

Employment and social policies of the euro area 2021

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The European Parliament adopted by 347 votes to 162, with 191 abstentions, a resolution on employment and social policies of the euro area 2021.

The COVID-19 crisis has had and will most likely continue to have a significant but disproportionate impact on different Member States, social groups, sectors and regions, and is leading to an increase in poverty levels across the EU. The pandemic represented a shock of historic proportions for Europe's economies, with an economic contraction of 6.1 % in 2020.

According to estimates, the EU economy will expand by 4.2 % in 2021 and by 4.4 % in 2022. However, the unemployment rate is forecast at 7.6 % in 2021 and 7 % in 2022 with young people have experienced the sharpest decline in employment, as well as a loss of opportunity due to a lack of training or internship opportunities.

Members called on the Commission to **draw lessons from this crisis and work towards the implementation of an improved sustainable governance architecture in the EU** based on solidarity, social justice and integration, fair distribution of wealth, gender equality, high-quality public services, including a public, universal and high-quality education system, quality employment and sustainable growth.

Making sustainable well-being for all a reality for Europeans

According to the Treaties, the EU should work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, healthy and safe working, social progress, environmental protection, etc. Members insisted that these goals must be the overarching priorities for the EU's long-term sustainable growth strategy in line with the UN Sustainable Development Goals (SDGs), the European Pillar of Social Rights and the Green Deal and underpin Member States' recovery and resilience plans.

Parliament stressed that economic policy cannot only be analysed from a purely macroeconomic point of view and that it should also address the root causes of long-term economic and social imbalances. It stressed that the **European Semester** should be based on an integrated approach, giving equal importance to economic, social and environmental policies.

Member States are invited to make full use of the potential offered by the general derogation clause to the Stability Pact, the new Multiannual Financial Framework and the 'Next Generation EU' recovery instrument to support businesses in difficulty, in particular by improving SMEs' access to finance, **safeguarding jobs and supporting businesses and workers in the green and digital transitions**. A review of the EU's economic governance framework should preferably take place before the general opt-out is deactivated.

Improved fiscal policies

Members recalled that certain political choices and fiscal policies made in the wake of the 2008 financial and economic crisis may have led to health and social systems in some Member States not being adequately prepared to face the pandemic. Therefore, Parliament reiterated the **importance of the**

adequacy and sustainability of social protection systems in Member States. It highlighted that well-designed labour taxation systems are essential to ensuring high standards of worker protection against risks and illness, and the provision of old age pensions.

Access to essential services, such as water and energy, are critical to ensuring social inclusion and basic sanitary standards.

Members also stressed that public revenue could be used to fund key priorities and help address Member States' fiscal challenges, and contribute to the long-term sustainability of public finances, including by strengthening the coverage and adequacy of health and social protection systems for all, and ensuring their long-term funding. The Commission and the Member States are called on to take real measures to combat **tax avoidance and tax fraud** as an important means of reducing economic inequalities and improving the collection of tax revenue in the Member States.

European governance framework 2022 for sustainability, social inclusion and people's well-being

Members consider that, in the context of the Recovery and Resilience Plans, skyrocketing public debt levels and the upcoming reform of the Stability and Growth Pact and the Semester process, Parliament's proposal for the adoption of a sustainable well-being and social progress pact making social and sustainable targets mandatory in order to achieve the UN Sustainable Development Goals (SDGs) has become more relevant than ever.

According to Parliament, the implementation of the European Pillar of Social Rights would contribute to strengthening the social dimension of all EU policies, as well as the EU's action for a digital, green and fair transition, and would contribute to achieving upward social and economic convergence and addressing demographic challenges.

Better economic and social governance between Member States, including moving towards greater convergence of tax rules, would be a driver for recovery. In this respect, Members stressed the need for regular assessment of progress towards the 2030 headline targets and for upward convergence at the highest political level.

Need for an ambitious European social agenda

Members urged the Commission and Member States to:

- focus resources and policy efforts on equal access to quality services, entrepreneurship, skills upgrading and retraining, and on reducing poverty and exclusion;
- strengthen **collective bargaining** structures at all levels to create quality and sustainable jobs;
- ensure that every **young** European has access to education, training and the labour market and give priority to tackling youth unemployment;
- strengthen the application of the principle of **equal pay** for equal work for men and women through pay transparency mechanisms;
- ensure that workers in the EU are protected by adequate minimum wages defined by law or collective agreements;
- developing a common EU approach to **health**.

The resolution insisted that **country-specific recommendations** that contribute to the social objective set out in the Recovery and Resilience Facility (RRF) regulation be taken into account in national recovery and resilience plans.