Employment and social policies of the euro area

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The Committee on Employment and Social Affairs adopted the own-initiative report by Yana TOOM (Renew Europe, EE) on employment and social policies of the euro area.

The report noted that labour market conditions in the EU continue to improve, mainly thanks to a lengthy period characterised by a positive international economic environment. The employment rate has continued to increase and reached 73.5 % in the last quarter of 2018, with 240.7 million people in work, a new record level. The employment rate in the euro area has increased from 66.5% in 2017 to 67.4% in 2018.

However, great disparities in employment rates persist between Member States, regions and population groups. Furthermore, the pace of growth of the employment rate has slowed down.

Members stressed that quality employment is an important factor in the fight against poverty and social exclusion. There is a need to reach all members of society who are furthest from the labour market and at risk of poverty and social exclusion.

The report noted that more than one European in five is at risk of poverty and social exclusion. Although some progress has been made towards the poverty target of the Europe 2020 strategy with a 5.6 million reduction since 2008, the target of reducing poverty by at least 20 million by 2020 is still far off, with 113 million people still at risk.

Social dialogue and reducing inequalities

According to Members, a well-functioning social dialogue is a key element of the European social market economy which strengthens social cohesion and reduces conflicts in society, to the common benefit of workers, employers and governments. Social dialogue and collective bargaining are key to designing and implementing policies which can improve working conditions and terms of employment.

Members also noted that while the economic conditions in the EU are currently favourable and overall employment is steadily growing, it remains vital to tackle youth unemployment and the issues faced by young people not in employment, education or training (NEETs) swiftly, and there is still an urgent need for improvement in terms of long-term unemployment, labour market segmentation and inequalities, inclusion of vulnerable groups, in-work poverty and productivity, especially in the context of a potential global economy slowdown or recession.

Members strongly regretted that real wage growth at Union level remains below what could be expected given the positive labour market and economic performance and in this respect called on the Commission to present a European unemployment benefit reinsurance scheme to protect citizens and reduce the pressure on public finances during external shocks. They called for a new financial instrument to tackle long-term unemployment, which provides financial support for measures and projects in regions with above-average long-term unemployment.

Country-specific recommendations

The Commission’s 2019 country-specific recommendations (CSRs) were taken into consideration and the stronger focus on investment was welcomed. However, almost one third of the CSRs issued until 2018 have not been implemented. The Commission is urged to put the necessary pressure on Member States,

regardless of their membership of the euro area, to implement the recommendations. They considered that the implementation of future-oriented reforms is crucial to strengthening the growth potential of the EU economy, fostering social inclusion and improving social rights and the well-being of all residents in the Union.

Poverty

The report noted that in 2017, 9.4 % of all employed people in the EU were at risk of poverty and that in-work poverty is increasing in many Member States. Member States are urged to take decisive action to ensure that people can afford a decent life for themselves and their families on their wages. Members called on the Commission to put forward a legal instrument to ensure that every worker in the Union has a fair minimum wage, which can be set according to national traditions, or through collective agreements or legal provisions.

Both the Commission and the Member States are urged to make better use of the European Semester to monitor and support progress on housing affordability and homelessness. A European Framework for Social and Affordable housing for the efficient coordination of Member State policies should be proposed by the Commission.

Education and digitalisation

Members stressed that a transformation of the education and training systems is necessary in order to make full use of the opportunities offered by digitalisation and the greening of the economy. They considered that skills shortages and mismatches can be major investment obstacles. Therefore, the accessibility of education and training, including vocational training should be improved. Investment in education is crucial for social cohesion. Member States are called on to step up and encourage investments in upskilling and reskilling and in comprehensive training in digital, vocational and entrepreneurial skills.

Regulatory framework and funding

Members stressed the importance of closely monitoring and, where necessary, reviewing Union funds in order to ensure effective funding in line with EU objectives. They called for the Commission and the Member States to tackle any misuse, fraud and corruption relating to Union funds.

Lastly, Members believed that in order to maintain and increase global competitiveness, the labour market regulatory framework in the Member States needs to be clear, simple and flexible while maintaining high labour standards.