and the EU has ceased to be a force for social convergence. This has a negative impact on social cohesion, demand, economic productivity and the support that the EU receives from its citizens.
- 1.2 The Social Pillar must have a truly comprehensive approach and be a horizontal policy, as stated in Article 9 of the TFEU. The EU needs new governance that places the social dimension on a par with economic and budgetary dimensions. Developing the social dimension together with economic, fiscal, banking and political union in the euro area is a requirement for the long-term functioning and viability of political and economic monetary union (EMU), and for improving the legitimacy of the EU.
- 1.3 It is also essential that the Social Pillar is underpinned by a conviction that economically productive social policies have value, from lifelong learning to active labour market policies and vocational training. In addition, it has to translate into a set of binding rights. Such social regulation should cover the entire EU, with due regard for the required regulations and mechanisms for EMU (such as those involving the mitigation of asymmetric shocks), while allowing Member States outside the euro area to participate.
- 1.4 The consolidation of the social dimension must be accompanied by an increase in the productivity and competitiveness of businesses, especially SMEs and social economy sectors. These issues are not only compatible and interdependent but also inseparable if we are to achieve a more cohesive and attractive Europe for its citizens, businesses and workers.

- 1.5 Given the current situation, the Social Pillar should contain an urgent plan to exit the crisis if it is to be credible.

After the opening, the seminar was divided into three panel discussions; the conclusions of which were:

## **II. Boosting employment and the proper functioning of labour markets**

- The Social Pillar should focus on employment quality. This, and the indicators underlying the concept, should be a core theme for the various forms of employment that are emerging, from flexicurity (which has lost credibility during the crisis years) to employment transitions to three-way relationships in sub-contracting chains.
- The social dimension must undoubtedly consider competitiveness even though no single definition of this concept exists. For the business sector, this should be the fundamental factor in job creation, while for the labour sector competitiveness at any cost leads to job insecurity.
- The role of social partners must be clarified and recognised in relation to the principles of the Social Pillar, and the social policy of the EU should respect the autonomy of the parties in fixing working conditions within the framework of labour legislation.
- The social economy represents a significant percentage of economic activity and employment in the EU. It should therefore be taken into account when implementing the Social Pillar, especially in European policies which favour people with disabilities or at risk of exclusion.
- On the other hand, we need to be aware that the worker-employer model is not the only one that exists (cooperatives, for example, are another model), and take into account what these current trends mean. The challenges linked to the future of employment should be the main priority for the Social Pillar and the EU should establish a positive strategy to address the challenges that will result from this.

## **III. Factors for inclusive growth**

- A key factor for inclusive growth is the primary distribution of wealth. According to the Gini index, which measures the revenue ratio of the highest and lowest quintile, Spain lags behind other Member States with regard to equality. It is also the country with the second highest risk of relative poverty. The percentage of people at risk of exclusion or poverty in Spain is around 30 %, and this figure has grown exponentially in recent years. This trend is mirrored in other countries, but not all, indicating that specific measures can reduce the risk of exclusion.
- Redistribution is a key factor for inclusive growth and to correct primary income inequality. However, the redistributive role of public action has tended to decline in recent years, especially in countries most affected by the policies of domestic deflation, such as Spain.
- The view expressed by the third sector was that inequality hampers economic and social development and what is required is a combination of improved competitiveness for businesses and guaranteed employment and social rights for individuals.
- For the business sector, how these policies are to be financed is crucial. The answer cannot come only from increased taxation or public spending. The impact of these measures on the competitiveness of businesses also has to be considered.

- Further, measures need to be considered that could increase efficiency, in health or education, for example, without reducing the quality of services.
- The opinion of trade unions is that the proposed Social Pillar does not address their doubts about redistributive policies, for example, whether there is to be an increase in active employment policies, unemployment policy or the establishment of a minimum tax rate.
- Social expenditure in the EU stands at around 30 %, with sharp differences between countries, and the average tax burden stands at around 40 %. Expert opinion is that it would be very difficult to maintain welfare state benefits with tax burdens below 40 %.
- One thing that was prominently highlighted is the need to actively fight against tax avoidance and evasion in the EU, which, according to the Commission itself, amounts to EUR 1 000 billion annually.

#### **IV. Ensuring the sustainability of social protection systems**

- Employment and pension policies are two sides of the same coin. Appropriate and predictable remuneration systems are necessary for the sustainability of contributory systems.
- A redistributive tax system is also essential, as pensions are not the only type of social protection. In many circumstances, little protection exists, both inside and outside the productive system – the poor, the unemployed, the low-skilled, dependents, child poverty, single-parent families, work-life balance, and so on. Social protection systems lag behind changes in society. In many cases, benefits and protections are not compatible with career paths and life events. Therefore, redistribution is essential in a world where global wealth has increased in recent decades.
- Businesses suggest that the state system could be improved and that measures towards improvement should be taken. In defence of a complementary system, state pensions cannot be viewed as the only source of retirement income.
- In turn, unions stated that social reforms carried out in recent decades, exacerbated by the crisis – the reduction in public spending and the so-called ‘social charges’, the transfer of important social welfare benefits to the private sector, forcing people to accept any type of employment – are not the solution. At the same time, they insist that the Social Pillar should include minimum standards, such as a minimum income and a universal minimum pension.
- Europe needs the social economy as part of the solution if it wants to effectively relaunch the Social Pillar, as it represents another form of undertaking which is driven primarily for the benefit of society and not for profit. This competitive, sustainable and economically profitable business model is a strategic ally for the European Union in the relaunch of its social dimension, given that it creates and maintains quality jobs, promotes equal opportunities and the redistribution of wealth, and ensures high levels of social welfare.
- European consumer policy is a prerequisite for the proper functioning of the internal market and bolsters the social dimension of the EU. Effective protection and access to essential services for consumers, especially the most vulnerable, should become a basic objective.

## **MEMBER STATE: SWEDEN**

Meeting held on **14 September 2016 in Stockholm**

*EESC delegation:* Karin Ekenger (Group I), Ellen Nygren (Group II), Ariane Rodert (Group III)

The conference began with an explanation of the Commission's views on the new process. Stefan Olsson also emphasised the EESC's important role in this context. The main speaker at the conference was Allan Larsson, advisor to the president of the Commission in this field and former Swedish Minister for Finance. Mr Larsson emphasised the Commission's wish for a transparent, bottom up debate to be conducted at Member State level. He also explained that there were major differences in how the "European social model" was interpreted and applied within the EU, and said that as with many other important trends, there was now a need to clarify and improve the rules of play concerning social issues. These trends included demographic change, increasing digitalisation, the persistent economic crisis and divergence in many important areas.

Mr Larsson highlighted the consequences of a two-way labour market where job categories both disappeared and emerged at the same time. The problem was that people who lost their jobs in sectors that were disappearing were often not the ones who could move elsewhere to take up a new job. The result was long-term, sometimes permanent, unemployment. In conclusion, he stated that it was no longer possible to continue on this path and that new models had to be forged – hence the need for a European Pillar of Social Rights.

The social partners appeared to agree in the following discussion. There was interest in discussing the European Pillar of Social Rights, but the principle of proximity had to be applied; in other words, its application must be voluntary in order not to jeopardise the autonomy of the parties and Sweden's social model. It could, however, fulfil a purpose if it was a system for pooling experience,= and for benchmarking as a means of supporting Member States in their labour market reforms – but not if the aim was to further regulate labour law at EU level. It was also suggested that certain Swedish "recipes for success" in the labour market could be exported as a source of inspiration, such as the Swedish "outplacement" solution and more information on the very positive impact of abolishing joint taxation for married couples, particularly in terms of women's employment and gender equality.

Similar views on the need to apply the principle of proximity in this sphere were voiced in the discussion with the Swedish think-tanks. It was therefore considered important to clarify the legal consequences that could arise with the introduction of the European Pillar of Social Rights. It was also pointed out that the term "pillar" implied that the proposal sought to increase the EU's scope for action in the area, something that was perceived as undesirable.

The afternoon session of the conference was facilitated by the three EESC members. The European Commission representative and Ariane Rodert from the EESC opened the session by welcoming the participants. Stefan Olsson began by describing the Commission's goal regarding the new initiative and once again highlighted the EESC's important role in this area.

Several participants expressed their concern that the Commission's description of the new initiative was unclear, therefore making it difficult to understand in what way the existing written documentation was to be used. Concerns regarding the envisaged legal status of the future pillar of EU cooperation with regard to existing legislation were also voiced on several occasions. Others wanted to emphasise that social issues covered far more than just the labour market, in other words that they also included wide-ranging and far-reaching topics of social interaction and integration that were less frequently discussed in the EU debate, such as community education, equality, health and care/sickness benefits.

### **OUTCOME OF THE DEBATE – QUESTIONS DISCUSSED**

#### **1) What do you consider the most urgent economic and social challenges in Europe and in your country? What is needed to address them?**

- A vast range of challenges was touched on: the need to improve competition as a driver for growth and employment in Europe, integrating the newly arrived, the shortage of housing and the issue of housing policy, and the integration of EU migrants and the Roma, a large and at the same time socially disadvantaged group. From a broader perspective, divergence and convergence created major tension in society. In other words, there had for some time been a marked increase in social rifts between different groups of people, despite all the efforts being made in Swedish and European society, and even greater segregation could be seen in many fields that were in various ways interconnected: disillusion, housing segregation and the refugee crisis, a fragmented labour market with widely differing conditions and large groups of people who were unable to gain access to it labour, and finally a school system that was in crisis.
- If no definitive solutions could be found, there would be greater support for a bottom-up perspective and an increase in the influence of organised civil society. The contribution and perspectives of civil society were not mentioned in the proposal on the pillar.

#### **2) Do you think a Social Rights Pillar is needed and, if so, how should it be shaped to address the key social and economic challenges in Europe and in your country?**

- Provided that any new set regulatory framework in the labour market was defined at local level, without central, binding rules, and subject to numerous reservations, there was cautious support for the potential benefits of continuing the debate on the Social Rights Pillar. Few participants expressed unreserved enthusiasm, and many considered it to be important for any potentially binding rules to be defined locally, and above all not in Brussels, as that would mean subsequently imposing them on the social partners at local level. It was suggested that the European Social Fund was one of the instruments that could have an effect in this area, as well as having a reinforced open method of coordination.

- At the same time, some participants wanted to highlight the need to strike a better balance between the implementation and the control levels: instead of spending more and more resources on revision and control, the focus should be on tangible, measurable activities. Nor should the European pillar of social rights be dominated entirely by labour market questions: it should instead be seen in a broader perspective to ensure that groups that were not in the labour market were nevertheless included under the pillar. The importance of extending the areas covered to include community education and public health, for example, was also mentioned. It was considered important for the pillar to be seen as a legal instrument rather than a set of common guidelines. In the first instance, priority should be given to the euro zone, as a number of governance systems were already in place in these countries.

**3) How can a renewed EU labour market strategy address the needs of enterprises, workers and job-seekers for flexibility and security? How could this take into account important issues such as the new realities of increasingly digitalised economies and labour markets, the challenge of an ageing population and the need to improve labour market transitions?**

- There was no detailed discussion of how a renewed EU labour market strategy could address the needs of enterprises, workers and job-seekers for flexibility and security - flexicurity. However, it was noted that the meaning of the word "flexicurity" could vary widely depending on who was discussing the subject (and where). Reference was made to the importance of building bridges to encourage re-employment and good initiatives on the part of civil society (such as Trygghetsrådet, the Council for Redundancy Support and Advice, and the TSL, the Job Security Council).

**4) How is it possible to ensure the sustainability of social protection systems and make sure that available resources are prioritised to secure effective, relevant and necessary social investments and services? What roles should the different stakeholders have?**

- Without discussing this question in detail, many participants reacted positively to the idea of enhancing support for organised civil society and its role in distributing available resources to secure effective, relevant and necessary social investments. Not least the Swedish Church, as one of the largest organisations in Swedish civil society, could play an important role in working towards better and more inclusive implementation. Participants also noted that there were considerable disparities in economic development among the Member States and said it would be difficult for the pillar to find a way of solving problems such as exclusion. The role of the pillar should be clarified vis-a-vis national welfare systems. The rationale for improving the participation of the whole of civil society was also discussed. The Commission proposal failed to mention civil society and the role of civil dialogue in shaping innovative solutions to social challenges. Participants also voiced the need to ensure that all citizens were included in the proposal on the basis of binding social criteria (for the euro zone) such as solidarity and justice.

**5) How could the European Pillar of Social Rights positively support economic and social convergence across Europe?**

- This question generated a discussion on, amongst other things, which groups should be included in the field of the European Pillar of Social Rights, especially as labour market policies were framed above all for people who were in work, while other large groups were generally unable to get a foothold in it. Once again, it was observed that the problem of differences between the Member States was due not to low levels of ambition, but primarily to economic constraints.

**6) What do we need to promote and sustain cohesive societies in Europe?**

- There was a call for more sustainability as well as discussion on what was needed to promote coherent societies in Europe. More platforms for exchanging experiences would be necessary. Better integration of the Roma and a gender perspective. Finally the discussion steered back to the need for a stronger convergence of social relations in a bottom-up direction. There were currently many indicators that pointed conversely to greater divergence, increasing gaps in society and a downwards spiral for large groups that were, in the long term, at risk of becoming even more marginalised. The young, the newly arrived, the Roma and female pensioners were mentioned as examples of these groups.
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## **MEMBER STATE: THE NETHERLANDS**

Meeting held on **3 October 2016 in The Hague**

*EESC delegation:* Joost van Iersel (Group I), Catelijne Muller (Group II), Klaas Johan Osinga (Group. III)

### **RESULT OF THE DEBATE - ISSUES DISCUSSED**

An EESC meeting took place with participants from the Dutch civil society on 3 October at the European Commission in the Netherlands (Europe House). The purpose of the meeting was, above all, to enhance knowledge on the current social acquis in the EU and to exchange (initial) thoughts on the social pillar.

Prof. G.J.J. Heerma Van Voss of the University of Leiden gave an introduction on the current European Social Acquis, also from a historical perspective (how has the European Social Acquis developed in the last 40 years or so?).

The existing acquis includes a wide range of topics that developed on the basis of three principles:

- The integration of the European market: free circulation
- The economic goal of growth and job creation
- A social objective: the protection of workers in the European market and allotment rights as a person or EU citizen.

He then talked about the current proposals for a European Pillar of Social Rights and how this pillar could be established within the European Social Acquis, taking into account the (current) national competences in the social field. Following this presentation he answered some questions from participants.

After the presentation by Prof. Heerma van Voss, Andreas Zenthofer of the European Commission gave a brief explanation of the European Commission's communication on the establishment of a European Pillar of Social Rights.

Following Andreas Zenthofer's remarks, participants shared their (initial) thoughts on the Social Pillar with one another.

### **MAIN OUTCOMES OF THE DISCUSSION**

- The initiative deserves our praise, as it shows Europe's citizens that the European Commission is taking their side.
- To determine what does or does not work and on which level affairs may have to be adapted or (better) organised an ad-hoc approach to European and national laws and regulations is needed to ensure the proper integration of a social pillar (Professor Heerma van Voss).

- The enforcement of and compliance with agreements or rules of conduct established at EU level is of vital importance. It is important to comply with what has been agreed in Europe. To do this, cross-border cooperation is needed between Member States.
- Promoting economic growth and creating opportunities for all are two sides of the same coin.
- Most of the aspects associated with social rights in the EU are taken for granted in the Netherlands and are already being applied.
- In the Netherlands, social partners are consulted during the Semester process. A similar procedure should be ensured in at least all countries of the Euro-zone – which was announced at the start but in many countries has not been implemented – as a component of the economic governance of the EMU, which naturally demands a mature social and economic consultation.
- Making the right decisions requires a climate of constructive cooperation between stakeholders. From the Netherlands' point of view a consultation and consensus model is the suitable vehicle for this, where differences in understanding and interests can be expressed and channelled. In particular, this means conducting fact-based discussions in order to reach a mutually supported conclusion on a social and economic approach.
- Good cooperation between social partners often goes hand in hand with prosperity. The Commission will take stock of the reach and consequences of consultation and consensus models in a number of Member States as a basis for exchanging ideas at national level and as a basis for a European discussion on the correlation between stable/positive economic growth and a satisfactory social consultation model in the different Member States.
- In essence this implies a common approach (*Rijnlandmodel*) in which all economical and social factors will be considered by the social partners and the government in order to achieve an approach that is acceptable as possible for citizens. This presupposes a certain mindset in which all parties are willing to assume their responsibility in the disruptive developments at work in our society as a result of technological developments and globalisation.
- Flexibility and adaptability with adequate social protection are elements of a new perspective that should be offered to European Union citizens. The aim is therefore to ensure optimal flexicurity in order to guarantee a job with an acceptable salary for as many people as possible. Experience has shown that business sectors and individual companies play an active role here.
- In order to reach an ESPR it is of course first necessary to share best practices in an EU context with regard to a number of fields in which both Member States and national social partners are involved.
- Sharing best practices: what can we learn from each other in terms of social policy and labour market policy, but also demographics, immigration and education at all levels, and can these aspects be included in an EPRS?
- This would also be worthwhile when representatives of national social partners participate in a European consultation on best practices.
- Digitisation, automation and robotisation require adjustments. A new industrial cycle is at stake that will affect all branches of society. This inevitable development has far-reaching consequences not only for all factors of production in industry and services of any nature, but also for the labour market.
- It is crucial that workers should continue to have the requisite professional skills and competences to meet these new challenges, also with regard to their own responsibility. The EU 'skills agenda' can play an important role here. In addition, lower, secondary and higher

teaching institutions might be given a recognisable position in the debate on how to give substance to EU social policy. The skills agenda, moreover, benefits greatly when the many branches of civil society deliver an input to bring it about. Lastly an effective skills agenda will promote people's social resilience on all levels.

- One of the essential conditions of the European Union is the free movement of workers. Workers and self-employed people must be able to offer their services throughout the EU territory. Employers have indicated that it is important to strive towards a level playing field.
- Social welfare does not happen spontaneously, it is the result of economic growth and creative entrepreneurship that lead to job opportunities.
- It is also important that the high level of social protection in the Netherlands is not endangered. It is easy to say that a high standard should be set. But what does that mean, and is it feasible considering the differences in welfare between EU Member States? The national context of social systems (security, healthcare, retirement, workers' rights) should also be taken into consideration at all times.
- In certain areas proposals have been made at a European level that would imply less protection for workers (service passports).
- The social protection component of the Pillar is complex and reflects a certain element of wishful thinking, which makes it challenging.
- The Dutch retirement system is currently left intact (IORP<sup>1</sup> guideline). In six years from now an assessment will be made that should again safeguard our system.
- The EPSR would have to be applied in all Member States, not only in euro area countries.
- Proposals for the pillar must be formulated more clearly, indicating precisely in what areas the pillar will bring improvement. Illusions must not be fed.
- People no longer feel represented in the way in which issues are described (too complicated). **The pillar should be formulated (more) clearly.**
- Communication towards citizens: formulating core values that are attractive and express ambition.
- The European Commission should not put forward new legislative proposals; instead, the consultation on the EPSR should be seen as a reference framework for discussions. National representatives should also be encouraged to meet at EU level. Convergence, which is indispensable in the EMU, can thus be built.
- In the course of the crisis a Troika came into being that put all kinds of limits on Member States. It was an 'emergency institution' without any democratic foundation. Can we talk of a social pillar and if so, where does it stand with regard to the austerity measures applied by the Troika?
- What about mutual solidarity within the EMU? How do you cooperate with one another in a time of crisis? There are more questions than solutions. In any event much more will have to be done to nurture mutual trust between the countries. Social partners have an active rather than a mere wait-and-see role to play in this process.
- The social pillar forms part of a dynamic development process. The aim is to create a climate for social progress.

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<sup>1</sup> *Institutions for occupational retirement provisions*

## **MEMBER STATE: UNITED KINGDOM**

Meeting held on 2 November 2016 in Glasgow

*EESC delegation:* John Walker (Group I), Judy McKnight (Group II), Irene Oldfather (Group III)

### **RESULTS OF THE DEBATE - QUESTIONS DISCUSSED**

**1) What do you consider to be the most urgent economic and social challenges in the UK and Europe, following the vote on Brexit? What is needed to address these?**

- The need to retain the most progressive aspects of EU law following Brexit, especially health and safety laws, maternity pay and employment rights.
- The need (i) to ensure that economic growth is inclusive and does not negatively impact already marginalised groups and (ii) to counter cuts in funding for voluntary/third-sector organisations on whom many people depend.
- In-work poverty.
- The economic threat to good and well paid jobs: the European countries that are coping best with the financial and economic crisis are those with the most robust social security systems.
- New emerging work practices (the case of Uber), the increase in casual work, the need to ban exploitative employment contracts, regulate zero-hours contracts and address the minimum wage.
- The impact of demographics, technological change and inequalities, including child poverty.
- Concern for the status and rights of EU nationals living and working in the UK.
- Advocacy of a rights-based approach, under which government has a statutory duty to provide a certain standard of living to all its citizens.
- Investment in jobs/training and community cohesion.
- Need to overhaul the UK's social welfare system, which was devised in an era of "jobs for life", in order to reflect changing employment patterns, including a fair and responsive benefits and back-to-work system.

**2) What do you think should be done to tackle the problems facing employment and the world of work in the UK and Europe, meeting the needs of workers, job seekers, employers and enterprises?**

- Education, training, retraining and lifelong learning available in all sectors and to all age groups - this is essential in an employment environment in which people change jobs frequently throughout their careers.
- Adequate forward planning – failing to plan is planning to fail.
- Increased consumer spending and investment on domestic markets.
- Joined-up policies on the provision of public services for those in most need.

- 3) **How can social protection and social security systems be properly resourced and made fit for purpose?**
- A crackdown on tax avoidance and an introduction of progressive taxation.
  - The need to look at and learn from other European countries' approaches to social security provision and funding.
  - Co-decision-making on how services are designed, including an honest and open discussion with citizens on what they want from social security.
  - In the Scottish context, the need to look at how wisely money is being spent, also in terms of universal services (free prescriptions, free school meals for infants etc.)
- 4) **What do we need to promote and sustain a cohesive society and address inequalities?**
- Positive rhetoric.
  - A rights-based approach.
  - Inclusive growth, including action to bring jobs to deprived areas.
  - Public involvement in decision-making to address voter disillusionment and apathy.
  - A focus on education and demand-driven upskilling.
  - More social mobility.
  - People must be treated as citizens, not consumers.

### **KEY RECOMMENDATIONS/CONCLUSIONS**

- There must be no erosion of employment and social rights following the UK's decision to withdraw from the European Union.
- Precarious working practices and in-work poverty need to be urgently addressed.
- Social rights and economic growth are two sides of the same coin – the economy must function tangibly for the benefit of citizens.
- All social rights must be properly resourced.

### **Additional comments – key points made by the speakers**

- **Angela Constance:** Economic development and social cohesion go hand in hand. There must be greater income equality and equality of opportunity. A low-wage, low-skills economy breeds only poverty and social exclusion. Scotland has an inviolable European vocation, even in the wake of Brexit.
- **Michael Smyth:** Prosperity must filter down to ordinary people through the deepening and completion of economic and monetary union. The social pillar is a key element of this. The EU also has to respond to new forms of employment. Productivity increases must benefit everyone.
- **Graham Blythe:** The European Commission under Jean-Claude Juncker is intent on doing less but better. The top priority is jobs and economic growth for the benefit of all. Greater income stability is needed during transition period, with more emphasis on the portability of entitlements as people change jobs much more frequently than in the past.
- **Alan Miller:** Three principles: (i) there must be no erosion of rights following Brexit; (ii) Scotland must not be left behind in progressive social developments; and (iii) Scotland must take the lead in social protection and human rights. A rights-based approach was in any case the way forward.



**European Economic and Social Committee**

Rue Belliard/Belliardstraat 99  
1040 Bruxelles/Brussel  
BELGIQUE/BELGIË

Published by: "Visits and Publications" Unit  
EESC-2017-19-EN  
[www.eesc.europa.eu](http://www.eesc.europa.eu)



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*Print*  
QE-01-17-053-EN-C  
ISBN 978-92-830-3350-9  
doi:10.2864/759293

*Online*  
QE-01-17-053-EN-N  
ISBN 978-92-830-3351-6  
doi:10.2864/901397

EN