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## Europe's social dimension: full implementation of the revised European Social Charter and evaluation of new labour regulations and minimum wages

Opinion<sup>1</sup>  
Committee on Economic Affairs and Development  
Rapporteur: Mr Vidar BJØRNSTAD, Norway, Socialist Group

### A. Committee conclusions

The Committee on Economic Affairs and Development fully endorses Mr Riester's conclusions and supports the resolution presented, in its entirety. European social protection must accommodate international competition and, to this end, European states must undertake to support and promote social governance on a world scale, with partners such as the International Labour Organisation (ILO). The backbone for this should be the revised European Social Charter.

### B. Explanatory memorandum by Mr Bjørnstad, Rapporteur

1. The report by the Social, Health and Family Affairs Committee should be considered in the light of the Committee on Economic Affairs and Development's reports, in particular that on the "Launch of a European and national debate on realising both economic growth and social protection in an era of globalisation". The Committee on Economic Affairs and Development shares the concerns of the Social Affairs Committee and endorses the approaches it presents.

2. This opinion is intended, primarily, to shed light on the European social dimension in the specific context of the Lisbon Strategy - which is designed to make the European Union the most competitive and dynamic economy in the world - which views economic dynamism, quality and sustainability of finances, and a high level of employment and social protection as mutually reinforcing policy pillars.

3. Implementation of the provisions of the revised European Social Charter must indeed be reconciled with the need for European countries to adapt their economies and their labour markets to the new global situation. In addition to the responsibility of policy makers and social partners, the social responsibility of companies is a key factor in preserving the European social and societal model, as Mr Vladimir Špidla, European Commissioner for Employment, Social Affairs and Equal Opportunities, pointed out.

4. An initial observation must be made: although moving in the right direction, the Lisbon Strategy is struggling to bear fruit. The low growth of recent years in Europe (particularly the Eurozone) has

<sup>1</sup> See Doc. 11277 tabled by the Social, Health and Family Affairs Committee

maintained a high level of unemployment in the countries concerned. And yet it is growth that drives the economy and, hence, improvements in working conditions and social protection for the people of Europe.

5. With the advent of "globalisation", it is in the interests of each country to specialise in forms of production for which it enjoys relative advantages. It is for this reason that it is necessary to modernise Europe's economies to make them more dynamic and competitive on a world scale and provide all citizens with appropriate training, gainful employment and adequate social protection. To this end, faster progress also needs to be made with the priorities which the President of the European Commission set in 2004 in order to relaunch the Lisbon agenda. These priorities concern, in particular, the improvement of investment in networks and knowledge (innovation), enhancement of the competitiveness of industry and the services and the extension of working life.

6. Furthermore, in response to globalisation, which is leading to a large increase in the outsourcing (relocation) of low-added-value activities (or those using low-skilled labour) in industry and the services towards the economies of the emerging countries, European countries must enhance the social responsibility of companies. This also implies respect for social standards by companies in these emerging countries.

7. So as not to be left behind, Europe must begin restructuring its labour market, with the objective of a decent job for all - in other words of reconciling productive and freely chosen employment with respect for social protection and negotiations between employers and trade unions, which are fundamental standards - and develop new sectors of activity to replace declining sectors.

8. European companies using low-skilled or unskilled labour must carry out radical reforms in order to remain in the vanguard of innovation and hence retain or recruit better qualified staff, while adopting strategies to promote diversity and equality. Indeed, a diversity policy provides companies with new opportunities to recruit and train highly qualified staff. As Mr Špidla points out, surrounding oneself with diverse, complementary skills makes for economic and commercial success. Lifelong learning of the entire workforce is a must in order to restructure companies and industries.

9. Europe must now confront a major challenge: that of combating unemployment. Most countries of Europe, have to contend with both very high structural unemployment and much too high a percentage of people who do not participate in the labour force.

10. With globalisation, the general trend is to consider that social protection increases tax and social security deductions and employers' social security contributions, and that it is a cause of unemployment. But it has to be observed that the countries with the highest level of tax and social security deductions are not those hardest hit by unemployment!

11. In fact, in most Western countries, it is first and foremost the least skilled workers who suffer from unemployment. Substantial efforts must therefore be made to improve education and vocational training so as to enable people who have lost their jobs to find new work. The bodies set up to facilitate the return to work of laid-off employees and other job-seekers must operate more effectively in order to provide these people with skill-enhancing training or retraining that enables them to "bounce back" in other activity areas, in particular those that are innovative or service-oriented.

12. In response to the adverse social effects of heightened global competition, Europe must find ways of combining economic prosperity creating wealth for all with social protection that guarantees everyone's rights. Europeans have been used to a sound but expensive form of social protection. To ensure that the European system survives, it is necessary to reform and adapt the European social model.

13. One of the most promising approaches, but one which requires the support of employers and trade unions all round, is to aim for both flexibility of the employment market and security (social protection), in other words "flexicurity". One element of flexicurity ensures that relatively high

unemployment benefit is paid for a specified period, in return for which unemployed people and the employment services have certain obligations.

14. Lastly, the situation as regards minimum wages is not uniform in Europe. Some countries have legislated to set a minimum wage, while others have opted to leave it to employers and trade unions to set minimum levels of pay. There are also countries that have made no provision in such matters. In these countries, the introduction of a minimum wage is now being debated. It is up to employers and trade unions to agree how best to reconcile the need to provide all employees with a decent wage, the constraints stemming from the globalisation of the economy and the preservation of funding for social protection.

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